



July 18, 2025

National Stock Exchange of India Limited (NSE)
Exchange Plaza,
C-1, Block G Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

NSE Symbol: ELGIEQUIP

BSE Scrip Code: 522074

Dear Madam/ Sir,

Subject: Annual Report for the financial year ended on March 31, 2025 including Business Responsibility and Sustainability Report and Notice of Sixty Fifth Annual General Meeting ("65th AGM") of the Company

Pursuant to the Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please find enclosed the electronic copy of the Annual Report for the financial year ended 31st March 2025 including Business Responsibility and Sustainability Report and Notice of the 65th AGM of the Company to be held on Tuesday, August 12, 2025 at 4:30 PM (IST) through Video Conferencing/ Other Audio-Visual Means ("VC/ OAVM").

The above are also being uploaded on the Company's website at www.elgi.com, and on the website of MUFG Intime India Private Limited (Formerly, Link Intime India Private Limited) at instavote.linkintime.co.in.

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company has fixed Tuesday, August 5, 2025, as the cut-off date to determine the eligibility of the members to cast their vote through remote e-Voting and e-Voting during the 65th AGM.

The above is for your information and record.

Thanking you,

Yours faithfully

FOR ELGI EQUIPMENTS LIMITED

INDRANIL SEN

CHIEF FINANCIAL OFFICER

Encl.: as above

ELGI EQUIPMENTS LIMITED

Registered Office : Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore - 641005, Tamilnadu, India

T +91 422 2589 555, **E** investor@elgi.com, **W** www.elgi.com, **TOLL-FREE NO:** 1800-425-3544 | 1800-203-3544

CIN: L29120TZ1960PLC000351

POWERING AHEAD WITH
PURPOSE AND PERFORMANCE.



ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

Sixty Fifth Annual General Meeting

Board of Directors

Non-Executive Directors

Ms. Aruna Thangaraj
Mr. Srinivasan Krishnamurthi
(appointed with effect from July 31, 2024)
Mr. Srinivasan Ravindran
(appointed with effect from July 31, 2024)
Mr. Suman Kumar Das
(appointed with effect from July 31, 2024)
Mr. N Mohan Nambiar
(Retired with effect from April 10, 2024)
Mr. B Vijayakumar
(Cessation with effect from August 01, 2024)
Mr. Sudarsan Varadaraj
Dr. Ganesh Devaraj
(Cessation with effect from August 01, 2024)
Mr. M Ramprasad
(Cessation with effect from August 01, 2024)

Managing Director

Mr. Jairam Varadaraj

Executive Director

Mr. Anvar Jay Varadaraj

Chief Financial Officer

Mr. Indranil Sen

Company Secretary

Mrs. Devika Sathyanarayana
(resigned with effect from June 09, 2025)

Statutory Auditors

Price Waterhouse Chartered
Accountants LLP,
Chartered Accountants

Secretarial Auditors

MDS & Associates LLP,
Company Secretaries

Cost Auditors

STR & Associates, Cost Accountants

Bankers

Central Bank of India
State Bank of India
The Hong kong and Shanghai Banking Corporation Limited
HDFC Bank Limited
Citi Bank NA
ICICI Bank Limited
The IDBI Bank Limited
IndusInd 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

MUFG Intime India Private Limited
(Formerly 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@in.mpms.mufg.com

Date of AGM: **August 12, 2025** | Day: **Tuesday** | Time: **4.30 P.M. (IST)**

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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.

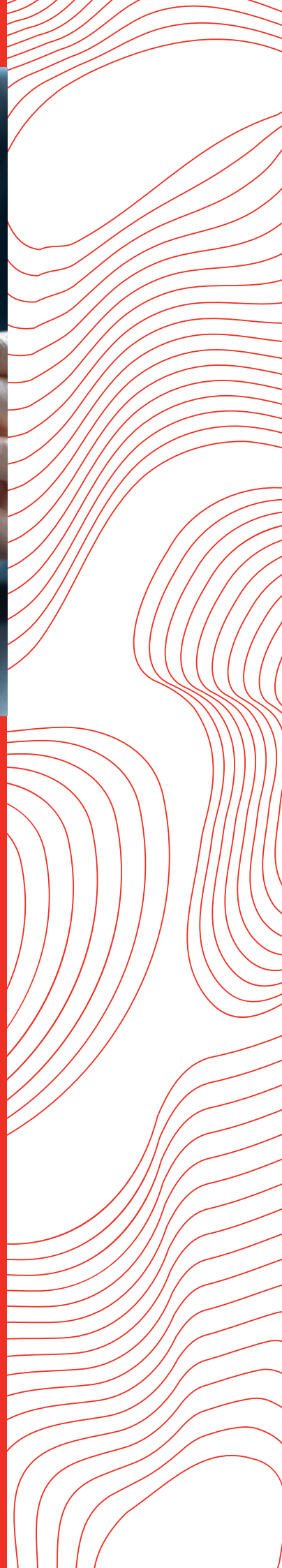
We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.





01

Year at a glance



Consolidated Financial Statements

(₹ in million, except per equity share data)

Particulars	2024-25	2023-24
Income		
Revenue from operations	35,104	32,178
Other income	577	550
Total income	35,681	32,728
Expenditure		
Cost of materials consumed	12,951	12,076
Purchases of stock-in-trade	4,127	3,610
(Increase)/decrease in inventories	96	3
Staff cost	6,828	6,549
Finance cost	305	293
Depreciation and amortisation expenses	760	766
Other expenditure	5,853	5,079
Total expenditure	30,920	28,376
Profit/(Loss)		
Profit before tax	4,761	4,352
Less: Tax expenses	1,314	1,283
Add: Share of profit from joint ventures	55	52
Net Profit	3,502	3,121
Others		
Paid up Equity share capital	317	317
Reserves and surplus	18,339	15,795
Capital expenditure	948	489
Cash flow from operations	3,909	2,849
Basic Earnings per share (in ₹)	11.09	9.87
Dividend per share (in ₹)*	2.20	2.00
Number of shareholders	68,533	55,150
Number of employees	2,138	2,172

*proposed dividend

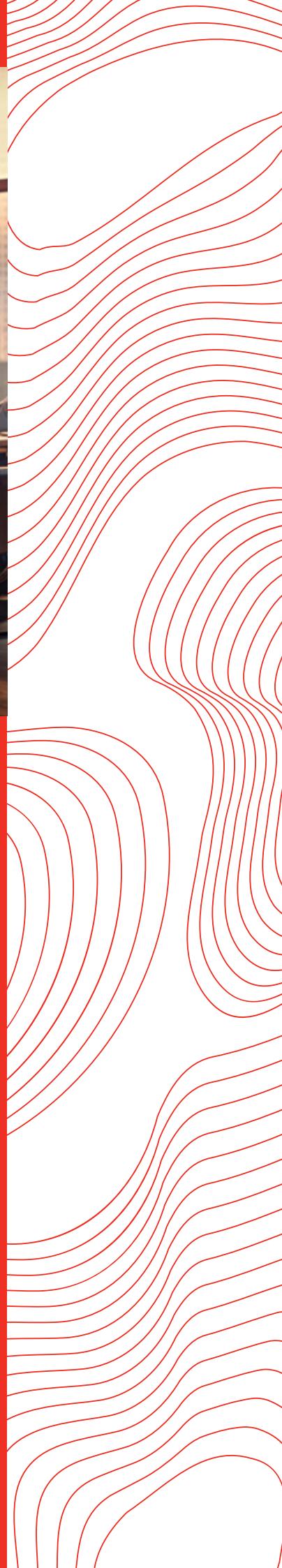
35,104
Revenue

3,502
Net profit



02

Notice of the 65th Annual General Meeting



NOTICE is hereby given that the Sixty Fifth Annual General Meeting (“AGM”) of the Shareholders of ELGi Equipments Limited (“the Company”) will be held on **Tuesday, August 12, 2025 at 4:30 P.M. (IST)** through Video Conferencing/Other Audio-Visual Means (“VC/OAVM”) facility, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Standalone and Consolidated Audited Annual Financial Statements including Statement of Profit and Loss (including Other Comprehensive Income), along with the Statement of Cash Flows and the Statement of Changes in Equity for the financial year ended March 31, 2025, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors Report thereon.
2. To declare a final dividend @220% equivalent to ₹2.20/- per equity share having Face Value of ₹1/- each for the financial year ended March 31, 2025.
3. To appoint a director in place of Mr. Sudarsan Varadaraj (DIN: 00133533), who retires by rotation and being eligible, seeks re-appointment.

Special Business

4. To consider and ratify the remuneration payable to the Cost Auditor

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. STR & Associates (Firm Registration No.000029), Cost Accountants, who was appointed as Cost Auditors of the Company by the Board of Directors on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for

the financial year 2025-26 on a remuneration of ₹5,00,000/- (Rupees Five Lakhs only) per annum, exclusive of applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to do all such acts, and take all such steps as may be necessary, proper or expedient, to give effect to this resolution.

5. To consider and approve the appointment and remuneration of Secretarial Auditor

To consider and if thought fit, to pass the following resolution as a **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and on the recommendation of the Board of Directors of the Company, MDS & Associates LLP (LLPIN: ABZ - 8060; ICSI Unique Code: L2023TN013500), Company Secretaries, Coimbatore be and are hereby appointed as the Secretarial Auditors of the Company for a first term of five (5) consecutive financial years commencing from the financial year 2025-26 at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Secretarial Auditors.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to do all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. To consider and approve the re-appointment and remuneration of Mr. Jairam Varadaraj as Managing Director

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the provisions of the Articles of Association of the Company, Nomination & Remuneration Policy, the consent of the Members of the Company, be and is hereby accorded for the re-appointment of Mr. Jairam Varadaraj (DIN: 00003361) as the Managing Director of the Company for a further period of 5 (five) years with effect from April 01, 2026 till March 31, 2031 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on May 28, 2025, notwithstanding the fact that the annual remuneration payable to him in any financial year during his tenure along with the remuneration payable to Mr. Anvar Jay Varadaraj, Executive Director, may exceed 5% of net profits of the Company pursuant to Regulation 17(6)(e) of Listing Regulations or any other limits as specified by the Listing Regulations or the Act for the time being in force.

- (1) A total remuneration not exceeding ₹450 lakhs per annum for a period of 3 years with effect from April 01, 2026 to March 31, 2029.

The amount of ₹450 lakhs is on a cost to the Company basis and is inclusive of:

- a. Bonus/Performance Pay and all perquisites as applicable to all senior managerial personnel of the Company.
 - b. Company's contribution towards Provident Fund, Gratuity and Superannuation Fund at rates to be from time to time.
- (2) Of the total remuneration, 30% is variable component (bonus/performance pay) and the rest is guaranteed pay.
 - (3) The guaranteed pay will be structured based on the Company's policy and the current pay structure as applicable to Senior Managerial Personnel.
 - (4) The quantum of variable pay would be linked to the achievement of specified performance parameters, similar to the scheme applicable to other Senior Managerial Personnel for each of the next 3 years, as mentioned above.
 - (5) The annual increment would be decided on the same principles/methodology adopted for other Senior Managerial Personnel for each of the next 3 years, as mentioned above. However, the total cost to the Company shall not exceed in any given year, an amount of ₹450 lakhs.
 - (6) In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the remuneration and perquisites mentioned above shall be the minimum remuneration payable to the Managing Director in accordance with the limits as specified by the Listing Regulations or the Act for the time being in force.

RESOLVED FURTHER THAT the Board of Directors (including Committees thereof) be and are hereby authorized to alter and vary the terms of re-appointment and/or remuneration payable to Mr. Jairam Varadaraj, Managing Director, as it may deem fit, subject to the same not exceeding the limit as approved by the Members of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect to the above resolutions without being

required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

Date: June 24, 2025

Place: Coimbatore

Registered Office:

Elgi Industrial Complex III Trichy Road,
Singanallur, Coimbatore, Tamil Nadu, India,
641005

Email: investor@elgi.com

Website: www.elgi.com/in/

CIN: L29120TZ1960PLC000351

**By Order of the Board
For ELGi Equipments Limited**

Mr. Jairam Varadaraj

Managing Director

DIN: 00003361

Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out all material facts concerning the special business under Item Nos. 4 to 6 of the accompanying Notice, is annexed hereto and forms part of this Notice. The Board of Directors of the Company at its meetings held on May 28, 2025 & June 24, 2025, considered that the special business under Item Nos. 4 to 6 being considered unavoidable, be transacted at the 65th Annual General Meeting ("AGM") of the Company.
2. The Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 20/2020 and 09/2024 dated May 05, 2020 and September 19, 2024, respectively, (collectively referred to as "MCA Circulars") allowed, inter-alia, to conduct AGM through Video Conferencing/Other Audio-Visual Means ("VC/OAVM"), in accordance with the requirements provided in paragraph 3 and paragraph 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") vide its circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 ("SEBI Circulars") has provided certain relaxations from compliance with certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In compliance with these MCA Circulars, SEBI Circulars, provisions of the Act and the Listing Regulations, the AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedures mentioned below.
3. **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/SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility of appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Road Map are not annexed to this Notice.**
4. 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 registeredemailaddresssto elgi@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its Registrar and Share Transfer Agent ("RTA") at enotices@in.mpms.mufig.com.
5. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid as per the mandate registered with the Company or with their respective Depository Participant(s) ("DP"), 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 on the Record Date i.e., close of the business hours on Friday, July 18, 2025.
6. Members who have not registered their bank account details with the DP/Company are advised to utilize the electronic solutions provided by National Automated Clearing House ("NACH") for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participant(s) to avail this facility. Members holding shares in physical form are requested to download the NACH 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 Registrar and Share Transfer Agent ("RTA").
7. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account Number, Name of the Bank, Branch, IFSC, MICR code and place with PIN Code) to their respective Depository Participant(s) and not with the Company. Regular updation of bank particulars is intended to prevent fraudulent activities.
8. 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 01, 2019.

A. Further, SEBI had mandated the listed entities to issue shares only in dematerialized mode, with effect from January 25, 2022 to Shareholder(s)/claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares. Accordingly, the Company shall only be providing a letter of confirmation to the investors against their service requests.

As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline.

B. Further, as per SEBI's Master circular dated June 23, 2025, Members holding shares in physical form, whose folio(s) lack PAN, nomination details, contact details, Bank Account details or updated specimen signature, will only be eligible for payment, including dividend, interest or redemption, through electronic mode only, effective from April 01, 2024, upon updating the aforementioned details with MUFG Intime India Private Limited (Link Intime India Private Limited), the Registrar and Share Transfer Agent of the Company. Therefore, Members holding shares in physical form are requested to update the mentioned details by providing the appropriate requests through ISR forms with the Registrar and Share Transfer Agent to ensure receipt of dividend.

C. Necessary prior intimation(s) in this regard was provided to the Shareholders. A copy of the required circular(s) is/are available on the Company's website www.elgi.com.

9. **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 MUFG Intime India Private Limited (formerly Link Intime India Private Limited), "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore - 641028, the RTA of the Company.
10. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participant(s), as the case may be, immediately:

- a. the change in their residential status on return to India for permanent settlement or
- b. the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.

11. 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.
12. 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 to the RTA, for consolidation into a single folio. Requests for consolidation of share certificates will be processed in dematerialized form.
13. 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.
14. Members desirous of receiving any information on the accounts or operations 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.
15. 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, 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 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. Indranil Sen, Chief Financial Officer, is the Nodal

officer of the Company for the purpose of verification of such claims.

16. 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 Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("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.
17. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2024-25 is being sent only through electronic mode to those Members whose email address is registered with the Company/RTA/Depository Participants. Further, a letter providing the web link including the exact path where the complete details of the Annual Report is available will be sent to the Shareholders who have not registered their email address. Members may note that the Notice and Annual Report 2024-25 is also available on the Company's website www.elgi.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of MUFG Intime India Private Limited (Formerly, Link Intime India Private Limited) at instavote.linkintime.co.in. Further, pursuant to SEBI Circular the Company will be sending a hard copy of the Annual Report to those Shareholders who request for the same through email at investor@elgi.com.
18. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
19. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from April 01, 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 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.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html> on or before Wednesday, August 6, 2025.
20. The Securities and Exchange Board of India ("SEBI") has mandated for submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the RTA.
21. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India ("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 will not 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 Participant(s) ("DP") and furnish particulars of any changes as desired by them.
22. Members may kindly note that in accordance with SEBI circular dated 31st July 2023, the Company has registered on the SMART ODR (Securities Market Approach for Resolution through Online Disputes Resolution) Portal. This platform aims to enhance investor grievance resolution by providing access to Online Dispute Resolution institutions for addressing complaints. Members can access the SMART ODR Portal via: <https://smartodr.in/login>. Members may utilize this online conciliation and/or arbitration facility, as outlined in the circular, to resolve any outstanding disputes between Members and the Company (including RTA).
23. Brief resume, details of shareholding and inter-se relationship of Directors seeking appointment/re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are provided as Annexure to this Notice.
24. 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 to enable the Company to serve documents in electronic mode.

25. 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.
26. 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.
27. The Register of Directors' and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members during the AGM.
28. 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.
 - 1). 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, MUFG Intime India Private Limited (formerly, Link Intime India Private Limited) at coimbatore@in.mpms.mufg.com Members may download the prescribed forms from the Company's website at www.elgi.com.
 - 2). In the case of shares held in demat mode, the shareholder may please contact the Depository Participant and register the email address and bank account details in the demat account as per the process followed and advised by the depository participant.
29. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

Instructions for 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 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 MUFG Intime India Private Limited (formerly, Link Intime India Private Limited) ("MUFG"), 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.

1. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as on Tuesday, August 05, 2025, 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.
2. The Members who have cast their vote prior to 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.
3. The voting period begins on Saturday, August 09, 2025 at 09:00 A.M. and ends on Monday, August 11, 2025 at 05:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, August 05, 2025, may cast their vote electronically. The e-voting module shall be disabled by MUFG for voting thereafter.

Remote-voting instructions for shareholders:

In terms of SEBI Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access e-Voting facility.

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

Individual Shareholders holding securities in demat mode with NSDL

METHOD 1 – Individual Shareholders registered with NSDL IDeAS facility

Shareholders who have registered for NSDL IDeAS facility:

- Visit URL: <https://eservices.nsdl.com> and click on “Beneficial Owner” icon under “IDeAS Login Section”.
- Enter User ID and Password. Click on “Login”.
- 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.
- Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

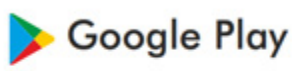
OR

Shareholders who have not registered for NSDL IDeAS facility:

- To register, visit URL: <https://eservices.nsdl.com> and select “Register Online for IDeAS Portal” or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>.
- Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on “Submit”.
- Enter the last 4 digits of your bank account/ generate ‘OTP’.
- Post successful registration, user will be provided with Login ID and password. Follow steps given above in points (a-d).

Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR Code mentioned below for seamless voting experience.

NSDL Mobile App is available on



METHOD 2 – Individual Shareholders directly visiting the e-voting website of NSDL

- Visit URL: <https://www.evoting.nsdl.com>.
- Click on the “Login” tab available under ‘Shareholder/Member’ section.
- Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.
- Post successful authentication, you will be redirected to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services.
- Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 3 – NSDL OTP based login

- Visit URL: <https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp>
- Enter your 8 - character DP ID, 8 - digit Client Id, PAN, Verification code and generate OTP.
- Enter the OTP received on your registered email ID/ mobile number and click on login.
- Post successful authentication, you will be redirected to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services.
- Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL

METHOD 1 – Individual Shareholders registered with CDSL Easi/Easiest facility

Shareholders who have registered/opted for CDSL Easi/Easiest facility:

- Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or www.cdslindia.com.
- Click on New System Myeasi Tab.
- Login with existing my easi username and password.

- d) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

OR

Shareholders who have not registered for CDSL Easi/Easiest facility:

- a) To register, visit URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration/> or <https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided username and password.
- d) After successful registration, follow steps given above in points (a-d).

METHOD 2 - Individual Shareholders directly visiting the e-voting website of CDSL

- a) Visit URL: <https://www.cdslindia.com>
- b) Go to e-voting tab.
- c) Enter Demat Account Number (BO ID) and PAN No. and click on “Submit”.
- d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account
- e) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/CDSL for e-voting facility.

- a) Login to DP website

- b) After Successful login, user shall navigate through “e-voting” option.
- c) Click on e-voting option, user will be redirected to NSDL/CDSL Depository website after successful authentication, wherein user can see e-voting feature.
- d) After successful authentication, click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode/Non-Individual Shareholders holding securities in demat mode

Shareholders holding shares in physical mode/Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register and vote on InstaVote as under:

- a) Visit URL: <https://instavote.linkintime.co.in>

Shareholders who have not registered for INSTAVOTE facility:

- b) Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details:

A. User ID:

NSDL demat account – User ID is 8 Character DP ID followed by 8 Digit Client ID.

CDSL demat account – User ID is 16 Digit Beneficiary ID.

Shareholders holding shares in physical form – User ID is Event No + Folio Number registered with the Company.

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 NSDL form, shall provide 'D' above*

***Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in '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).
- Enter Image Verification (CAPTCHA) Code
- Click "Submit" (You have now registered on InstaVote).

Shareholders who have registered for INSTAVOTE facility:

- c) Click on "Login" under 'SHARE HOLDER' tab.
 - A. User ID: Enter your User ID
 - B. Password: Enter your Password
 - C. Enter Image Verification (CAPTCHA) Code
 - D. Click "Submit"
- d) Cast your vote electronically:
 - A. After successful login, you will be able to see the "Notification for e-voting".
 - B. Select 'View' icon.
 - C. E-voting page will appear.
 - D. 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).
 - E. 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.

NOTE:

Shareholders may click on "Vote as per Proxy Advisor's Recommendation" option and view proxy advisor recommendations for each resolution before casting vote. "Vote as per Proxy Advisor's Recommendation" option provides access to expert insights during the e-Voting process. Shareholders may modify their vote before final submission

Guidelines for Institutional shareholders ("Custodian/ Corporate Body/Mutual Fund")

STEP 1 - Custodian/Corporate Body/Mutual Fund Registration

- a) Visit URL: <https://instavote.linkintime.co.in>
- b) Click on "Sign Up" under "Custodian/Corporate Body/Mutual Fund"
- c) Fill up your entity details and submit the form.
- d) A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.
- e) Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person's email ID. (You have now registered on InstaVote)

STEP 2 - Investor Mapping

- a) Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- b) Click on "Investor Mapping" tab under the Menu Section
- c) Map the Investor with the following details:
 - A. 'Investor ID' -
 - i. NSDL demat account - User ID is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678
 - ii. CDSL demat account - User ID is 16 Digit Beneficiary ID.
 - B. 'Investor's Name - Enter Investor's Name as updated with DP.

- C. 'Investor PAN' - Enter your 10-digit PAN.
- D. 'Power of Attorney' - Attach Board resolution or Power of Attorney.

*File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID. Further, Custodians and Mutual Funds shall also upload specimen signatures.

- E. Click on Submit button. (The investor is now mapped with the Custodian/Corporate Body/Mutual Fund Entity). The same can be viewed under the "Report Section".

STEP 3 – Voting through remote e-voting

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

- a) Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- b) Click on "Votes Entry" tab under the Menu section.
- c) Enter the "Event No." for which you want to cast vote.

Event No. can be viewed on the home page of InstaVote under "On-going Events".

- d) Enter "16-digit Demat Account No." for which you want to cast vote.
- e) 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).
- f) 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.

OR

METHOD 2 - VOTES UPLOAD

- a) Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- b) After successful login, you will be able to see the "Notification for e-voting".

- c) Select "View" icon for "Company's Name/Event number".
- d) E-voting page will appear.
- e) Download sample vote file from "Download Sample Vote File" tab.
- f) Cast your vote by selecting your desired option 'Favour/Against' in the sample vote file and upload the same under "Upload Vote File" option.
- g) Click on 'Submit'. 'Data uploaded successfully' message will be displayed.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

Helpdesk:

Shareholders holding securities in physical mode/ Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode/ Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.mufig.com or contact on: - Tel: 022 – 4918 6000.

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
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

Forgot Password:

Shareholders holding securities in physical mode/ Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode/ Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

- Click on “Login” under ‘SHARE HOLDER’ tab.
- Click “forgot password?”
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA).
- Click on “SUBMIT”.

In case Custodian/Corporate Body/Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under “Custodian/Corporate Body/ Mutual Fund” tab
- Click “forgot password?”
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA).
- Click on “SUBMIT”.

In case shareholders have a 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 information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

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

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/depository participants website.

General Instructions – Shareholders

- 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”.

INSTAMEET VC Instructions for shareholders

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 09/2024 dated September 19, 2024, the Companies can conduct their AGMs/EGMs on or before 30 September 2025 by means of Video Conference (VC) or other audio-visual means (OAVM).

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

- Visit URL: <https://instameet.in.mpms.mufg.com> & click on “Login”.
- Select the “Company” and ‘Event Date’ and register with your following details:

A. Demat Account No. or Folio No:

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.

Shareholders holding shares in physical form – shall provide Folio Number.

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. Mobile No: Enter your Mobile No.

D. Email ID: Enter your email Id as recorded with your DP/Company.

c) Click “Go to Meeting”

You are now registered for InstaMeet, and your attendance is marked for the meeting.

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

- a) Shareholders who would like to speak during the meeting must register their request with the company.
- b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the company.
- c) Shareholders will receive “speaking serial number” once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.
- d) Other shareholder who has not registered as “Speaker Shareholder” may still ask questions to the panellist via active chat-board during the meeting.

*Shareholders are requested to speak only when moderator of the meeting/management will announce the name and serial number for speaking.

Instructions for Shareholders to Vote during the General Meeting through InstaMeet:

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

- a) On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
- b) Enter your 16-digit Demat Account No./Folio No. and OTP (received on the registered mobile number/registered email Id) received during registration for InstaMEET
- c) Click on ‘Submit’.
- d) After successful login, you will see “Resolution Description” and against the same the option “Favour/Against” for voting.
- e) Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.

- f) 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. 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 General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

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

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.

Helpdesk: Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000/4918 6175.

- 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 August 05, 2025.
- 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 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 who 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 MUFG Intime India Private Limited (formerly, Link Intime India Private Limited) and be communicated to the Stock Exchanges, where the shares of the Company are listed, by the Chairman or a person authorized by him.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 ("THE ACT").

Item No. 4

The Board of Directors, on the recommendation of the Audit Committee, had approved the appointment of and remuneration payable to M/s. STR & Associates (Firm Registration No.000029), Cost Accountants, for auditing the cost accounting records of the Company for the financial years 2025-26 at a remuneration of ₹5,00,000 (Rupees five lacs) per annum exclusive of applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit.

As per Section 148 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditor as determined by the Board of Directors is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out

in Item No. 4 of the Notice of the AGM for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2026.

Accordingly, the Board of Directors recommends by way of Ordinary Resolution as set out at Item No. 4 of the Notice of AGM for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, interested or concerned, financially or otherwise, in the proposed resolution as set out in Item No. 4 of the Notice of the AGM.

Item No. 5

Pursuant to the amended provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') vide SEBI Notification dated December 12, 2024 and provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors, have approved and recommended the appointment of M/s. MDS & Associates LLP, Company Secretaries (ICSI Unique Code: L2023TN013500), Peer Reviewed Firm of Company Secretaries in Practice, as Secretarial Auditors of the Company for a term of up to 5 (Five) consecutive financial years, commencing from the financial year 2025-26, on following terms and conditions:

- a. Term of appointment: For a first term of 5 (Five) consecutive financial years commencing from the financial year 2025-26 till the financial year 2029-30.
- b. Proposed Fees: Annual remuneration of up to ₹2,50,000/- (Rupees Two Lacs Fifty Thousand only) plus applicable taxes and other out-of-pocket expenses in connection with the secretarial audit for Financial Year ending March 31, 2026 and for subsequent year(s) of their term, such other fee as may be determined by the Board.

The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by them, which is in line with the industry benchmark. The fees for services in the nature of certifications and other professional work will be in addition to the secretarial audit fee as above and will be determined by the Board in consultation with the Secretarial Auditors.

- c. Basis of recommendations: The recommendations are based on the fulfilment of the eligibility criteria & qualification prescribed under the Act & Rules made thereunder and Listing Regulations with regard to the full time partners, secretarial audit, experience of the firm, capability, independent assessment, audit experience and also based on the evaluation of the quality of audit work done by them in the past.
- d. Credentials: MDS & Associates LLP, Company Secretaries based out of Coimbatore, Tamil Nadu presently has three partners and houses a team of qualified and seasoned professionals who bring together more than 36 years of rich experience and expertise knowledge in the field of Corporate and allied laws. The Firm undertakes Board Process Audits, Corporate Governance Audits, Secretarial Audits and Corporate Actions / Transactions based Due Diligence Audits for wide clientele including numerous listed companies. The firm serves a wide array of clients across India in varied industries and has a rich experience in undertaking secretarial audit assignments and also holds a valid Peer Review Certificate (bearing number 6468/2025) issued by the Institute of Company Secretaries of India.

M/s. MDS & Associates LLP has given its consent to act as Secretarial Auditors of the Company and confirmed that its aforesaid appointment (if made) would be within the prescribed limits specified by the Institute of Company Secretaries of India. They have also confirmed that they are not disqualified to be appointed as Secretarial Auditors in terms of provisions of the Act & Rules made thereunder and Listing Regulations. Further, no order has been passed by ICSI/SEBI/MCA/ any other competent authority/Court, both in India or outside India, in past 5 years against the proposed secretarial auditor.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, interested or concerned, financially or otherwise, in the proposed resolution as set out in Item No. 5 of the Notice of the AGM.

The Board of Directors recommends by way of Ordinary Resolution as set out at Item No. 5 of the Notice of AGM for the approval of the Members of the Company.

Item No. 6

Mr. Jairam Varadaraj has been the Managing Director of your Company for the past 33 years. He has rich

and varied experience and has led the Company with his charismatic leadership and entrepreneurial ability. Considering the dedication and excellent work done by him and his relentless pursuit in taking the Company to global heights during his tenure as Managing Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee has at its meeting held on May 28, 2025, has recommended the re-appointment of Mr. Jairam Varadaraj (DIN: 00003361) as Managing Director of the Company for a further period of 5 years with effect from April 01, 2026 on such remuneration as set out in the resolution for period of 3 years with effect from April 01, 2026 and perquisites as set out in Item No. 6 of the Notice. His reappointment as Managing Director of the Company would be greatly beneficial for the future growth of the Company.

As per Section 178 of the Companies Act, 2013 ("the Act") the Nomination and Remuneration Committee at its meeting held on May 28, 2025 had, in the best interest and progress of the Company, proposed the re-appointment of Mr. Jairam Varadaraj as the Managing Director of the company for a further period of 5 (five) years commencing from April 01, 2026 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Act, the Schedule and Rules made there under.

Pursuant to the provisions of the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Audit Committee at its meeting held on May 28, 2025 had also approved the remuneration payable to Mr. Jairam Varadaraj as the Managing Director of the Company for a period of 3 (three) years and recommended the same to the Board.

Pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions, if any, of the Act, the re-appointment of the Managing Director shall be subject to the approval of the shareholders of the Company in the General Meeting. Further, Regulation 17(6)(e) of the Listing Regulations also requires approval of the Shareholders by way of Special Resolution in the General Meeting, if the aggregate annual remuneration payable to all the Executive Directors who are Promoters or Members of the Promoter Group exceeds 5% of the Net Profit of the Company. Also, Section 197 of the Act, requires approval of the Shareholders by way of a Special

Resolution in the General Meeting if the remuneration payable to Executive Directors exceeds 10% of the Net Profit of the Company. As the remuneration payable to Mr. Jairam Varadaraj during his remaining tenure as Managing Director along with the remuneration payable to Mr. Anvar Jay Varadaraj, Executive Director may exceed the limits prescribed above, the approval of the Shareholders is also being sought vide a Special Resolution.

Based on the above, the Board of Directors have recommended the resolution as set out in Item No. 6 of the AGM Notice for approval of the Members as a Special Resolution.

The disclosures as required under Schedule V of the Act, Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, are furnished and forms a part of this AGM Notice.

Except Mr. Jairam Varadaraj himself and Mr. Sudarsan Varadaraj and Mr. Anvar Jay Varadaraj, being his relatives, none of the other Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 6 of the accompanying Notice of the AGM.

Additional information on Directors recommended for re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard issued by ICSI.

Name	Mr. Sudarsan Varadaraj	Mr. Jairam Varadaraj
Director Identification Number	00133533	00003361
Date of Birth and Age	January 22, 1958; 67 years	April 08, 1961; 64 years
Nationality	Indian	Indian
Date of appointment on the Board	November 18, 1993	May 29, 1992
Inter-se relationship with other directors or Key Managerial Personnel of the Company	Mr. Sudarsan Varadaraj is related to Mr. Jairam Varadaraj	Mr. Jairam Varadaraj is related to Mr. Anvar Jay Varadaraj and Mr. Sudarsan Varadaraj
Qualification	B.E. in Mechanical Engineering; Master's degree in Mechanical Engineering in Stanford University.	B. Com., M.B.A., Ph.d. (USA)
Expertise in area/Experience	Has more than 43 years of experience in the field of machine building, rubber and allied industry.	Has more than 35 years of experience as an Industrialist
No. of shares held (including shareholding as a beneficial owner)	2,04,984 equity shares of ₹1/- each.	9,19,19,368 equity shares of ₹1/- each. <i>(Including shareholding held as significant beneficial owner of Dark Horse Portfolio Investment Private Limited.)</i>
Board position held	Non - Executive & Non-Independent Director	Managing Director
Terms and conditions of appointment/re-appointment	Liable to retire by rotation.	The details have been enumerated in Item No.6 of the Notice and the explanatory statement for the Item No.6 of the Notice.
Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.	Information disclosed in the Corporate Governance Report annexed to the Annual Report.
Remuneration proposed to be paid	Sitting Fees and commission as payable to Non-Executive Directors	He is entitled to remuneration as set out in Item No. 6 of the Notice.

Name	Mr. Sudarsan Varadaraj	Mr. Jairam Varadaraj
Number of Board meetings attended during the year	Information disclosed in the Corporate Governance Report annexed to the Annual Report.	Information disclosed in the Corporate Governance Report annexed to the Annual Report.
Directorships held in other companies	<ol style="list-style-type: none"> 1. Magna Electro Castings Limited 2. Elgi Rubber Company Limited 3. LRG Technologies Limited 4. Festo India Private Limited 	<ol style="list-style-type: none"> 1. Elgi Rubber Company Limited 2. Elgi Sauer Compressors Limited 3. Elgi Ultra Private Limited 4. ATS Elgi Limited 5. Dark Horse Portfolio Investment Private Limited 6. Varam Estates Private Limited
Names of the listed entities from which the person has resigned in the past 3 years	NIL	<ol style="list-style-type: none"> 1. Precot Limited
Chairmanship/Membership of the Committees of the Board of other Companies in which he is Director	<p>Chairmanship:</p> <ol style="list-style-type: none"> 1. Elgi Rubber Company Limited - Finance and Administrative Committee 2. Magna Electro Castings Limited – Audit Committee and Nomination & Remuneration Committee <p>Committee Member:</p> <ol style="list-style-type: none"> 1. Elgi Rubber Company Limited – Stakeholders Relationship Committee 	<p>Chairmanship:</p> <ol style="list-style-type: none"> 1. ATS Elgi Limited - Corporate Social Responsibility Committee 2. Elgi Sauer Compressors Limited - Corporate Social Responsibility Committee <p>Committee Member:</p> <p>NIL</p>

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013**Relevant to Mr. Jairam Varadaraj, Managing Director of the Company.****I. General information****1. Nature of Industry**

Engineering Industry

2. Date or expected date of commencement of commercial production.

The Company was incorporated on March 14, 1960 and commenced commercial production subsequently in the same year.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable

4. Financial performance based on given indicators.

(₹ in millions except EPS)

Particulars	2024-25	2023-24
Total income	21,505	19,120
Profit/(Loss) before tax	4,676	4,280
Profit/(Loss) after tax	3,501	3,222
Paid-up share capital	317	317
Other equity	16,948	14,377
Basic Earnings per share	11.09	10.19

5. Foreign Investments or collaborations, if any.

The Company has made investment in countries outside India which are disclosed in Form AOC-1 which forms part of the Annual Report.

II. Information about the directors**(a) Mr. Jairam Varadaraj**

Background details	Mr. Jairam Varadaraj is the Managing Director of the Company, currently he is responsible for overall operations of the entire organization.
Past Remuneration	The total remuneration paid for the year 2024-25 is ₹2,55,41,130/-
Recognition or awards	NIL
Job Profile and his suitability	Mr. Jairam Varadaraj as Managing Director of the Company shall be in charge of the entire affairs of the Company and shall have substantial powers of the management subject to the superintendence of the Board of Directors of the Company. Considering his qualification and experience he is best suited for the role.
Remuneration proposed	Details of proposed remuneration have been disclosed in Item No. 6 of the Notice
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, profile of Mr. Jairam Varadaraj, responsibility shouldered by him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other Companies.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Jairam Varadaraj is the Promoter of the Company. He is related to Mr. Sudarsan Varadaraj and Mr. Anvar Jay Varadaraj, Directors of the Company. He is not related to any other directors/Key Managerial Personnel of the Company.

III. Other information

1. Reasons for loss or inadequate profits

Not applicable as the Company has earned a profit during the year.

2. Steps taken or proposed to be taken for improvement.

The Company is continuously taking various cost control measures which may result in increased profitability in the ensuing years.

3. Expected increase in productivity and profits in measurable terms.

Not Applicable.

IV. Disclosures

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors

Please refer to Section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

(ii) Details of fixed component and performance linked incentives along with the performance criteria

Please refer to Section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

(iii) Service contracts, notice period, severance fees.

Please refer to Section titled “Remuneration of Directors” as contained in the Corporate Governance Report.

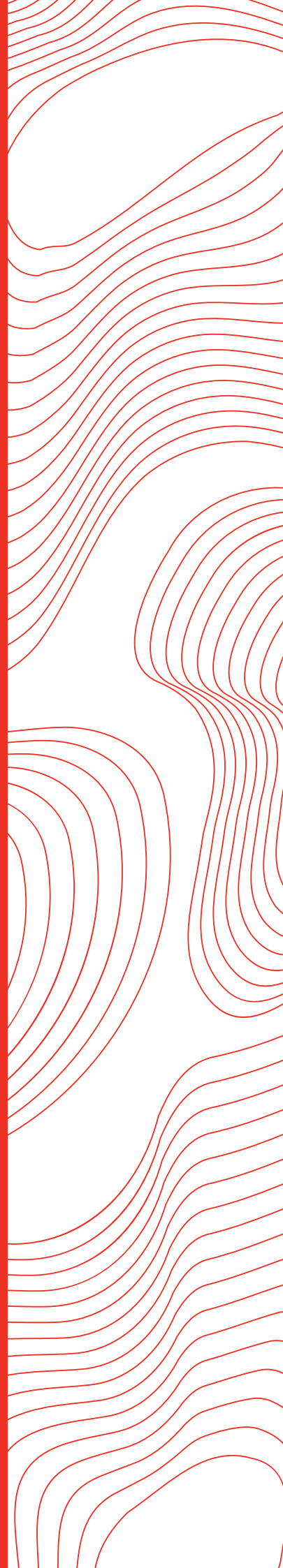
(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Please refer to Section titled “Remuneration of Directors” as contained in the Corporate Governance Report.



03

Management Discussion and Analysis



Introduction

In FY'25, we grew by 9% YoY, backed by strong growth in India, though partially offset by headwinds faced in our North America Business. We continued to invest in our strategic and operational enablers to help achieve our long-term financial goals. For our plans, please refer to the Management's Discussion and Analysis (MD&A) section of our prior annual reports here - <https://www.elgi.com/in/financials/>. We will discuss our performance by regions and relevant functions. We will list our strategic priorities and review our FY'25 performance.

India

Our India business delivered strong growth and profitability. We grew market share across our segments. We expect growth in FY'26.

• Industrial Oil Lubricated

• Strategic Priorities

- Grow market share by winning new customers.
- Maintain profitability with value-based pricing and strong aftermarket capture.

• FY'25 Review

- Won new customers and gained market share.
- Enhanced customer awareness through strategic marketing initiatives.
- Need to focus on developing and launching products in the low-priced segment.

• Oil Free

• Strategic Priorities

- Grow market share by building awareness, expanding product range, further improving product performance, and offering best-in-class aftermarket service.

• FY'25 Review

- Achieved annual goals with a strong order book for FY'26.

• Construction and Mining

• Strategic Priorities

- Maintain market share and drive profitability.

• FY'25 Review

- Maintained our dominant market share.
- Improved margins with strategic price increases and the launch of new products.

• Water well

• Strategic Priorities

- Recover dominant market share position.
- Be first to market with new products.

• FY'25 Review

- Matched unit volume from FY'24 despite lower demand.

• Railways

• Strategic Priorities

- Maintain core segment market share.
- Increase share in multiple unit segments and maximise Private OEM opportunities.

• FY'25 Review

- Retained market share in core segment.
- Succeeded with Vande Bharat segment.
- Improved profitability in the aftermarket business.

• Aftermarket -Industrials

• Strategic Priorities

- Protect the existing installation base with superior customer service and engagement.
- Need to revisit customer service measures to address revised expectations.

• FY'25 Review

- Improved service penetration in the Elgi installed base.
- Improved response time for restoring air to our customers.

Africa and the Middle East

• Strategic Priorities

- Grow market share in the UAE and Saudi Arabia.
- Focus on African countries to maintain our growth momentum.

• FY'25 Review

- Grew market share in the UAE, Saudi Arabia, Oman, and Kuwait.
- Insufficient growth in our African markets.

North America

Our North America business experienced mixed results. We grew volume and share in our Industrial and Medical businesses. We struggled in our Portables business owing to a significant reduction in demand from core infrastructure customers. Revenue remained flat in our distribution operations businesses (Pattons and Michigan Air Solutions), with lower profitability owing to higher fixed costs. However, the Company is confident that we have the sales and service infrastructure for growth in FY'26.

- **Industrials**

- **Strategic Priorities**

- Establish and expand in the top 40 markets.

- **FY'25 Review**

- Increased market share.
 - Optimized inventory and operational performance.
 - Need to increase the pace of onboarding new distributors to address distribution gaps.

- **Portables**

- **Strategic Priorities**

- Gain access to national rental companies.
 - Reduce cost.

- **FY'25 Review**

- The market declined by 30%, and outlook remains poor for FY'26.
 - Reduced employee and fixed costs.
 - Optimized inventory management.

- **Medical**

- **Strategic Priorities**

- Increase market share on the West Coast and Northeast.

- **FY'25 Review**

- Achieved record sales.
 - Higher-than-expected fixed costs reduced profitability.

- **Distribution Operations (Pattons and Michigan Air Solutions)**

- **Strategic Priorities**

- Rebuild the sales team to increase Elgi's market share.

- Restore profitability in service operations.
- Focus on restoring profitability and improving cash generation.

- **FY'25 Review**

- Rebuilt the sales team with industry professionals.
 - Established service processes, technology, and personnel to restore profitability in FY'25.
 - Employee and fixed costs remain high.

Europe

Despite flat to declining markets in Italy, France, the UK, and Spain, we grew volume and market share across our product segments. We increased the number of channel partners representing Elgi, and we expect continued expansion in our physical presence. Rotair volume struggled with lower demand from North America. However, we limited our revenue loss with increased revenue in Europe and other markets. We expect constrained demand to continue into FY'26, and we will focus on reducing costs and inventory to improve profitability and cash.

- **Industrial**

- **Strategic Priorities**

- Increase market share by increasing distribution and investing in direct sales in Spain, France, the UK, the Nordics, and Benelux.
 - Improve profitability by reducing costs.

- **FY'25 Review**

- Soft demand across markets.
 - Achieved revenue and profitability goals.
 - Onboarded distributors in focus areas for FY'26 growth.

- **Rotair**

- **Strategic Priorities**

- Increase sales in non-USA markets.
 - Reduce cost.
 - Release cash by optimizing inventory.

- **FY'25 Review**

- Fixed costs and inventory levels remained high.
 - Launched projects to reduce cost and inventory.

Australia and Southeast Asia

The Australian market remained flat with demand challenges across industries. Industry consolidation of distribution businesses also poses challenges for future growth. We will focus on expanding our direct presence in the market while reducing our costs to improve profitability.

- **Strategic Priorities**

- Expand the independent distribution of Elgi Australia.
- Grow equipment and service market share at Pulford.

- **FY'25 Review**

- The market declined, and the outlook remains cautious.
- Launched a go-to-market project to increase market share in Melbourne.
- Grew the service business at Pulford.
- Refreshing our Southeast Asia strategy.

Brazil

Our Brazil business enjoyed volume and profitability growth across product segments. However, we expect challenges in FY'26 owing to anticipated economic challenges.

- **Strategic Priorities**

- Maintain share and profit in the diesel-powered segment.
- Increase the distribution of industrial products in São Paulo.

- **FY'25 Review**

- Achieved record revenue and profitability.
- Invested for the future Industrial market share growth.
- FY'26 outlook is negative owing to a poor economic outlook.

ATS

ATS registered record sales and profitability with a strong outlook for FY'26.

Elgi Sauer

Elgi Sauer delivered revenue and profitability per plan with a strong outlook for FY'26.

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'26 and beyond.

- **Leadership**

- Onboarded Gaurav Gupta in India as Chief Information and Digital Officer (CIDO).

- **Talent Management**

- Number of employees on roll: 2138.
- Launched Individual Development Plan (IDP) project to improve employees' skills and capabilities.
- Identified successors for key roles.
- Conducted training programs for business acumen and managerial skills.
- Launched "Leader as Coach" program to build a cadre of certified internal coaches to coach identified key talent in their leadership development journey.

- **Operations and Supply Chain**

- Reduced finished goods and raw material inventory globally.
- Institutionalized the project COSMOS across the manufacturing facilities globally and achieved significant cost savings in FY 25.
- Started construction of the Portable Compressors line & Global Support Center (aftermarket) at the Kinathukadavu location.
- Expanded motor plant capacity by 50%, which will help reduce reliance on imported raw materials.
- Established dryer manufacturing facility.

- **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.
- Long-term product development based on stated and unstated customer needs.

- **FY'25 Review**

- **Vacuum Pump**

- Launched dry and oil lube rotary vane vacuum pumps for the Indian market in partnership with DVP Vacuum Technology, Italy.

- **Oil Lubricated Compressor**

- The Air Station (compressor-tank-dryer) concept from 2-15 kW was launched for all regions.
 - Launched EG75-160 Super Premium range of machines for improved energy efficiency for all regions.
 - Launched an Integrated Heat Recovery system for better energy management.

- **Oil-Free Compressor**

- Launched the OF 90-160 kW with an integrated heat recovery system and an outdoor protection kit as a feature.

- **Portable Compressor**

- Launched the PG850-290 model for Water well and mining applications.

- **Accessories**

- Introduced the ARN series refrigerated dryers in the 20 cfm – 500 cfm range.

- **Stabilisor**

- Launched the STABILISOR technology for use across the compressed air range to reduce energy consumption and improve reliability.

- **Other Initiatives**

- Expanded Elgi motors across the product range.
 - Deployed Air-Alert, the IoT-based device designed to continuously monitor and predict compressor performance globally.
 - Launched the Neuron-IV controller across all products.
 - Designed and delivered oil injected Screw compressor for locomotive brake applications.

- **Information Technology and Digital Transformation**

- **Strategic Priorities**

- Develop technology and a digital roadmap to enable long-term goals.
 - Drive the digitization of business processes.
 - Enhance the overall Digital Quotient (DQ) of the organization and create an effective digital ecosystem through partnerships.
 - Set up an AI and Data COE to deliver cutting edge analytic.

- **FY'25 Review**

- Launched the new IT & Digital strategy and operating model to deliver world-class technology and digital capabilities at scale.
 - Stabilized ERP LN US instance and Sales digitization for India.
 - Launched the SLA-based services globally to enhance resilience and predictability- e.g., Infra managed services and devices as a service.
 - Launched RPA/AR/VR projects for business process automation.
 - Set up an AI and Data COE to deliver cutting edge analytic.
 - Launched partnerships with Microsoft, Gartner, and Nasscom to build thought leadership.

- **Brand**

- **Strategic Priorities**

- Drive awareness, consideration, and conversion in target markets.
 - Manage stakeholders' experience (customers, employees, investors, suppliers, and society) with our brand.

- **FY'25 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.

- **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.

- **FY'25 Review**

- The share of renewable energy was 39% for FY25.
- Reduced water consumption by 6%.
- Initiated plans for Project Stellar at Elgi School, aimed at identifying and nurturing natively brilliant children from low-income households in Coimbatore. By providing free education (and free residential facilities in due course), Project Stellar aims to break the cycle of poverty, creating opportunities for natively brilliant children or 'Stellars' from low-income households to thrive academically and personally.
- Initiated plans for the CATALYST Scholarship Program in conjunction with Amrita University. The program provides full scholarships for academically brilliant but economically underprivileged students to pursue the BTech Mechanical Engineering Program at Amrita University.

- **Internal Control Systems and Their Adequacy**

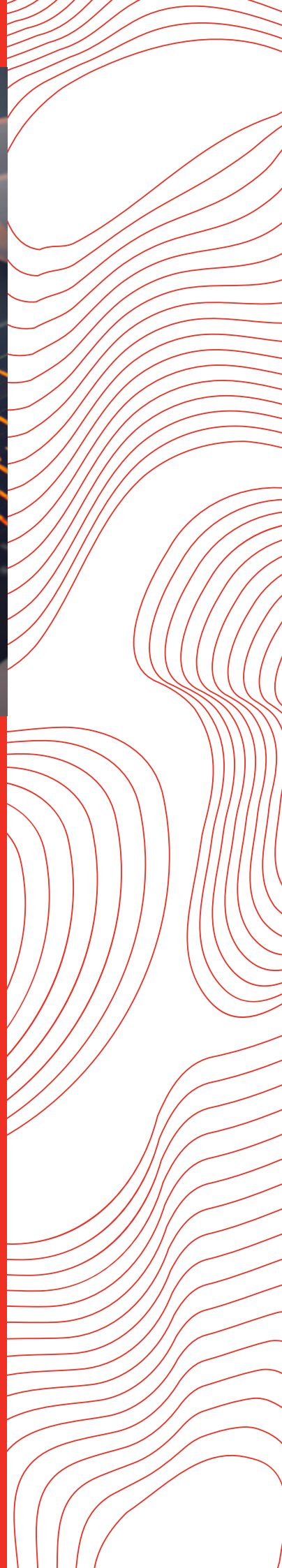
The Company has adequate internal control systems to monitor business processes, financial reporting, and compliance with applicable regulations. The systems are periodically reviewed to identify control deficiencies and formulate time-bound action plans to improve effectiveness and efficiency at all levels. The Company has outsourced the internal audit function to Ernst & Young for more effective management. The Audit Committee periodically reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanisms 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 to the Statutory Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

Please refer Note No. 53 to the Standalone Financial Statements in Page 227 for the Key Ratios and Group Performance Ratios in Page 132.



04

Board's Report



Dear Shareholders,

Your Directors hereby present the sixty-fifth Annual Report of Elgi Equipments Limited (“Elgi/the Company”) along with the audited financial statements for the financial year ended March 31, 2025.

Financial Results

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

Particulars	(₹ in millions)			
	Standalone		Consolidated	
	FY25	FY24	FY25	FY24
Total income	21,505	19,120	35,681	32,728
Expenses	16,829	14,840	30,920	28,376
Share of profit/(loss) of joint venture and associates, net	–	–	55	52
Profit before tax	4,676	4,280	4,816	4,404
Less: Income tax expense	1,175	1,058	1,314	1,283
Net Profit	3,501	3,222	3,502	3,121
Other comprehensive income, net	(31)	54	(59)	82
Total comprehensive income	3,470	3,276	3,443	3,203
Basic Earnings per Share (EPS)	11.09	10.19	11.09	9.87

Review of Business Operations

Consolidated revenue of the Company from operations was ₹35,104 million in FY25, which was 9% higher than the consolidated revenue of ₹32,178 million in FY24. The consolidated net profit was at ₹3,502 [10%] in FY25 as compared to ₹3,121 [9.7%] in FY24.

Standalone revenue of the Company from operations was ₹20,809 million in FY25, which was 12% higher than the revenue of ₹18,434 million in FY24. The net profit was at ₹3,501 [16.8%] in FY25 as compared to ₹3,222 [17.5%] in FY24.

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, 2025.

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 consists 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 ₹2,826 million of the current profits has been carried forward under the heading ‘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 at <https://www.elgi.com/in/wp-content/uploads/2020/02/Dividend-Policy.pdf>.

For the financial year 2024–25, in line with the Dividend Distribution Policy, the Board of Directors at its meeting held on May 28, 2025, has recommended a dividend of ₹2.20 per share (220%) on the paid-up share capital of 31,69,09,016 equity shares.

Subject to the approval of shareholders, an amount of ₹697.20 million will be paid as dividend after deducting applicable taxes (Previous Year ₹633.82 million).

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

In terms of Sections 124 and 125 of the Companies Act, 2013 ("CA 2013"), unclaimed or unpaid dividends relating to the financial year 2017-18 are 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, 17915 equity shares of ₹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 2024-25 as required under Section 92(3) of the CA 2013 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, six 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, 2025, the Company has Audit Committee, Nomination and Remuneration 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 CA 2013, 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 CA 2013, 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 CA 2013.

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 CA 2013 and SEBI Listing Regulations and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended).

Nomination and 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 salient features of Nomination and Remuneration policy as formulated by the company is as follows:

1. To formulate the criteria for appointment, re-appointment, removal of Director, Key Managerial Personnel, Senior Management and other employees in the Company.
2. To formulate the manner and criteria for determining qualification, positive attributes of an independent director;
3. 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 required to run the Company successfully;
4. To encourage people to perform to their highest level of competence;
5. Allow the Company to compete in each relevant employment market;
6. To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Nomination and Remuneration policy of the Company can be accessed on the Company's website at the link <https://www.elgi.com/in/wp-content/uploads/2019/05/Remuneration-Policy.pdf>.

Comments on Auditors' Report

The Report of Statutory Auditors and Secretarial Auditors for the FY 2024- 25 forms part of the report. The Statutory Auditors Report and Secretarial Auditors Report do not contain any qualification, reservation or adverse remark.

Further Secretarial Auditor in its report highlighted an observation related to delayed intimation to stock exchanges by the Company pertaining to an event covered under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has noted the observation regarding a delayed disclosure under Regulation 30 of the SEBI (LODR) Regulations, 2015.

The delay was due to unforeseen medical exigencies within the secretarial team during a transition period. Despite the circumstances, the Company disclosed on a

Suo-moto basis shortly thereafter and also provided a detailed explanation to the Stock Exchanges, which was accepted without further action.

The Board reaffirms its commitment to timely compliance and has taken steps to strengthen internal processes to avoid such delays in the future.

Particulars of Loans, Guarantees or Investments made under Section 186 of CA 2013

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of Section 186 of CA 2013 have been given in the notes to the Financial Statements in Note No.7.

Particulars of contracts or arrangements with Related Parties

All transactions entered into with related parties as defined under CA 2013 and Regulation 23 of the SEBI Listing Regulations during the financial year 2024-25 were in the ordinary course of business and on an arm's length pricing basis.

There are no contracts or arrangements entered into with related parties referred to in Section 188(1) of CA 2013 that are material in nature.

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and can be accessed on the Company's website at the link <https://www.elgi.com/in/wp-content/uploads/2019/05/Related-Party-Transactions-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, 2025, 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 CA 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure A**.

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 executives of the Company.

The Company has in place a Risk Management framework to identify, evaluate business risks and challenges across the Company, both at the corporate level and also separately for each subsidiary. At present, the Company has not identified any element of risk that may threaten its existence.

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 in which the Company is into.

The RMC reviews the top risks. The results of the mitigation measures implemented by the Company are given below:

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 has a compliance monitoring and tracking tool. During the year, a reputed firm was engaged to conduct a compliance audit.
			Proof of compliance is 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 existing 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 now use outcome-based Job descriptions for all key roles. The new competency behaviour model is used in key hiring. We have involved global leadership in the new leadership hiring process.
			The project titled "Integration of Talent" was kick-started in early September 2021 with the intention to align, design and implement the Integrated Talent Management Strategy. The objective being "grow talent pool for global success". After completion of the first phase of the project consisting of rolling out and training of the Behavioural Competency model, the second phase involving assessment against the Individual development plan, career dialogue with the identified successor and key talent are progressing well as per the project plan.
			The Company had moved to a decentralized compensation decision mechanism (instead of HR managing this centrally) which has been well received by the businesses and employees. 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.

Risk management (Continued...)

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
3	Economic Risk	Our global operations are subject to economic and market risks in the geographies we operate in.	<p>The Company's strategic investment in creating and growing global market presence is continuing to help the company deliver top line growth and improved profitability. The Company is able to leverage and cross deploy resources to manage shifting demands.</p> <p>The risk mitigation efforts, supported through serving broad range of industry segments, with wide range of products is serving the Company well.</p>
4	Market Risks	The Company's large dependence on Indian market makes it susceptible to the economic fortunes of a single geography	<p>The Company's revenue mix is now well spread across geographies and the dependence in India is consistently reducing.</p> <p>The Company's strategic plan for the mid-term and the strategic initiatives are aligned to this goal to diversify the revenue mix.</p>
5	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 in recent years. The company has recognised the key success factors learning from earlier acquisitions and post-acquisition Integration is given adequate weightage and priority.
6	Strategic Risks	Risk of business continuity disruptions arising from natural disasters, heightened geopolitical tensions, shifting international trade policies, or other unexpected global developments	<p>The Company has a robust Business Continuity Plan (BCP) framework in place, designed to ensure operational resilience and minimize disruption during adverse events. The company's Insurance policies and coverages are commensurate with business requirements. These policies are periodically reviewed to strengthen the scope as required.</p> <p>We engaged a leading Insurance solution provider to assess the current global Insurance coverage & present their recommendations for a robust risk mitigation.</p> <p>Their recommendations have been reviewed, by the Management for implementation of Global Master Controlled program.</p> <p>Mitigation Measures are being implemented to de-risk US Import tariff impact.</p>
7	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.	<p>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 as part of its mid to long-term strategy, it will continue to explore the feasibility of establishing assembly operations in international regions.</p> <p>Till the scale and volume justifies manufacturing and assembly in multiple locations, the Company uses alternate mitigations such as warehousing in domestic and foreign locations to prevent disruption of deliveries to its customers.</p> <p>The supplier base is being widened continuously to reduce dependence on fewer suppliers and geographies. While developing a global network of suppliers is a continuous activity; the Company has road map to continuously mitigate suppliers' concentration.</p> <p>Further, the Company will continue to carry out strategic, selective backward integration such that manufacture of most critical parts are moved in-house.</p>

Risk management (Continued...)

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
8	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.	<p>The Company is driving a holistic IT risk management to ensure resilience, security, and alignment with business goals</p> <p>Resilience Risk</p> <ul style="list-style-type: none"> Implemented robust disaster recovery and backup systems. Conducting regular stress tests and scenario planning. Establishing redundant infrastructure to ensure uptime. <p>Transformation Risk</p> <ul style="list-style-type: none"> Adopting a phased approach to digital transformation to manage complexity. Engaging experienced consultants or vendors for smooth integration. <p>Cyber Risk</p> <ul style="list-style-type: none"> Investing in advanced cybersecurity tools and protocols. Regularly updating & patching systems to address vulnerabilities. Conducting employee cybersecurity training and awareness programs. Appropriate cyber insurance cover has been taken and will be gradually increased at par with industry standards. <p>Talent Risk</p> <ul style="list-style-type: none"> Fostering a culture of continuous learning and innovation through training programs. Involving key talent in the transformation process to increase buy-in. Offering clear opportunities and paths to ease transitions. Heightened attention on Talent Acquisition.
9	Financial Risks	Exchange rate fluctuations in the various currencies that the Company deals in could adversely affect the Company's financial performance.	<p>Unhedged positions are relatively less significant and regularly monitored and hedged within the appropriate timeline. The Company undertakes hedging activities strictly in accordance with its Risk Management Policy, which prohibits the use of financial instruments for speculative purposes.</p> <p>The Company gets timely advice from the bankers through its close, frequent interactions with them.</p>
10.	Environmental Risks	Global climate change and related regulations can negatively impact our business	<p>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.</p> <p>The Company had embarked on a major Environmental, Social & Governance (ESG) initiative. The ESG strategy was defined basis a comprehensive materiality survey, maturity assessment and compliance requirements. We had engaged a leading consultant partner to help us in this journey and the same is continuing.</p> <p>The Company's operations are constantly upgraded to adopt green manufacturing practices.</p> <p>Key Initiatives to Minimize Carbon Emissions:</p> <ul style="list-style-type: none"> Transitioning to Sustainable Energy and Mobility. Smart Monitoring for Fuel Optimization. Transitioning to Cleaner Energy in Heat Processing. Green energy now contributes ~ 40% of the Company's total energy consumption.

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 B** 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 and can be accessed on the Company's website at the link <https://www.elgi.com/in/wp-content/uploads/2019/05/CSR-Policy.pdf>.

Performance Evaluation of the Board, its Committees and the Directors

Pursuant to the provisions of CA 2013 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 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 2024-25 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors are satisfactory.

Directors and Key Managerial Personnel

Mr. Sudarsan Varadaraj, Non-Executive Non-Independent 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. Sudarsan Varadaraj as Director has been incorporated in the Notice to the AGM of the Company along with brief details about him.

Mr. Mohan Nambiar, Independent Director retired on April 10, 2024. Further Dr. Ganesh Devaraj, Mr. M Ramprasad and Mr. B. Vijayakumar, Non-Executive Independent Directors of the Company ceased to be the Directors of the Company from closure of business hours on August 01, 2024.

The Board wishes to place on record its appreciation for the invaluable services rendered by them during their tenure as independent directors of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on May 27, 2024, recommended the appointment of Mr. Suman Kumar Das, Mr. Srinivasan Ravindran, and Mr. Srinivasan Krishnamurthi as Independent Directors of the Company for a term of five consecutive years, effective July 31, 2024. The said Directors were appointed as Independent Directors from the same date after obtaining the requisite shareholders' approval.

Ms. Aruna Thangaraj was re-appointed as an independent director of the company for a second term of 5 consecutive years commencing from August 02, 2024, after obtaining shareholders' approval and shall not be liable to retire by rotation.

Pursuant to the resignation of Ms. Vaishnavi PM as the Compliance Officer of the Company, effective May 27, 2024, Ms. Devika Sathyanarayana was appointed as the Company Secretary, Key Managerial Personnel and Compliance Officer effective the same date.

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. Anvar Jay Varadaraj, Executive Director, Mr. Indranil Sen, Chief Financial Officer and Mrs. Devika Sathyanarayana, Company Secretary. Further, consequent to her resignation, Ms. Devika Sathyanarayana would cease to be the Company Secretary and Compliance Officer of the Company w.e.f. June 09, 2025.

Subsidiaries, Joint Ventures and Associate Companies

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

At the beginning of the year under review, the Company has 25 subsidiaries and 9 joint ventures/associate entities. The statement pursuant to Section 129(3) of CA 2013, containing the salient features of the financial statements of subsidiary companies, in Form AOC-1 forms part of this Annual report. Out of 9 joint ventures, 3 entities viz., G3 Compressors LLC, CS Industrial Services LLC and Compressed Air Solutions of Texas LLC, cease to exist as on the date of this report.

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, 2025. The Board has approved a policy for determining material subsidiaries which is available on the website of the Company and can be accessed on at the link <https://www.elgi.com/in/wp-content/uploads/2019/05/Policy-for-Material-Subsidiaries.pdf>.

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 CA 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2025.

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 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 mechanisms 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 CA 2013 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 CA 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed MDS & Associates LLP, Company Secretaries, Coimbatore to undertake the secretarial audit of the Company for the FY 2024-25. The report of the secretarial auditor is attached as **Annexure C**.

Cost Auditors

Pursuant to the provisions of Section 148(3) of CA 2013, the Board of Directors had appointed M/s. 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, 2025. 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 CA 2013, 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 a cordial relationship with its employees at all levels. The total strength of employees as on March 31, 2025, was 2138.

Particulars of Employees

In terms of the provisions of Section 197(12) of the CA 2013, 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 D**. Disclosures relating to remuneration and other details as required under Section 197(12) of the CA 2013 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 Secretarial department.

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employees Stock Option Plan 2019 ("Elgi ESOP 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 Nomination and Remuneration Committee administers and monitors the Employees' Stock Option Plan of the Company through the Elgi Equipments Limited Employee Stock Option Trust.

During the year, 3,53,600 Employee Stock Options were granted to the eligible employees of the Company. None of the Directors were issued any options.

Further, subsequent to the adoption of Elgi ESOP 2019, SEBI introduced various amendments, including the replacement of SEBI (Share Based Employee Benefits) Regulations, 2014 with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. With the coming into force of the new regulations, several clauses of the Plan required alteration or deletion. Accordingly,

the Elgi ESOP 2019 was amended in accordance with shareholders' approval dated July 31, 2024.

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 E** to this report and also available on the website of the Company at <https://www.elgi.com/in/financials>.

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, three cases were 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, 2025, 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 2023-24, filing of BRSR is mandatory for the top 1000 listed companies by market capitalisation.

Accordingly, for the financial year ended March 31, 2025, your Company being amongst top 1000 companies, BRSR is annexed as **Annexure F** to this Report.

Corporate Governance

A report on corporate governance is annexed as **Annexure G** 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 CA 2013, 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 the 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 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 its meeting. The Whistle Blower policy is available on the website of the Company at the link <https://www.elgi.com/in/wp-content/uploads/2019/10/Whistle-Blower-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

Place: Coimbatore
Date: May 28, 2025

Jairam Varadaraj
Managing Director
DIN: 00003361

Anvar Jay Varadaraj
Executive Director
DIN: 07273942

Annexure A

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 this year, the Company experienced a positive impact by way of reduction in "Power to Sale ratio" from 1.54 % to 1.04 % for all manufacturing plants irrespective of hike in Grid power and maximum demand cost. The maximum demand cost and Grid cost has increased by 7% year-on-year.

Various Energy Management Programs (EnMPs) were executed during the year by identifying the energy gaps and opportunities and by using a systematic approach to analyze the energy consumption pattern through an Internet of Things ("IoT") device for online monitoring of compressors' health at customers' sites. The foundry plant is also certified as ISO 50001 by TUV Nord. The following were the measures that were taken to optimize energy consumption:

- i. As a part of the green manufacturing initiative, the Company participated in a group captive wind power plant special purpose vehicle ("SPV") through equity participation as per norms for drawing 1 MW capacity of Wind power. The plant started generating 1 MW Wind CGP & 4 MW Solar (CGP) and 1.25 MW of its own wind power, which increased the share of renewable energy to 39% of the total energy consumption in all the Company's manufacturing plants for this financial year. Due to this, the Company reduced carbon emission from 747 Kg Co₂/Mn of sale to 422 Kg Co₂/Mn of sale.
- ii. The Company normalized and revised the energy consumption target by carrying out certain changes to the manufacturing process. This year, Airend manufacturing energy consumption reduced from 380 kWh/Air end to 360 kWh/Air end. This was accomplished by implementing EnMP as mentioned below:
 - Energy-efficient motors (standard to IE3) were installed in Air Handling Units (AHU) circuits for the Company's Kinathukkadavu factory.

- Energy efficient lighting was introduced in the machine shop, Air end assembly lines and office area.

- iii. At the foundry, we engaged the CII energy audit team and did the energy audit. Energy Management programs were identified and are yet to be executed.
- iv. LPG consumption in foundry Mould Drying Oven was reduced by 3.7% through installation of a Fuel Catalyst, monitoring the savings continuously Synchronized the Mechanical generators (160 KW and 250 KW) 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 36,000 Litres of High-speed diesel per year, and monitoring the savings continuously.
- v. Air-conditioner units were upgraded with inverter-type machines.
- vi. Energy efficiency improvements carried out in 300 Tons chillers at Air center plant.
- vii. Installed energy-efficient lighting in air compressor assembly lines and office area at the Singanallur factory.
- viii. Energy-efficient lighting was installed in assembly lines of Pressure vessels and Motor divisions.

II. Steps taken by the Company to utilize alternative sources of energy:

At present, the Company's power sources from its own windmills are 1.25 MW and 4 MW Solar from group captive Solar Plant contributes 39% of the total energy consumption. Procurement of an additional 1 MW of Wind power, CGP established and started generating power from October 24 onwards.

III. Capital investment in energy conservation equipment

₹10 million was spent during the financial year towards a group captive one MW Wind Power Plant (mentioned above) and other energy-saving measures.

B. Technology Absorption:

I. Efforts made towards technology absorption

- The next generation controller, Neuron-IV, has been made Standard across all products.
- Seamless integration of advanced features like master-slave control in compressors for scheduling and sequencing has been enabled by the new configuration in software and hardware in Neuron-IV.
- Integration of Dryer and HRS to the compressor was enabled by the advanced software capability in the NIV controller.
- A software to interface between VFDs of various manufacturers and the compressor controllers was developed and installed.
- Air-Alert, the IoT device used to continuously monitor and predict the performance of compressors globally, has been deployed across regions and all product variants, enhancing 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 and cost optimization, in line with its long-standing commitment to sustainable performance. The year also marked the launch of several new products and features aimed at widening portfolio coverage and driving backwards integration. In addition, deliberate efforts were made to expand the product range and introduce region-specific innovations tailored to address challenging environmental conditions. These strategic advancements are expected to strengthen Elgi's global appeal and accelerate progress toward its long-term growth objectives.

Oil-lubricated compressor:

- Launched Air Station (compressor-tank-dryer) concept in the range of 2-15kW launched for all regions.
- Encapsulated (EN) product range upgraded to include 8 & 10 bar across the range for better product positioning.
- EG75 -160 Super Premium range of machines launched for all regions.
- Integrated Heat Recovery system for units launched to for better energy management.

Oil-Free compressor:

- Upgraded OF 90- 160kW introduced with an Integrated Heat Recovery system as well as an outdoor protection kit as a feature.

Portable compressor:

- The PG850-290 model was launched for waterwell as well as mining applications.

Vacuum pump:

- Launched dry as well as oil-lube rotary vane vacuum pump for the Indian market, enabled by a technology licensing agreement with DVP Vacuum Technology, Italy.

Accessories:

- The indigenously developed ARN series refrigerated dryers in the 20 CFM – 500 CFM range were introduced in India, with a plan for global rollout.

Other initiatives:

- A breakthrough STABILISOR concept was developed this year, significantly enhancing compressor stability, performance, and reliability. By dynamically aligning compressor capacity with fluctuating demand, energy waste is reduced, mechanical stress is minimized, and pressure stability is maintained, resulting in improved efficiency, lower costs, and longer component life. Its integration across existing and upcoming product lines is being planned to address both current and emerging market needs.
- Elgi motor implementation on EG and AB in the range of 55-75 kW to offer a better value proposition to our customers.
- Air-Alert, the IoT-based device designed to continuously monitor and predict compressor performance globally, has been deployed across regions and all product variants, significantly enhancing customer experience and value.
- The next generation controller, Neuron-IV, has been made Standard across all products.
- Designed and delivered oil injected Screw compressor first of its kind for locomotive brake application.
- Designed and implemented the 180 LPM indigenized Unique Oil filter, which ensures the completeness of the unique filter development initiative.

Several other projects aligned with global requirements are nearing completion and are expected to be rolled out between the first and second quarters of FY2025 - 26.

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

Elgi has entered into a multi-year technology licensing agreement with D.V.P. Vacuum Technology S.p.A., Italy. This agreement allows Elgi to manufacture, assemble, test, and sell DVP's proprietary vacuum products in India. The initiative marks an expansion of Elgi's product portfolio into the vacuum segment, starting with business incubation in India and subsequent global expansion. As a first step, Elgi started importing the technological aspects to know how and why of Vacuum technology.

Expenditure incurred on Research & Development:

(₹ in millions)

Expenditure on R&D	2024-25	2023-24
Capital	27	24
Revenue	369	372
Total	396	397
R&D Expenditure as a percentage on turnover	1.90%	2.15%

C. Foreign Exchange Earnings and Outgo

Earnings in foreign currency and expenditure incurred in foreign currency amounted to ₹5,696 million and ₹2,175 million, respectively.

For and on behalf of the Board

Place: Coimbatore
Date: May 28, 2025

Jairam Varadaraj
Managing Director
DIN: 00003361

Anvar Jay Varadaraj
Executive Director
DIN: 07273942

Annexure B

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline of the CSR Policy of the Company

The Company is committed to enhance societal sustainability alongside its economic and environmental goals. For several decades, it has actively supported education and community development initiatives in and around Coimbatore. The Company's CSR Policy and programs are directed mainly towards education. The Company, through Registered Trusts, supports the school financially as well as through involvement in its Management and Administration. Beyond education, the CSR policy also encompasses initiatives aimed 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 also contributes to the treatment of children affected by cancer through Cankids KidsCan, a registered charitable society. Additionally, it has been and continues to be one of the primary sponsors of the annual Coimbatore Marathon, reinforcing its commitment to community health and engagement.

2. Composition of the CSR Committee

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

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of the CSR Committee held during the year	Number of meetings of the CSR Committee attended during the year
1	Mr. Jairam Varadaraj	Managing Director (Chairman)	2	2
2	Ms. Aruna Thangaraj	Non-Executive Independent Director (Member)	2	1
3	Mr. Anvar Jay Varadaraj	Executive Director (Member)	2	2
4	Mr. Balakrishnan Vijayakumar (cessation with effect from August 1, 2024)	Non-Executive Independent Director (Member)	2	Nil

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

Composition of the CSR Committee: "<https://www.elgi.com/in/company-leadership/>"

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

CSR Projects: "<https://www.elgi.com/in/corporate-social-responsibility/>"

4. Executive summary along with web-link(s) 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 an 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 does not apply to the Company.

5. (a) Average Net Profit of the Company as per Section 135(5): ₹ 3287.87 Million

(b) Two percent of the average net profit of the Company as per section 135(5): ₹ 65.76 million

(c) Surplus arising out of the CSR projects or programs, 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)]: ₹65.76 Million

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

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

(a) Amount spent on ongoing projects: Nil

(b) Amount spent on other than ongoing projects: ₹24.50 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+6d): ₹24.50 Million

(f) CSR amount spent or unspent for the financial year:

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 Million)	Date of transfer	Name of the Fund	Amount	Date of transfer
24.50	41.27	April 28, 2025	-	-	-

(B) 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)	65.76
(ii)	Total amount spent for the Financial Year	24.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for setting off in succeeding financial years [(iii)-(iv)]	Nil

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

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135(6) (₹ in Mn.)	Balance Amount in Unspent CSR Account under section 135(6) (₹ in Mn.)	Amount Spent in the Financial Year (₹ in Mn.)	Amount transferred to a Fund as specified under Schedule VII as per the second proviso to subsection (5) of section 135, if any		Amount remaining to be spent on succeeding Financial Years (₹ in Million)	Deficiency, if any
					Amount (₹ in Million)	Date of Transfer		
1	2023-24	33.46	33.46	-	-	-	33.46	-
2	2022-23	26.61	26.61	18.65	-	-	7.96	-
3	2021-22	24.06	-	-	-	-	-	-

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 the CSR Committee
DIN: 00003361

Anvar Jay Varadaraj

Executive Director
DIN: 07273942

Place: Coimbatore

Date: May 28, 2025

Annexure C

Form No. MR-3
Secretarial Audit Report
For the financial year ended 31st March 2025

[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 2025**, 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 2025 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 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 except to the following observation given below.

- *The Company reported a continuous update with respect to an event disclosed (initially disclosed within the prescribed timeline) under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the Stock Exchanges with a delay of seven (7) days. It is noted that the National Stock Exchange (NSE) sought clarification regarding the delay, which was duly responded to by the Company.*

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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 Company has amended the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity)

Regulations, 2021 pursuant to the approval granted by the shareholders of the Company at the Annual General Meeting held on 31st July 2024.

We further report that during the period under review, the Compensation Committee/Nomination and Remuneration Committee has in accordance with the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 granted 3,53,600 options to the employees of the Company and its subsidiaries.

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.

Place: Coimbatore
Date: May 28, 2025

For MDS & Associates LLP
Company Secretaries

M D SELVARAJ
Managing Partner
FCS No.: 960 | C P No.: 411
Peer Review No. 6468/2025
UDIN: F000960G000406563

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

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 regulations, 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. 6468/2025

UDIN: F000960G000406563

Place: Coimbatore

Date: May 28, 2025

Annexure D

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 the 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	26.36	8.50%
2	Mr. Sudarsan Varadaraj, Non-Executive Director	0.52	NA
3	Ms. Aruna Thangaraj, Independent Director	1.05	NA
4	Mr. Anvar Jay Varadaraj, Executive Director	18.16	31.00%
5	Mr. Srinivasan Krishnamurthi, Independent Director	2.58	NA
6	Mr. Srinivasan Ravindran, Independent Director	2.06	NA
7	Mr. Suman Kumar Das, Independent Director	2.06	NA
8	Mr. Ramprasad M, Independent Director*	0.09	NA
9	Mr. Mohan Nambiar, Independent Director [§]	–	NA
10	Indranil Sen, Chief Financial Officer	–	NA
11	Devika Sathyanarayana, Company Secretary [#]	–	NA
12	Dr. Ganesh Devaraj, Independent Director*	0.19	NA
13	Mr. B Vijayakumar, Independent Director*	–	NA

*Cessation w.e.f. August 01, 2024

[§]Retired w.e.f. April 10, 2024

[#]Cessation W.e.f. June 09, 2024

b) The median remuneration for the year 2024-25 is Rs. 9,69,012/-

c) The percentage increase in the median remuneration of employees in the financial year: 5.21%

d) The number of permanent employees on the rolls of the Company: 2138 (including subsidiaries)

e) Average percentiles 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 managerial remuneration, and justification thereof, and any exceptional circumstances for the increase in managerial remuneration:

The average percentile increase in remuneration is 5.21% for Employees and Managerial Personnel.

f) Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company:

Your directors affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board

Place: Coimbatore
Date: May 28, 2025

Jairam Varadaraj
Managing Director
DIN: 00003361

Anvar Jay Varadaraj
Executive Director
DIN: 07273942

Annexure E

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 form 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 ESOP 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	Refer note 42 of the standalone financial statements
Exercise price or pricing formula	
Maximum term of options granted	
Source of shares	Secondary Acquisition
Variation in terms of options	There has been no variation in the terms of the options during the year
Method used to account for ESOP	Fair value
The impact on the profits and EPS of the company	Refer note 42 of the standalone financial statements

ii. Option movement during the year

Particulars	Details
Number of options outstanding at the beginning of the period	4,96,800
Number of options granted during the year	3,53,600
Number of options forfeited/lapsed during the year	4,900
Number of options vested during the year	2,88,300
Number of options exercised during the year	2,88,300
Number of shares arising as a result of the exercise of options	2,88,300
Money realized by the exercise of options (INR), if the scheme is implemented directly by the Company	NA
Loan repaid by the Trust during the year from the exercise price received (₹)	7,74,31,000
Number of options outstanding at the end of the year	5,57,200
Number of options exercisable at the end of the year	NIL

- iii. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to Senior Managerial Personnel and employees who have received grant exceeding 5% of the total options granted during the year:

S. No.	Name of employee	Designation	No. of options granted	Date of vesting
1	Mr. Indranil Sen	Chief Financial Officer	22,100	01/04/2027
2	Dr. Venu Madhav K	Director – Product Excellence & Innovation	22,400	01/04/2027
3	Mr. Bheemsingh Melchisedec	Director – Operations	13,400	01/04/2027
4	Mr. Premendra	Chief Strategy Officer	20,600	01/04/2027
5	Mr. Nitesh Jain	Chief Human Resource Officer	24,200	01/04/2027
6	Mr. Bhavesh Karia	President – ISAAME & SEA	6,600	01/04/2027
7	Mr. Ramesh Ponnuswami	Executive Director	28,800	01/04/2027
8	Mr. Jayakanthan R	Senior Managerial Personnel	22,800	01/04/2027
9	Mr. Brian Pahl	President USA	45,400	01/04/2027

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

- iv. 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: ₹592.10/-.

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

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	Refer note 42 of the standalone financial statements
Method used and the assumptions made to incorporate the effects of expected early exercise	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	None

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 loans disbursed during the year	₹32,48,00,000/-

S. No.	Particulars	Details
4	Amount of loan outstanding (repayable to the Company) as at the end of the year	₹62,40,50,000/-
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
1	Number of shares held at the beginning of the year	727,200 (2,32,000 shares purchased on March 28, 2024, were credited to the account of the Trust only on April 2, 2024)
2	Number of shares acquired during the year through (i) Primary issuance (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	i. Primary issue – Nil ii. Secondary Acquisition – 7,68,430 shares representing 0.32% of the paid-up equity capital were acquired at the weighted average cost of ₹519.49 per share by the Trust during the financial year 2024-25.
3	Number of shares transferred to the employees/sold, along with the purpose thereof	1,33,344 shares were transferred to employees pursuant to the exercise of options. 1,55,048 shares were sold on behalf of the employees pursuant to exersale in respect of options exercised by the employees.
4	Number of shares held at the end of the year	12,07,238

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

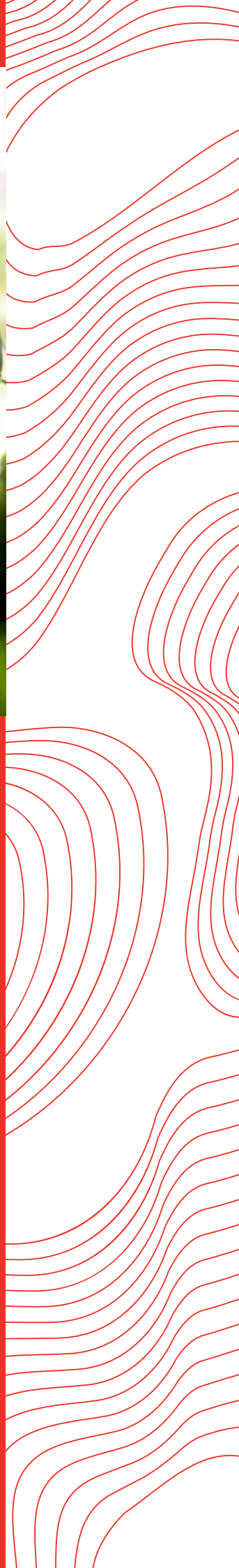
Number of Shares	As a percentage of paid-up equity capital at the end of the year, immediately preceding the year in which shareholders' approval was obtained.
Held at the beginning of the year	0.23 (An additional 0.07% of the shares acquired on March 28, 2024 were credited to the account of the Trust only on April 2, 2024)
Acquired during the year	0.24
Sold during the year	0.05
Transferred to the employees during the year	0.04
Held at the end of the year	0.38

For and on behalf of the Board

Jairam Varadaraj
Managing Director
DIN: 00003361

Anvar Jay Varadaraj
Executive Director
DIN: 07273942

Place: Coimbatore
Date: May 28, 2025



05

Business Responsibility and Sustainability Report

Annexure F

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Section A: General Disclosures

I. Details of the listed entity

S. No	Details of the Entity	
1.	Corporate Identity Number (CIN) of the Listed Entity	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	investor@elgi.com
7.	Telephone	0422-2589555
8.	Website	www.elgi.com
9.	Financial year for which reporting is being done	2024-25
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Ltd
11.	Paid-up Capital	INR 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. M: 9790015547. 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).	The reporting boundaries encompass Elgi's manufacturing operations in India. However, as the boundary for social indicator pertains to all Elgi facilities in India, while the environmental indicators are restricted to the 5 key manufacturing facilities: Air Compressor Plant (ACP), Motor Plant, Foundry, Head Office and PVD plant.
14.	Name of assurance provider	–
15.	Type of assurance obtained	–

II. Products/services

16. 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 (FY24)
1.	Manufacture of Air compressors	Electrical equipment, general purpose, and special purpose machinery & equipment	100%

17. 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

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

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

19. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of States/UTs)	All states in India are served by the Company.
International (No. of Countries)	Elgi products cater to more than 100 countries.

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

The contribution of exports as a percentage of the total turnover of the entity is 23%

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.

IV. Employees

20. Details as at the end of the 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)	894	826	92%	68	8%
2	Other than Permanent (E)	–	–	–	–	–
3	Total employees (D + E)	894	826	92%	68	8%
WORKERS						
4	Permanent (F)	447	419	94%	28	6%
5	Other than Permanent (G)	40	27	68%	13	32%
6	Total workers (F + G)	487	446	92%	41	8%

b) Differently abled Employees and workers:

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

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	7	1	14.3
Key Management Personnel	4	1	25

22. Turnover rate for permanent employees and workers

	FY 2025 (Turnover rate in current FY)			FY 2024 (Turnover rate in previous FY)			FY 2023 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	14%	1%	15%	17%	1%	18%	16%	1%	17%
Permanent Workers	5%	0%	5%	7%	–	7%	7%	–	7%

V. Holding, Subsidiary and Associate Companies (including joint ventures)**23. (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
25	Elgi Gulf Mechanical and Engineering Equipment Trading LLC	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)
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 & Vacuum 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	Joint Venture	50	No

*Ceased to be a joint venture with effect from July 22, 2024

**Ceased to be a joint venture with effect from April 11, 2025

***Ceased to be a joint venture with effect from August 21, 2024

VI. CSR Details

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

(ii) Turnover (in ₹) – 20,809 million

(iii) Net worth (in ₹) – 17,265 million

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom the complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 2025 Current Financial Year			FY 2024 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
Investors (other than shareholders)	The Company does not have any investors other than shareholders	None	None	None	None	None	None
Communities	No	None	None	None	None	None	None
Shareholders	Yes. Complaints received through the SEBI SCORES platform and the investor mail ID of the Company are resolved within the prescribed timelines www.scores.gov.in/admin	2	None	None	None	None	None
Employees and Workers	Yes, through the Whistle Blower Policy	11	0	None	16	2	None
Customers	Yes www.elgi.com / 1800 203 3544/ 1800 425 3544/ cs@elgi.com	–	–	None	–	–	None
Value Chain Partners	Whistleblower Policy https://www.elgi.com/in/wp-content/uploads/2019/10/Whistle-Blower-Policy.pdf	1	0	None	3	0	None
Others	None	–	–	None	None	None	None

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

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

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	Climate Change Action	Risk	Market shift towards low-carbon emitting products can impact certain product ranges such as DPSAC. Diesel-powered compressors emit carbon dioxide, Nitrogen oxides and particulate matter into the atmosphere. Emission regulations are increasingly strict across the world. If our portfolio has non-compliant engines, there is a risk to topline growth.	Elgi is addressing climate change action by developing cleaner technologies for its products (e.g., oil-free energy-efficient compressors) and exploring renewable energy solutions to minimize environmental impact. Further, Elgi has taken a commitment to reduce its GHG Footprint by 28% by the year 2027. We have access to the technology and product range to comply with regulations in all geographies. Therefore, the risk is low.	Negative
2	Water Management	Opportunity	Elgi prioritizes water sustainability through the implementation of robust water management practices across our operations. This commitment minimizes our environmental footprint and ensures responsible water stewardship.	NA	Positive
3	Waste Management	Risk	Elgi prioritizes minimizing our environmental impact. We implement sustainable waste management practices across our operations, focusing on resource recovery and reduction.	Prioritizing resource recovery and embracing circular economy principles allows Elgi to establish a sustainable waste management system that minimizes environmental impact. We have planned to achieve Zero waste to landfill by 2027 through rerouting our wastes for recycling and reuse.	Negative

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)
4	Product Stewardship	Opportunity	Sustainability is a core value throughout our business operations. We design and manufacture with a focus on responsible product lifecycles, including the use of eco-friendly materials, resource efficiency, and end-of-life solutions.	NA	Positive
5	Responsible Supply Chain	Risk	<p>Elgi prioritizes a sustainable supply chain through strategic partnerships with environmentally responsible suppliers</p> <p>A) 269 suppliers contributing to 87 % of the spend.</p> <p>B) 34 suppliers have their own ESG roadmap, and these contribute to 29% of the spend.</p> <p>We implement ethical sourcing practices throughout our material procurement process, minimizing our environmental footprint across the value chain.</p>	We have initiated a sustainable supply chain program to assess social and environmental practices of our 269 value chain partners. We generate local employment by engaging with local suppliers and service providers and actively develop and manage local supply chains around our manufacturing sites.	Negative
6	Occupational Health and Safety	Risk	Elgi's commitment to occupational health and safety is unwavering. Our Safety policy cultivates a risk-aware work environment, ensuring the well-being of our workforce.	Elgi prioritizes employee well-being and operational excellence through a comprehensive occupational health and safety program. This program fosters a safe and productive work environment for all our employees. We aim to ensure zero harm culture as part of our HSE Strategy.	Negative

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)
7	Employee Wellbeing	Opportunity	Employee well-being goes beyond physical safety. It encompasses an integrated approach to physical, mental, and emotional health , fostering a productive and thriving workforce .	NA	Positive
8	Human Rights	Risk	Elgi values the dignity and fundamental rights of all employees and business partners. This includes promoting fair treatment, diversity, and equal opportunity within the workplace.	Elgi upholds human rights throughout its operations by fostering a diverse and inclusive workplace, implementing policies against discrimination and harassment, and ensuring fair treatment for all employees.	Negative
9	Social Responsibility	Opportunity	Elgi recognizes its social responsibility, striving to be a positive influence through sustainable practices, ethical operations, and a commitment to the well-being of its employees and communities .	NA	Positive
10	Customer Centricity	Opportunity	Elgi puts the customer first by designing innovative compressed air solutions that meet their specific needs and offering exceptional service throughout the product lifecycle, maximizing customer satisfaction, and building long-term loyalty.	NA	Positive

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)
11	Economic Performance	Opportunity	Elgi's economic performance reflects its financial health, measured by factors like profitability, revenue growth, and investor returns. This performance determines the company's ability to invest in growth, innovation, and sustainability initiatives.	NA	Positive
12	Confidentiality	Risk	Elgi maintains a culture of confidentiality by safeguarding sensitive information through secure systems and employee training, protecting Company secrets.	Elgi safeguards confidentiality through a multi-layered approach, including robust data security protocols and employee training programs that emphasize information protection and ethical handling of sensitive data.	Negative
13	Ethics and Integrity	Opportunity	Elgi prioritizes ethical conduct in all business interactions, fostering a culture of integrity and transparency for its employees, suppliers, and customers. This commitment builds trust and ensures responsible decision-making at every level.	NA	Positive
14	Accountability	Risk	Elgi takes ownership of its social and environmental impact by adhering to high ethical standards and fostering a culture of transparency and responsibility throughout its operations.	Elgi fosters a culture of transparency and accountability by implementing robust governance practices, maintaining open communication with stakeholders, and holding itself responsible for its social and environmental impact.	Negative

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)
15	Brand Strategy	Opportunity	Elgi cultivates a leadership position in the global compressed air industry through a brand strategy emphasizing innovation, customer-centric solutions, and a commitment to “Always Better.”	NA	Positive
16	Diversity and Inclusion	Opportunity	Elgi values a diverse and inclusive workplace, fostering a collaborative environment where talents from various backgrounds can thrive and contribute to the company's success.	NA	Positive
17	Training and Talent Development	Opportunity	Elgi invests in empowering our workforce through continuous training and development programs. This fosters a culture of lifelong learning, ensuring we have a future-proof talent pool equipped for sustained success.	NA	Positive
18	Transparency	Risk	Elgi prioritizes transparency by openly disclosing its operations, performance, and sustainability efforts, fostering trust with stakeholders, and demonstrating its commitment to ethical conduct.	Elgi's commitment is reflected in regular reporting on environmental, social, and governance (ESG) initiatives, financial performance, and corporate governance practices.	Negative

Section B: Management and Process Disclosures

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

Disclosure Questions	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)	Yes	Yes	Yes	Yes	Yes	Yes	–	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	No	Yes	Yes	Yes	No	–	Yes	No
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)	Elgi Equipments is in process to translate the work into progress.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	No	No	No	No	No	–	No	No
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	<p>For some of the Principles, the Company has international standard certifications such as:</p> <ul style="list-style-type: none"> • ISO 9001: 2015 • ISO 14001: 2015 • ISO 45001: 2018 • ISO 50001: 2018 • ISO 22000: 2018 • ISO/TS 22163: 2017 • ISO 27001 <p>International Product Certifications:</p> <ul style="list-style-type: none"> • 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 A2 – PED for casting Tank – Europe • NB for Pressure Tank – USA • AD 2000 – MERKBLAT W0 for Foundry Materials – Europe • ISI for Bore well compressors (IS 5456)– India • SOL for All Elgi Products – Kenya/Uganda/Tanzania/Saudi Arabia/Gabon/Ivory cost • Green product certification – Malaysia • Inmetro certification – Brazil • ISI for motor (IS 12615) – India • ISI for Grey Iron Castings (IS 210) – India • UKCA Marking for EPSAC models – United Kingdom • Welding certificate – EN 15085 for welding of Railway vehicles and components 								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Refer note below #								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Please refer to Question number 5 (Performance of the entity)								
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).	As stewards of our company’s business responsibility initiatives, we recognize the pressing ESG-related challenges facing our manufacturing operations. These challenges include mitigating environmental impacts, ensuring workplace safety, and maintaining ethical supply chains. In response, we have set ambitious targets to drive positive change. These targets encompass reducing our carbon footprint, enhancing workplace safety measures, and promoting sustainable sourcing practices. Through dedicated efforts and strategic investments, we have made significant strides in achieving these objectives. For instance, we’re effectively reducing carbon emissions through the implementation of energy-efficient technologies, while simultaneously striving for zero reportable incidents to enhance workplace safety. These achievements underscore our commitment to responsible business practices and pave the way for continued progress in building a more sustainable future								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies.	Name: Dr. Jairam Varadaraj Designation: 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.	Yes, Name: Dr. Jairam Varadaraj Designation: Managing Director								

***Web Link of the Policies, if available**

	Principle	Policies required under the Principle	Policies available with Elgi
P1	Businesses should conduct and govern themselves with integrity, ethics, transparency, and accountability	<p>Elgi Code of Business Conduct and Business Ethics</p> <p>Whistle Blower Policy</p> <p>Policy for Determining Materiality of Events</p> <p>Anti-Bribery and Anti-Corruption Policy</p> <p>Anti-Money Laundering Policy</p> <p>Anti-Slavery and Anti-Human Trafficking Statement</p> <p>Integrity Policy</p> <p>Code of Conduct for Employees</p>	<p>Elgi Code of Business Conduct and Business Ethics Elgi-Code-of-Conduct-Business-Ethics.pdf</p> <p>Whistle Blower Policy Whistle-Blower-Policy.pdf (elgi.com)</p> <p>Policy for Determining Materiality of Events https://www.elgi.com/in/wp-content/uploads/2019/05/Policy-for-determining-Materiality-of-Events.pdf</p> <p>Supplier code of conduct https://www.elgi.com/in/wp-content/uploads/2022/10/02-Supplier-Code-of-Conduct.pdf</p> <p>Policy on Human rights https://www.elgi.com/in/wp-content/uploads/2022/10/01-Policy-On-Human-Rights.pdf</p> <p>Anti-bribery policy https://www.elgi.com/in/wp-content/uploads/2022/10/03-Anti-Bribery-Policy.pdf</p>
P2	Product responsibility	<p>Energy Policy</p> <p>Quality policy</p> <p>Health, Safety and Environment Policy</p>	<p>Energy Policy https://www.elgi.com/in/wp-content/uploads/2019/12/Energy-Policy.pdf</p> <p>Quality policy https://www.elgi.com/in/wp-content/uploads/2019/12/Quality-policy.pdf</p> <p>Health, Safety and Environment Policy https://www.elgi.com/in/wp-content/uploads/2019/12/HSE-Policy.pdf</p>
P3	Well-being of employees	<p>Whistleblower Policy</p> <p>Equal Employment Opportunity Policy</p> <p>Employee Loan Policy</p> <p>Employee Health Checkup Policy</p>	<p>Whistle Blower Policy Whistle-Blower-Policy.pdf (elgi.com)</p> <p>Equal Employment Opportunity Policy*</p> <p>Employee Loan Policy**</p> <p>Employee Health Check-up Policy**</p> <p><i>(Other than the first one, other policies are available on the Company's intranet)</i></p> <p><i>*These policies are approved by the board.</i></p> <p><i>**These policies, being employee welfare policies, were approved by the management.</i></p>

	Principle	Policies required under the Principle	Policies available with Elgi
P4	Stakeholder engagement	Corporate Social Responsibility Policy Dividend Policy Elgi Code of Business Conduct and Business Ethics	Corporate Social Responsibility Policy CSR-Policy.pdf (elgi.com) Dividend Policy Dividend-Policy.pdf (elgi.com) Elgi Code of Business Conduct and Business Ethics Elgi-Code-of-Conduct-Business-Ethics.pdf Supplier Code of Conduct
P5	Human rights	Human Rights Policy Policy against sexual harassment	Human Rights Policy https://www.elgi.com/in/wp-content/uploads/2022/10/01-Policy-On-Human-Rights.pdf Policy against sexual harassment https://intranet.elgi.com/elgi-info/employee-orientation/policies/Elgi_sexual_harrassment_policy_Sep_2020.pdf
P6	Environment	Health, Safety and Environment Policy Energy Policy Quality Policy	Health, Safety and Environment Policy https://www.elgi.com/in/wp-content/uploads/2019/12/HSE-Policy.pdf Energy Policy https://www.elgi.com/in/wp-content/uploads/2019/12/Energy-Policy.pdf Quality policy https://www.elgi.com/in/wp-content/uploads/2019/12/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 CSR-Policy.pdf (elgi.com)

	Principle	Policies required under the Principle	Policies available with Elgi
P9	Customer relations	The Company believes that businesses should engage with customers and provide value in a responsible manner	<p>The Company has an online system of addressing customer complaints that is attended to promptly.</p> <p>The Company has a strong customer care system in place with clear benchmarked targets for on-time and reliable resolution with a built-in escalation process. Since the complaints redressal mechanism is an ongoing 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.</p>

Elgi has set up a range of goals and targets. The following table presents the goals and targets with its respective deadlines:

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Environment			
CO2 emission reduction by 28% in 2027	CO2 emission reduction from 900 Kg Co2/Mn of Sale to 650 Kg Co2/Mn of Sale by 2027	<ul style="list-style-type: none"> 4 MW Solar Plant and 1 MW Wind mill renewable energy CGP initiated for all manufacturing plants 8 HSD forklifts are planned to be replaced with electrical forklifts Integrated Mechanical Generators installed for higher power testing for 60 Hz - 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 	<ul style="list-style-type: none"> 53 % reduction in carbon intensity achieved
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	<ul style="list-style-type: none"> Increase the share ratio of ground water to third party water, by using more water from government sources Rainwater harvesting for gardening purposes ETP treated water usage in gardening Rainwater harvesting water can be filtered and used for internal application of 1947 KL this year Application of water efficient aerators in conventional taps Implementation of dishwashers Increasing the rainwater harvesting storage 	<ul style="list-style-type: none"> Fresh water use was reduced by 2 %

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Lead a technology driven transformation	Technology Product Innovation Availability of HFO based dryers in Elgi product range by 2030 Enhancement of existing products	<ul style="list-style-type: none"> Continual product improvements to reduce lifecycle cost Increase in life of oil filter by 2X EN and EG series compressors manufacturing is certified for ISO 14024:2018 Standards (Green product certification) 	<ul style="list-style-type: none"> In line with our target, 9 HFO based dryers (69%) developed and launched till FY24-25 Achieved energy efficiency of more than 5% in across 60% of compressor portfolio
Foundry waste sand Zero land fill (ZLF)	Waste Recycle -Zero foundry waste sand to land fill by 2026-27.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> We have achieved a waste landfill of 9.56%

Social

Aiming LTIFR -Zero	To achieve Zero Lost Time injury frequency rate by FY26-27	<ul style="list-style-type: none"> AI Camera executed to ensure the safety always for manufacturing process, trial conducted for one machine Identification and mitigation of HIRA (Hazard Identification and Risk Assessment) 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 	<ul style="list-style-type: none"> This year we have achieved 0.757 LTIFR (GRI Standard) and aiming for achieving our target
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Focus Area/Goals	Targets	Initiatives	Performance of the Entity
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%)	<ul style="list-style-type: none"> Proactive Grievance Redressal Process Employee Engagement program Two-way communication High emphasis on adherence to values 	<ul style="list-style-type: none"> We have surpassed the industry standard and achieved 79% culture survey score in 23-24 and the next survey will be conducted in 25-26.
Societal development through high-quality education for the economically challenged	<p>Achieve academic excellence by improving subject average marks year on year in Std XII Board examinations</p> <p>Academic development through building competencies that enable achievement of high average marks year on year in Std XII Board examinations</p> <p>To increase the proportion of children from low-income families year on year</p>	<ul style="list-style-type: none"> 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 orphaned children and children whose parents lost their jobs to covid Scholarships for meritorious students from low-income families 	<ul style="list-style-type: none"> Achieved subject average of 80 marks in 24-25 against 81 marks in Science Stream in 23-24. Also, 80 marks in 24-25 against 83 marks in Arts Stream in 23-24 Achieved total average of 82 marks in 24-25 against 81 marks in Science Stream in 23-24. Also, 80 marks in 24-25 against 83 marks in Arts Stream in 23-24 <p>Project Stellar initiated by Elgi School designed to provide 100% free education to exceptionally talented children from economically disadvantaged urban households in Coimbatore</p>
Equip employees with the knowledge and skills to be #alwaysbetter	<p>Employee Training</p> <p>Address the identified training needs of office employees by deploying appropriate training initiatives</p> <p>Equip shop floor employees with identified skill enhancements and support upskilling</p>	<ul style="list-style-type: none"> Roll out of Learning Management System to bring in more effectiveness in the Learning & Development Cycle. Create a culture of self-learning through WBTs Sharing of book summaries every fortnight 	<ul style="list-style-type: none"> This year, our training man-days per employee per year stands at 4.1 We have identified and trained our shopfloor employees on areas of upskilling, and our training man-days stand at 2.3 per employee per year

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Stay committed to Human Rights	Human Rights Cognizance To create company-wide awareness and organize Human Rights training programs	<ul style="list-style-type: none"> Strengthening the culture to ensure 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 labor, adherence to Minimum wages, Environment related aspects 	<ul style="list-style-type: none"> We have achieved and aim to sustain 100% training of employees on Human Rights
Building a diversified workforce	Gender Diversity: By 2030, increase representation of women in the office workforce by 20%	<ul style="list-style-type: none"> Elgi has a gender-neutral hiring policy Recruitment plan to have a diversified workforce in the organization 	<ul style="list-style-type: none"> Our staff category gender diversity is 8%

Governance

Sustaining an ethical business environment for stakeholders	<p>100% Compliance – Applicable Laws</p> <p>Target is to be compliant with all applicable laws to the extent that the company is not exposed to any major penalties or risks</p> <p>Target is also to abide by the non-bribery, anti-corruption policy of the company.</p> <p>Code of Conduct:</p> <p>100% supplier compliance with Elgi's Business Code of Conduct</p>	<ul style="list-style-type: none"> 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 The supply chain is expected to accept and follow Elgi's code of conduct 	<ul style="list-style-type: none"> We are compliant to all applicable laws and there have been no major risks or penalties to the Company 100% identified suppliers have signed the Elgi's Business Code of conduct
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Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Inclusive ESG Governance	<p>ESG Review Mechanism</p> <p>To formalize 'monitor and review system' of the ESG performance at regular intervals</p> <p>Environment & Social Recommendations</p> <p>To implement feedback/recommendation on 'E' & 'S' aspects from proxy advisors/investors/analysts</p> <p>ESG Rating</p> <p>To constantly improve ESG ratings/score YoY</p>	<ul style="list-style-type: none"> 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 <p>The Company felt that it was premature to go for an ESG rating. However, the Company has engaged a consultant to provide "Assurance" on the Nine BRSR core Principles and Key Performance Indicators</p>	<p>We conducted 1 Steer-co meeting during the year to discuss the ESG progress</p> <p>We have established a mechanism to implement feedback from proxy advisors/investors/analysts. No comments were received during the year</p> <p>We are working towards implementing initiatives that will lead us to be prepared for an ESG rating</p>

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether the review was undertaken by the Director/the 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 the 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	Annually

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

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)	YES								
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 (BoD)	5	<ul style="list-style-type: none"> Awareness program on transfer pricing model & foreign exchange management act, 1999 (FEMA) by Ernst & Young LLP Briefing on Investment Strategy of the Company Presentation on Annual Business Plan for the financial year 2025-26 Awareness program on SEBI LODR Regulatory Amendments Presentation on Internal Audit Report by Ernst & Young LLP on Order to Cash (O2C) process for the period January to October 2024. 	100%
Key Managerial Personnel (KMPs)	4	Indicated Below	100%
Employees other than BoD and KMPs	57		71%
Workers	10		100%

- POSH – Prevention of Sexual Harassment
- Elgi Business Conduct and Ethics
- Information Security Awareness
- ESG Human Rights
- Managerial skills – Building People Managerial Capability
- Business skills – Building Business Acumen
- Coaching skills – Leader as Coach program to develop pool of internal coaches
- Business Communication Skills
- MS Office – Excel Workshop
- Sales training for Direct Sales team
- Basics of problem solving
- Essentials of benchmarking
- IMS, IRIS Internal Auditor training
- Sales Negotiation Skills
- Product training for new joiners, refresher training to existing employees and employees of dealers

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)
a. Monetary					
Penalty/Fine	Principle 1	State Tax Officer, Mobile Team, Asharodi, Dehradun District, Uttarakhand State Uttarakhand SGST	₹ 5,68,800/-	The Company received a notice on March 07, 2025, from the Uttarakhand SGST Department`s mobile team Officer for payment of ₹ 5,68,800/- under penalty head for mismatch in delivery address between tax invoice and lorry receipt (LR) for an ex-works consignment. The Company immediately filed reply on March 10, 2025, stating that the delivery address mentioned in the invoice as well as LR are registered premises of the Customer under GST Act, the delivery address was inadvertently updated by the concerned and there is no intention to evade tax by the Company. But the GST officer confirmed the penalty demand of ₹ 5,68,800 on March 15, 2025	Yes
Settlement	NIL				
Compounding fee					
b. 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
NIL	NIL

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 strictly prohibits bribery, extending to both government officials and private sector entities. This encompasses any act of offering, promising, authorizing, or providing anything of value to customers, business partners, vendors, or any other third party with the intent to induce or reward improper conduct related to the Company's business activities. Web Link to the policy: [Anti-Bribery-Policy.pdf \(elgi.com\)](#)

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 2025 Current Financial Year	FY 2024 Previous Financial Year
Directors	NIL	NIL
KMPs		
Employees		
Workers		

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

	FY 2025 Current Financial Year		FY 2024 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.

No fines/penalties/actions were imposed by regulators/law enforcement agencies or judicial institutions on cases related to corruption and conflicts of interest.

8. Number of days of accounts payables (Accounts payable *365)/Cost of goods/services procured) in the following format:

	FY 2025 Current financial Year	FY 2024 Previous financial Year
Number of days of accounts payables	69	70

9. Open-ness of business

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

Parameter	Metrics	FY 2025 Current financial Year	FY 2024 Previous financial Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	2%	17%
	b. Number of trading houses where purchases are made from	97	260
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	63%	55%
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	49.29%	49%
	b. Number of dealers/distributors to whom sales are made	88	102
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributor	39.41	-
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	0.5%	0.4%
	b. Sales (Sales to related parties/Total Sales)	22.2%	21.2%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	87%	86%
	d. Investments (Investments in related parties/Total Investments made)	74%	90%

Leadership Indicators

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

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
–	–	–

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 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/wp-content/uploads/2019/05/Related-Party-Transactions-Policy.pdf>.

Related party transactions are entered with the prior approval of the 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 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 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	60%	43%	Specific Power Consumption (SPC) improved more than 5% in 43% of machines. This will lower the overall energy consumption.
Capex	69%	58%	Refrigerant Air Driers replacing Hydro Fluro Carbons (HFC) based refrigerants with Hydro Fluro-Olefins (HFO) refrigerants developed and launched.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) -

Elgi always advocates for sustainable supply chain. Vendors/service providers are encouraged to follow management practices outlined in international standards such as ISO 9001 and ISO 14001. Further, the company plans to create a sustainable sourcing policy.

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

Not Applicable

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.

Product	Process to safely reclaim the product
a. Plastics (including packaging)	Minimum quantities of e-waste, hazardous wastes that are generated are disposed off as per prescribed Rules and Regulations.
b. E-Waste	
c. Hazardous Waste	
d. Other Waste	

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 the Pollution Control Boards? If not, provide steps taken to address the same.

Applicable – EPR Registration done for Head Office and annual return for FY24- 25 submitted to CPCB.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/Service	% Of total Turnover Contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	If yes, provide the web link
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Not Applicable

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Indicate input material	Description of the risk/concern	Action Taken
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Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Name of Product/Service	Recycled or re-used input material to total material	
	FY 2025 Current financial Year	FY 2024 Previous financial Year
	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed of.

	FY 2025 Current financial Year			FY 2024 Previous financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable			Not Applicable		
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as a percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	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	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	826	826	100%	826	100%	NA	NA	-	-	826	100%
Female	68	68	100%	68	100%	68	100%	-	-	68	100%
Total	894	894	100%	894	100%	68	100%	-	-	894	100%
Other than Permanent employees											
Male	NIL										
Female											
Total											

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Workers											
Male	419	419	100%	419	100%	NA	NA	–	–	419	100%
Female	28	28	100%	28	100%	28	100%	–	–	28	100%
Total	447	447	100%	447	100%	28	100%	–	–	447	100%
Other than Permanent workers											
Male	27	27	100%	27	100%	NA	NA	–	–	27	100%
Female	13	13	100%	13	100%	13	100%	–	–	13	100%
Total	40	40	100%	40	100%	13	100%	–	–	40	100%

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

	FY 2025 Current financial Year	FY 2024 Previous financial Year
Cost incurred on wellbeing measures as a % of total revenue of the company	0.6%	0.6%

2. Details of retirement benefits.

Benefits	FY 2025 (Current Financial Year)			FY 2024 (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%	100%	Yes	100%	100%	Yes
Gratuity				100%	100%	Yes
ESI				100%	100%	Yes
Other (Bonus)				–	–	–

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

While the company currently does not have any employees with disabilities, it remains committed to fostering an inclusive workplace, which will also ensure easy accessibility to such employees. The company has in place an Equal Opportunity policy in line with the Rights of Persons with Disabilities Act, 2016.

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.

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

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

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

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes,	<ul style="list-style-type: none">Whistle Blower link -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.
Other than Permanent Workers		
Permanent Employees		
Other than Permanent Employees		

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

Category	FY 2025 Current Financial Year			FY 2024 Previous Financial Year		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	-			-		
Male						
Female						
Total Permanent Workers						
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2025 Current Financial Year					FY 2024 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	826	826	100	575	70	795	795	100	795	100
Female	68	68	100	58	85	61	61	100	61	100
Total	894	894	100	633	71	856	856	100	856	100
Permanent Workers										
Male	419	419	100	419	100%	422	422	100	422	100
Female	28	28	100	28	100%	13	13	100	13	100
Total	447	447	100	447	100%	435	435	100	100	100

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

Category	FY 2025 Current Financial Year			FY 2024 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	826	826	100%	795	795	100%
Female	68	68	100%	61	61	100%
Total	894	894	100%	856	85	100%
Permanent Workers						
Male	419	419	100%	422	422	100%
Female	28	28	100%	13	13	100%
Total	447	447	100%	435	435	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, what is the coverage of such a system?**

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.

- 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.**

Yes. Several channels to report grievances related to OHS have been made available to employees; these include Safety Tags, Safety Committee meetings, Sun Rise, and Self-Management Team (SMT).

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?**

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 2025	FY 2024
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.85
	Workers	1.796	1.92
Total recordable work-related injuries	Employees	1	2
	Workers	3	3
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy 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 2025			FY 2024		
	Current Financial Year			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	644	0	-	401	0	-
Health & Safety		0	-		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 an Environmental Health and Safety policy and emphasise 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.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

a. Employees (Yes/No): Yes, the Company extends life insurance/compensatory package in the event of the death of its employees.

b. Workers (Yes/No): Yes, the Company extends life insurance/compensatory package in the event of the death of its employees.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Not Applicable

3. Provide the number of employees/workers having suffered high-consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025 Current financial Year	FY 2024 Previous financial Year	FY 2025 Current financial Year	FY 2024 Previous financial Year
Employees	–	–	–	–
Workers	–	–	–	–

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Beyond professional obligations, Elgi extends support through financial assistance and post-retirement care for its employees. This fiscal year, Elgi organised a pre-retirement counselling session for employees nearing retirement age. The session was attended by 39 participants and covered topics such as financial planning, health and wellness consideration, legal aspects of retirement, and emotional preparedness for the transition.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	Elgi does not have a documented process for assessing the performance of its value chain partners.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We are currently in the process of developing a sustainable supply chain program aimed at evaluating the social and environmental practices of our suppliers.

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 Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ul style="list-style-type: none"> Digital platforms and applications In - person engagement Reference installations Feedback mechanisms 	As and when required	<ul style="list-style-type: none"> Product and Service Quality Complaint resolution On time delivery Product Safety
Local communities	Yes	<ul style="list-style-type: none"> Corporate Social Responsibility initiatives Partnership with Coimbatore Marathon 	As and when required	<ul style="list-style-type: none"> Enhanced quality of life through improved access to healthcare, education, and skill development programs. Providing disaster relief as needed to support affected communities. Partnership with Coimbatore Marathon boosts community health and supports early cancer detection, treatment, and rehabilitation nationwide.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
NGO partner	No	<ul style="list-style-type: none"> Corporate Social Responsibility initiatives Partnership with Olympic Gold Quest (OGQ) 	As and when required	<ul style="list-style-type: none"> Enhancing capacity for greater efficiency and effectiveness. Achieving CSR objectives through strategic initiatives and partnerships. Partnered with Olympic Gold Quest to support Indian athletes in their quest for Olympic Gold medals, fostering sporting excellence.
Investors	No	<ul style="list-style-type: none"> Press releases and publications Investor conferences Annual General Meeting Stock Exchange announcements 	<ul style="list-style-type: none"> Press releases and publications: Quarterly Investor conferences: Annual Annual General Meeting: Annual Stock Exchange announcements: As and when required 	<ul style="list-style-type: none"> Financial performance Business updates Growth plans ESG performance
Regulators	No	<ul style="list-style-type: none"> Mandatory compliance reports 	As and when required	<ul style="list-style-type: none"> Statutory compliance requirements: governance, social, environmental
Employees	No	<p>Internal Communication Channel Including</p> <ul style="list-style-type: none"> Global Employee Newsletters What's your Finish Line Challenge Steps for Change Campaign Inspiring the future Campaign 	<p>Frequency of Communication</p> <ul style="list-style-type: none"> Quarterly Annual Annual Annual 	<ul style="list-style-type: none"> The quarterly employee newsletter fosters a positive work environment, promoting open communication and collaboration. The Elgi #whatsyourfinishline challenge encourages fitness to prevent lifestyle diseases and build cancer awareness. Elgi's Steps For Change program promotes global environmental awareness and creates an environmentally conscious workplace. Elgi's Inspiring the future campaign initiative celebrates women's achievements and strives for an inclusive, gender-equal world.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Banks	No	In person meetings	As and when required	<ul style="list-style-type: none"> Transparent financial transactions Timely repayment of debt

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Board, through its various committees, foresees the process of consultation between various stakeholders.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

We have different engagement platforms where stakeholder consultation is taken into Board, even at the committee level. The respective Committee Chairperson updates the Board at every meeting on the discussion/ deliberations of the Committees. Further, the Board members actively discuss various ESG initiatives of the Company and encourage the senior management to take steps beyond regulatory requirements.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups. NIL

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 2025			FY 2024		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	894	851	95	856	856	100
Other than permanent	–	–	–	–	–	–
Total Employees	894	851	95	856	856	100
Workers						
Permanent	447	447	100%	435	435	100%
Other than permanent	–	–	–	–	–	–
Total Workers	447	447	100%	435	435	100%

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

Category	FY 2025 Current financial Year					FY 2024 Previous financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	826	-	-	826	100%	795	-	-	795	100%
Female	68	-	-	68	100%	61	-	-	61	100%
Other than permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	419	-	-	419	100%	422	-	-	422	-
Female	28	-	-	28	100%	13	-	-	13	-
Other than permanent	-	-	-	-	-	-	-	-	-	-
Male	27	-	-	27	100%	56	-	-	56	100%
Female	13	-	-	13	100%	29	-	-	29	100%

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

a. Median remuneration/wages:

	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)	6	3,25,000	1	3,25,000
Key Managerial Personnel	3	1,77,00,644	1	1,77,00,644
Employees other than BoD and KMP	823	12,59,604	67	11,55,708
Workers	419	884,760	28	255,684

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

	FY 2025 Current financial Year	FY 2024 Previous financial Year
Gross wages paid to females as % of total wages	5%	5%

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 in.

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 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 2025 Current financial Year			FY 2024 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	3	NIL	Completed	3	Nil	Completed
Discrimination at workplace	NIL	NIL	NIL	NIL	NIL	NIL
Child Labour	NIL	NIL	NIL	NIL	NIL	NIL
Forced Labour/ Involuntary Labour	NIL			NIL	NIL	NIL
Wages	NIL	NIL	NIL	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NIL	NIL	NIL	NIL

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

	FY 2025 Current financial Year	FY 2024 Previous financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	3	3
Complaints on POSH as a % of female employees/workers	3.2%	3.8%
Complaints on POSH upheld	0	0

8. 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 victimized 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.

9. 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.

10. Assessments of the year

	% of your plants and offices that were assessed (by entity statutory authorities or third parties)
Child labour	100% of our plants and offices have been thoroughly assessed, and there is no instance of child labor detected across our operations.
Forced/involuntary labour	100% of our plants and offices have been thoroughly assessed, and there is no instance of forced/involuntary labor detected across our operations.
Sexual harassment	100% of our plants and offices have been thoroughly assessed, and there is no instance of sexual harassment detected across our operations.
Discrimination at workplace	100% of our plants and offices have been thoroughly assessed, and there is no instance of discrimination at workplace detected across our operations.
Wages	100% of our plants and offices have been thoroughly assessed.

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

Not applicable

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

Not Applicable

2. Details of the scope and coverage of any Human rights due diligence conducted

Not Applicable

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Our company ensures that all operating locations are fully accessible to differently abled employees, workers, and visitors. This commitment is reflected in the presence of ramps, sidewalks, and elevators at our corporate office locations and plants, along with other necessary infrastructure to support individuals with disabilities.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	Elgi does not have a documented process for assessing the performance of its value chain partners.
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 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: GJ**

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
From renewable sources		
Total electricity consumption (A)	23,092	24,273
Total fuel consumption (B)	NA	NA
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	23,092	24,273
From non-renewable sources		
Total electricity consumption (D)	36,330	30,687
Total fuel consumption (E)	21,338	21,064
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	57,668	51,751
Total energy consumed (A+B+C+D+E+F)	80,760	76,024
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000038	0.0000041
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	0.000008	0.0000048
Energy intensity in terms of physical output	0.920457265	0.905724531
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: No, the assessment was done by the company.

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 2025 Current financial Year	FY 2024 Previous financial Year
Water withdrawal by source (in kiloliters)		
4(i) Surface water	2870	1947
(ii) Groundwater	21,658	21985
(iii) Third party water (Municipal water supplies)	23,294	17132
(iv) Seawater/desalinated water	-	-
(v) Others (Rainwater storage)	-	-
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	47,822	41064
Total volume of water consumption (in kiloliters)*	47,822	41064
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	0.0000023	0.0000022

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
Water withdrawal by source (in kiloliters)		
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP)	0.0000475	0.0000026
Water intensity in terms of physical output	0.545048382	0.4892240
Water intensity (optional) – the relevant metric may be selected by the entity	–	–

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

4. Provide the following details related to water discharged:

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
Water discharge by destination and level of treatment (in kilo liters)		
(i) To Surface water		
– No treatment		
– With treatment – please specify level of treatment		
(ii) To Groundwater		
– No treatment		
– With treatment – please specify level of treatment		
(iii) To Seawater		
– No treatment		
– With treatment – please specify level of treatment		
(iv) Sent to third parties		
– No treatment (Water sent for treatment to Central Effluent Treatment Plant)*		
– With treatment – please specify level of treatment		
(v) Others		
– No treatment		
– With treatment – Tertiary treatment	22883	19527
Total water discharged (in kilo liters)		

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

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

We are actively working towards attaining “Zero Liquid Discharge” status for our plants.

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

Parameter	Please specify unit	FY 2025 Current financial Year	FY 2024 Previous financial Year
NOx	Tonne/Million of sales	0.000027	0.00044
SOx	Tonne/Million of sales	0.0000258	0.000046573
Particulate matter (PM2.5)	Tonne/Million of sales	0.000594	0.000599
Particulate matter (PM10)	–	NA	NA
Persistent organic pollutants (POP)	NA	0.00002	0.00002
Volatile organic compounds (VOC)	Tonne/Million of sales	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA

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

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

Parameter	Unit	FY 2025 Current Financial Year	FY 2024 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tons of CO₂ equivalent</i>	1455.71	1440
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tons of CO₂ equivalent</i>	7340.35	6103.45
Total Scope 1 and Scope 2 emissions	<i>Metric tons of CO₂ equivalent</i>	8796.06	7543.45
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	<i>Metric tons of CO₂ equivalent/turnover in crores</i>	0.00000042	0.0000004
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)		0.0000087	0.0000005
Total Scope 1 and Scope 2 emission intensity in terms of physical output		0.100252567	0.089870379
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

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

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Installed energy efficient LED Hi-bay fittings (105 Nos) in Aircenter.

Elgi		Master List of Energy Management programs 2024-2025	
S.No	Date	EnMP Number	Project Description
1	26.04.2024	ENMP/ACP/MAI/ELEC/37/R00	Reducing Energy Consumption in AHU-1
2	11.05.2024	ENMP/ACP/MAI/ELEC/38/R00	Optimizing Energy Consumption in Locus-1
3	21.06.2024	ENMP/ACP/MAI/ELEC/39/R00	Optimizing Energy Consumption in MAZAK MTV
4	01.08.2024	ENMP/ACP/MAI/ELEC/40/R00	Optimizing Energy Consumption in Micromatic IG 150
5	16.12.2024	ENMP/ACP/MAI/ELEC/43/R00	Optimizing the Lighting Energy Consumption in 3EX-2
6	07.11.2024	ENMP/ACP/MAI/ELEC/44/R00	Optimizing the Lighting Energy Consumption
7	10.10.2024	ENMP/ACP/MAI/ELEC/45/R00	Energy Management Program - Makino S33-1 & 2 Machine light
8	16.11.2024	ENMP/ACP/MAI/ELEC/46/R00	Energy Management Program - Casting & Rotor Bay Machines light
9	07.11.2024	ENMP/ACP/MAI/ELEC/47/R00	Optimizing the Energy Consumption of Top block HVLS Fan
10	10.01.2025	ENMP/ACP/MAI/ELEC/49/R00	Energy Management Program - Optimizing Energy Consumption in Plant Office

Renewable Energy: -

- ELGi expanded its renewable energy portfolio by commissioning a 1 MW captive windmill in Ottapidaram, Thoothukudi, Tamil Nadu, through First Energy 5 pvt. Ltd.
- ELGi has established a 4 MW group captive power facility in Sivagangai, Tamil Nadu.

Energy Saving Measures: -

Use of LED lights at Foundry

Implementing technology and IoT solutions to enhance energy efficiency.

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

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
Total Waste generated (in metric tons)		
Plastic waste (A)	61.34	65.031
E-waste (B)	0.92	6.826
Bio-medical waste (C)	0.00569	0.0057
Construction and demolition waste (D)	-	-
Battery waste (E)	9.453	11.483
Radioactive waste (F)	-	-
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand+ Filter bags etc. (G)	184.491	95.535
Other Non-hazardous waste generated (H). MS Scrap + Aluminum scrap (Break-up by composition i.e., by materials relevant to the sector)	3,304.59	2781.676
Total (A+B + C + D + E + F + G + H)	3560.802	2960.5567
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.00000017	0.00000016
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	0.00000035	0.00000019
Waste intensity in terms of physical output	0.040584028	0.035270858
Waste intensity (optional) - the relevant metric may be selected by the entity	-	-

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
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For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)

Category of waste		
(i) Recycled	1726.09	1519.87
(ii) Re-used	865.09	895.49
(iii) Other recovery operations	–	–
Total	2591.18	2415.36

For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)

Category of waste*		
(i) Incineration	692.5	545.2
(ii) Landfilling	277	0
(iii) Other disposal operations	0	0
Total	969.62	545.2

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

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

The following activities are done:

Foundry waste sand Zero land fill (ZLF)

Waste Recycle-Foundry Waste Sand - 132825 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 and for RCC concrete application
- Converting and utilizing for interlock bricks
- Foundry waste fine sand mixed with rubber and converted as a Bi-product
- Obtained CSIR Test certificate for Concrete blocks

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

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

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

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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YES, The company is compliant with the applicable laws and guidelines.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilo liters):

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the area: CCP, ACP and Foundry Plant
- (ii) Nature of operations: Manufacturing
- (iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2025 Current financial Year	FY 2024 Previous financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	2870	1947
(ii) Groundwater	18,987	19,309
(iii) Third party water	23,089	17,025
(iv) Seawater/desalinated water	–	–
(v) Others	–	–
<i>Total volume of water withdrawal (in kilolitres)</i>	44,946	38,281
Total volume of water consumption (in kilolitres)	44,946	38,281
Water intensity per rupee of turnover (Water consumed/turnover)	0.00000215	0.0000021
Water intensity (optional) – the relevant metric may be selected by the entity	–	–
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	–	–
(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)	–	–

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

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025 Current financial Year	FY 2024 Previous financial Year
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	-	-
Total Scope 3 emissions per Crore of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

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

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.

Not Applicable

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:

S. 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 Airend is 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	Got the green product certification for the selected products with 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 has a robust Business Continuity Plan (BCP) framework in place, designed to ensure operational resilience and minimize disruption during adverse events.

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?

No

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

No

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 and industry chambers/associations.**
Elgi Equipments is a part of 6 associations.
- b) **List the top 10 trade and industry chambers/associations (determined based on the total members of such a 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.**
- Not Applicable

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/ Others – please specify)	Web Link, if available
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Over the course of this year, we haven't advocated for any particular public policies.

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.

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

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
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Not Applicable

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

Community members are encouraged to raise their grievances using the whistle-blower mechanism. They can access the Whistle-blower Policy document on our company website or TELGI.app portal for detailed instructions on utilizing the TELGI App to submit complaints effectively. For those interested, the TELGI App can be downloaded through a web browser or by scanning a QR code on their smartphones, as outlined on the website/portal. Upon accessing the TELGI.app portal, individuals can report incidents and opt to maintain anonymity throughout the process. Furthermore, the app offers the option to attach supporting evidence, such as documents or recordings, to bolster the complaint before final submission.

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

Parameter	FY 2025 Current calendar Year	FY 2024 Previous calendar Year
Directly sourced from MSMEs/small producers	34.5	34
Directly from within India	30	34

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

Location	FY 2025 Current calendar Year	FY 2024 Previous calendar Year
Rural	17%	19%
Semi-urban	–	–
Urban	83%	81%
Metropolitan	–	–

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

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not Applicable	

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

State	Aspirational District	Amount Spent (In ₹)
NIL		

3. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No) NA
b) From which marginalized/vulnerable groups do you procure? NA
c) What percentage of total procurement (by value) does it constitute? NA
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.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Projects	No. of persons benefited from CSR Projects 2024-25	% of beneficiaries from vulnerable and marginalized groups
1	Societal development through high-quality education for the economically challenged	1331	-
2	To increase the proportion of children from low-income families year on year	12	-
3	Coimbatore Cancer Foundation – Health Care	-	-

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:

Parameter	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 2025 (Current Calendar Year)		Remarks	FY 2024 (Current Calendar Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	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	NIL
Forced recalls	NIL	NIL

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.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches – NIL**
- b. Percentage of data breaches involving personally identifiable information of customers – NIL**
- c. Impact, if any, of the data breaches – NIL**

Leadership Indicators

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

[Elgi Air Compressors | Screw Type Air Compressors in the UK](#)

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

The Company is deeply committed to maintaining a reputation as a quality-driven and customer-centric organization, dedicated to delivering products of genuine value to our discerning customers consistently meeting their expectations. Our products undergo rigorous quality checks at every stage of the production process chain, supported by well-defined Standard Operating Procedures (SOPs) and processes. These measures ensure the identification and elimination of any process or system impediments, guaranteeing the highest standards of quality and customer satisfaction.

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

Not applicable.

4. Does the entity display product information on the product over & 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.



06

Corporate Governance Report

Annexure G

Report on Corporate Governance

This report is prepared in accordance with the provisions of Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the report contains details of Corporate Governance systems and processes at Elgi Equipments Limited (“the Company”).

1. 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 laws, exercising fairness and integrity in all its dealings. This commitment reiterates our dedication to enhancing stakeholders’ value. Your Company has a defined set of guidelines for internal governance based on business ethics, legal compliance, and professional conduct. We have maintained transparency in our accounting practices and procedures, framed and adhered to policies and guidelines, insisted on responsibility and accountability, and conducted regular checks of our policies and procedures.

Your Company complies with the requirements of Corporate Governance under the SEBI Listing Regulations. We ensure 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 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.

Your Company is dedicated to upholding the highest standards of ethical conduct in all its operations. We believe that ethical business practices are the foundation of a successful and sustainable organization. Our employees are trained to adhere to these principles, ensuring that every action taken aligns with our core values of honesty, integrity, and respect.

2. Board of Directors

2.1 As of March 31, 2025, the Board comprised seven (7) Directors. Of the seven directors:

- a) Five (5) (71.43%) are non-executive directors, and
- b) Four (4) (57.14%) are independent directors, which includes a woman director.

2.2 As on March 31, 2025, the composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 (“CA 2013”), read with the relevant rules made thereunder.

2.3 The number of Directorships, Committee memberships/chairmanships of all Directors is within the respective limits prescribed under the CA 2013 and SEBI Listing Regulations. Necessary disclosures regarding Board (*in terms of Regulation 17A of SEBI Listing Regulations*) and Committee positions (*in terms of Regulation 26 of SEBI Listing Regulations*) as on March 31, 2025, have been made by all the Directors of the Company.

2.4 Every Independent Director has made requisite declaration under regulation 25(8) of SEBI Listing Regulations and section 149(7) of CA 2013 that he/she meets the “criteria of independence” as required under regulation 16(1) (b) of SEBI Listing Regulations and section 149(6) of the CA 2013, respectively. Based on the declarations received from the Independent Directors, the Board of Directors is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and the CA 2013 and are independent of the management. Further, None of the Independent Directors have resigned before the expiry of their tenure during the year under review. The maximum tenure of Independent Directors is in compliance with the CA 2013.

2.5 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 CA 2013, 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.

2.6 The Board met 6 (six) times during the year under review on May 27, 2024, July 31, 2024, September 26, 2024, November 11, 2024, February 10, 2025, and March 17, 2025. The necessary quorum was present for all the meetings.

2.7 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, 2025, are given below. Other directorships only include those companies whose equity shares are listed on stock exchanges and High Value Debt Listed Entities as per Regulation 17A of SEBI Listing Regulations. Chairmanships/memberships of Board committees shall include only the Audit Committee and the Stakeholders' Relationship Committee as per Regulation 26(1)(b) of the SEBI Listing Regulations.

S. No.	Name of the Director	Category	Number of Board Meetings during FY 2024-25	Whether attended last AGM held on July 31, 2024	Number of Directorships in other Public Companies	Number of Committee Positions held in other Public Companies		Directorship in other listed Companies
			Held/ Attended			Chairman	Member	
1	Mr. Jairam Varadaraj (DIN: 00003361)	Executive, Managing Director, Promoter	6/6	Yes	3	-	-	Elgi Rubber Company Limited, Non-ID
2	Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive, Non-Independent Director, Promoter Group	6/3	No	3	1	1	- Elgi Rubber Company Limited, Executive Chairman & Managing Director - Magna Electro Castings Limited, ID
3	Mr. Anvar Jay Varadaraj (DIN: 07273942)	Executive Director, Promoter Group	6/6	Yes	1	-	-	-
4	Ms. Aruna Thangaraj (DIN: 07444726)	Non-Executive Independent Director	6/5	Yes	2	-	-	-
5	Mr. Srinivasan Krishnamurthi ⁵ (DIN: 06662916)	Non-Executive Independent Director	6/4	NA	-	-	-	-
6	Mr. Srinivasan Ravindran ⁵ (DIN: 05259775)	Non-Executive Independent Director	6/4	NA	-	-	-	-
7	Mr. Suman Kumar Das ⁵ (DIN: 07500784)	Non-Executive Independent Director	6/4	NA	1	-	-	-

S. No.	Name of the Director	Category	Number of Board Meetings during FY 2024-25	Whether attended last AGM held on July 31, 2024	Number of Directorships in other Public Companies	Number of Committee Positions held in other Public Companies		Directorship in other listed Companies
			Held/ Attended			Chairman	Member	
8	Mr. Mohan Nambiar ¹ (DIN: 00003660)	Non-Executive Independent Director	6/0	NA	Not Applicable			
9	Mr. Balakrishnan Vijayakumar ² (DIN: 00015583)	Non-Executive Independent Director	6/0	No				
10	Mr. Ganesh Devaraj ³ (DIN: 00005238)	Non-Executive Independent Director	6/1	No				
11	Mr. Mathrubutham Ramprasad ⁴ (DIN: 00004275)	Non-Executive Independent Director	6/1	Yes				

Notes:

¹Mr. Mohan Nambiar (DIN: 00003660) ceased to be the Director of the Company effective April 10, 2024, due to his retirement upon reaching the age of 75. Further, no Board Meeting was held up to April 10, 2024, in the year under review.

²Mr. Balakrishnan Vijayakumar (DIN: 00015583) ceased to be the Director of the Company effective from the close of business hours on August 01, 2024, upon the completion of his second tenure as an Independent Director. Further, he did not attend any of the Board Meetings held up to the date of cessation.

³Mr. Ganesh Devaraj (DIN: 00005238) ceased to be the Director of the Company effective from the close of business hours on August 01, 2024, upon his completion of their second tenure as an Independent Director. Further, he only attended one Board Meeting up to the date of cessation.

⁴Mr. Mathrubutham Ramprasad (DIN: 00004275) ceased to be the Director of the Company effective from the close of business hours on August 01, 2024, upon his completion of their second tenure as an Independent Director. Further, he only attended one Board Meeting up to the date of cessation.

⁵Mr. Srinivasan Krishnamurthi (DIN: 06662916), Mr. Srinivasan Ravindran (DIN: 05259775) and Mr. Suman Kumar Das (DIN: 07500784) were appointed as the Independent Directors of the Company with effect from July 31, 2024.

2.8 Mr. Sudarsan Varadaraj, Non-Executive Non-Independent Director is the brother of Mr. Jairam Varadaraj, Managing Director. 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.

2.9 None of the Directors on the Board is a member in more than ten Committees or Chairman in more than five committees across all the companies in which he/she is a director as per Regulation 26(1)(b) of the SEBI Listing Regulations.

2.10 None of the Independent Directors on the Board is serving as an Independent Director in more than seven listed entities. None of the Executive Directors on the Board is serving as an Independent Director in more than three listed entities as per Regulation 17A of the SEBI Listing Regulations.

- 2.11 During the year 2024-25, 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.
- 2.12 Details of equity shares of the Company held by the Non-Executive Directors as on March 31, 2025, are given below:

S. No.	Name	Category	Number of Equity Shares
1	Mr. Sudarsan Varadaraj	Non-Executive, Non-Independent, Promoter Group	204,984
2	Ms. Aruna Thangaraj	Non-Executive Independent Director	-
3	Mr. Srinivasan Krishnamurthi	Non-Executive Independent Director	-
4	Mr. Srinivasan Ravindran	Non-Executive Independent Director	200
5	Mr. Suman Kumar Das	Non-Executive Independent Director	-

- 2.13 The Company has not issued any type of convertible instruments to the Non-Executive Directors.
- 2.14 There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.
- 2.15 During the year, 3,53,600 Employee Stock Options were granted to the eligible employees of the Company. None of the Directors were issued any options.
- 2.16 Periodic presentations are made by the Senior Management, Statutory and Internal Auditors at the Board/ Committee Meetings on business and performance updates of the Company and its subsidiaries, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy, ESG initiatives etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent Directors. The familiarisation program for Independent Directors and appointment letters of the Independent Directors have been hosted on the Company's website www.elgi.com.
- 2.17 During the year under review, none of the Independent Directors of the Company have resigned before the expiry of their tenure.
- 2.18 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:

S. No.	Skills/Core Competencies	Jairam Varadaraj	Sudarsan Varadaraj	Anvar Jay Varadaraj	Aruna Thangaraj	Srinivasan Krishnamurthi	Srinivasan Ravindran	Suman Kumar Das
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	✓	✓			✓	✓	✓

S. No.	Skills/Core Competencies	Jairam Varadaraj	Sudarsan Varadaraj	Anvar Jay Varadaraj	Aruna Thangaraj	Srinivasan Krishnamurthi	Srinivasan Ravindran	Suman Kumar Das
8	Legal, Government, Public Policy, Regulatory		✓			✓	✓	✓ (Partial)
9	Environment, Health, Safety and Sustainability	✓						✓ (Partial)
10	Marketing and Global Brand Building	✓	✓	✓	✓			
11	Innovation, R&D, Information technology & cyber security expertise	✓			✓			✓ (Partial)
12	International/Global Perspective	✓	✓	✓	✓	✓	✓	✓

2.19 The Company provided the video conferencing facility to enable all the Directors to attend and participate in the meetings from different locations. The information regularly placed before the Board of Directors, amongst others, includes the following:

- Quarterly/half-yearly/yearly results and performance of the Company.
- Minutes of the meetings of the Board and all its committees.
- Minutes of Meetings of the Board of the subsidiary companies and periodical Financial Statements, including significant transactions and arrangements entered into by the subsidiary companies on a quarterly basis.
- Materially important litigations, show cause, demand, prosecution and penalty notices.
- Annual Operating plans, budgets and updates.
- Details of changes in the structure of JV/subsidiary Company(ies).
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Recruitment and Remuneration of Senior Management/Key Managerial Personnel (KMPs) of the Company.
- Funding to Subsidiary Companies/Guarantee to secure funds availed by Subsidiary Companies and update on Governance of unlisted Subsidiary Companies.
- Borrowings by the Company and update on the fund utilisation.
- Proposals for making an acquisition by the Company and/or by the Subsidiary Companies.
- Other information as mentioned in Schedule II Part A of the SEBI Listing Regulations.

2.20 During the year, the Independent Directors of the Company met on May 27, 2024, without the attendance of Non-Independent Directors and members of Management. The Independent Directors inter alia reviewed the performance of the non-independent directors, the Board as a whole and the Managing Director 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.

Committees of the Board

3. Audit Committee

- The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Companies Act, 2013. All the members of the Committee are Independent Directors, including the Chairman.

- b. The role, powers, functions and terms of reference of the Audit Committee are as per Section 177 of CA 2013 and Regulation 18 read with part C of Schedule II of SEBI Listing Regulations. The Terms of Reference for the Audit Committee are designed to ensure robust oversight of the financial reporting process and the overall integrity of financial information. The Committee's responsibilities include reviewing the management discussion and analysis of the company's financial condition and operational results, as well as management letters and internal control weaknesses identified by statutory auditors. It is also tasked with examining internal audit reports related to control weaknesses and overseeing the appointment, removal, and remuneration of the chief internal auditor. Additionally, the Committee reviews quarterly statements of deviations, including reports from monitoring agencies submitted to stock exchanges, and annual statements of funds utilized for purposes other than those disclosed in the offer document or prospectus (if any). By encompassing these mandatory elements, the Audit Committee plays a pivotal role in enhancing transparency, compliance, and accountability within the organization.

Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required.

- c. 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.
- d. During the year under review, the Committee met four times on May 27, 2024, July 31, 2024, November 11, 2024, and February 10, 2025. The gap between two meetings did not exceed one hundred and twenty days.
- e. The Composition of the Audit Committee and the attendance of each member of the Committee are given below:

S. No	Name	Designation	Category	Number of meetings	
				Eligible to attend the meeting	Committee Meetings Attended
1	Mr. Srinivasan Krishnamurthi	Chairman	Non-Executive Independent Director	2	2
2	Mr. Srinivasan Ravindran	Member	Non-Executive Independent Director	2	2
3	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	2	2
4	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	2	2
5	Mr. Mathrubutham Ramprasad	Chairman	Non-Executive Independent Director	2	1
6	Mr. Ganesh Devaraj	Member	Non-Executive Independent Director	2	1
7	Mr. Mohan Nambiar	Member	Non-executive Independent Director	Nil	Nil

Notes:

- Mr. Mathrubutham Ramprasad ceased to be the Chairman of the Committee w.e.f. August 01, 2024.
 - Mr. Ganesh Devaraj and Ms. Aruna Thangaraj ceased to be the members of the Committee w.e.f. August 01, 2024.
 - Mr. Srinivasan Krishnamurthi was appointed as the Chairman of the Committee w.e.f. August 01, 2024.
 - Mr. Srinivasan Ravindran and Mr. Suman Kumar Das were appointed as the Members of the Committee w.e.f. August 01, 2024.
 - Mr. Mohan Nambiar ceased to be a member of the Committee w.e.f. April 10, 2024.
- f. The erstwhile Chairman of the Audit Committee, i.e. Mr. Mathrubutham Ramprasad, had attended the Annual General Meeting of the Company held on July 31, 2024.
- g. 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, from time to time. The Audit Committee invites such executives, as it considers appropriate, representatives of the statutory auditors and internal auditors to be present at its meetings.

4. Nomination and Remuneration Committee

- a. The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178(1) of the Companies Act, 2013.
- b. The role, powers and functions and terms of reference of the Nomination and Remuneration Committee are as per Section 178 of the CA 2013 and SEBI Listing Regulations. The Nomination and Remuneration Committee plays a vital role in shaping the governance and leadership structure of the organization. Its primary responsibilities include formulating criteria for determining the qualifications, positive attributes, and independence of directors, while also recommending a comprehensive remuneration policy for directors, key managerial personnel, and other employees. For the appointment of independent directors, the Committee evaluates the existing skills, knowledge, and experience on the Board, preparing a detailed description of the required capabilities. This process may involve utilizing external agencies and considering candidates from diverse backgrounds to ensure a well-rounded board. Additionally, the Committee establishes criteria for evaluating the performance of independent directors and the Board as a whole, devises policies promoting board diversity, and identifies qualified candidates for directorship and senior management roles. Furthermore, it assesses whether to extend the term of independent directors based on performance evaluations and recommends appropriate remuneration for senior management. Through these functions, the Nomination and Remuneration Committee ensures effective leadership and governance within the organization.
- c. The Committee had met once in the year on May 27, 2024. The necessary quorum was present for the meeting. The Composition of the Committee and the attendance of each member of the Committee are given below.

S. No.	Name	Designation	Category	Number of meetings	
				Eligible to attend the meeting	Committee Meetings Attended
1	Mr. Srinivasan Ravindran	Chairman	Non-Executive Independent Director	–	–
2	Mr. Sudarsan Varadaraj	Member	Non-Executive, Non-Independent Director	1	1
3	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	–	–
4	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	–	–
5	Mr. Ganesh Devaraj	Chairman	Non-Executive Independent Director	1	1
6	Mr. Mathrubutham Ramprasad	Member	Non-Executive Independent Director	1	–
7	Mr. Mohan Nambiar	Member	Non-executive Independent Director	Nil	Nil

Notes:

- i. Mr. Ganesh Devaraj ceased to be the Chairman of the Committee w.e.f. August 01, 2024.
- ii. Mr. Mathrubutham Ramprasad ceased to be the member of the Committee w.e.f. August 01, 2024.
- iii. Mr. Srinivasan Ravindran was appointed as the Chairman of the Committee w.e.f. August 01, 2024.
- iv. Mr. Sudarsan Varadaraj, Ms. Aruna Thangaraj and Mr. Suman Kumar Das were appointed as the Members of the Committee w.e.f. April 10, 2024 and August 01, 2024 respectively.
- v. Mr. Mohan Nambiar ceased to be a member of the Committee w.e.f. April 10, 2024.
- d. The erstwhile Chairman of the NRC, i.e. Mr. Ganesh Devaraj, did not attend the Annual General Meeting of the Company held on July 31, 2024. However, he authorised Mr. Mathrubutham Ramprasad to attend the meeting on his behalf, and Mr. Mathrubutham Ramprasad attended the meeting.
- e. The Committee looks into and determines the Company's policy on remuneration packages of the Executive directors, Senior Management and other employees.
- f. The Company has adopted a Nomination and Remuneration Policy in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives and the performance of the individuals measured through the annual appraisal process. Nomination and Remuneration Policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Director. Annual increments are recommended by the Nomination and Remuneration Committee within the approved salary scale.

- g. 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.
- h. The Board of Directors, inter-alia, decides commission payable to the Independent Directors out of the profits for respective financial year and within ceilings prescribed under the CA 2013, based on evaluation process and considering criteria, such as, performance of the Company.
- i. The Nomination and Remuneration Policy of the Company can be accessed on the Company's website at <https://www.elgi.com/in/wp-content/uploads/2019/05/Remuneration-Policy.pdf>.
- j. Performance Evaluation of non-executive and Independent Directors: Pursuant to the provisions of CA 2013 and 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, 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.

5. Stakeholders Relationship Committee

- a. The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178(5) of the CA 2013, read with Regulation 20 of SEBI Listing Regulations.
- b. The role, powers and functions and terms of reference of the Stakeholders Relationship Committee are as per Section 178 of CA 2013 and SEBI Listing Regulations. The Committee 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 the 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.
- c. The Committee had met once in the year on May 27, 2024. The necessary quorum was present for the meeting. The composition of the Committee and the details of meetings attended by its members are given below:

S. No.	Name	Designation	Category	Number of meetings	
				Eligible to attend the meeting	Committee Meetings Attended
1	Mr. Sudarsan Varadaraj	Chairman	Non-Executive, Non-Independent Director	1	1
2	Mr. Jairam Varadaraj	Member	Executive, Managing Director	1	1
3	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	1	1
4	Mr. Mohan Nambiar	Chairman	Non-Executive Independent Director	–	–

Notes:

- i. Mr. Mohan Nambiar ceased to be the Chairman of the Committee w.e.f. April 10, 2024.
- ii. Mr. Sudarsan Varadaraj, Member of the Committee, was appointed as the Chairman of the Committee w.e.f. April 10, 2024.
- iii. Ms. Aruna Thangaraj was appointed as the Member of the Committee, w.e.f. April 10, 2024.

- d. The Chairman of the SRC i.e., Mr. Sudarsan Varadaraj, did not attend the Annual General Meeting of the Company held on July 31, 2024. However, he authorised Mr. Jairam Varadaraj, member of SRC, to attend the meeting on his behalf and Mr. Jairam Varadaraj attended the meeting.
- e. Ms. Vaishnavi PM was the Compliance Officer of the Company till May 27, 2024. Ms. Devika Sathyanarayana was appointed as the Company Secretary and Compliance Officer with effect from May 27, 2024, for ensuring compliance of capital and securities markets related laws.
- f. A total of 7 complaints were received and replied to the satisfaction of shareholders during the year ended on March 31, 2025. There were no outstanding complaints as on March 31, 2025.
- g. The SRC has a sub-committee viz., "Sub Committee - SRC" to manage all routine shares related issues. The members of the SRC are the members of the Sub Committee - SRC. No sitting fee is paid to the members of the Sub Committee - SRC. The Sub Committee - SRC meets as and when required. During the year the Sub Committee - SRC has met 42 times.
- h. 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 till the date it was applicable.

6. Risk Management Committee

- a. The Risk Management Committee was constituted in compliance with the provisions of Regulation 21 of SEBI Listing Regulations with majority of Board of Directors as its members.
- b. The role, powers and functions and terms of reference of the Risk Management 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.
- c. The Committee met twice during the year on April 16, 2024, and November 11, 2024. The necessary quorum was present for all the meetings. The gap between two meetings did not exceed Two Hundred and Ten days. The composition of the RMC and the details of meetings attended by its members are given below:

S. No.	Name	Designation	Category	Number of Meetings	
				Eligible to attend the meeting	Committee Meetings Attended
1	Mr. Srinivasan Krishnamurthi	Chairman	Non-Executive Independent Director	1	1
2	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	1	1
3	Mr. Jairam Varadaraj	Member	Executive, Managing Director	2	2
4	Mr. Anvar Jay Varadaraj	Member	Executive Director	2	2
5	Mr. Indranil Sen	Member	Chief Financial Officer	2	2
6	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	1	1

Notes:

- i. Ms. Aruna Thangaraj ceased to be the Chairperson of the Committee w.e.f. August 01, 2024.
- ii. Mr. Srinivasan Krishnamurthi was appointed as the Chairman of the Committee w.e.f. August 01, 2024.
- iii. Mr. Suman Kumar Das was appointed as the Member of the Committee w.e.f. August 01, 2024.
- d. 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.

- e. 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 payloads 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.

7. Corporate Social Responsibility Committee

- a. In compliance with the provisions of Section 135 of CA 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility (“CSR”) Committee.
- b. The CSR Committee formulate 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 CA 2013. 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.
- c. The Committee met twice during the year on May 27, 2024 and February 10, 2025. 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:

S. No.	Name	Designation	Category	Number of Meetings	
				Eligible to attend the meeting	Committee Meetings Attended
1	Mr. Jairam Varadaraj	Chairman	Executive, Managing Director	2	2
2	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	2	1
3	Mr. Anvar Jay Varadaraj	Member	Executive Director	2	2
4	Mr. Balakrishnan Vijayakumar	Member	Non-Executive Independent Director	1	-

Note:

- i. Mr. Balakrishnan Vijayakumar (DIN: 00015583) ceased to be the Member of the Committee w.e.f. August 01, 2024.

8. Senior Management

The particulars of the Senior Management, including the changes therein since the close of the previous financial year, are as follows:

S. No.	Name	Designation
1	Mr. Indranil Sen	Chief Financial Officer
2	Dr. Venu Madhav K	Director - Product Excellence & Innovation
3	Mr. Bheemsingh Melchisedec	Director - Operations
4	Mr. Premendra	Chief Strategy Officer
5	Mr. Nitesh Jain	Chief Human Resource Officer
6	Mr. Bhavesh Karia	President - ISAAME & SEA
7	Mr. Ramesh Ponnuswami	Executive Director
8	Mr. Gaurav Gupta	Chief Information & Digital Officer

During the year under review, Mr. Gaurav Gupta has been appointed as Chief Information and Digital Officer with effect from August 12, 2024, who forms part of the Senior Management. Further, Mr. Jayakanthan R ceased to be a Senior Managerial Personnel with effect from May 31, 2024, and there were no other changes since the closure of the previous financial year.

9. Remuneration of Directors

- During the year, the Non-Executive Directors of the Company had no material pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.
- The details on the criteria for making payments to the Non-Executive Director(s) is available on the Company's website www.elgi.com.
- The Company has not granted any stock options to its Board members.
- The remuneration paid to the directors of the Company is within the limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.
- Details of the remuneration to the Directors:
 - Details of the remuneration for Non-Executive Directors for the year ended March 31, 2025.

S. No.	Name of the Director	Sitting Fees (₹)	Commission* (₹)
1	Ms. Aruna Thangaraj	3,90,000	6,10,000
2	Mr. Srinivasan Krishnamurthi	3,50,000	21,50,000
3	Mr. Srinivasan Ravindran	3,00,000	17,00,000
4	Mr. Suman Kumar Das	3,50,000	16,50,000
5	Mr. Sudarsan Varadaraj	1,90,000	3,10,000

**approved in the Board Meeting held on May 28, 2025 within the limits as approved by Shareholders vide resolution passed by postal ballot on September 19, 2024.*

- Details of the remuneration for Executive Directors for the year ended March 31, 2025.

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	2,54,41,130	1,75,01,999
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–
2	Employee Stock Option	–	–
3	Others - Retirement benefits	1,00,000	1,00,000
	Total	2,55,41,130	1,76,01,999

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 Directors 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.

10. General Body Meetings

a. Details of last 3 AGMs held

Year	Date	Time	Venue	Special Resolution Passed, if any
2023-24	July 31, 2024	4:30 PM (IST)	Deemed Venue is Registered office of the Company. AGM held Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	a) Approval for payment of remuneration to Mr. Jairam Varadaraj (DIN: 00003361), Managing Director of the Company for a period of 2 years with effect from April 01, 2024, till March 31, 2026. b) Appointment of Mr. Suman Kumar Das (DIN: 07500784) as an Independent Director of the Company for a term of five (5) consecutive years with effect from July 31, 2024. c) Appointment of Mr. Srinivasan Ravindran (DIN: 05259775) as an Independent Director of the Company for a term of five (5) consecutive years with effect from July 31, 2024. d) Appointment of Mr. Srinivasan Krishnamurthi (DIN: 06662916) as an Independent Director of the Company for a term of five (5) consecutive years with effect from July 31, 2024. e) Re-appointment of Ms. Aruna Thangaraj (DIN: 07444726) as an Independent Director of the Company for a second term of five (5) consecutive years with effect from August 02, 2024. f) Approval for enhancement of the limit for extending financial assistance to the Elgi Equipments Limited Employees Stock Option Trust. g) Approval for the amendment of the 'Elgi Equipments Limited Employees Stock Option Plan 2019'.
2022-23	August 04, 2023	4.15 PM (IST)		Nil
2021-22	August 12, 2022	4.15 PM (IST)		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.

b. Extra Ordinary General Meeting:

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

c. Postal Ballots

The Company conducted a Postal Ballot vide its notice dated August 12, 2024, which was deemed to be passed on September 19, 2024. No Special Resolution was passed through the Postal Ballot.

The scrutinizer for the said Postal Ballot was Mr. M. D. Selvaraj, FCS, Managing Partner of M/s. MDS & Associates LLP, Company Secretaries, Coimbatore.

Further, as on the date of signing of this report, no special resolution is proposed to be conducted through Postal Ballot.

Procedure adopted for Postal Ballot

The Company, pursuant to Sections 108, 110, and other applicable provisions of the Companies Act, 2013 (“the Act”), read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (“the Rules”) (including any statutory modifications or re-enactments thereof), applicable General Circulars issued by the Ministry of Corporate Affairs (“MCA”), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Secretarial Standard – 2 (“SS-2”) on General Meetings issued by the Institute of Company Secretaries of India, and other applicable laws, rules, and regulations, issued a notice seeking shareholder approval by way of an ordinary resolution for payment of commission to the Non-Executive Directors of the Company.

The Postal Ballot Notice was placed on the Company’s website at www.elgi.com and sent electronically to Members whose email addresses were registered with the Company/RTA/Depositories. Members communicated their assent or dissent on the proposed resolution through the remote e-voting system.

The Board of Directors, via a circular resolution dated August 12, 2024, appointed Mr. M. D. Selvaraj, FCS, Managing Partner of M/s. MDS & Associates LLP, Company Secretaries, Coimbatore, as the Scrutinizer to conduct the Postal Ballot through remote e-voting in a fair and transparent manner and ascertain the requisite majority.

The Company engaged Link Intime India Private Limited (now MUFG Intime India Private Limited) to provide e-voting facilities to Members through their Instavote platform at <https://instavote.linkintime.co.in>.

The remote e-voting period commenced at 9:00 AM (IST) on Wednesday, August 21, 2024, and ended at 5:00 PM (IST) on Thursday, September 19, 2024. Members were provided with detailed instructions for expressing their assent or dissent and casting votes via remote e-voting.

The Scrutinizer submitted his report to the Chairman, or an authorized person, upon completion of the vote scrutiny. The proposed resolution was deemed passed on September 19, 2024.

Voting Pattern as follows:

Particulars	No. of remote e-votes	No. of shares	Percentage of valid votes
(a) Total remote e-votes received	451	17,80,38,946	100.00
(b) Less: Invalid ballot forms	-	-	-
(c) Net valid ballot forms / e-votes	451	17,80,38,946	100.00
- Assent	299*	14,06,12,505	78.98
- Dissent	157*	3,74,26,441	21.02

Note:

1. Six shareholders holding 15,494 equity shares abstained from voting on the resolution.
2. One shareholder holding 1,200 equity shares has partially voted in favour of the resolution for 200 equity shares and partially abstained from voting for 1000 equity shares.
3. One shareholder holding 62,935 equity shares has partially voted against the resolution for 1 equity share and partially abstained from voting for 62,934 equity shares.
4. *Five shareholders holding 11,26,236 equity shares have partially voted in favour of the resolution for 1,24,950 equity shares and partially voted against the resolution for 10,01,286 equity shares.

The results of the postal ballot voting were announced within two working days from the conclusion of the e-voting. The results were displayed on the Company’s website at www.elgi.com, the website of Link Intime India Private Limited (LI IPL), and communicated to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), where the Company’s equity shares are listed.

The Notice was sent by email to Members whose names appeared in the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited (“NSDL”)/Central Depository Services (India) Limited (“CDSL”) as of Friday, August 16, 2024 (“Cut-off date”). Members whose names appeared on the Register of Members/List of Beneficial Owners as of the cut-off date (including those who may not have received the Notice due to non-registration of their email address) were eligible for remote e-voting. Persons not members as of the cut-off date were to treat the notice for information purposes only.

11. Means of Communication

- a. The Company regularly interacts with the shareholders through multiple channels of communication, such as publication of results, Annual Report, press releases, and Analyst Call after the Board Meeting. The Company also promptly informs the Stock Exchanges, all price-sensitive information and all such other matters which, in its opinion, are material and relevant for the shareholders.
- b. **BSE Corporate Compliance & Listing Centre (the Listing Centre):** BSE's Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings under the Listing Regulations, including shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others, are filed electronically on the Listing Centre.
- c. **NSE Electronic Application Processing Systems (NEAPS):** NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings under the Listing Regulations, including shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others, are filed electronically on NEAPS.
- d. **Management Discussion and Analysis:** Management Discussion and Analysis is covered separately as a part of the Annual Report.
- e. **Dividend Distribution Policy:** The Board of Directors has adopted the Dividend Distribution Policy as per Regulation 43A of Listing Regulations. The Dividend Distribution Policy of the Company is hosted on the Company's website at <https://www.elgi.com/in/policies/dividend-policy.pdf>.
- f. **Subsidiary Companies:** The Audit Committee reviews the consolidated financial statements of the Company. The minutes of the Board Meetings, along with a report on significant developments of the unlisted subsidiary companies, are periodically placed before the Board of Directors of the Company.
- g. The quarterly results and annual results containing a Quick Response code (QR Code) and the details of the webpage where complete financial results are available is normally published in newspapers viz. Business Line (all editions)/Economic Times (all editions) (English newspapers) and The Hindu (Tamil)/Dinamani (Vernacular newspapers) and simultaneously hosted on the Company's website www.elgi.com.
- h. The official news releases are also hosted on the Company's website www.elgi.com.
- i. 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.
- j. The presentations made to institutional investors or to the analysts are also hosted on the Company's website www.elgi.com.

12. General Shareholder Information

a.	Sixty-Fifth Annual General Meeting	
b.	Day, Date and Time	August 12, 2025, Tuesday, 4:30 PM
c.	Venue	Virtual Meeting – Through Video Conferencing
d.	Financial Year	1 st April to 31 st March
e.	Record Date (for the purpose of the Dividend)	Friday, July 18, 2025
f.	Dividend Payment Dates	On or before September 10, 2025
g.	Name and address of each stock exchange(s) at which the listed entity's securities are listed	
	BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
	National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
	Listing Fee	Annual listing fee for the financial year 2024-25 have been paid to the Stock Exchanges.

h.	Depository Fee	Annual custody fee for the financial year 2024-25 have been paid to the Depositories.
i.	Corporate Identity Number	L29120TZ1960PLC000351
j.	Scrip Code/Symbol	BSE: 522074 NSE: ELGIEQUIP
	Demat ISIN in NSDL & CDSL	Equity Shares: INE285A01027

13. Registrar and Share Transfer Agents

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)

Registered Office Address: C-101, Embassy 247, LBS. Marg, Vikhroli (West), Mumbai – 400083

Coimbatore Branch Address: Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028

The Registrar and Share Transfer Agent deals with all aspects of investor servicing relating to shares in both physical and dematerialised form.

14. Share Transfer System

The Company's shares, being in the compulsory dematerialised (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 01, 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 the prescribed timeline.

The Company's securities have not been suspended from trading in any of the stock exchanges during the FY 2024-25.

15. Share holding Pattern as on March 31, 2025

Category	No. of Shares	% of Total
Promoters & Promoters group	9,88,54,180	31.19
Mutual Funds	1,10,18,000	3.48
Alternate Investment Funds	46,73,681	1.47
Banks	120	0.00
Insurance Companies	89,919	0.03
NBFC Registered with RBI	3,000	0.00
Foreign Portfolio Investors Category I	8,36,24,726	26.39
Foreign Portfolio Investors Category II	54,82,818	1.73
Foreign Institutional Investors	30,64,603	0.97
Foreign Bank	4,000	0.00
Associate companies/Subsidiaries	5,40,074	0.17
Directors and their relatives (excluding independent directors and nominee directors)	2,07,666	0.07
IEPF	14,11,414	0.45
Resident Individuals holding nominal share capital up to ₹ 2 lakhs	2,92,18,620	9.22
Resident Individuals holding nominal share capital of over ₹ 2 lakhs	3,67,55,026	11.60
Non-Resident Indians	35,13,936	1.11
Foreign Nationals	73,900	0.02
Bodies Corporate	3,12,27,340	9.85
Clearing Members	63	0.00

Category	No. of Shares	% of Total
LLP	30,81,366	0.97
Employees	2,42,658	0.08
HUF	22,50,966	0.71
Unclaimed or Suspense or Escrow Account	3,60,240	0.11
Trusts	3,462	0.00
Employee Benefit Trust	12,07,238	0.38
Total	31,69,09,016	100.00

16. Distribution of Shareholding as on March 31, 2025

Category	Number of holders	% to holder	Number of Shares	% to total shares
Up to 500	63,830	91.08	35,60,323	1.12
501 to 1000	2,550	3.64	19,11,604	0.60
1001 to 2000	1,412	2.02	21,76,629	0.69
2001 to 3000	441	0.63	11,33,939	0.36
3001 to 4000	421	0.60	15,65,158	0.49
4001 to 5000	182	0.26	8,44,751	0.27
5001 to 10000	471	0.67	34,38,237	1.08
10001 & above	774	1.10	30,22,78,375	95.38
Total	70,081	100.00	31,69,09,016	100.00

17. 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 99.42% of the Company's equity share capital are dematerialised as on March 31, 2025. 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.

18. 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.

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

- The input pricing risk is managed through appropriate long-term rate contracts and constant evaluation of alternate support sources for key raw materials.
- The Company has an approved Risk Management Policy and accordingly, during the financial year ended March 31, 2025, the Company managed foreign exchange risk and hedged these to the extent considered necessary.

20. Plant locations

- 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
- 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, Pollachi Tk., Coimbatore, Tamil Nadu – 642109
- (iv) SF No 84, Motor Division, Arasur Road, Arasur Village, Coimbatore, Tamil Nadu – 641407
- (v) PVD Division, Elgi Equipments Limited, India House, Trichy Road, Coimbatore, Tamil Nadu – 641018

21. Address for Correspondence

Registrar & Share Transfer Agents (R&TA) (matters relating to Shares, Dividends, Annual Reports)	MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) <u>Registered Office Address:</u> C-101, Embassy 247, LBS. Marg, Vikhroli (West), Mumbai – 400083 <u>Coimbatore Branch Address:</u> Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 Tel: 0422-2314792/4958995/2539835/36 Email: coimbatore@in.mpms.mufig.com
For any other general matters or in case of any difficulties/grievances	Secretarial Department Elgi Equipments Limited Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 Tel: 91-422-2589555 Fax: 91-422-2573697 e-mail: investor@elgi.com
Website Address	www.elgi.com
Email ID of the Investor Grievances Section	investor@elgi.com
Name of the Compliance Officer	Ms. Devika Sathyanarayana*

**Ceased to be the company secretary and compliance officer of the Company w.e.f. June 09, 2025*

22. 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 a Credit Rating.

23. Other 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 related party transactions during the year that may have potential conflict with the interests of the Company at large. The transactions entered into with the related parties during the financial year were in the ordinary course of business and at an arm's length basis and were approved by the Audit Committee/Board of Directors, as the case may be.

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:

Neither any non-compliance was made by the Company, nor any penalty and stricture were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years or during the current financial year up to the date of signing of this report.

c. Establishment of Vigil Mechanism/Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee:

The Company has in place a vigil mechanism/whistleblower policy in accordance with the SEBI Listing Regulations and CA 2013. 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 compliance with the applicable laws for the Company is placed before the Board on a quarterly basis for its review.

- e. 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/wp-content/uploads/2019/05/Policy-for-Material-Subsidiaries.pdf>
- f. 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/wp-content/uploads/2019/05/Related-Party-Transactions-Policy.pdf>
- g. During the financial year ended March 31, 2025, the Company did not engage in commodity hedging activities.
- h. The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI Listing Regulations.
- i. 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.
- j. 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.
- k. Price Waterhouse Chartered Accountants LLP is the statutory auditors of the Company. The Company and its subsidiaries (ATS Elgi Limited) have paid a sum of ₹10 Million plus out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm/entity of which the statutory auditor is a part for the services rendered by them.
- l. 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. For the year under review, details of the complaints are as follow:

S. No.	Particulars	Details
1	Number of complaints filed during the financial year	3
2	Number of complaints disposed of during the financial year	3
3	Number of complaints pending as on end of the financial year	0

- m. **Disclosure by Company 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 since during the year under review, no loan/advances were given by the Company and its subsidiaries to any firm or company in which directors were interested.

n. **Details of material subsidiaries of the Company (based on the financials for the year ended March 31, 2025), 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 Statutory Auditors	Date of appointment of Statutory Auditors
1	Elgi Compressors USA Inc (Wholly Owned Subsidiary)	November 15, 2012	North Carolina, USA	Scharf Pera & Co PLLC	March 21, 2023
2	Pattons Inc (step down Wholly Owned Subsidiary held through Elgi Compressors USA Inc)	November 28, 2012	North Carolina, USA	Scharf Pera & Co PLLC	March 21, 2023
3	Elgi Compressors Europe SRL (Wholly Owned Subsidiary)	January 31, 2019	Belgium, Europe	BDO	September 20, 2021

- o. There has been no instance of non-compliance with any requirement of the Corporate Governance Report as stated above.
- p. 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.
- q. The Company has engaged a qualified practising company secretary to carry out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”) and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
- r. In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) referred to in Section 133 of CA 2013. 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.
- s. Business risk evaluation and management is an ongoing process within the Company. The top 10 risks as identified as affecting the enterprise are being assessed by the Risk Management Committee and are further periodically examined by the Board for mitigation steps and residual risks.
- t. 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.
- u. The MD and CFO certification of the financial statements for the year has been submitted to the Board of Directors in its meeting held on May 28, 2025, as required under the SEBI Listing Regulations.
- v. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review. A declaration to this effect signed by the Managing Director of the Company is annexed to this report.
- w. 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 has been hosted on the Company’s website under the web link www.elgi.com.

- x. 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 and their Immediate Relatives 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 has been hosted on the Company's website.
- y. 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.

24. Details of Demat Suspense Account/Unclaimed Suspense Account

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as of April 01, 2024	167	3,99,088
Number of shareholders who approached the Company for the transfer of shares from the suspense account during the year	12	37,334
Number of shareholders to whom shares were transferred from the suspense account during the year	12	37,334
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	17	1,514
Aggregate number of shareholders and the outstanding shares in the suspense account as of March 31, 2025	138	3,60,240

*The voting rights on the shares outstanding in the suspense account as on March 31, 2025, shall remain frozen till the rightful owner of such shares claims the shares.

25. Details of Shares transferred to the IEPF Authority during 2024-25

Pursuant to Sections 124 and 125 of CA 2013 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 of the said rules, **17915** shares were transferred to the IEPF Authority during 2024-25. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2025, shall remain frozen till the rightful owner of such shares claims the shares.

26. Disclosure of certain types of agreements binding listed entities

As on the date of this report, there is no agreement entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

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

This is to confirm that for the financial year ended March 31, 2025, all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct and Business Ethics adopted by the Company.

Place: Coimbatore
Date: May 28, 2025

Jairam Varadaraj
Managing Director
DIN: 00003361

Certificate on Corporate Governance for the year ended 31/03/2025

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 2025 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 2025.

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**

**M D Selvaraj
Managing Partner
FCS No.: 960 | C P No.: 411
Peer Review No. 6468/2025
UDIN: F000960G000406926**

Place: Coimbatore
Date: May 28, 2025

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 2025 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 the Director	DIN	Date of appointment in the Company
1	Mr. Jairam Varadaraj (Managing Director)	00003361	29/05/1992
2	Mr. Sudarsan Varadaraj	00133533	18/11/1993
3	Ms. Aruna Thangaraj	07444726	27/05/2019
4	Mr. Anvar Jay Varadaraj (Executive Director)	07273942	27/05/2019
5	Mr. Srinivasan Ravindran*	05259775	31/07/2024
6	Mr. Srinivasan Krishnamurthi*	06662916	31/07/2024
7	Mr. Suman Kumar Das*	07500784	31/07/2024

*Note: *Mr. Srinivasan Ravindran, Mr. Srinivasan Krishnamurthi and Mr. Suman Kumar Das were appointed as Independent Directors of the Company at the Annual General Meeting with effect from July 31, 2024.*

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

M D Selvaraj
Managing Partner
FCS No.: 960 | C P No.: 411
Peer Review No. 6468/2025
UDIN: F000960G000406849

Place: Coimbatore
Date: May 28, 2025

Group Performance – Financials

	(₹ In Million)								
Particulars	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue from operations	35,104	32,178	30,407	25,247	19,240	18,294	18,635	16,222	14,381
Total income	35,681	32,728	31,079	25,797	19,475	18,426	18,731	16,336	14,501
Total expenditure	29,855	27,317	26,079	22,324	17,084	16,935	16,717	14,488	12,989
EBITDA	5,826	5,411	5,000	3,473	2,392	1,491	2,014	1,848	1,513
Depreciation and amortisation	760	766	777	745	743	652	511	438	446
Finance cost	305	293	198	111	135	155	90	60	78
Profit before tax	4,761	4,352	4,025	2,617	1,513	683	1,413	1,350	989
Less: Income tax	1,314	1,283	1,396	846	503	270	404	413	264
Share of profit from joint ventures	55	52	25	13	14	12	22	16	16
Exceptional items	–	–	1,054	–	–	–	–	–	–
Profit after tax	3,502	3,121	3,708	1,784	1,025	426	1,031	953	740
Dividend (%)	220	200	200	115	80	165	130	120	100
Capital employed	14,819	13,972	13,096	11,245	9,624	10,289	8,860	8,462	7,530
Net worth	18,656	16,112	13,712	10,325	8,699	7,690	7,709	6,889	6,069
Long term borrowings	71	196	216	578	812	1,027	763	603	966
Net block incl. capital WIP	6,445	5,962	5,898	5,607	5,761	6,039	5,099	4,469	4,445
Investments	250	194	135	108	85	49	75	91	102
Current assets	22,771	21,192	18,237	13,335	11,333	8,968	8,244	7,760	6,354
Current liabilities	10,821	11,040	10,211	8,060	7,485	6,303	5,209	4,962	3,931
Net working capital	11,950	10,152	8,026	5,275	3,848	2,666	3,034	2,798	2,424
Total assets	30,415	28,211	25,016	19,649	17,667	15,551	13,855	12,589	11,163

Group Performance – Ratios

Ratio Category/Ratio	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Operational Performance								
Material consumption ratio (%)	49.2	49.0	50.7	54.1	53.7	54.0	55.7	56.7
Personnel expenses (%)	19.6	20.5	18.9	19.3	21.5	22.3	18.4	17.6
Other expenses ratio (%)	16.8	15.9	16.6	15.6	14.1	17.0	16.2	15.2
Interest component ratio (%)	0.9	0.9	0.7	0.4	0.7	0.9	0.5	0.4
Tax component ratio (%)	3.7	3.9	3.6	3.3	2.6	1.5	2.2	2.6
Other income/Total income (%)	1.6	1.7	2.2	2.1	1.2	0.7	0.5	0.8
Sales per employee (₹ in million)	16.2	14.9	14.1	11.7	8.7	8.2	8.8	7.9
Financial Structuring								
Long term debt equity ratio	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Net working capital/Total assets	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2
Liquidity								
Current ratio	2.1	1.9	1.8	1.7	1.5	1.4	1.6	1.6
Liquidity ratio	1.5	1.4	1.2	1.1	1.1	0.9	1.0	1.0
Efficiency								
Inventory no. of days	64	70	66	60	65	62	54	57
Trade receivables no. of days	63	65	62	63	71	72	70	66
Creditors no. of days	73	76	70	74	88	82	81	74
Capital turnover ratio	2.4	2.4	2.5	2.4	1.9	1.9	2.1	2.0
Net fixed assets turnover ratio	5.9	5.5	5.3	4.5	3.3	3.3	3.9	3.6
Profitability								
PBITDA profit margin (%)	16.4	16.6	16.2	13.6	12.3	8.2	10.8	11.6
Pre-tax profit margin (%)	13.4	13.4	13.0	10.2	7.8	3.7	7.6	8.5
Net profit margin (%)	9.9	9.6	12.0	7.0	5.3	2.3	5.5	5.9
ROCE (%)	35.6	34.7	34.9	26.3	16.7	8.9	17.6	17.8
Shareholder's Earnings								
Earnings per share (₹)	11.05	9.86	11.72	5.63	3.24	2.69	6.51	6.02
Dividend per share (₹)	2.20	2.00	2.00	1.15	0.80	1.65	1.30	1.20
Dividend payout ratio (%)	19.9	20.3	17.1	20.4	24.7	61.4	20.0	20.0
Dividend yield (%)	0.5	0.3	0.5	0.4	0.4	1.0	0.5	0.4
Price to earnings ratio	43.7	61.1	37.2	56.2	60.6	62.5	39.0	45.7
Return on Net worth (%)	22.6	23.2	34.4	20.2	12.5	5.5	14.1	14.7
Book value per share (₹)	58.85	50.83	43.27	32.58	27.45	48.57	48.69	43.51

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 ₹ 2.20/- per share (220%) for the year ended March 31, 2025.



07

Independent Auditors'
Report - Standalone
Financial Statements

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, 2025, 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 material accounting policy information and other explanatory information in which are included the financial information of a trust and two jointly controlled entities (representing joint operations consolidated on a proportionate basis).
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("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, its joint operations and the trust, as at March 31, 2025, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and 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 is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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

Assessment of the carrying value of investment in subsidiaries (Refer Note 6 (a) to the Standalone Financial Statements)

As at March 31, 2025, the Company has equity investments of Rs. 1,702 million in its subsidiaries.

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.

How our audit addressed the key audit matter

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 tested the Company's assessment with regard to key financial indicators including net worth of those respective subsidiaries 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 such projections by verifying their mathematical accuracy, discussing with the management to understand the assumptions involved, and considering 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 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.

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 14 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.

INDEPENDENT AUDITORS' REPORT

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, its joint operations and the trust, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The Company's Board of Directors, the management of its joint operations and the trustees of the trust, respectively, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company, its joint operations and the trust, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the Standalone Financial Statements, the Company's Board of Directors, the management of its joint operations and the trustees of the trust, respectively, are responsible for assessing the ability of the Company, its joint operations and the trust, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors or the management or the trustees either intend to liquidate the Company, its joint operations and the trust, or to cease operations, or has no realistic alternative but to do so.
8. The Company's Board of Directors, the management of its joint operations and the trustees of the trust, respectively, are also responsible for overseeing the financial reporting process of the Company, its joint operations and the trust.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

9. 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.
10. 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 ability of the Company, its joint operations and the trust, 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, its joint operations and the trust 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, its joint operations and the trust 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 joint operations and the trust 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.
11. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance of the Company 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.

13. From the matters communicated with those charged with governance of the Company, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year 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

14. The financial statements of a trust and two joint operations included in the Standalone Financial Statements of the Company reflect total assets of Rs. 761 million and net assets of Rs. 121 million as at March 31, 2025, total revenue of Rs. Nil million, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 1 million and net cash inflows amounting to Rs. 5 million for the year then ended. These financial statements and other financial information 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) in so far as it relates to the amounts and disclosures included in respect of the aforesaid trust and joint operations, is based on the reports of such other auditors and the procedures performed by us.

Our opinion on the Standalone Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters of our reliance on the work done and reports of the other auditors.

Report on Other Legal and Regulatory Requirements

15. 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.

INDEPENDENT AUDITORS' REPORT

16. 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 relating to preparation of the aforesaid Standalone Financial Statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- (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 relevant books of account and records maintained for the purpose of preparation of the Standalone Financial Statements.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian 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, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, 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 Standalone Financial Statements disclose the impact of pending litigations on the financial position of the Company, its joint operations and the trust – Refer Note 43 to the Standalone Financial Statements;
 - ii. The Company, its joint operations and the trust, 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 Note 47 to the Standalone Financial Statements, 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;
 - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47 to the Standalone Financial Statements, 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; 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 by the Company during the year is in compliance with Section 123 of the Act.
- vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and

that has operated throughout the year for all relevant transactions recorded in the software. During the course of our audit, we did not notice any instance of audit trail feature being tampered with. Further, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

- 17. 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

ARUN KUMAR R

Partner

Membership Number: 211867

UDIN: 25211867BMOPRN1328

Place: Coimbatore

Date: May 28, 2025

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure A to Independent Auditors' Report

Referred to in paragraph 16(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, 2025

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, 2025 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 specified 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 auditor's 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 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 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, 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, 2025, 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 ICAI.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ARUN KUMAR R

Partner

Membership Number: 211867

UDIN: 25211867BMOPRN1328

Place: Coimbatore

Date: May 28, 2025

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 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, 2025

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

- 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 asset 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 of the Company have been 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 Standalone 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 the Standalone 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 ₹5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed provisional and final 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 granted unsecured loans to its employees. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans

and guarantees to subsidiaries and to parties other than subsidiaries and joint ventures are as per the table given below:

Particulars	Guarantees (in ₹ Million)	Loans (in ₹ Million)
Aggregate amount granted/provided during the year*		
- Subsidiaries	-	-
- Others	-	93
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	3,171	602
- Others	-	92

*Excludes loan provided to Elgi Equipments Limited Employee Stock Option Trust for administering share-based payment awards to employees of the Company.

- (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest, considering that the loans have been granted to employees.

(also refer para (iii) (e) below), and are also regular in payment of interest as applicable.

- (c) In respect of the loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated

- (d) In respect of the loans, there is no amount which is overdue for more than ninety days.

- (e) The loan granted and outstanding at the beginning of the year to a related party, had fallen due during the year, and was extended before the due date. Further, no fresh loans were granted to same parties to settle the existing overdue loans.

Name of the party	Aggregate amount of loans granted during the year (₹ Million)	Aggregate overdue amount settled by extension (₹ Million)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Elgi Compressors USA Inc.	-*	602	-

*There were no loans granted to Elgi Compressors USA Inc during the year. Also refer (iii)(a) for loans granted during the year by the Company.

- (f) The 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 promoters/related parties.

Company has not granted any loans or provided guarantees or security to the parties covered under Section 185 of the Act. Therefore, the reporting under clause 3(iv) of the Order is not applicable to the Company to that extent.

- iv. In our opinion, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of the investments made by it. The

- v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

- 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) In our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of employees' provident fund and income tax, though there has been a slight delay in few cases and is regular in depositing undisputed statutory dues, including goods and services tax,

employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues, as applicable, with the appropriate authorities. Also, refer Note 43(a) to the Standalone Financial Statements regarding management's assessment on certain matters relating to provident fund.

- (b) There are no statutory dues of provident fund, employees' state insurance, service tax, duty of customs, duty of excise and cess 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, 2025 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹Million)*	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956	Central Sales Tax	26.84	FY 2007-08, 2012-13 to 2015-16	Sales Tax Appellate Tribunal, Coimbatore
The Central Sales Tax Act, 1956	Central Sales Tax	8.72	FY 2004-05	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	2.78	FY 2004-05	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	6.93	FY 2013-14	Honourable Supreme Court of India
The Central Sales Tax Act, 1956	Central Sales Tax	1.00	FY 2015-16 and 2016-17	Deputy Commissioner of State Tax, Ahmedabad
Tamil Nadu Value Added Tax Act, 2006	VAT	0.10	FY 2008-2009	Sales Tax Appellate Tribunal, Coimbatore
Goods and Services Tax Act, 2017	GST	1.69	FY 2023-2024, FY 2020-2021, FY 2024-2025	Deputy Commissioner of Appeals GST
Tamil Nadu Value Added Tax Act, 2006	VAT	1.80	FY 2008-2009 to FY 2011-12	Honourable High Court of Madras
Income Tax Act, 1961	Income Tax	229.22	FY: 2010-11, 2015-16, 2016-17, FY 2019-20	Commissioner of Income Tax (Appeals), Coimbatore

*gross of amount paid under protest/as advance tax amounting to INR 267.69 million.

- viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) 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) 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 Standalone Financial Statements).

- (c) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.
- (e) On an overall examination of the Standalone 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 or joint ventures. The Company did not have any associates during the year.
- (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 or joint ventures. The Company did not have any associates during the year.
- 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, 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, 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, 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 related party transactions have been disclosed in the Standalone Financial Statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion, 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. In our opinion, 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.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

- (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) In our opinion, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has one CIC as part of the Group as detailed in Note 19(v) to the Standalone 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 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions,

nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the 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 Standalone 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: 012754N/N500016

ARUN KUMAR R

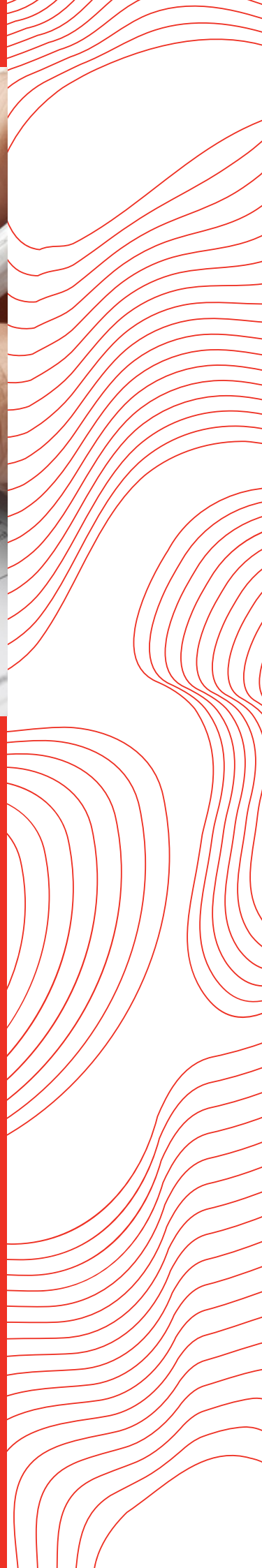
Partner

Membership Number: 211867

UDIN: 25211867BMOPRN1328

Place: Coimbatore

Date: May 28, 2025



07

Standalone Financial Statements

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2025

Particulars	Notes	March 31, 2025	March 31, 2024
Assets			
Non-current Assets			
Property, plant and equipment	3(a)	1,950	2,001
Right of use assets	3(b)	95	20
Capital work-in-progress	3(a)	509	93
Investment properties	4	54	54
Goodwill	5	1	1
Other intangible assets	5	30	22
Financial Assets			
(i) Investments	6(a)	1,957	1,901
(ii) Loans	7	655	644
(iii) Other financial assets	8	37	36
Income tax assets (net)	9	43	58
Deferred tax assets (net)	22	153	128
Other non-current assets	10	197	63
Total non-current assets		5,681	5,021
Current Assets			
Inventories	11	2,137	1,864
Financial assets			
(i) Investments	6(b)	351	–
(ii) Trade receivables	12	4,604	4,991
(iii) Cash and cash equivalents	13	328	1,465
(iv) Bank balances other than cash and cash equivalents	14	6,872	4,969
(v) Loans	16	36	39
(vi) Other financial assets	17	357	275
Contract assets	15	107	104
Other current assets	18	365	291
Total Current Assets		15,157	13,998
Total Assets		20,838	19,019
Equity and Liabilities			
Equity			
Equity share capital	19	317	317
Other equity	20	16,948	14,377
Total equity		17,265	14,694

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2025 (Continued...)

Particulars	Notes	March 31, 2025	March 31, 2024
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	89	16
Provisions	21	92	90
Total non-Current Liabilities		181	106
Current Liabilities			
Financial liabilities			
(i) Borrowings	23	–	1,096
(ii) Lease liabilities	3(b)	8	6
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		521	460
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,582	1,696
(iv) Other financial liabilities	25	518	421
Provisions	26	485	295
Other current liabilities	27	278	245
Total Current Liabilities		3,392	4,219
Total Liabilities		3,573	4,325
Total Equity and Liabilities		20,838	19,019

The above Standalone Balance Sheet should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2025

Particulars	Notes	March 31, 2025	March 31, 2024
Revenue from operations	28	20,809	18,434
Other income	29	696	686
Total Income		21,505	19,120
Expenses			
Cost of materials consumed	30	9,127	8,140
Purchases of stock-in-trade	31	2,097	1,712
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(233)	(74)
Employee benefits expense	33	2,315	2,124
Finance costs	34	22	54
Depreciation and amortisation expenses	35	359	360
Other expenses	36	3,142	2,524
Total expenses		16,829	14,840
Profit before tax		4,676	4,280
Income tax expense	37		
– Current tax		1,209	1,086
– Deferred tax		(34)	(28)
Profit for the year		3,501	3,222
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	20 (h)	56	52
Deferred tax relating to above item	20 (h)	(9)	(3)
Remeasurement of post-employment benefit obligations	20 (f)	(105)	6
Income tax relating to above item	20 (f)	27	(1)
Other comprehensive income for the year, net of tax		(31)	54
Total comprehensive income for the year		3,470	3,276

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2025 (Continued...)

Particulars	Notes	March 31, 2025	March 31, 2024
Earnings per equity share	46		
Nominal value of the shares (INR)		1.00	1.00
(1) Basic (INR/share)		11.09	10.19
(2) Diluted (INR/share)		11.07	10.19

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Changes in Equity

1) Equity Share Capital

Particulars	Notes	Amounts
Balance as at April 01, 2023	19	317
Changes in equity share capital		–
Balance as at March 31, 2024	19	317
Changes in equity share capital		–
Balance as at March 31, 2025		317

2) Other equity

Particulars	Notes	Reserve and Surplus								Other reserve		Total other equity
		Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	
Balance as at April 01, 2023		181	5	251	1,141	(98)	18	10,306	11,804	99	99	11,903
Profit for the year	20	–	–	–	–	–	–	3,222	3,222	–	–	3,222
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	5	5	49	49	54
Total comprehensive income for the year		–	–	–	–	–	–	3,227	3,227	49	49	3,276
Transactions with owners in their capacity as owners:												
Exercise of shares under ESOP scheme	20	–	–	–	–	17	(10)	20	27	–	–	27
Employee stock option expense (refer note 42)	20	–	–	–	–	–	22	–	22	–	–	22
Purchase of shares for ESOP scheme	20	–	–	–	–	(219)	–	–	(219)	–	–	(219)
Dividend paid	20	–	–	–	–	–	–	(632)	(632)	–	–	(632)
Balance as at March 31, 2024		181	5	251	1,141	(300)	30	12,921	14,229	148	148	14,377

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Changes in Equity (Continued...)

Particulars	Notes	Reserve and Surplus								Other reserve		Total other equity
		Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	
Balance as at April 01, 2024		181	5	251	1,141	(300)	30	12,921	14,229	148	148	14,377
Profit for the year	20	–	–	–	–	–	–	3,501	3,501	–	–	3,501
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	(78)	(78)	47	47	(31)
Total comprehensive income for the year		–	–	–	–	–	–	3,423	3,423	47	47	3,470
Transactions with owners in their capacity as owners:												
Exercise of shares under ESOP scheme	20	–	–	–	–	66	(26)	35	75	–	–	75
Employee stock option expense (refer note 42)	20	–	–	–	–	–	58	–	58	–	–	58
Purchase of shares for ESOP scheme	20	–	–	–	–	(400)	–	–	(400)	–	–	(400)
Dividend paid	20	–	–	–	–	–	–	(632)	(632)	–	–	(632)
Balance as at March 31, 2025		181	5	251	1,141	(634)	62	15,747	16,753	195	195	16,948

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows

Particulars	March 31, 2025	March 31, 2024
Cash flow from operating activities		
Profit before income tax	4,676	4,280
<i>Adjustments for:</i>		
Depreciation and amortisation expense	359	360
Provision for bad and doubtful debts	10	23
Gain on disposal of property, plant and equipment	(4)	(46)
Rental income from Investment property (net of expenses)	(14)	(17)
Dividend and interest income	(642)	(548)
Net unrealised exchange differences	4	55
Finance costs	22	54
Non-cash employee share based payments	40	12
Change in operating assets and liabilities		
Decrease/(increase) in trade receivables and contract assets	384	(764)
Increase in inventories	(273)	(191)
(Decrease)/increase in trade payables	(53)	493
Increase in other financial assets	(37)	(32)
Increase in other current assets	(74)	(12)
Increase in provisions	87	63
Increase in other financial liabilities	50	49
Increase in other current liabilities	33	34
Net payments to Unspent CSR account	(14)	(18)
Cash generated from operations	4,554	3,795
Income taxes paid (net of refund)	(1,169)	(1,247)
Net cash inflow from operating activities	3,385	2,548
Cash flows from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(814)	(365)
Investments in unquoted equity instruments	–	(7)
Investments in mutual funds	(351)	–
Investments in deposits with Banks	(1,886)	(1,065)
Rental income from Investment property (net of expenses)	14	17
Loans (given to)/recovered from employees (net)	6	(11)
Proceeds from sale of property, plant and equipment	7	47
Dividends received	138	119
Interest received	448	355
Net cash outflow from investing activities	(2,438)	(910)

Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows (Continued...)

Particulars	March 31, 2025	March 31, 2024
Cash flows from financing activities		
Net short term loans (repaid to)/borrowed from banks	(1,090)	191
Payment of lease liabilities	(11)	(8)
Purchase of shares for ESOP scheme	(400)	(219)
Proceeds from exercise of shares under ESOP scheme	77	28
Dividends paid to Company's shareholders	(632)	(632)
Interest paid	(28)	(52)
Net cash outflow from financing activities	(2,084)	(692)
Net (decrease)/increase in cash and cash equivalents	(1,137)	946
Cash and cash equivalents at the beginning of the year	1,465	519
Cash and cash equivalents at end of the year	328	1,465
Non-cash financing and investing activities		
– Acquisition/modification of right-of-use assets	88	5

The above Standalone Statement of Cash Flows should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

1. 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.

2.1. 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. These financial statements has been approved by the Board of Directors in their meeting held on May 28, 2025.

(ii) Historical cost convention

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value,
- Defined benefit plans – plan assets measured at fair value and,
- Share based payments – at grant date fair value.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated 9 September 2024 and 28 September 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended/notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2024:

- Insurance contracts – Ind AS 117; and
- Lease Liability in Sale and Leaseback – Amendments to Ind AS 116

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Determining material accounting policies

The Company describes its material accounting policies applied, under each of the individual notes to the Financial Statements and avoids repeating the text of the standard, unless when it is considered relevant to the understanding of the note's content. These accounting policies most frequently or significantly require us to make judgments, estimates, and assumptions, and therefore are critical to understanding our results of operation.

Other accounting policies are provided under Note 50 for completeness purposes. The Company's accounting policies and methods are unchanged compared to March 31, 2024.

(v) Functional currency assessment:

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.

2.2 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 impairment of investments in subsidiaries and joint ventures – **Note 6(a)**
- Impairment of trade receivables and contract assets – **Note 12 and 15**

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, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line or 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 for roads (classified as buildings) and tools, jigs and fixtures, patterns and mould and dies (classified as plant and machinery); where useful lives have been determined based on technical evaluation carried out by the management's expert, 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.

Asset Category/Group	Useful life (In years)	
	As adopted by Company	As per Schedule II
Roads (Building)	10	5
Tools, jigs & fixtures, patterns, moulds & dies and specific machines (Plant & Machinery)	5-30	15

Leasehold improvements are depreciated at lower of lease period or the respective useful life of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Refer Note 50(a) for other accounting policies relating to Property, plant and equipment.

Particulars	Land	Building	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicle	Canteen Equipment	Total	Capital Work in Progress
Year ended March 31, 2024									
Gross carrying amount									
Opening gross carrying amount	295	1,067	2,996	251	126	4	17	4,756	25
Additions	-	28	213	34	14	-	-	289	358
Disposals	(1)	(1)	(2)	(1)	(1)	-	-	(6)	-
Transfers	-	-	-	-	-	-	-	-	(290)
Closing gross carrying amount	294	1,094	3,207	284	139	4	17	5,039	93
Accumulated depreciation									
Opening accumulated depreciation	-	725	1,660	188	114	3	16	2,706	-
Depreciation charge for the year	-	60	230	39	8	-	-	337	-
Disposals	-	(1)	(2)	(1)	(1)	-	-	(5)	-
Closing accumulated depreciation	-	784	1,888	226	121	3	16	3,038	-
Net carrying amount	294	310	1,319	58	18	1	1	2,001	93

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

Particulars	Land	Building	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicle	Canteen Equipment	Total	Capital Work in Progress
Year ended March 31, 2025									
Gross carrying amount									
Opening gross carrying amount	294	1,094	3,207	284	139	4	17	5,039	93
Additions	30	32	181	36	11	-	-	290	676
Disposals	-	-	(6)	(7)	-	-	-	(13)	-
Transfers	-	-	-	-	-	-	-	-	(260)
Closing gross carrying amount	324	1,126	3,382	313	150	4	17	5,316	509
Accumulated depreciation									
Opening accumulated depreciation	-	784	1,888	226	121	3	16	3,038	-
Depreciation charge for the year	-	53	234	41	9	-	1	338	-
Disposals	-	-	(3)	(7)	-	-	-	(10)	-
Closing accumulated depreciation	-	837	2,119	260	130	3	17	3,366	-
Net carrying amount	324	289	1,263	53	20	1	-	1,950	509

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

The Company does not have any Benami property and therefore the question of whether any proceedings have been initiated or pending against the Company for holding any benami property is not relevant.

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 is held in the name of the Company per the title deeds. In these properties, a portion of 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 legal action in the Madras High Court for removing the Individual's name from the sub registrar's records.
- A land parcel measuring 48,000 sq ft was purchased by the Company at Kurichy, Coimbatore in 2007 from Coimbatore Private Industrial Estate Limited. This land is adjoining its other property in the same place and is being claimed as a road by the authorities from 2009. A litigation that commenced in 2010 concerning the same is currently pending before the Madras High Court under a review petition filed by the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

v) Capital work-in-progress

Capital work-in-progress primarily includes the ongoing construction of a new plant at Kinathkadavu (MK2 Project), new corporate office in Bangalore, and additions to plant and machinery currently under construction and installation.

a) Ageing of Capital work-in-progress

Particulars	Amounts in Capital work-in-progress for				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Year ended March 31, 2025					
(i) Projects in progress	444	52	9	4	509
Year ended March 31, 2024					
(i) Projects in progress	84	5	4	–	93

(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				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Year ended March 31, 2025					
(i) Projects in Progress					
Project 1 at Motor Division	115	–	–	–	115
Project 2 at Compressor Centre	–	4	–	–	4
Year ended March 31, 2024					
(i) Projects in Progress					
Project 2 at Compressor Centre	3	–	–	–	3

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 29 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.

Refer Note 50(b) for other accounting policies relating to leases.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities (Continued...)

(i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

Right of use assets

Particulars	March 31, 2025				March 31, 2024		
	Land	Building	Office Equipment	Total	Land	Building	Total
Gross carrying amount	86	26	14	126	15	25	40
Accumulated depreciation	(11)	(19)	(1)	(31)	(5)	(15)	(20)
Net carrying amount	75	7	13	95	10	10	20

- a) For the year ended March 31, 2025 and 2024, additions to the gross carrying amount of right-of-use assets were ₹88 million (₹65 million for new leases and ₹23 million for lease modifications) and ₹5 million (for lease modifications), respectively.
- b) For the year ended March 31, 2025, and March 31, 2024, disposals to the gross carrying amount of right-of-use assets were ₹2 million and ₹17 million, respectively.

Lease Liabilities

Particulars	March 31, 2025	March 31, 2024
Current	8	6
Non-current	89	16
	97	22
Reconciliation:		
Opening balance	22	27
Add: New leases recognised during the year (non-cash in nature)	65	-
Add: Modifications of lease contracts (non-cash in nature)	23	5
Less: Termination of lease contracts	(2)	(2)
Less: Payment of lease liabilities	(11)	(8)
Closing balance	97	22

(ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation of Right of use assets		
- Land	4	2
- Buildings	6	6
- Office equipment	1	-
	11	8
Interest expense (included in finance cost)	7	2
Rental income from sub-leasing	1	-
Expenses relating to short term leases (included in Other expenses)	21	13

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(b) Right of use assets and Lease liabilities (Continued...)

(iii) Cash outflow

The total cash outflow for leases is ₹39 million and ₹23 million for the year ended March 31, 2025 and year ended March 31, 2024.

(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. The termination option in two leases with related party includes mutual termination clause with a 90 days notice in writing.

(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

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 and 60 years for Factory and Office building, respectively. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

Refer note 50(c) for other accounting policies related to investment properties.

Particulars	March 31, 2025			March 31, 2024		
	Land	Buildings	Total	Land	Buildings	Total
Gross carrying amount						
Opening gross carrying amount	46	12	58	46	12	58
Disposal*	-	-	-	-	-	-
Closing gross carrying amount	46	12	58	46	12	58
Accumulated depreciation						
Opening accumulated depreciation	-	4	4	-	4	4
Depreciation charge for the year*	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Closing accumulated depreciation	-	4	4	-	4	4
Net carrying amount	46	8	54	46	8	54

(i) Amounts recognised in profit or loss for investment properties

Particulars	March 31, 2025	March 31, 2024
Rental income	15	18
Direct operating expenses from property that generated rental income	(1)	(1)
Profit from investment properties before depreciation	14	17
Depreciation charge for the year*	-	-
Profit from investment property	14	17

*Amounts are below rounding off norms adopted by the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

4 Investment properties (Continued...)

(ii) Fair value

Particulars	March 31, 2025			March 31, 2024		
	Land	Buildings	Total	Land	Buildings	Total
Investment property	954	157	1,111	1,058	211	1,269

The fair value disclosure for the year ended March 31, 2024, included the fair value of land amounting to ₹154 million and building amounting to ₹57 million which have been reclassified to Property, Plant and Equipment during the current year. The related carrying amount is below rounding off norms and hence not disclosed in the movement schedule as disposals/transfers.

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and 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. Refer Note 50(d) for other accounting policies related to goodwill and other intangible assets.

Particulars	Computer software	Drawings	Technical Know-how	Total intangible assets	Goodwill
Year ended March 31, 2024					
Gross carrying amount					
Opening gross carrying amount	118	25	–	143	1
Additions	8	–	–	8	–
Disposal	–	–	–	–	–
Transfers	–	–	–	–	–
Closing gross carrying amount	126	25	–	151	1
Accumulated amortisation					
Opening accumulated amortisation	95	19	–	114	–
Amortisation charge for the year	10	5	–	15	–
Disposal	–	–	–	–	–
Closing accumulated amortisation	105	24	–	129	–
Net carrying amount	21	1	–	22	1
Year ended March 31, 2025					
Gross carrying amount					
Opening gross carrying amount	126	25	–	151	1
Additions	7	–	11	18	–
Disposal	–	–	–	–	–
Transfers	–	–	–	–	–
Closing gross carrying amount	133	25	11	169	1
Accumulated amortisation					
Opening accumulated amortisation	105	24	–	129	–
Amortisation charge for the year	9	1	–	10	–
Disposal	–	–	–	–	–
Closing accumulated amortisation	114	25	–	139	–
Net carrying amount	19	–	11	30	1

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Investments

i) Classification of financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets classified at amortised cost comprise trade receivables, loans and other financial assets such as security deposits.

ii) Classification of financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities (listed and unlisted) which are not held for trading, and for which the Company has irrevocably elected at initial recognition to recognise changes in fair value through OCI rather than profit or loss. These are strategic investments and the Company considers this classification to be more relevant.

iii) Derivatives

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 at fair value through profit or loss (FVTPL). They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

iv) Classification of financial assets at fair value through profit or loss

The Company classifies investment in mutual funds at fair value through profit or loss (FVTPL) as they do not qualify for measurement at either amortized cost or FVOCI and are held for trading.

Refer note 50(e) for other accounting policies relating to financial assets.

Particulars	No. of Shares	Face Value Per Share	March 31, 2025	March 31, 2024
a) Non-current Investments				
(i) Investments in equity instruments (fully paid-up)				
(Unquoted)				
At cost				
Investment In Subsidiaries (wholly owned)				
ATS Elgi Limited	90,000	₹10/-	181	181
Elgi Gulf-FZE	150,000	AED 1/-	2	2
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	62,211,889	BRL 1/-	-	-
Elgi Equipments Australia Pty Limited*	100		-	-
Elgi Compressors Italy S.R.L.	2,555,000	€ 1/-	293	293
Elgi Compressors Europe S.R.L.	50,000	€ 1/-	5	5
Elgi Compressors USA Inc. (common stock without par value)	1,000		1,058	1,058
PT Elgi Equipments Indonesia (common stock without par value)	99.71%		19	19
Ergo Design Private Limited*	10,000	₹1/-	-	-
Adisons Precision Instruments Manufacturing Company Limited	1,091,500	₹10/-	126	126
Elgi Compressors (M) SDN. BHD	1,000,100	RM 1/-	18	18
Industrial Air Compressors Pty Ltd*	120	AUD 1/-	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Investments (Continued...)

Particulars	No. of Shares	Face Value Per Share	March 31, 2025	March 31, 2024
Investment In Joint Ventures				
ELGI Sauer Compressors Ltd [Share 26%]	168,994	₹10/-	2	2
(ii) Investment In Limited Liability Partnership				
At cost				
Industrial Air Solutions LLP	–	–	4	4
(iii) Investment in Equity Instruments (fully paid-up)				
At Fair Value through Other Comprehensive Income				
Quoted				
Lakshmi Machine Works Ltd	50	₹10/-	1	1
State Bank of India	3,600	₹1/-	3	3
HDFC Bank Limited	25,160	₹1/-	46	36
Magna Electro Castings Ltd	66,454	₹10/-	59	29
Rajshree Sugars & Chemicals Ltd	229,000	₹10/-	9	13
Pricol Ltd	121,922	₹1/-	54	47
L.G.Balakrishnan & Bros.Ltd.	4,992	₹10/-	6	6
LGB Forge Limited*	18,720	₹1/-	–	–
Elgi Rubber Company Limited	763,700	₹1/-	50	37
Unquoted				
First Energy TN1 Pvt Ltd	1,440,000	₹10/-	14	14
First Energy 5 Pvt Ltd	670,000	₹10/-	7	7
Non-Current Investments			1,957	1,901
b) Current Investments				
At Fair Value through Profit or Loss				
Unquoted				
Investments in liquid mutual funds			351	–
Current Investments			351	–
Total Investments			2,308	1,901
*Amounts are below rounding off norms adopted by the Company				
aggregate amount of quoted investments and market value thereof			228	172
aggregate amount of unquoted investments			2,080	1,729

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

7 Loans (Non-current)

Particulars	March 31, 2025	March 31, 2024
Unsecured, considered good		
Loans to subsidiary (refer note 41 & 51)	602	588
Loans to employees	53	56
	655	644

Disclosure required as per Section 186

The Company has advanced loans to its subsidiary – Elgi Compressors USA Inc. to fund the business acquisitions and additional working capital requirements. The loans are repayable by March 31, 2030 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*

Type of Borrower	Repayment terms	March 31, 2025		March 31, 2024	
		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
Elgi Compressors USA Inc. (Wholly owned Subsidiary)	Repayable by March 31, 2030	602	87%	588	86%

*Excluding loan provided to Elgi Equipments Limited Employees Stock Option Trust which has been treated as an extension of the Company.

8 Other financial assets (Non-current)

Particulars	March 31, 2025	March 31, 2024
Security deposits	37	36
	37	36

9 Income tax assets (net)

Opening balance	58	(101)
Add: Tax paid (net of refund received)	1,169	1,247
Less: Current tax payable on gain from treasury shares recognised directly in retained earnings.	(2)	(1)
Less: Current tax payable for the year	(1,182)	(1,087)
	43	58

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

10 Other non-current assets

Particulars	March 31, 2025	March 31, 2024
Capital advances	197	63
	197	63

11 Inventories

The costs of individual items of inventory are determined on a first-in first-out basis.

Refer Note 50(f) for other accounting policies relating to inventories.

(a) Raw materials and components*	1,201	1,173
(b) Work-in-progress	254	154
(c) Finished goods	387	289
(d) Stock-in-trade*	164	130
(e) Stores and spares (including packing materials)	70	72
(f) Loose tools	61	46
	2,137	1,864

*Include goods in-transit ₹162 million and ₹114 million as on March 31, 2025 and March 31, 2024, respectively.

Notes:

- The cost of inventories recognised as an expense includes ₹17 million (March 31, 2024 – ₹Nil) in respect of provision for slow-moving inventories and has been reduced by ₹Nil (March 31, 2024: ₹3 million) in respect of reversals of such provision.
- Raw materials, Work in progress and Finished goods include R&D inventory.

12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the Company's unconditional right to consideration (that is payment is due, only on the passage of time). Trade receivables are recognized 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.

For trade receivables and contract assets, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognized at the initial recognition of receivables.

Unsecured, considered good	4,605	5,016
Unsecured, credit impaired	28	14
	4,633	5,030
Less: Loss allowances (refer note 39A(iii)(b))	(29)	(39)
	4,604	4,991

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

12 Trade receivables (Continued...)

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, 2025								
Undisputed trade receivables – considered good	4,291	298	11	5	–	–	(1)	4,604
Undisputed trade receivables – credit impaired	–	–	–	–	10	11	(21)	–
Disputed trade receivables – credit impaired	–	–	–	–	1	6	(7)	–
Total trade receivables	4,291	298	11	5	11	17	(29)	4,604
As at March 31, 2024								
Undisputed trade receivables – considered good	4,166	821	14	9	6	–	(25)	4,991
Undisputed trade receivables – credit impaired	–	–	4	–	–	–	(4)	–
Disputed trade receivables – credit impaired	–	–	–	1	–	9	(10)	–
Total trade receivables	4,166	821	18	10	6	9	(39)	4,991

For receivables from related parties refer note 41.

13 Cash and cash equivalents

Particulars	March 31, 2025	March 31, 2024
(a) Funds in transit	80	29
(b) Balance with banks		
– In current accounts	93	161
– In EEFC accounts	13	80
– In deposit accounts (with original maturity of 3 months or less)	142	1,195
	328	1,465

There are no repatriation restrictions with regard to cash and cash equivalents as at year ended March 31, 2025 and March 31, 2024, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

14 Bank balances other than cash and cash equivalents

Particulars	March 31, 2025	March 31, 2024
- In deposit accounts (with original maturity period of more than 3 months but remaining maturity less than 12 months)*	6,819	4,933
- In Unspent CSR account (for ongoing projects)**	41	27
- In unclaimed dividend account***	12	9
	6,872	4,969

*Includes margin money deposit (refer note 47).

**Earmarked for ongoing CSR projects, refer note 36(b).

***Earmarked for payment of unclaimed dividend.

15 Contract assets

Retention receivables	142	131
Less: Loss allowances (refer note 39A(iii)(b))	(35)	(27)
	107	104

16 Loans (Current)

Loans considered good – Unsecured		
Loan to employees	36	39
	36	39

17 Other financial assets (Current)

Derivatives not designated as hedges		
Foreign exchange forward contract	5	15
Others		
Interest accrued	230	174
Others	122	86
	357	275

18 Other current assets

Income/refund receivable	19	22
Prepaid expenses	219	148
Balance with Government authorities	23	7
Rent advances	10	9
Advance to suppliers	64	75
Others	30	30
	365	291

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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 01, 2023	320	320
Increase during the year	–	–
At March 31, 2024	320	320
Increase during the year	–	–
At March 31, 2025	320	320

(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 01, 2023	317	317
Increase during the year	–	–
At March 31, 2024	317	317
Increase during the year	–	–
At March 31, 2025	317	317

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, 2025, the amount of final dividend per share recognised as distributions to equity shareholders is ₹2 per share (March 31, 2024: ₹2 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

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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, 2025		March 31, 2024	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited*	63,697,752	20.10	53,386,780	16.85
Jairam Varadaraj	28,221,616	8.91	28,221,616	8.91
Pari Washington India Master Fund, Ltd.	22,077,311	6.97	23,592,229	7.44

(v) Details of shareholding of promoters

Promoter Name	March 31, 2025		March 31, 2024		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Jairam Varadaraj	28,221,616	8.91	28,221,616	8.91	–
Anvar Jay Varadaraj	1,925,248	0.61	1,925,248	0.61	–
Varun Jay Varadaraj	1,916,684	0.60	1,916,684	0.60	–
Maya Jay Varadaraj	1,916,648	0.60	1,916,648	0.60	–
Sudarsan Varadaraj	204,984	0.06	204,984	0.06	–
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	158,588	0.05	158,588	0.05	–
T Balaji	68,500	0.02	68,500	0.02	–
Dark Horse Portfolio Investment Private Limited*	63,697,752	20.10	53,386,780	16.85	3.25
Elgi Ultra Industries Private Limited*	–	–	10,310,972	3.25	(3.25)
Elgi Rubber Company Limited	664,160	0.21	664,160	0.21	–
	98,854,180	31.19	98,854,180	31.19	–

*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. Further, Elgi Ultra Industries Private Limited merged with Dark Horse Portfolio Investment Private Limited during the year ended March 31, 2025.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity

Particulars	March 31, 2025	March 31, 2024
Reserves & Surplus		
Capital reserve	181	181
Securities premium	251	251
Statutory reserve	5	5
General reserve	1,141	1,141
Share options outstanding account	62	30
Retained earnings	15,747	12,921
Treasury stock	(634)	(300)
Other reserves		
FVOCI – Equity instruments	195	148
	16,948	14,377
a) Capital reserve		
Opening balance	181	181
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	181	181
b) Securities Premium		
Opening balance	251	251
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	251	251
c) Statutory reserve		
Opening balance	5	5
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	5	5
d) General reserve		
Opening balance	1,141	1,141
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	1,141	1,141

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Particulars	March 31, 2025	March 31, 2024
e) Share options outstanding account		
Opening balance	30	18
Employee stock option expense	58	22
Exercise of shares under ESOP scheme	–	(2)
Transfer to Retained earnings	(26)	(8)
Closing balance	62	30
f) Retained earnings		
Opening balance	12,921	10,306
Net profit for the year	3,501	3,222
<i>Item of other comprehensive income recognised directly in retained earnings</i>		
– Remeasurement of post-employment benefit obligation, net of tax	(78)	5
– Transfer to retained earnings of gain from treasury shares	11	13
– Income tax on gain from treasury shares	(2)	(1)
– Transfer from share options outstanding account	26	8
<i>Appropriations:</i>		
Dividend on equity shares net of dividend distributed to Elgi Employee Stock Option Trust	(632)	(632)
Closing balance	15,747	12,921
g) Treasury stock		
Opening balance	(300)	(98)
Purchase of shares for ESOP scheme	(400)	(219)
Exercise of shares under ESOP scheme	66	17
Closing balance	(634)	(300)
h) Other Reserves		
FVOCI – Equity instruments		
Opening balance	148	99
Change in fair value of FVOCI equity instruments (net of tax)	47	49
Closing balance	195	148

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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 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, 2025		
Elgi Equipments Limited Employee Stock Option Trust	1,207,238	634
	1,207,238	634
As at March 31, 2024		
Elgi Equipments Limited Employee Stock Option Trust	727,200	300
	727,200	300

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, 2025	March 31, 2024
Provision for compensated absences (refer note 26(a)(i))	92	90
	92	90

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

22 Deferred tax assets (net)

Particulars	March 31, 2025		March 31, 2024	
	Deferred tax (asset)	Deferred tax liabilities	Deferred tax (asset)	Deferred tax liabilities
Property, Plant & Equipment and Intangible assets	(34)	–	(17)	–
Right of use assets		24	–	5
Provision for compensated absences	(30)	–	(29)	–
Provision for warranty	(83)	–	(63)	–
Allowance for doubtful debts	(16)	–	(17)	–
Lease liabilities	(24)	–	(6)	–
Foreign exchange forward contracts		1	–	4
VRS	(6)		(10)	–
Equity Instruments – FVOCI		16	–	7
Other timing differences	(1)		(2)	–
	(194)	41	(144)	16
Net deferred tax (assets)/liabilities		(153)		(128)

Movements in deferred tax (assets)/liabilities

Particulars	Property, Plant & Equipment and Intangible assets	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, 2023	(3)	(28)	(45)	(17)	6	(7)	(4)	(7)	4	(2)	(103)
Charged/(credited):											
– to profit or loss	(14)	(1)	(18)	–	(1)	1	8	(3)	–	–	(28)
– to other comprehensive income	–	–	–	–	–	–	–	–	3	–	3
At March 31, 2024	(17)	(29)	(63)	(17)	5	(6)	4	(10)	7	(2)	(128)
Charged/(credited):											
– to profit or loss	(17)	(1)	(20)	1	19	(18)	(3)	4	–	1	(34)
– to other comprehensive income	–	–	–	–	–	–	–	–	9	–	9
At March 31, 2025	(34)	(30)	(83)	(16)	24	(24)	1	(6)	16	(1)	(153)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

23 Borrowings (Current)

Particulars	March 31, 2025	March 31, 2024
Packing credit loans		
Secured		
– From Banks	–	150
Unsecured		
– From Banks	–	940
Interest accrued and due on borrowings	–	6
	–	1,096

Secured borrowings and assets pledged as security:

- The packing credit facilities from Bank are secured by a charge on stocks and receivables of the Company. Also refer note 47 for value of assets pledged as security.
- 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.
- There are no defaults in the repayments of above borrowings during the year. Also refer note 39(i) for undrawn facilities secured by charges on assets.
- The Company 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 (i.e, liabilities arising from financing activities) and the movements in net debt for each of the periods presented.

Current borrowings (refer note 23)	–	1,090
Interest accrued and due on borrowings (refer note 23)	–	6
Lease liabilities (refer note 3(b))	97	22
Cash and cash equivalents (refer note 13)	(328)	(1,465)
Deposits with banks (refer note 14)– excluding restricted balances	(6,819)	(4,933)
	(7,050)	(5,280)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

23 Borrowings (Current) (Continued...)

Particulars	March 31, 2025	March 31, 2024
Reconciliation:		
Opening net cash	(5,280)	(3,457)
Cash flows	(749)	(2,011)
Net short term loans (repaid to)/borrowed from banks	(1,090)	191
Acquisitions/modifications- leases (non-cash in nature)	88	5
Termination of lease contracts	(2)	(2)
Payment of lease liabilities	(11)	(8)
Interest expense	22	54
Interest paid	(28)	(52)
Closing net cash	(7,050)	(5,280)

24 Trade payables

Due to micro enterprises and small enterprises (refer note 45)	521	460
Due to creditors other than micro enterprises and small enterprises	1,582	1,696
	2,103	2,156

For trade payable to related parties, refer Note 41.

Ageing of trade payables:

Particulars	Not due	Outstanding for following periods from the due date of payment				Unbilled	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2025							
Undisputed							
Outstanding dues to micro and small enterprises	479	18	-	-	-	24	521
Outstanding dues to others	1,073	67	2	2	1	437	1,582
Total trade payables	1,552	85	2	2	1	461	2,103
As at March 31, 2024							
Undisputed							
Outstanding dues to micro and small enterprises	454	-	-	-	-	6	460
Outstanding dues to others	1,133	210	10	3	1	339	1,696
Total trade payables	1,587	210	10	3	1	345	2,156

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

25 Other financial liabilities

Particulars	March 31, 2025	March 31, 2024
Unclaimed dividends	12	9
Dealer deposits	21	22
Employee benefit expenses payable	344	312
Capital creditors	84	40
Others	57	38
	518	421

26 Provisions (current)

Provision for warranty	328	248
Provision for compensated absences (refer note 26(a)(i))	26	25
Provision for gratuity (refer note 26(a)(iii))	131	22
	485	295

(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 obligations are expected to be settled over more than one financial year and the provision has been discounted to reflect the time value of money. The provision is classified as current considering the inability of the Company to unconditionally defer settlement beyond one year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Provision for Financial Guarantee

The Company had provided financial guarantee to finance providers of its subsidiaries. In accordance with the expected credit loss model prescribed under Ind AS, the management has assessed the expected credit loss to be insignificant considering the liquidity and solvency position of the subsidiaries.

(ii) Movements in provisions

Movements in each class of provision during the year ended March 31, 2025 are set out below:

Particulars	Provision for Warranty	Compensated absences
Opening	248	115
Additional provisions recognised	328	18
Amounts utilised/reversed during the year	(248)	(15)
Closing	328	118

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations

(i) Compensated absences

The leave obligations cover the Company's liability for earned leave and sick leave.

a) The total provision for compensated absences amounts to ₹118 million and ₹115 million as at March 31, 2025 and March 31, 2024, including provision towards sick leave amounting to ₹20 million and ₹23 million respectively.

The provision classified as current amounts to ₹26 million and ₹25 million as at March 31, 2025 and March 31, 2024 including provision towards sick leave amounting to ₹4 million and ₹5 million respectively. The current classification is resulting from the group's expectation to settle the full amount of current leave obligation in the next 12 months as determined by a qualified actuary.

(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 ₹94 million (March 31, 2024 – ₹91 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, 2025

(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, 2023	296	256	40
Current service cost	22	–	22
Interest expense/income	23	19	4
Total amount recognised in profit or loss	45	19	26
Remeasurements			
(Gain)/loss from change in financial assumptions*	3	1	2
Experience (gains)/losses	(11)	(3)	(8)
Total amount recognised in other comprehensive income	(8)	(2)	(6)
Employer contributions	–	38	(38)
Benefit payments	(36)	(36)	–
March 31, 2024	297	275	22

*To be construed as gain/(loss) for column 'B'.

April 01, 2024	297	275	22
Current service cost	23	–	23
Interest expense/income	20	19	1
Total amount recognised in profit or loss	43	19	24
Remeasurements			
(Gain)/loss from change in financial assumptions*	10	(1)	11
Experience (gains)/losses	94	–	94
Total amount recognised in other comprehensive income	104	(1)	105
Employer contributions	–	20	(20)
Benefit payments	(46)	(46)	–
March 31, 2025	398	267	131

*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, 2025	March 31, 2024
Present value of funded obligations	398	297
Fair value of plan assets	267	275
Deficit of funded plan	131	22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
Discount Rate	6.70%	7.20%
Rate of increase in compensation levels	6.50%	6.50%
Attrition Rate	9.00%	8.00%

(v) Sensitivity Analysis

A. Discount Rate + 50 BP	7.20%	7.70%
Defined Benefit Obligation [PVO]	389	290
B. Discount Rate - 50 BP	6.20%	6.70%
Defined Benefit Obligation [PVO]	410	305
C. Salary Escalation Rate + 50 BP	7.00%	7.00%
Defined Benefit Obligation [PVO]	408	303
D. Salary Escalation Rate - 50 BP	6.00%	6.00%
Defined Benefit Obligation [PVO]	391	291

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

Funds managed by LIC of India	100%	100%
-------------------------------	------	------

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: The post employment benefit payments 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, 2025

(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 7.6 years (March 31, 2024 – 7.6 years).

The following are the expected future payments (undiscounted) of defined benefit obligation in the future years.

Expected contribution to LIC for the next year is ₹131 Million.

Particulars	March 31, 2025	March 31, 2024
Within next 12 months (next annual reporting period)	88	82
Between 1 to 2 years	67	36
Between 2 to 5 years	168	123
Beyond 5 years	226	172
	549	413

27 Other current liabilities

Contract liabilities	152	159
Statutory payable	126	86
	278	245

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

The accounting policy for revenue from operations is as follows:

(a) 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 is transferred first, the sale of goods and transportation revenue are treated as a separate performance obligations. The Company's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision (refer Note 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

28 Revenue from operations (Continued...)

(b) 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.

Refer Note 50(n) for other accounting policies relating to revenue.

Particulars	March 31, 2025	March 31, 2024
Revenue from contracts with customers		
The Company derives following types of revenue:		
– Sale of products	20,017	17,826
– Sale of services	659	482
Other operating revenues	133	126
	20,809	18,434

Notes:

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, 2025	March 31, 2024
India	15,983	14,129
Outside India	4,826	4,305
	20,809	18,434

b) Revenue recognised for the year ended March 31, 2025 from opening balance of contract liabilities is ₹146 million (March 31, 2024: ₹124 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, 2025

(All amounts are in Millions in INR unless otherwise stated)

29 Other income

Particulars	March 31, 2025	March 31, 2024
Interest income – Bank Deposits	433	375
Interest income – Others	71	54
Financial guarantee commission	10	14
Dividend income*	127	119
Profit on sale of assets	4	46
Gain on fair value/redemption of mutual funds	1	–
Share of profit from partnership firm	11	9
Rental receipts	17	23
Net gain on foreign currency transaction and translation	5	35
Miscellaneous income (net)	17	11
	696	686

*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*	1,132	1,058
Purchases	9,166	8,214
	10,298	9,272
Less:		
Inventory of materials at the end of the year*	1,171	1,132
	9,127	8,140

*Excluding R & D inventory.

31 Purchases of stock-in-trade

Oil	424	383
Others*	1,673	1,329
	2,097	1,712

*Consists of numerous items which are individually insignificant.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
Opening inventory*		
– Finished goods	277	266
– Work-in-progress	149	84
– Stock- in-trade	130	132
Closing inventory*		
– Finished goods	378	277
– Work-in-progress	247	149
– Stock- in-trade	164	130
	(233)	(74)

*Excluding R & D inventory.

33 Employee benefits expense

Salaries, wages and bonus	2,035	1,851
Contribution to Provident fund & Superannuation scheme	94	91
Gratuity (refer note 26(a)(iii))	24	26
Employee stock option expense (refer note 42)	40	12
Voluntary Retirement scheme (VRS)	–	27
Staff welfare expenses	122	117
	2,315	2,124

Note: For managerial remuneration refer note 41.

34 Finance costs

Interest expenses- related to lease liabilities	7	2
Interest expenses- on other financing arrangements	15	52
	22	54

35 Depreciation and amortisation expenses

Depreciation of property, plant and equipment	338	337
Depreciation on investment properties*	–	–
Depreciation of right of use assets	11	8
Amortisation of intangible assets	10	15
	359	360

*amounts are below rounding off norms adopted by the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

36 Other expenses

Particulars	March 31, 2025	March 31, 2024
Packing & forwarding	228	204
Consumption of stores	105	98
Tools consumed	82	85
Commission	119	106
<i>Repairs and maintenance</i>		
– Building	42	46
– Plant and machinery	59	58
– Others	40	34
Communication expenses	12	12
Information system expenses	147	121
Power and fuel	207	190
Transport charges	559	393
Travelling & conveyance	169	148
Insurance	20	19
Advertisement & publicity	78	58
Printing and stationery	12	12
Research & Development material cost (refer note 48)	76	75
After sales expenses	359	326
Factory expenses	34	30
Rates and taxes	11	11
Payment to the auditors (refer note 36(a) below)	11	9
Subscription & membership	11	11
CSR expenses (refer note 36(b) below)	66	48
Donation	55	–
Rent	21	13
Legal and consultancy charges	371	250
Contract staffing	154	127
Directors' sitting fees	7	2
Bank charges	12	12
Bad debts written off & loss allowances	10	4
Miscellaneous expenses	65	22
	3,142	2,524

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

36(a) Details of payment to auditors

Particulars	March 31, 2025	March 31, 2024
Payment to auditors		
– audit fees	6	5
– limited review	2	1
– certification services	1	1
– other audit related services	1	1
– reimbursement of out of pocket expenses	1	1
	11	9

36(b) Corporate Social responsibility expenditure

Amount required to be spent as per Section 135 of the Companies Act, 2013	66	48
Amount spent during the year on		
– Promoting Education, Sports and Health care	25	15
– Accrual towards unspent obligations in relation to ongoing projects (refer note below)	41	33

Note: Unspent amounts for ongoing CSR projects under Section 135(6) for the years ended March 31, 2025 and March 31, 2024, amounting to ₹41 million and ₹33 million, respectively, have been transferred by the Company to the 'Unspent CSR Bank account' within 30 days from the end of the respective financial year.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

37 Income tax expense

(a) Income tax expense		
Particulars	March 31, 2025	March 31, 2024
Current tax		
Current tax on profits for the year	1,209	1,086
Total current tax expense	1,209	1,086
Deferred tax		
Decrease/(increase) in deferred tax assets	(50)	(27)
(Decrease)/increase in deferred tax liabilities	16	(1)
Total deferred tax expense/(benefit)	(34)	(28)
Income tax expense	1,175	1,058
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before income tax expense	4,676	4,280
Tax at the Indian tax rate of 25.168%	1,177	1,077
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	(32)	(30)
Corporate social responsibility expenditure and donations	30	12
Deduction u/s 24 of IT Act (Income from house property)	(1)	(2)
Share of profit from Partnership firms exempt u/s 10(2A)	(3)	(2)
Differential tax rate on sale of properties	–	(1)
Others	4	4
Income tax expense for the year	1,175	1,058

(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 Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements

Financial instruments by category						
Particulars	March 31, 2025			March 31, 2024		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
– Equity instruments*	–	249	–	–	193	–
– Mutual funds	351	–	–	–	–	–
Loans	–	–	691	–	–	683
Trade receivables	–	–	4,604	–	–	4,991
Cash and other bank balances	–	–	7,200	–	–	6,434
Derivative financial assets	5	–	–	15	–	–
Security deposits	–	–	37	–	–	36
Others	–	–	352	–	–	260
Total financial assets	356	249	12,884	15	193	12,404
Financial liabilities						
Borrowings	–	–	–	–	–	1,096
Trade payables	–	–	2,103	–	–	2,156
Dealer deposits	–	–	21	–	–	22
Employee benefit expenses payable	–	–	344	–	–	312
Capital creditors	–	–	84	–	–	40
Others	–	–	69	–	–	47
Total financial liabilities	–	–	2,621	–	–	3,673

*Excluding investments in subsidiaries and joint ventures, carried at cost less impairment losses aggregating to ₹1,706 million (March 31, 2024 – ₹1,706 million) which are outside scope of Ind AS 107.

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, 2025

(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, 2025	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Derivatives not designated as hedges					
– Foreign exchange forward contracts	17	–	5	–	5
Unquoted mutual funds	6(b)	351	–	–	351
Financial Investments at FVOCI:					
Quoted equity investments	6(a)	228	–	–	228
Unquoted equity investments	6(a)	–	–	21	21
Total financial assets		579	5	21	605

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2025	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to subsidiaries	7	–	–	602	602
Loans to employees	7, 16	–	–	89	89
Security deposits	8	–	–	37	37
Total financial assets		–	–	728	728

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges					
Foreign exchange forward contracts	17	–	15	–	15
Financial Investments at FVOCI					
Quoted equity investments	6	172	–	–	172
Unquoted equity investments	6	–	–	21	21
Total financial assets		172	15	21	208

*Amounts are below rounding off norms adopted by the Company.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2024	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to subsidiaries	7	–	–	588	588
Loans to employees	7, 16	–	–	95	95
Security deposits	8	–	–	36	36
Total financial assets		–	–	719	719
Financial Liabilities					
Borrowings	23	–	–	1,096	1,096
		–	–	1,096	1,096

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices in the active market. This category consists quoted equity shares. The fair value of all equity instruments which are traded in stock exchanges is valued using closing price as at the reporting period. Mutual funds are valued using closing NAV. Since mutual funds invested by the Company are not quoted/traded on a recognized stock exchange, those have been disclosed as 'unquoted'. However, mutual funds are valued using closing NAV which is directly observable.

Valuation techniques with observable inputs (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. This level of hierarchy includes Company's foreign exchange forward contracts.

Valuation techniques with significant unobservable inputs (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 and First Energy 5 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

Particulars	March 31, 2025		March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans</i>				
Loan to Subsidiaries	602	602	588	588
Loans to employees	89	89	95	95
Security deposits	37	37	36	36
Total financial assets	728	728	719	719
Financial liabilities				
Borrowings	–	–	1,096	1,096
Total financial liabilities	–	–	1,096	1,096

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and bank balances, borrowings and other 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 counterparty credit risk.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

For equity instruments measured at FVOCI whose fair value measurement was performed using unobservable inputs (Level 3), the reconciliation from opening balance to closing balance and relationship between such unobservable inputs and fair value has not been disclosed considering that the carrying amount of such instruments is not significant.

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, debt mutual funds, trade receivables, loan to subsidiaries (including guarantees), derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversifying bank deposits, mutual fund plans and AMCs, setting appropriate credit limits, and utilizing letters of credit for specific transactions.
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 debt mutual funds, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

For banks and Asset Management Companies (AMC's), 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(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.

(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, 2025 and March 31, 2024

(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 forwarding-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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

- actual or expected significant changes in the operating results of the borrower
- significant increases 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 estimates that the 12-month expected credit loss in this scenario and the estimated gross carrying amount at default to be immaterial and hence there is no expected credit loss recognised for the year ended March 31, 2025 and March 31, 2024.

The Company also has provided guarantee for loans availed by subsidiaries (Refer Note 51), for which the Company assesses credit risk by considering the risk of default occurring 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, 2025 and March 31, 2024, as in the management's assessment the amount was immaterial.

(b) Expected credit loss for trade receivables and contract assets 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. The credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for the recoverability.

An impairment analysis is performed at each reporting date, where receivables are grouped into homogeneous credit groups and assessed for impairment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12 and 15. The Company evaluates the concentration of risk with respect to trade receivables and contract assets 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 may be considered as credit impaired.

Impairment losses on trade receivables and contract assets 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 and contract assets based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Particulars	Not due (including retention money)	Overdue by/past due by					Total
		Less than 3 months	3 to 6 months	6 months to 1 year	1– 2 years	More than 2 years	
As at March 31, 2025							
Gross carrying amount– trade receivables	4,291	265	33	11	5	28	4,633
Contract Assets	142	–	–	–	–	–	142
<i>Expected loss rate</i>	1%	0%	0%	0%	0%	4%	
Expected credit losses (Loss allowance provision)– Trade receivables	–	–	–	–	–	1	1
Expected credit losses (Loss allowance provision)– Contract assets	35	–	–	–	–	–	35
Loss Allowance – Credit Impaired– Trade receivables	–	–	–	–	1	27	28
Total Loss allowance provision	35	–	–	–	1	28	64
Carrying amount of Trade receivables (net of credit loss allowance)	4,291	265	33	11	4	–	4,604
Carrying amount of Contract assets (net of credit loss allowance)	107	–	–	–	–	–	107
As at March 31, 2024							
Gross carrying amount–trade receivables	4,165	548	274	18	10	15	5,030
Contract Assets	131	–	–	–	–	–	131
<i>Expected loss rate</i>	1%	1%	1%	22%	90%	40%	
Expected credit losses (Loss allowance provision)– Trade receivables	–	3	2	4	9	6	24
Expected credit losses (Loss allowance provision)– Contract assets	27	–	–	–	–	–	27
Loss Allowance – Credit Impaired	–	–	–	5	1	9	15
Total Loss allowance provision	27	3	2	9	10	15	66
Carrying amount of Trade receivables (net of credit loss allowance)	4,165	545	272	9	–	–	4,991
Carrying amount of Contract assets (net of credit loss allowance)	104	–	–	–	–	–	104

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(iv) Reconciliation of loss allowance provision

Loss allowance on April 01, 2023	60
Changes in loss allowance	6
Loss allowance on March 31, 2024	66
Changes in loss allowance	(2)
Loss allowance on March 31, 2025	64

(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.

(i) Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2025	March 31, 2024
Floating rate		
Expiring within one year (including other facilities)	4,249	3,190

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:

- all non-derivative financial liabilities, and
- 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, 2025						
Non-derivatives						
Lease liabilities	5	4	8	15	212	244
Trade payables	2,103	–	–	–	–	2,103
Other financial liabilities	518	–	–	–	–	518
Total non-derivative liabilities	2,626	4	8	15	212	2,865
Financial guarantees	2,333	–	838	–	–	3,171

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

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, 2024						
Non-derivatives						
Borrowings	696	400	–	–	–	1,096
Lease liabilities	2	1	3	5	11	22
Trade payables	2,156	–	–	–	–	2,156
Other financial liabilities	421	–	–	–	–	421
Total non-derivative liabilities	3,275	401	3	5	11	3,695
Financial guarantees	–	–	14	2,817	306	3,137

(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, 2025						
USD	–	7	–	7	–	–
EUR	1	–	–	1	1	1
AUD	1	–	–	1	–	–
BRL	2	–	–	2	–	–
RMB	–	–	–	–	4	4
MYR	5	–	–	5	–	–
March 31, 2024						
USD	2	7	1	10	1	1
EUR	1	–	–	1	1	1
AUD	1	–	–	1	–	–
BRL	6	–	–	6	–	–
RMB	–	–	–	–	10	10

*Trade receivables are disclosed after offsetting forward contracts in the corresponding currency as applicable.

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, 2025

(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, 2025	March 31, 2024
USD sensitivity		
INR/USD increases by 5%	23	28
INR/USD decreases by 5%	(23)	(28)
EURO sensitivity		
INR/EURO increases by 5%	0	(1)
INR/EURO decreases by 5%	(0)	1
AUD sensitivity		
INR/AUD increases by 5%	1	1
INR/AUD decreases by 5%	(1)	(1)
BRL sensitivity		
INR/BRL increases by 5%	1	4
INR/BRL decreases by 5%	(1)	(4)
RMB sensitivity		
INR/RMB increases by 5%	(2)	(4)
INR/RMB decreases by 5%	2	4
MYR sensitivity		
INR/MYR increases by 5%	3	–
INR/MYR decreases by 5%	(3)	–

*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 Bombay Stock Exchange (BSE) index.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

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, 2025	March 31, 2024
BSE Sensex – increase 5%	10	8
BSE Sensex – decrease 5%	(10)	(8)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Since the income from mutual funds during the current period is not material, the sensitivity disclosure has not been provided.

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 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 above ratio of the Company is as follows:

Particulars	Impact on other components of equity	
	March 31, 2025	March 31, 2024
Net debt (refer note 23)*	–	–
Total equity	17,265	14,694
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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

40 Capital management (Continued...)

(b) Dividends

Particulars	March 31, 2025	March 31, 2024
<i>(i) Equity shares</i>		
Final dividend recognised for the year ended March 31, 2024 of ₹2.00/- (March 31, 2023 – ₹2.00/- per fully paid share)	634	634
<i>(ii) Dividends not recognised at the end of the reporting period</i>		
For the year ended March 31, 2024 directors had recommended the payment of a final dividend of ₹2.00/- per fully paid equity share which was subsequently approved by the shareholders in the annual general meeting.	-	634
Subsequent to the year ended March 31, 2025, the directors have recommended the payment of a final dividend of ₹2.20/- per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	697	-

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		Principal activities
		March 31, 2025	March 31, 2024	
		%	%	
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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

Subsidiaries (Continued...)

Name of entity	Place of business	Ownership interest held by the company		Principal activities
		March 31, 2025	March 31, 2024	
		%	%	
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 & servicing of compressors
Patton's Medical LLC.*	USA	100	100	Manufacturing and Trading of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions*	USA	100	100	Trading of air compressors & servicing of 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
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
Ergo Design Private Limited	India	100	100	Design services

*Step-down subsidiaries

(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.)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

(ii) Other related parties with whom transactions have taken place during the year (Continued...)	
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. Indranil Sen, Chief Financial Officer, Elgi Equipments Limited
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Limited
	Non-Executive Directors
	Mr. Sudarsan Varadaraj
	Mrs. Aruna Thangaraj [Re-appointed on July 31, 2024]
	Mr. N. Mohan Nambiar [Retired on April 10, 2024]
	Mr. Suman Kumar Das [Appointed on July 31, 2024]
	Mr. Srinivasan Ravindran [Appointed on July 31, 2024]
	Mr. Srinivasan Krishnamurthi [Appointed on July 31, 2024]
	Mr. M. Ramprasad [Cessation w.e.f. August 01, 2024]
	Mr. B. Vijaykumar [Cessation w.e.f. August 01, 2024]
	Dr. Ganesh Devaraj [Cessation w.e.f. August 01, 2024]
	Other companies/firms in which directors or their relatives are interested
	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Private Limited #
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Festo India Private Limited
	AGT Electronics Limited
	Pricol Engineering Industries Pvt Limited
	Dark Horse Portfolio Investment Private Limited

*Classified as asset held for sale as at March 31, 2025.

**Divested during the year ended March 31, 2025.

#Elgi Ultra Industries Private Limited was merged with Dark Horse Portfolio Investment Private Limited during the year ended March 31, 2025.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

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 established a joint venture, Evergreen Compressed Air and Vacuum LLC, with Mr. Michael Keim, each holding a 50% share. The joint venture's registered office is in Seattle, USA, and it is distributor of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc., has established a joint venture, Compressed Air Solutions of Texas, LLC, with Mr. Bryan Becker, with each party holding a 50% share. This joint venture distributes products for compressed air systems primarily in the state of Texas. It is classified as held for sale during the year.

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 joint venture was divested during the year.

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.

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. The joint venture was divested during the year.

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 Private Limited to earn rental income from Investment Property.

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 Private Limited.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

(b) Particulars of transactions with related parties

The following transactions occurred with related parties:

Description	Subsidiaries		Joint Venture & Others		Key Management Personnel	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Purchase of goods	41	19	11	16	–	–
Purchase of property, plant & equipment	1	8	–	–	–	–
Sale of goods	4,046	3,407	381	329	–	–
Receiving services	16	10	19	15	–	–
Providing services (sale of services)	187	137	8	10	–	–
Interest						
– Received from related parties	44	40	–	1	–	–
Reimbursement of expenses						
– To related parties	167	143	5	3	–	–
– By related parties	92	37	2	1	–	–
Financial guarantee commission received	10	14	–	–	–	–
Dividend/share of profit from partnership firm						
– Received from related parties	100	95	37	33	–	–
– Paid to related parties	–	–	129	143	45	61
Key management personnel compensation*						
Short-term employee benefits	–	–	–	–	68	49
Other long-term benefits	–	–	–	–	3	3

*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 ₹26 million and to the Executive Director amounting to ₹18 million is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41A Details of material transactions with related parties (Continued...)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Description	Subsidiaries		Joint Venture & Others	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Payable at the end of the year	61	63	2	4
Total payables to related parties	61	63	2	4
Trade receivable at the end of the year	2,298	2,778	52	43
Other receivables at the end of the year	40	57	11	2
Loans receivable at the end of the year	602	588	–	–
Interest accrued on the loans at the end of the year	11	10	–	–
Total receivables from related parties	2,951	3,433	63	45

No loss allowance has been recognised during the year ended March 31, 2025 and March 31, 2024 in respect of receivables due from related parties.

(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. All other transactions were made on normal commercial terms & conditions and market rates.

All outstanding balances are unsecured and payable in cash.

41A Details of material transactions with related parties

Particulars	Subsidiaries		Joint ventures & Others	
	2024-25	2023-24	2024-25	2023-24
Purchase of goods				
Rotair SPA	38	19	–	–
Elgi Compressors Do Brasil Imp.E.Exp LTDA	3	–	–	–
Pricol Engineering Industries Pvt Limited	–	–	2	–
Festo India Private Limited	–	–	2	–
LGB Forge Limited	–	–	7	13
Purchase of Property Plant and Equipment				
ATS Elgi Limited	1	8	–	–

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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	
	2024-25	2023-24	2024-25	2023-24
Sale of goods				
Elgi Gulf FZE	862	518	–	–
Elgi Compressors Do Brasil Imp.E.Exp LTDA	232	206	–	–
Elgi Equipments Australia Pty Limited	266	320	–	–
Rotair SPA	130	188	–	–
Elgi Compressors USA Inc.	1,192	1,012	–	–
PT Elgi Equipments Indonesia	52	80	–	–
Elgi Compressors Europe SRL	1,186	1,025	–	–
ATS Elgi Limited	29	25	–	–
Elgi Compressors (M) Sdn. Bhd	83	29	–	–
Patton's Medical LLC	14	3		
Industrial Air Solutions LLP	–	–	373	320
LGB Forge Limited	–	–	4	6
Elgi Sauer Compressors Limited	–	–	2	2
Receiving services				
Ergo Design Private Limited	12	10	–	
Adison Precisions Instrument Mfg Co Ltd	4	–	–	–
Elgi Ultra Private Limited	–	–	1	3
AGT Electronics Limited	–	–	16	10
Providing services (sale of services)				
ATS Elgi Limited	38	30	–	–
Elgi Gulf FZE	28	11	–	–
Elgi Equipments Australia Pty Limited	13	17	–	–
Rotair SPA	2	3	–	–
Elgi Compressors USA Inc.	64	48	–	–
PT Elgi Equipments Indonesia	2	3	–	–
Elgi Compressors Europe SRL	21	14	–	–
Elgi Compressors Do Brazil Imp.E.Exp. Ltda	5	5	–	–
Elgi Compressors (M) Sdn. Bhd	14	5	–	–
Elgi Sauer Compressors Limited	–	–	5	4
Elgi Ultra Private Limited	–	–	–	2
Interest – Received from related party				
Elgi Compressors USA Inc.	44	40	–	–
Industrial Air Solutions LLP	–	–	–	1

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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	
	2024-25	2023-24	2024-25	2023-24
Financial guarantee commission received				
Elgi Compressors USA Inc.	3	2	–	–
Elgi Compressors Europe SRL	8	11	–	–
Dividends – Paid to related party				
Dark Horse Portfolio Investment Private Limited	–	–	107	107
Elgi Ultra Industries Private Limited	–	–	21	21
Dividends – Received from related party				
ATS Elgi Limited	100	95	–	–
Elgi Sauer Compressors Limited	–	–	26	24
Industrial Air Solutions LLP	–	–	11	9

(ii) Outstanding balances

Payables at the end of the year				
Elgi Compressors USA Inc.	14	8	–	–
ATS Elgi Limited	3	9	–	–
Rotair Spa	18	4	–	–
PT Elgi Equipments Indonesia*	–	3	–	–
Elgi Gulf FZE	1	1	–	–
Elgi Equipments Australia Pty Limited	1	24	–	–
Elgi Compressors Europe S.R.L	16	14	–	–
Ergo Design Private Limited	2	–	–	–
Elgi Compressors (M) Sdn. Bhd	2	–	–	–
AGT Electronics Ltd	–	–	–	3
Trade receivables at the end of the year				
Elgi Compressors USA Inc.	898	861	–	–
Elgi Gulf FZE	77	234	–	–
Elgi Compressors (M) Sdn. Bhd	91	32	–	–
PT Elgi Equipments Indonesia	27	33	–	–
Rotair SPA	78	112	–	–
Elgi Equipments Australia Pty Limited	132	196	–	–
Elgi Compressors Do Brasil Imp.E.Exp LTDA	33	101	–	–
Elgi Compressors Europe S.R.L	943	1,201	–	–
ATS Elgi Limited	6	4	–	–
Industrial Air Solutions LLP	–	–	49	41
Elgi Sauer Compressors Limited	–	–	2	1

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41A Details of material transactions with related parties (Continued...)

(ii) Outstanding balances (Continued..)

Particulars	Subsidiaries		Joint ventures & Others	
	2024-25	2023-24	2024-25	2023-24
Other receivables at the end of the year				
Elgi Compressors Europe S.R.L	12	21	–	–
Elgi Compressors USA Inc.	6	18	–	–
Rotiar SPA	5	–	–	–
Elgi Equipments Australia Pty Limited	1	7	–	–
ATS Elgi Limited	9	8	–	–
F.R. Pulford & Son Pty Limited	2	–	–	–
Elgi Sauer Compressors Limited	–	–	7	–
LGB Forge Limited	–	–	3	–
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	602	588	–	–
Interest accrued on the loans at the end of the year				
Elgi Compressors USA Inc.	11	10	–	–

*Amounts are below rounding off norms adopted by the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(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 by the shareholders by way of postal ballot on January 31, 2020. The plan shall be administered through a Trust via the 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 that vest upon completion of service that is not more than three years 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, 2025		March 31, 2024	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	340	496,800	274	522,000
Granted during the year*	592	347,000	430	175,900
Exercised during the year	269	(288,300)	202	(139,400)
Forfeited during the year	565	(4,900)	353	(61,700)
Closing balance	534	550,600	340	496,800
Vested and exercisable	-	-	-	-

*During the year ended March 31, 2025, the Company granted 339,600 shares on May 27, 2024, and 7,400 shares on June 11, 2024, each with a face value of ₹1/- and an exercise price of ₹592.10 per share. For the year ended March 31, 2024, the Company granted 175,900 shares with a face value of ₹1/- and an exercise price of ₹430.00 per share on August 28, 2023.

Share options outstanding at the end of the year and their remaining contractual life March 31, 2025 and March 31, 2024:

		March 31, 2025			March 31, 2024		
		Exercise price (₹)	Share Options	Contractual life (in Yrs)	Exercise price (₹)	Share Options	Contractual life (in Yrs)
Grant date	Expiry date						
August 03, 2021	November 01, 2024	-	-	-	225	229,600	0.59
September 26, 2022	December 25, 2025	450	79,300	0.74	450	105,800	1.74
August 28, 2023	June 30, 2026	430	128,400	1.25	430	161,400	2.25
May 27, 2024	June 30, 2026	592	26,000	1.25	-	-	-
May 27, 2024	June 30, 2027	592	309,500	2.25	-	-	-
June 11, 2024	June 30, 2026	592	7,400	1.25	-	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

42 Share based payments (Continued...)

(i) Fair value of options granted

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 included:

Grant phase	2	3	4	5	5	5
No. of options	4,74,300	1,52,600	1,75,900	3,13,600	26,000	7,400
Grant date	August 03, 2021	September 26, 2022	August 28, 2023	May 27, 2024	May 27, 2024	June 11, 2024
Expiry date	November 01, 2024	December 25, 2025	June 30, 2026	June 30, 2026	June 30, 2027	June 30, 2026
Exercise price	225.00	450.00	430.00	592.10	592.10	592.10
Share price at grant date	212.50	421.45	463.95	652.40	652.40	609.75
Expected price volatility	40.41%	60.50%	49.20%	52.43%	42.42%	41.98%
Risk-free interest rate	4.98%	7.34%	7.17%	7.01%	7.01%	7.01%
Expected dividend yield*	0.38%	0.27%	0.43%	0.31%	0.31%	0.33%
Latest dividend declared	0.80	1.15	2.00	2.00	2.00	2.00
Fair value	65.29	189.46	186.45	289.15	212.33	177.78

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, 2025 and March 31, 2024 is:

Particulars	March 31, 2025	March 31, 2024
Employee stock option expense	58	22
Less: Amount recovered from subsidiaries	(18)	(10)
Net expense carried to statement of profit and loss (refer note 33)	40	12

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

43 Contingent liabilities and contingent assets

Contingent liabilities

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 ₹14 million and ₹11 million as on March 31, 2025 and March 31, 2024, respectively. The Company has deposited ₹3 million and ₹2 million against the above-mentioned disputes as on March 31, 2025 and March 31, 2024, 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 ₹19 million with the Railways department of the Government of India regarding 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 a stay of the single judge's order. The Company appealed to the division bench, and the matter was referred to arbitration.

On September 05, 2024, the arbitrator issued an award in favor of the Company, upholding its claim of ₹11 million, after deducting ₹8 million as the incremental cost of RUB which is already accounted for in the Company's books, to be paid along with interest at 9% per annum, accruing from October 29, 2014. Additionally, litigation expenses and ₹1 million towards arbitrator fees have been awarded by the arbitrator. All claims and counterclaims by the Railways were rejected by the arbitrator. After the arbitral award, the Company received notice from Railways' lawyers that the Railways have applied to

Section 34 of the Arbitration and Conciliation Act, 1996, to set aside the award. The Company has filed a Caveat and has also filed an execution petition before the Hon'ble High Court of Madras for the enforcement of the arbitrator's award.

- (iii) The Company has evaluated the impact of the 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 summons' in the previous years, from a statutory authority, i.e., under the Foreign Exchange Management Act, 1999 ('FEMA'), seeking information primarily relating to imports, exports including sales to subsidiaries and subsidiaries to their customers and overseas direct investments, including transactions of earlier years.

The Company has submitted all the relevant information sought for by the authority from time to time to address the queries raised in the summons' and hearings. The Company's application for no-objection certificates during the previous year for making overseas investments/providing guarantees in favour of its subsidiaries was not cleared by the statutory authorities and no reasons were cited. In the management's assessment, this is not likely to have a significant impact on the financial statements as of and for the year ended March 31, 2025 and March 31, 2024.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

43A Whistle blower

The Company has received whistle-blower complaints during the year and for certain matters which were open as at March 31, 2025. Based on preliminary findings these are not considered to have any significant impact on the financial statements of the Company. For the matters closed, the entity has assessed that there is no impact on the financial statements for the year ended March 31, 2025.

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, 2025	March 31, 2024
Estimated amount of contracts remaining to be executed on capital account	1,514	322

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end*	515	454
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	6	6
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	29	11
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.	-	-
Further interest remaining due and payable for earlier years.	6	6

*The amount includes payables contractually not due of ₹479 million (March 31, 2024: ₹454 million). Refer to Note 24 for the ageing of trade payables.

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, 2025

(All amounts are in Millions in INR unless otherwise stated)

46 Earnings per equity share

Particulars	March 31, 2025	March 31, 2024
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	11.09	10.19
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	11.07	10.19
(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	3,501	3,222
Diluted earnings per share		
Profit attributable to equity holders of the company		
– used in calculating basic earnings per share	3,501	3,222
– used in calculating diluted earnings per share	3,501	3,222
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	315.70	316.18
Adjustments for calculation of diluted earnings per share:	0.49	0.12
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	316.19	316.30

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

47 Assets pledged as security

Particulars	March 31, 2025	March 31, 2024
Current		
(a) Charge on entire Stocks and Receivables, both present and future	6,741	6,855
(b) Charge on specific land, building and machinery	1,315	1,358
(c) Cash Margin	309	309
	8,365	8,522

(i) Borrowing secured against current assets

The Company has working capital limits from banks received on the basis of security of current assets.

The provisional/final quarterly returns or statement of current assets filed by the Company with banks and financial institutions are in agreement with the unaudited 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:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company 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

(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 Research and Development (R&D) expenses

(i) Capital	27	24
(ii) Salaries & Wages	243	259
(iii) R&D Materials	76	75
(iv) Other expenses	50	39
	396	397

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

49 Joint Operations and ESOP Trust

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 summarised assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Non-current assets				
Property, plant and equipment	112	112	–	–
Total non-current assets	112	112	–	–
Current assets				
(i) Cash and cash equivalents	3	3	–	–
Total current assets	3	3	–	–
Total Assets	115	115	–	–
Current liabilities				
Financial liabilities				
(i) Trade payables*	–	–	–	–
Total current liabilities	–	–	–	–
Partners current account	(9)	(9)	–	–
Net Assets	124	124	–	–

*Amounts are below the rounding off norms adopted by the Company.

(ii) Consequent to the above, the following inter company assets and liabilities have been derecognised.

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Investment	124	124	–	–
Inter-Company assets & liabilities	–	–	–	–
	124	124	–	–

(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, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Revenue & other income	1	1	–	–
Expenses:				
Other expenses	1	1	–	–
Current tax expense	–	–	–	–
Profit/(loss) after tax	–	–	–	–

(iv) The ESOP trust established for administering a share-based payment plan for employees is considered an extension of the Company and therefore, included in the standalone financial statements. The ESOP trust has investments in Elgi Shares amounting to ₹634 million, which has been deducted from equity (being treasury shares) in the Standalone Financial Statements and cash and cash equivalents amounting to ₹6 million, other current assets amounting to ₹3 million and trade payables amounting to ₹639 million, which have been disclosed under the same heads in the Standalone Financial Statements.

The trust's net income for the year ended March 31, 2025, is ₹1 million.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies

(a) Property, Plant and Equipment

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.

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).

Refer Note 3(a) for entity specific accounting policies on Property, plant and equipment.

(b) 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 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.

Refer Note 3(b) for entity specific accounting policies on Right of use assets.

50 Other Accounting Policies (Continued...)

(c) 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.

Refer Note 4 for entity specific accounting policies on investment properties.

(d) 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

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:

- a) it is technically feasible to complete the asset so that it will be available for use
- b) management intends to complete the asset and use or sell it
- c) there is an ability to use or sell the product
- d) it can be demonstrated how the asset will generate probable future economic benefits

e) adequate technical, financial and other resources to complete the development and to use or sell the asset are available and

f) 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.

Refer Note 5 for entity specific accounting policies on Goodwill and other intangible assets.

(e) 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

(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.

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/(expense). 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 (FVPL): 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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.

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.

Refer Note 6 for entity-specific accounting policies pertaining to investments and financial assets.

(f) 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 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.

Refer Note 11 for entity-specific accounting policies relating to inventories.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, 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.

(h) 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

(i) 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 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

50 Other Accounting Policies (Continued...)

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.

(j) 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.

(k) 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.

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.

(l) 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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.

(m) 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.

(n) Revenue from operations

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

Duty Drawback: Income from duty drawback is recognised on an accrual basis

Retention receivables arising from project contracts have been classified as contract assets as per Ind AS 115 and regrouped accordingly.

Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

Refer Note 28 for entity-specific policies on revenue.

(o) 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.

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.

50 Other Accounting Policies (Continued...)

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(p) 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.

(q) 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.

(r) 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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 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.

(s) 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 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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 virtually certain to expect ultimate collection.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

(y) 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:

- 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.

(z) 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.

(aa) 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 Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

51 Disclosures Pursuant to Securities and Exchange Board of India (Listing Obligation and Disclosures and Disclosures Requirements) Regulations, 2015 and Section 186 of The Companies Act, 2013

Particulars	March 31, 2025	March 31, 2024
(a) Loans and advances to subsidiaries		
Elgi Compressors USA Inc. – USA		
Balance as at the year end	602	588
Maximum amount outstanding at any time during the year	602	579
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.–USA	530	517
Industrial Air Compressors Pty Ltd–Australia	838	841
Elgi Compressors Europe S.R.L–Belgium	1,566	1,529
Elgi Compressors France SAS	37	50
ATS Elgi Limited	200	200

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 acquisitions 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, 2030.

52 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.

As regards the entity wide disclosures, the revenue attributable to the country of domicile and foreign countries have been disclosed in Note 28 (Disaggregation of revenue). There are no non-current assets other than financial instruments and deferred tax assets located outside the country of domicile.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

53 Ratios

Particulars	Numerator	Denominator	March 31, 2025	March 31, 2024	Variance %	Reasons
Current ratio	Current assets	Current liabilities	4	3	35%	Repayment of borrowings
Debt-Equity ratio	Total debt	Shareholders equity	–	0	(100%)	Repayment of borrowings
Debt service coverage ratio	Earnings available for debt service	Total debt service*	114	70	64%	Repayment of borrowings
Return on equity %	Net profit	Average shareholders equity	22	24	(8%)	Variance below 25%
Inventory turnover ratio	Sale of products	Average inventory	10	10	(1%)	Variance below 25%
Trade receivables turnover ratio	Revenue	Average trade receivable	4	4	11%	Variance below 25%
Trade payables turnover ratio	Purchases	Average trade payable	5	5	2%	Variance below 25%
Net capital turnover ratio	Revenue	Working capital	2	2	(6%)	Variance below 25%
Net profit ratio %	Net profit	Revenue	17	17	(4%)	Variance below 25%
Return on capital employed %	Earnings before interest and taxes	Capital employed	27	29	(8%)	Variance below 25%
Return on investment (pre-tax) %						
– Unquoted**	Income generated from investments	Time weighted average investments	7	7	(2%)	Variance below 25%
– Quoted	Income generated from investments	Time weighted average investments	29	36	(21%)	Variance below 25%
– Fixed income from deposits with Banks	Income generated from investments	Time weighted average investments	7	7	(10%)	Variance below 25%

*Excludes repayments of Working capital loans, as the same is not a deflection of earnings.

**Mutual funds income has not been considered as it is not material.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

54 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.

55 Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025



08

Independent Auditors' Report - Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

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") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures, two jointly controlled entities (representing joint operations), and a trust (refer Note 42 to the Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2025, 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 material accounting policy information 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, its joint ventures, joint operations and the trust as at March 31, 2025, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and 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, its joint ventures, joint operations and the trust 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 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 judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. 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**Assessment of carrying value of goodwill arising on consolidation of subsidiaries as per Ind AS 36**

The Group has a goodwill balance of ₹159 million and ₹369 million as at March 31, 2025 (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, 2025, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by:

- Calculating the recoverable amount for each of the CGU using a Discounted Cash Flow model (DCF model); and
- Comparing the recoverable amount so determined to its 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 Consolidated 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.

How our audit addressed the key audit matter

Our audit procedures in relation to the assessment of carrying value of goodwill relating to each of 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 expert, 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.

INDEPENDENT AUDITORS' REPORT

5. The following Key Audit Matter and related procedures (as reproduced) were communicated to us by the independent auditor of Elgi Compressors USA Inc., a subsidiary of the Holding Company, dated May 23, 2025:

Key audit matter	How our audit addressed the key audit matter
<p><i>Assessment of carrying value of goodwill</i></p> <p>Elgi Compressors USA, Inc. has goodwill balance of \$15.2 million as at March 31, 2025. For the year ended March 31, 2025, we performed an assessment of the carrying value of goodwill as required under IND AS 36 by:</p> <ul style="list-style-type: none"> • Calculating the recoverable amount for the Cash Generating Unit using a discounted cash flow model, and • Comparing the recoverable amount to the respective carrying amount of assets and liabilities. <p>The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically five 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 the judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rate.</p>	<p>Our audit procedures in relation to the assessment of carrying value of goodwill relating to the Cash Generating Unit, included the following:</p> <ul style="list-style-type: none"> • 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. • Evaluated the assumptions and methodologies used in the discounted cash flow models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied by: <ol style="list-style-type: none"> a. Evaluating the reasonableness of the cash flow projections by comparing with budgets, prior year performance, discussions with management 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 entities and comparing them to those adopted by the Company. c. Performing sensitivity tests on the DCF Model by analyzing the impact of using other possible discount rates and growth rates within a reasonable range. • Tested the mathematical accuracy of the calculations carried out by management. • Evaluating the sufficiency of disclosures made in the financial statements.

6. The following Key Audit Matters and related procedures (as reproduced) were communicated to us by the independent auditor of Industrial Air Compressors Pty Limited., a subsidiary of the Holding Company, dated May 08, 2025:

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of carrying value of goodwill as per Ind AS 36 (refer Note 3 of the group reporting package)</p> <p>Industrial Air Compressors Pty Limited (IAC) in its consolidated financial statements, has a goodwill balance of A\$ 4.96 million as at March 31, 2025, relating to the acquisition of F.R. Pulford & Sons Pty Ltd and its subsidiary, Advanced Air Compressors Pty Ltd.</p> <p>For the year ended March 31, 2025, the management of IAC performed an assessment of the carrying value of goodwill as required under Ind AS 36 by:</p> <ul style="list-style-type: none"> • 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 • Comparing the recoverable amount to the respective carrying amount of CGU assets and liabilities. <p>The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically up to 5 years. A terminal growth rate is applied in determining the terminal value.</p> <p>We considered the carrying value of goodwill as a key audit matter, considering its significance to the consolidated financial statements, and where applicable, management's judgement involved in estimating future cash flows, particularly with respect to inputs such as discount rates, cash flow projections and terminal growth rates.</p>	<p>Our audit procedures in relation to the assessment of carrying value of goodwill included the following:</p> <ul style="list-style-type: none"> • Understood and performed procedures to assess the design and operating effectiveness of relevant controls related to the annual goodwill impairment assessment. • Evaluated the inputs and assumptions used in management's DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: <ol style="list-style-type: none"> a. Evaluating the reasonableness of the cash flow projections by tracing to approved budgets, comparing forecasts to the actual historical cash flow performance and assessing the accuracy of management's budgeting and forecasting processes. b. 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 management. c. Performing sensitivity analysis on the DCF model by analysing the impact of adopting alternative growth rates and discount rates within a reasonably possible range. • Evaluating the mathematical accuracy of value in use calculations prepared by management.

Other Information

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, 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.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 16 and 17 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.

INDEPENDENT AUDITORS' REPORT

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

8. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, changes in equity and consolidated cash flows of the Group including its joint ventures, joint operations and the trust, in accordance with the accounting principles generally accepted in India, including the Indian 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, the management of joint operations and the trustees of the trust, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its joint ventures, joint operations and the trust, 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.
9. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures, the management of joint operations and the trustees of the trust, are responsible for assessing the ability of the Group, its joint ventures, joint operations and the trust, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors, the management or the trustees, either intends to liquidate the Group, its joint venture, joint operations and the trust, or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors of the companies included in the Group and of its joint ventures, the management of the joint operations and the trustees of the trust, are responsible for overseeing the financial reporting process of the Group, its joint ventures, joint operations and the trust.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.
12. 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 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, its joint ventures, joint operations and the trust, 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, its joint ventures, joint operations and the trust, 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, its joint ventures, joint operations and the trust, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. 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.
14. We also provide those charged with governance of the Holding Company, 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.
15. 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 year 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**
16. The financial statements/financial information of twelve subsidiaries (including their relevant subsidiaries and joint ventures), a trust and two joint operations included in the Consolidated Financial Statements, reflect total assets of ₹15,153 million and net assets of ₹2,170 million as at March 31, 2025, total revenue of ₹16,620 million, total comprehensive income (comprising of profit and other comprehensive income) of (₹101) million and net cash inflows amounting to ₹126 million for the year then ended. The Consolidated Financial Statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹49 million for the year ended March 31, 2025 as considered in the Consolidated Financial Statements, in respect of two joint ventures, whose financial statements/financial information have not been audited by us. The financial statements/financial information of these subsidiaries, joint ventures, joint operations and the trust, have been audited by other auditors whose reports have been furnished to us by the other auditors/Holding Company's management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures, joint operations and the trust, 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, joint ventures, joint operations and the trust, is based on the reports of the other auditors and the procedures performed by us.

INDEPENDENT AUDITORS' REPORT

17. The financial statements of three subsidiaries located outside India, included in the Consolidated Financial Statements, which constitute total assets of ₹1,606 million and net assets of ₹1,370 million as at March 31, 2025, total revenue of ₹211 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹106 million and net cash inflows amounting to ₹38 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 Holding 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 Holding 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 report of other auditors and the conversion adjustments prepared by the management of the Holding 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 reports of the other auditors.

Report on Other Legal and Regulatory Requirements

18. As required by paragraph 3(xxi) of 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 report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the companies which are included in these Consolidated Financial Statements.

19. 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 Indian 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, 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies and its joint venture company, incorporated in India is disqualified as on March 31, 2025 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 Consolidated Financial Statements of the Group and its 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 Auditors) 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, its joint ventures, joint operations and the trust – Refer Notes 42 and 44 to the Consolidated Financial Statements.

- ii. The Group, its joint ventures, joint operations and the trust, did not have any long-term contracts including derivative contracts as at March 31, 2025 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 and joint venture which are companies incorporated in India during the year.
- iv. (a) The respective managements of the Holding 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 and the joint venture company, respectively that, to the best of their knowledge and belief, as disclosed in Note 46(ii) to the Consolidated Financial Statements, 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 Holding Company or any of such subsidiaries or the joint venture 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 Holding Company or any of such subsidiaries or the joint venture company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective managements of the Holding 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 and the joint venture company, respectively that, to the best of their knowledge and belief, as disclosed in the Notes 46(ii) to the Consolidated Financial Statements, no funds have been received by the Holding Company or any of such subsidiaries or the joint venture company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries or the joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures, that 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 by the Holding Company, its subsidiary companies and joint venture company, during the year, are in compliance with Section 123 of the Act.
- vi. Based on our examination, which included test checks and that performed by the respective auditors of the subsidiaries and joint venture, which are companies incorporated in India whose financial statements have been audited under the Act, the Group and its joint venture company have used accounting software for maintaining their books of account which have a feature

INDEPENDENT AUDITORS' REPORT

of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software. During the course of our audit, we did not notice any instance of the audit trail feature being tampered with. Further, the audit trail has been preserved by the Group and its joint venture company as per the statutory requirements for record retention.

20. The Group and its joint venture 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.

Place: Coimbatore
Date: May 28, 2025

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ARUN KUMAR R

Partner

Membership Number: 211867

UDIN: 25211867BMOPRP3138

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(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, 2025

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, 2025, we have audited the internal financial controls with reference to financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and a joint venture, 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 subsidiaries 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 Consolidated 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 specified 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 auditor's 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.

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure A to Independent Auditors' Report (Continued...)

Referred to in paragraph 19(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, 2025

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 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 subsidiaries and 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, 2025, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note 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 subsidiaries and a 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

ARUN KUMAR R

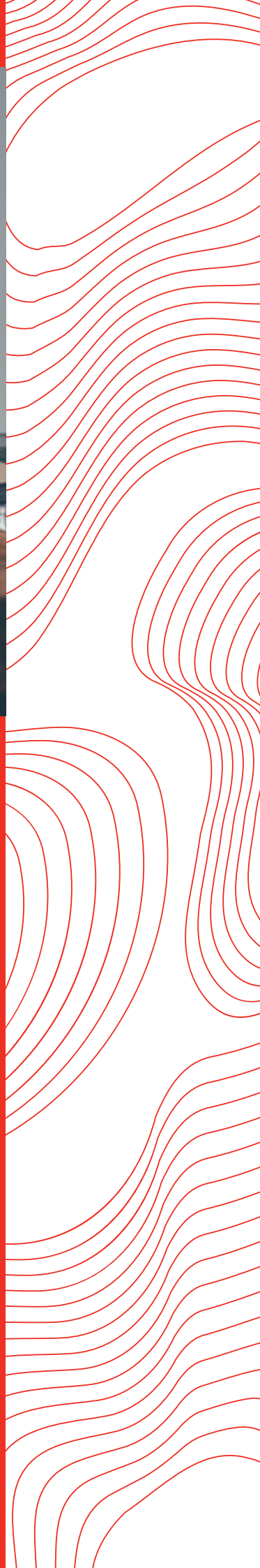
Partner

Membership Number: 211867

UDIN: 25211867BMOPRP3138

Place: Coimbatore

Date: May 28, 2025



09

Consolidated Financial Statements

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2025

Particulars	Notes	March 31, 2025	March 31, 2024
Assets			
Non-current Assets			
Property, plant and equipment	3(a)	2,734	2,784
Right of use assets	3(b)	807	709
Capital work-in-progress	3(a)	530	95
Investment properties	4	43	43
Goodwill	5	2,094	2,053
Other intangible assets	5	237	278
Investments accounted for using the equity method	42	205	215
Financial Assets			
(i) Investments	6(a)	250	194
(ii) Loans	7	61	66
(iii) Other financial assets	8	62	70
Income tax assets (net)	27(b)	64	97
Deferred tax assets (net)	27(c)	346	345
Other non-current assets	9	211	70
Total non-current Assets		7,644	7,019
Current Assets			
Inventories	10	6,085	6,222
Financial Assets			
(i) Investments	6(b)	351	–
(ii) Trade receivables	11	6,084	5,927
(iii) Cash and cash equivalents	12	1,203	2,294
(iv) Bank balances other than cash and cash equivalents	13	7,542	5,451
(v) Loans	15	43	52
(vi) Other financial assets	16	342	242
Contract assets	14	107	104
Assets held for sale	18	13	28
Other current assets	17	1,001	872
Total Current Assets		22,771	21,192
Total Assets		30,415	28,211
Equity and Liabilities			
Equity			
Equity share capital	19	317	317
Other equity	20	18,339	15,795
Total Equity		18,656	16,112

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2025 (Continued...)

Particulars	Notes	March 31, 2025	March 31, 2024
Liabilities			
Non-current Liabilities			
Financial liabilities			
(i) Long term borrowings	21(a)	71	196
(ii) Lease liabilities	3(b)	626	543
(iii) Other financial liabilities	22	3	-
Provisions	23	192	182
Deferred tax liabilities (net)	27(c)	46	138
Total non-current Liabilities		938	1,059
Current liabilities			
Financial liabilities			
(i) Borrowings	21(b)	4,837	5,409
(ii) Lease liabilities	3(b)	238	233
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		626	510
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,741	2,944
(iv) Other financial liabilities	25	991	910
Provisions	26	591	375
Current tax liabilities (net)	27(b)	35	73
Other current liabilities	28	762	586
Total Current Liabilities		10,821	11,040
Total Liabilities		11,759	12,099
Total Equity and Liabilities		30,415	28,211

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2025

Particulars	Notes	March 31, 2025	March 31, 2024
Revenue from operations	29	35,104	32,178
Other income	30	577	550
Total income		35,681	32,728
Expenses			
Cost of materials consumed	31	12,951	12,076
Purchases of stock-in-trade	32	4,127	3,610
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	96	3
Employee benefits expense	34	6,828	6,549
Finance costs	35	305	293
Depreciation and amortisation expenses	36	760	766
Other expenses	37	5,853	5,079
Total expenses		30,920	28,376
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		4,761	4,352
Share of net profit of joint ventures accounted for using the equity method		55	52
Profit before tax		4,816	4,404
Income tax expense	27(a)		
– Current tax		1,420	1,406
– Deferred tax		(106)	(123)
Profit for the year		3,502	3,121
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Change in fair value of FVOCI equity instruments	20(h)	56	52
Deferred tax relating to above item	20(h)	(9)	(3)
Remeasurement of post-employment benefit obligations	20(f)	(121)	7
Income tax relating to above item	20(f)	30	(1)
<i>Items that will be reclassified to profit or loss</i>			
Changes in fair value of interest rate swap	20(h)	(1)	(1)
Changes in foreign currency translation reserve	20(h)	(14)	28
Other comprehensive income for the year, net of tax		(59)	82
Total comprehensive income for the year		3,443	3,203

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2025 (Continued...)

Particulars	Notes	March 31, 2025	March 31, 2024
Net Profit attributable to:			
– Owners	100%	3,502	3,121
– Non-controlling interests	0%	–	–
		3,502	3,121
Other comprehensive income attributable to:			
– Owners	100%	(59)	82
– Non-controlling interests	0%	–	–
		(59)	82
Total comprehensive income attributable to:			
– Owners	100%	3,443	3,203
– Non-controlling interests	0%	–	–
		3,443	3,203
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)		11.09	9.87
(2) Diluted (INR per share)		11.08	9.87

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2023	19	317
Changes in equity share capital		–
Balance as at March 31, 2024	19	317
Changes in equity share capital		–
Balance as at March 31, 2025		317

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, 2023			181	5	251	1,163	(98)	18	11,433	12,953	99	5	337	441	13,394
Profit for the year		20	–	–	–	–	–	–	3,121	3,121	–	–	–	–	3,121
Other comprehensive income (net of tax)		20	–	–	–	–	–	–	6	6	49	(1)	28	76	82
Total comprehensive income for the year			–	–	–	–	–	–	3,127	3,127	49	(1)	28	76	3,203
Transactions with owners in their capacity as owners:															
Exercise of shares under ESOP scheme		20	–	–	–	–	17	(10)	20	27	–	–	–	–	27
Purchase of shares for ESOP scheme		20	–	–	–	–	(219)	–	–	(219)	–	–	–	–	(219)
Employee stock option expense (refer note 42)		20	–	–	–	–	–	22	–	22	–	–	–	–	22
Dividend paid		20	–	–	–	–	–	–	(632)	(632)	–	–	–	–	(632)
Balance as at March 31, 2024			181	5	251	1,163	(300)	30	13,948	15,278	148	4	365	517	15,795

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Changes in Equity (Continued...)

		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	
Particulars	Notes													
Balance as at April 01, 2024		181	5	251	1,163	(300)	30	13,948	15,278	148	4	365	517	15,795
Profit for the year	20	–	–	–	–	–	–	3,502	3,502	–	–	–	–	3,502
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	(91)	(91)	47	(1)	(14)	32	(59)
Total comprehensive income for the year		–	–	–	–	–	–	3,411	3,411	47	(1)	(14)	32	3,443
Transactions with owners in their capacity as owners:														
Exercise of shares under ESOP scheme	20	–	–	–	–	66	(26)	35	75	–	–	–	–	75
Purchase of shares for ESOP scheme	20	–	–	–	–	(400)	–	–	(400)	–	–	–	–	(400)
Employee stock option expense (refer note 42)	20	–	–	–	–	–	58	–	58	–	–	–	–	58
Dividend paid	20	–	–	–	–	–	–	(632)	(632)	–	–	–	–	(632)
Balance as at March 31, 2025		181	5	251	1,163	(634)	62	16,762	17,790	195	3	351	549	18,339

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Cash Flows

Particulars	March 31, 2025	March 31, 2024
Cash flow from operating activities		
Profit before tax	4,816	4,404
<i>Adjustments for</i>		
Depreciation and amortisation expense	760	766
Bad debts and loss allowances	185	55
Gain on disposal of property, plant and equipment (net)	(12)	(66)
Share of profits of joint ventures	(55)	(52)
Loss on joint venture classified as asset held for sale	30	-
Rental income from Investment property (net of expenses)	(8)	(11)
Net unrealised exchange differences	(85)	(70)
Non-cash employee share based payments	58	22
Interest and dividend income classified as investing cash flows	(518)	(430)
Finance costs	305	293
Changes in operating assets and liabilities		
Increase in trade receivables and contract assets	(345)	(579)
Decrease/(increase) in inventories	137	(198)
(Decrease)/increase in trade payables	(87)	317
Increase in other financial assets	(38)	(18)
Increase in other current assets	(129)	(37)
Increase in provisions	105	77
Increase in other financial liabilities	29	26
Increase in other current liabilities	176	13
Net payments to Unspent CSR account	(18)	(18)
Cash generated from operations	5,306	4,494
Income taxes paid (net of refund)	(1,397)	(1,645)
Net cash inflow from operating activities	3,909	2,849
Cash flows from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(948)	(489)
Investment in unquoted equity instruments	-	(7)
Investment in mutual funds	(351)	-
Investments in Joint ventures	(17)	-
Proceeds from divestment/redemption of interest in Joint ventures	36	14
Loans given to employees (net)	14	(10)
Proceeds from sale of property, plant and equipment	16	70
Rental income from Investment property (net of expenses)	8	11
Dividends received on equity instruments	1	1
Dividends and interest received from Joint ventures	35	34
Investments in deposits with Banks	(2,070)	(977)
Interest received	447	342
Net cash outflow from investing activities	(2,829)	(1,011)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Cash Flows (Continued...)

Particulars	March 31, 2025	March 31, 2024
Cash flows from financing activities		
Interest paid	(316)	(300)
Purchase of shares for ESOP scheme	(400)	(219)
Proceeds from exercise of shares under ESOP scheme	77	28
Proceeds from long term borrowings from banks	–	133
Repayment of long term borrowings to banks	(152)	(188)
Net Short term loans (repaid to)/borrowed from Banks	(498)	608
Payment of lease liabilities	(250)	(221)
Dividends paid to Company's shareholders	(632)	(632)
Net cash outflow from financing activities	(2,171)	(791)
Net (decrease)/increase in cash and cash equivalents	(1,091)	1,047
Cash and cash equivalents at the beginning of the year	2,294	1,247
Cash and cash equivalents at end of the year	1,203	2,294
Non-cash financing and investing activities		
– Acquisition/modification of right-of-use assets	327	316

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

As per our reports on even date

For and on behalf of the Board of Directors

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

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ARUN KUMAR R
Partner
Membership No: 211867

DEVIKA SATHYANARAYANA
Company Secretary
Membership No. F11323

INDRANIL SEN
Chief Financial Officer

Place: Coimbatore
Date: May 28, 2025

Place: Coimbatore
Date: May 28, 2025

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

1. General Information

Elgi Equipments Limited ("the Company" or "the Holding 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 (hereinafter referred to as the 'group') is engaged in manufacture, trading of air compressors and automotive garage equipment 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.

The Consolidated Financial Statements also consist of the group's share of interest in joint ventures (consolidated using equity pick up method), joint operations (accounted on a line by line basis) and the ESOP trust. For principal activities of such entities refer note 42.

2.1. 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. These Consolidated Financial Statements have been approved by the Board of Directors in their meeting held on May 28, 2025.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value,
- Defined benefit plans-plan assets measured at fair value and
- Share based payments-at grant date fair value
- 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 Ministry of Corporate Affairs vide notification dated 9 September 2024 and 28 September 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended/notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1st April 2024:

- Insurance contracts – Ind AS 117; and
- Lease Liability in Sale and Leaseback – Amendments to Ind AS 116

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Determining material accounting policies

As part of adopting amendments to Ind AS 1 - Presentation of Financial Statements, the group describes its material accounting policies applied, under each of the individual notes to the Financial Statements and avoids repeating the text of the standard, unless when it is considered relevant to the understanding of the note's content. These accounting policies most frequently or significantly require us to make judgments, estimates, and assumptions, and therefore are critical to understanding our results of operation.

Other accounting policies are provided under Note 50 for completeness purposes. The group's accounting policies and methods are unchanged compared to March 31, 2024.

(v) Functional currency assessment:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). The Consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

2.2. 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**
- Impairment of trade receivables and contract assets – **Note - 11 and 14**

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, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and capital work-in progress

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line or 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 for roads (classified as buildings) and tools, jigs and fixtures, patterns and mould and dies (classified as plant and machinery); where useful lives have been determined based on technical evaluation carried out by the management's expert, 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.

Asset Category/Group	Useful life (In years)	
	Estimated Useful life	As per Schedule II*
Buildings (including factory buildings) and roads	10-60	3-60
Plant & Machinery	3-30	15
Office Equipment	2-10	5
Furniture & Fixtures	3-10	10
Vehicle	3-10	8-10
Canteen Equipment	10	10

*Comparable only for Companies incorporated in India.

Leasehold improvements are depreciated at lower of lease period or the respective useful life of the asset.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Refer Note 50(b) for other accounting policies relating to Property, plant and equipment.

Particulars	Land	Building	Plant & Machinery	Office Equipment	Furniture and fixtures	Vehicle	Canteen Equipment	Total	Capital work in progress
Year ended March 31, 2024									
Gross carrying amount									
Opening gross carrying amount	610	1,373	3,397	320	313	81	60	6,154	28
Additions	-	40	268	47	46	5	3	409	476
Disposals	(2)	(1)	(15)	(2)	(5)	(4)	(9)	(38)	-
Exchange difference	1	3	3	-	2	(1)	1	9	-
Transfers	-	-	-	-	-	-	-	-	(409)
Closing gross carrying amount	609	1,415	3,653	365	356	81	55	6,534	95
Accumulated depreciation									
Opening accumulated depreciation	-	831	1,955	210	240	45	41	3,322	-
Depreciation charge for the year	-	79	276	50	37	7	7	456	-
Disposals	-	(1)	(13)	(2)	(5)	(4)	(8)	(33)	-
Exchange difference	-	1	1	-	3	-	-	5	-
Closing accumulated depreciation	-	910	2,219	258	275	48	40	3,750	-
Net carrying amount	609	505	1,434	107	81	33	15	2,784	95

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

Particulars	Land	Building	Plant & Machinery	Office Equipment	Furniture and fixtures	Vehicle	Canteen Equipment	Total	Capital work in progress
Year ended March 31, 2025									
Gross carrying amount									
Opening gross carrying amount	609	1,415	3,653	365	356	81	55	6,534	95
Additions	30	34	235	44	40	3	18	404	809
Disposals	–	(1)	(20)	(10)	(1)	21	–	(11)	–
Exchange difference	1	8	5	–	5	–	1	20	–
Transfers	–	–	–	–	–	–	–	–	(374)
Closing gross carrying amount	640	1,456	3,873	399	400	105	74	6,947	530
Accumulated depreciation									
Opening accumulated depreciation	–	910	2,219	258	275	48	40	3,750	–
Depreciation charge for the year	–	70	276	53	41	10	9	459	–
Disposals	–	–	(14)	(10)	(1)	17	–	(8)	–
Exchange difference	–	4	2	–	5	–	1	12	–
Closing accumulated depreciation	–	984	2,483	301	320	75	50	4,213	–
Net carrying amount	640	472	1,390	98	80	30	24	2,734	530

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

The group does not have any Benami property and therefore the question of whether any proceedings have been initiated or pending against the group for holding any benami property is not relevant.

iv) Assets given under operating lease

Reconciliation of gross and net carrying amount of assets given under lease as at March 31, 2025 and March 31, 2024 is given as follows:

Particulars	Plant & Machinery	
	March 31, 2025	March 31, 2024
Gross carrying amount	54	68
Accumulated depreciation	(22)	(17)
Net carrying amount	32	51

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

3(a) Property, plant and equipment and Capital work-in progress (Continued...)

v) Capital work-in-progress

Capital work-in-progress primarily includes the ongoing construction of a new plant at Kinathkadavu (MK2 Project), new corporate office in Bangalore and additions to plant and machinery currently under construction and installation.

a) Ageing of Capital work-in-progress

Particulars	Amounts in Capital work-in-progress for				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Year ended March 31, 2025					
(i) Projects in Progress	465	52	9	4	530
Year ended March 31, 2024					
(i) Projects in Progress	86	5	4	–	95

(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				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Year ended March 31, 2025					
(i) Projects in Progress					
Project 1 at Motor Division	115	–	–	–	115
Project 2 at Compressor Centre	–	4	–	–	4
Year ended March 31, 2024					
(i) Projects in Progress					
Project 2 at Compressor Centre	3	–	–	–	3

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 11 months to 29 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.

Refer Note 50(c) for other accounting policies relating to leases.

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, 2024							
Gross carrying amount							
Opening gross carrying amount	12	876	8	6	3	322	1,227
Additions (non-cash in nature)	–	127	11	–	–	178	316
Disposals	–	(72)	–	–	–	(81)	(153)
Exchange difference	–	7	–	–	–	5	12
Transfers	–	–	–	–	–	–	–
Closing gross carrying amount	12	938	19	6	3	424	1,402
Accumulated depreciation							
Opening accumulated depreciation	2	400	4	4	3	188	601
Depreciation charge for the year	4	145	3	1	–	81	234
Disposals	(1)	(66)	–	–	–	(80)	(147)
Exchange difference	–	2	–	–	–	3	5
Transfers	–	–	–	–	–	–	–
Closing accumulated depreciation	5	481	7	5	3	192	693
Net carrying amount	7	457	12	1	–	232	709
Year ended March 31, 2025							
Gross carrying amount							
Opening gross carrying amount	12	938	19	6	3	424	1,402
Additions (non-cash in nature)	40	244	14	–	–	29	327
Disposals	–	–	(2)	–	–	(87)	(89)
Exchange difference	1	18	–	–	–	10	29
Transfers	–	–	–	–	–	–	–
Closing gross carrying amount	53	1,200	31	6	3	376	1,669
Accumulated depreciation							
Opening accumulated depreciation	5	481	7	5	3	192	693
Depreciation charge for the year	2	150	5	1	–	80	238
Disposals	–	–	(2)	–	–	(81)	(83)
Exchange difference	–	8	2	–	–	4	14
Transfers	–	–	–	–	–	–	–
Closing accumulated depreciation	7	639	12	6	3	195	862
Net carrying amount	46	561	19	–	–	181	807

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
Current	238	233
Non-Current	626	543
	864	776
Reconciliation:		
Opening balance	776	681
Add: Acquisitions/modification of leases during the year (non-cash in nature)	327	316
Less: Termination of lease contracts	(6)	(6)
Less: Repayment of leases liabilities	(250)	(221)
Add/less: Exchange difference	17	6
Closing balance	864	776

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation of Right of use assets	36		
Land		2	4
Building		150	145
Plant & Machinery		5	3
Office equipment		1	1
Furniture and Fixtures		–	–
Vehicle		80	81
		238	234
Included in Finance costs	35		
Interest expense		43	42
Included in Other expenses	37		
Expenses relating to short term leases (included in Other expenses)		116	101
		159	143

iii) Cash outflow

The total cash outflow for leases is ₹409 million and ₹364 million for the year ended March 31, 2025 and year ended March 31, 2024, 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 the 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, 2025

(All amounts are in Millions in INR unless otherwise stated)

4 Investment Properties

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 for the building. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

Particulars	March 31, 2025			March 31, 2024		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	39	4	43	39	4	43
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Transfer to property, plant and equipment*	-	-	-	-	-	-
Closing gross carrying amount	39	4	43	39	4	43
Accumulated depreciation						
Opening accumulated depreciation	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Closing accumulated depreciation	-	-	-	-	-	-
Net carrying amount	39	4	43	39	4	43

*Amounts are below rounding off norms adopted by the group.

(i) Amounts recognised in profit or loss for investment properties

Particulars	March 31, 2025	March 31, 2024
Rental income	9	12
Direct operating expenses from property that generated rental income	(1)	(1)
Profit from investment properties before depreciation	8	11
Depreciation charge for the year	-	-
Profit from investment property	8	11

(ii) Fair value

Particulars	March 31, 2025			March 31, 2024		
	Land	Building	Total	Land	Building	Total
Investment property	663	2	665	778	60	838

The fair value disclosure for the year ended March 31, 2024, included the fair value of land amounting to ₹154 million and building amounting to ₹57 million which have been reclassified to Property, Plant and Equipment during the current year. The related carrying amount is below rounding off norms and hence not disclosed in the movement schedule as disposals/transfers.

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,

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

4 Investment properties (Continued...)

- 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.

5 Goodwill and Other intangible assets

The intangible assets includes technical know-how, customer relationships, brand, non-compete fees, proprietary information and computer software which are recorded at the cost of acquisition and are amortized over a period of their legal/useful life as below,

Asset Group	Elgi Compressors USA Inc	Industrial Air Compressors Pty Ltd	ATS Elgi Limited	Elgi Equipments Ltd and Others
Computer software	–	5	5	5
Know-how & Drawings	–	–	–	5
Customer relationships	8-10	15	–	–
Non-compete fees	5	3	10	3
Proprietary information	–	–	10	–

Refer Note 50(e) for other accounting policies related to goodwill and other intangible assets.

Particulars	Computer software	Know- how & Drawings	Customer relationships	Brand names	Non- compete fees	Proprietary information	Total intangible assets	Goodwill
Year ended March 31, 2024								
Gross carrying amount								
Opening gross carrying amount	131	47	384	138	156	31	887	2,033
Additions	11	3	–	–	–	–	14	–
Disposals	–	–	–	–	–	–	–	–
Exchange differences	–	–	5	(2)	(1)	–	2	20
Closing gross carrying amount	142	50	389	136	155	31	903	2,053
Accumulated amortisation								
Opening accumulated amortisation	107	19	155	129	142	–	552	–
Amortisation for the year	14	5	41	9	4	3	76	–
Disposals	–	–	–	–	–	–	–	–
Exchange differences	–	–	1	(2)	(2)	–	(3)	–
Closing accumulated amortisation	121	24	197	136	144	3	625	–
Closing net carrying amount	21	26	192	–	11	28	278	2,053

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

5 Goodwill and Other intangible assets (Continued...)

Particulars	Computer software	Know-how & Drawings	Customer relationships	Brand names	Non-compete fees	Proprietary information	Total intangible assets	Goodwill
Year ended March 31, 2025								
Gross carrying amount								
Opening gross carrying amount	142	50	389	136	155	31	903	2,053
Additions	9	11	-	-	-	-	20	-
Disposals	(1)	-	-	-	-	-	(1)	-
Exchange differences	1	-	3	(1)	(1)	-	2	41
Closing gross carrying amount	151	61	392	135	154	31	924	2,094
Accumulated amortisation								
Opening accumulated amortisation	121	24	197	136	144	3	625	-
Amortisation for the year	16	2	40	-	2	3	63	-
Disposal	(1)	-	-	-	-	-	(1)	-
Exchange differences	1	-	1	(1)	(1)	-	-	-
Closing accumulated amortisation	137	26	238	135	145	6	687	-
Closing net carrying amount	14	35	154	-	9	25	237	2,094

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each Cash generating unit (CGU):

Particulars	Italy	Belgium	USA			Australia	India	Total
	Portables	EPSAC	Pattons	Michigan	Portables	Pulford	Others	
March 31, 2025	159	367	1300*			267	1	2,094
March 31, 2024	155	359	1,013	195	61	269	1	2,053

*During the year, the management reorganized and consolidated its reporting structure in the USA, introducing changes in the ways of working and monitoring by the management team in both the current year and the recent past. As a result, the method of goodwill monitoring has changed internally. Accordingly, the three CGUs in the USA region have been aggregated, and the goodwill has been reallocated to a single combined CGU.

(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 year end. 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, 2025

(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
Year ended March 31, 2025						
Long term growth rate (%)	2.00	2.00		3.00		2.01
Post-tax discount rate (%)	13.00	12.50		11.95		12.00
Year ended March 31, 2024						
Long term growth rate (%)	2.00	2.00	2.50	2.50	2.50	2.50
Post-tax discount rate (%)	12.00	11.50	12.50	12.50	12.50	12.00

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.

6 Financial Assets - Investments (non-current)

(i) Classification of financial assets at amortised cost

The group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets classified at amortised cost comprise trade receivables, loans and other financial assets such as security deposits.

(ii) Classification of financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities (listed and unlisted) which are not held for trading, and for which the group has irrevocably elected at initial recognition to recognise changes in fair value through OCI rather than profit or loss. These are strategic investments and the group considers this classification to be more relevant.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

6 Financial Assets - Investments (non-current) (Continued...)

(iii) Derivatives

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 at FVPL. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(iv) Classification of financial assets at fair value through profit or loss

The group classifies investment in mutual funds at fair value through profit or loss (FVTPL) as they do not qualify for measurement at either amortized cost or FVOCI and are held for trading.

The group's accounting policy for cash flow hedges is set out in note 50(p)(i). Refer note 50(f) for other accounting policies relating to financial assets.

Particulars	No. of Shares	Face Value Per Share	March 31, 2025	March 31, 2024
(a) Investment in Equity Instruments (fully paid-up)				
At Fair Value through Other Comprehensive Income				
Quoted				
Lakshmi Machine Works Ltd	50	₹10/-	1	1
State Bank of India	3,600	₹1/-	3	3
HDFC Bank Limited	25,160	₹1/-	46	36
Magna Electro Castings Ltd	66,454	₹10/-	59	29
Rajshree Sugars & Chemicals Ltd	2,29,000	₹10/-	9	13
Pricol Ltd	1,21,172	₹1/-	54	48
L.G.Balakrishnan & Bros.Ltd	4,992	₹10/-	6	6
LGB Forge Limited*	18,720	₹1/-	-	-
Elgi Rubber Company Limited	7,63,700	₹1/-	51	37
Insurance Australia Group Limited*	264	AUD 1/-	-	-
Unquoted				
B.C.C. Caraglio*	258	Euro 1/-	-	-
First Energy TN1 Pvt Ltd	14,40,000	₹10/-	14	14
First Energy 5 Pvt Ltd	6,70,000	₹10/-	7	7
Non-Current Investments			250	194
b) Current Investments				
At Fair Value through Profit or Loss				
Unquoted				
Investments in mutual funds			351	-
Current Investments			351	-
Total Investments			601	194
*Amounts are below rounding off norms adopted by the group				
aggregate amount of quoted investments and market value thereof			229	173
aggregate amount of unquoted investments			372	21

Details of crypto currency or virtual currency

The group has not traded or invested in crypto currency or virtual currency during the current or previous year.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

7 Loans (Non-current)

Particulars	March 31, 2025	March 31, 2024
Loans considered good - Unsecured		
Loans to employees	61	66
	61	66

8 Other financial assets (Non-current)

Derivatives designated as hedges		
Interest rate swap	-	3
Others		
Security deposits	62	67
	62	70

9 Other non-current assets

Capital advances	211	70
	211	70

10 Inventories

The cost of individual items of inventory are determined on a first-in first-out basis.

a) Raw materials and components*	2,114	2,229
b) Work-in-progress	437	387
c) Finished goods	2,701	2,864
d) Stock-in-trade*	688	613
e) Stores and spares and packing materials	83	83
f) Loose tools	62	46
	6,085	6,222

*Include goods in-transit ₹206 million and ₹160 million as on March 31, 2025 and March 31, 2024, respectively.

Notes:

- The cost of inventories recognised as an expense includes ₹63 million (March 31, 2024 - ₹47 million) in respect of provision for slow-moving inventories and has been reduced by ₹31 million (March 31, 2024 - ₹52 million) in respect of reversal of such provisions.
- Raw materials, Work in progress and Finished goods include R&D inventory.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

11 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the group's unconditional right to consideration (that is payment is due, only on the passage of time). Trade receivables are recognized initially at the transaction price as they do not contain significant financing components. 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 (i.e. EIR is nil), less loss allowance.

For trade receivables, the group applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognized at the initial recognition of receivables.

Particulars	March 31, 2025	March 31, 2024
Unsecured, considered good	6,182	5,952
Unsecured, credit impaired	171	84
	6,353	6,036
Less: Loss allowances (refer 39A(iii)(b))	(269)	(109)
	6,084	5,927

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, 2025								
Undisputed trade receivables - considered good	4,889	1,085	102	91	4	11	(98)	6,084
Undisputed trade receivables - credit impaired	-	-	-	1	34	27	(62)	-
Disputed trade receivables - credit impaired	-	3	21	60	9	16	(109)	-
Total trade receivables	4,889	1,088	123	152	47	54	(269)	6,084
As at March 31, 2024								
Undisputed trade receivables - considered good	4,511	1,138	193	79	18	13	(25)	5,927
Undisputed trade receivables - credit impaired	-	-	4	1	7	4	(16)	-
Disputed trade receivables - credit impaired	-	7	27	17	1	16	(68)	-
Total trade receivables	4,511	1,145	224	97	26	33	(109)	5,927

For receivables from related parties, refer note 43.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

12 Cash and cash equivalents

Particulars	March 31, 2025	March 31, 2024
(a) Cash on hand	2	2
(b) Funds in transit	80	79
(c) Balance with banks		
– In current accounts	901	776
– In EEFC accounts	13	80
– In deposit accounts (with original maturity of 3 months or less)	207	1,357
	1,203	2,294

There are no repatriation restrictions with regard to cash and cash equivalents as at year ended March 31, 2025 and March 31, 2024, respectively.

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 than 12 months)*	7,485	5,415
– In unclaimed dividend account**	12	9
– In unspent CSR account (for ongoing projects)***	45	27
	7,542	5,451

*Includes margin money deposit of (refer note 46).

**Earmarked for payment of unclaimed dividend.

***Earmarked for spending on ongoing CSR projects.

14 Contract assets

Retention receivables	142	131
Less: Loss allowances (refer note 39A(iii)(b))	(35)	(27)
	107	104

15 Loans (Current)

Loans considered good - Unsecured		
Loan to employees	43	52
	43	52

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

16 Other financial assets (Current)

Particulars	March 31, 2025	March 31, 2024
Derivatives not designated as hedges		
Foreign exchange forward contract	5	15
Derivatives designated as hedges		
Interest rate swap*	–	1
Others		
Security deposits	18	8
Interest accrued	245	177
Others	74	41
	342	242

*Amount below rounding off norm adopted by the group.

17 Other current assets

Income/refund receivable	19	22
Prepaid expenses	319	217
Balance with Government authorities	480	441
Rent advances	13	10
Advance to suppliers	128	143
Others*	42	39
	1,001	872

*Includes assets related to Gratuity fund ₹ Nil and ₹1 million for the year ended March 31, 2025 and March 31, 2024, respectively.

18 Assets held for sale

Investments in jointly controlled entities (Of Elgi Compressors USA Inc.)		
G3 Industrial Solutions, LLC.*	–	28
Compressed Air Solution of Texas, LLC	13	–
	13	28

*Divested during the year ended March 31, 2025.

In September 2024, the Parent Company's Board of Directors approved the proposal of divestment of the entire stake held by the Company's wholly owned subsidiary, Elgi Compressors USA Inc., in its joint venture Compressed Air Solution of Texas, USA.

The joint venture partner have expressed interest in buying out the share of Elgi Compressors USA Inc. in the said entity, as per the operating agreement. The divestment formalities are completed in May 2025. The asset held for sale is measured at the lower of the carrying amount and the fair value less costs to sell.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 March 31, 2023	320	320
Increase during the year	–	–
At March 31, 2024	320	320
Increase during the year	–	–
At March 31, 2025	320	320

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹1 each		
At March 31, 2023	317	317
Increase during the year	–	–
At March 31, 2024	317	317
Increase during the year	–	–
At March 31, 2025	317	317

Terms and rights attached to equity shares

The Holding 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 Holding Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2025, the amount of final dividend per share recognised as distributions to equity shareholders is ₹2 per share (March 31, 2024: ₹2 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

On September 28, 2020, the Holding 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 Holding Company for every one existing equity shares of the Holding Company, by way of capitalizing a part of the securities premium account of the Holding Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 Holding Company

Particulars	March 31, 2025		March 31, 2024	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited*	63,697,752	20.10	53,386,780	16.85
Jairam Varadaraj	28,221,616	8.91	28,221,616	8.91
Pari Washington India Master Fund, Ltd.	22,077,311	6.97	23,592,229	7.44

(v) Details of shareholding of promoters

Promoter Name	March 31, 2025		March 31, 2024		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Jairam Varadaraj	28,221,616	8.91	28,221,616	8.91	–
Anvar Jay Varadaraj	1,925,248	0.61	1,925,248	0.61	–
Varun Jay Varadaraj	1,916,684	0.60	1,916,684	0.60	–
Maya Jay Varadaraj	1,916,648	0.60	1,916,648	0.60	–
Sudarsan Varadaraj	204,984	0.06	204,984	0.06	–
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	158,588	0.05	158,588	0.05	–
T Balaji	68,500	0.02	68,500	0.02	–
Dark Horse Portfolio Investment Private Limited*	63,697,752	20.10	53,386,780	16.85	3.25
Elgi Ultra Industries Private Limited*	–	–	10,310,972	3.25	(3.25)
Elgi Rubber Company Limited	664,160	0.21	664,160	0.21	–
Total	98,854,180	31.19	98,854,180	31.19	–

*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. Further, Elgi Ultra Industries Private Limited merged with Dark Horse Portfolio Investment Private Limited during the year ended March 31, 2025.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity

Particulars	March 31, 2025	March 31, 2024
Reserves & Surplus		
Capital reserve	181	181
Securities premium	251	251
Statutory reserve	5	5
General reserve	1,163	1,163
Share options outstanding account	62	30
Retained earnings	16,762	13,948
Treasury stock	(634)	(300)
Other reserves	549	517
	18,339	15,795
a) Capital reserve		
Opening balance	181	181
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	181	181
b) Securities premium		
Opening balance	251	251
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	251	251
c) Statutory reserve		
Opening balance	5	5
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	5	5
d) General reserve		
Opening balance	1,163	1,163
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	1,163	1,163
e) Share options outstanding account		
Opening balance	30	18
Employee stock option expense	58	22
Exercise of shares under ESOP scheme	–	(2)
Transfer to retained earnings	(26)	(8)
Closing balance	62	30

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Particulars	March 31, 2025	March 31, 2024
f) Retained earnings		
Opening balance	13,948	11,433
Net profit for the year	3,502	3,121
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post-employment benefit obligation, net of tax	(91)	6
– Transfer to retained earnings of gain from treasury shares	11	13
– Income tax on gain on exercise of treasury shares	(2)	(1)
– Transfer from share options outstanding account	26	8
Appropriations:		
Dividend on equity shares net of dividend distributed to Elgi Employee Stock Option Trust and jointly controlled entities	(632)	(632)
Closing balance	16,762	13,948
g) Treasury stock		
Opening balance	(300)	(98)
Purchase of shares for ESOP scheme	(400)	(219)
Exercise of shares under ESOP scheme	66	17
Closing balance	(634)	(300)
h) Other reserves		
FVOCI - Equity instruments		
Opening Balance	148	99
Change in fair value of equity instruments (net of tax)	47	49
Closing balance	195	148
Cash flow hedging reserve		
Opening balance	4	5
Change in fair value of interest rate swap (net of tax) (refer note 39(C) (ii))	(1)	(1)
Closing balance	3	4
Foreign currency translation reserve		
Opening balance	365	337
Movement during the year	(14)	28
Closing balance	351	365
Total Other reserves	549	517

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 group held by Elgi Equipments Limited Employee Stock Option Trust as given below:

Particulars	No. of Shares	Amount
As at March 31, 2025		
Elgi Equipments Limited Employee Stock Option Trust	1,207,238	634
	1,207,238	634
As at March 31, 2024		
Elgi Equipments Limited Employee Stock Option Trust	727,200	300
	727,200	300

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, 2025

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon rate	March 31, 2025	March 31, 2024
Secured				
Term Loan				
from Banks				
Foreign Currency Loan				
– AUD	20 equated quarterly installments starting from October 27, 2020	90 day AUD-BBR-BBSW + Agreed Spread	62	186
Unsecured				
from Banks				
– EURO	17 equated quarterly installments starting from April 30, 2023	6 months EURIBOR+Agreed Spread	–	27
– EURO	8 equated quarterly installments starting from June 30, 2025	12 months EURIBOR+Agreed Spread	138	135
Total non- current borrowings			200	348
Less: Current maturities of long term debt (Note no- 21(b)-below)			(129)	(152)
Less: Interest accrued but not due on borrowings (Note no- 21(b)-below)			–	–
Non-current borrowings			71	196

(a) Nature of security:

- (i) The term loan of ₹62 million (AUD 1.15 million) as on March 31, 2025 (₹186 million i.e AUD 3.45 million as on March 31, 2024) 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, 2025

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings (Continued...)

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon rate	March 31, 2025	March 31, 2024
Secured				
from Banks				
Lines of credit				
– USD	Payable on Demand	30 day SOFR + Agreed Spread	978	996
Other facilities				
– EURO	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	2,486	2,428
Packing Credit				
– INR	Payable within 180 days	REPO rate + Agreed Spread	–	150
Current maturities of long-term debt			62	125
Interest accrued and due on Current borrowings			4	6
Total (A)			3,530	3,705
Unsecured				
from Banks				
Lines of credit				
– EURO	Payable on Demand	0.8 % to 5%	492	722
Other facilities				
– EURO*	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	742	–
Packing Credit				
– INR	Payable within 180 days	REPO rate + Agreed Spread	–	940
Current maturities of long-term debt			67	27
Interest accrued and due on Current borrowings			6	15
Total (B)			1,307	1,704
Total current borrowings (A) + (B)			4,837	5,409

Nature of security:

- (i) The line of credit of ₹978 million (USD 11.45 million) as on March 31, 2025 (₹996 million i.e. USD 12.95 million as on March 31, 2024) availed by Elgi Compressors USA Inc. from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and by a corporate guarantee issued by the Holding Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings (Continued...)

(ii) The Other facilities availed by Elgi Compressors Europe SRL of ₹1,565 million (EUR 17 million) as on March 31, 2025 (₹1,529 million i.e. EUR 17 million as on March 31, 2024) from Citi Bank (United Kingdom) and ₹921 million (EUR 10 million) as on March 31, 2025 (₹899 million i.e. EUR 10 million as on March 31, 2024) from HDFC Bank are secured by a pari passu charge on the specific assets of Holding Company and further backed by a corporate guarantee issued by the Holding Company.

(iii) The Packing credit facility is Nil as on March 31, 2025 (₹150 million as on March 31, 2024) availed by Elgi Equipments Limited from State Bank of India is secured by a charge on stocks and receivables of the Holding Company.

Also refer note 46 for value of assets pledged as security.

*The facility amounting to ₹742 million (EUR 8 million) from ICICI Bank (United Kingdom) is backed by a corporate guarantee issued by the group entities. However, such guarantee does not result in the classification of the aforesaid borrowings as secured.

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 (i.e, liabilities arising from financing activities) and the movements in net debt for each of the periods presented.

Particulars	Note	March 31, 2025	March 31, 2024
Non-current Borrowings (including current maturities and interest accrued)	21(a)	200	348
Current borrowings (including interest accrued)	21(b)	4,708	5,257
Lease liabilities	3(b)	864	776
Cash and cash equivalents	12	(1,203)	(2,294)
Deposits with banks (excluding restricted bank balances)	13	(7,485)	(5,415)
		(2,916)	(1,328)
Reconciliation:			
Opening net (cash)/debt		(1,328)	83
Cash flows		(979)	(2,024)
Proceeds from long term borrowings from banks		–	133
Repayment of long term borrowings to banks		(152)	(188)
Net Short term loans (repaid to)/borrowed from banks		(498)	608
Acquisition/modification of leases (non-cash in nature)		327	316
Termination of lease contracts		(6)	(6)
Payment of lease liabilities		(250)	(221)
Interest expense		305	293
Interest paid		(316)	(300)
Translation difference		(19)	(22)
Closing net cash		(2,916)	(1,328)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

22 Other financial liabilities (Non-current)

Particulars	March 31, 2025	March 31, 2024
Dealer deposits	3	–
	3	–

23 Provisions (Non-current)

Provision for compensated absences (refer Note 26(a))	113	112
Provision for defined benefits (refer Note 26(a))	79	70
	192	182

24 Trade payables

Due to micro enterprises and small enterprises	626	510
Due to creditors other than micro enterprises and small enterprises	2,741	2,944
	3,367	3,454

Note: For payables to related parties refer note 43.

Ageing of trade payables:

Particulars	Not due	Outstanding for following periods from the due date of payment				Unbilled	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2025							
Undisputed							
Outstanding dues to micro and small enterprises	580	22	–	–	–	24	626
Outstanding dues to others	1,685	267	7	2	3	778	2,742
Total trade payables	2,265	289	7	2	3	802	3,368
As at March 31, 2024							
Undisputed							
Outstanding dues to micro and small enterprises	503	1	–	–	–	6	510
Outstanding dues to others	1,911	461	14	7	1	550	2,944
Total trade payables	2,414	462	14	7	1	556	3,454

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

25 Other financial liabilities (Current)

Particulars	March 31, 2025	March 31, 2024
Unclaimed dividends	12	9
Dealer deposits	32	35
Employee benefit expenses payable	794	778
Capital creditors	93	41
Others	60	47
	991	910

26 Provisions (Current)

Provision for warranty	350	265
Provision for gratuity (refer note 26(a))	150	22
Provision for compensated absences (refer note 26(a))	91	88
	591	375

(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 obligations are expected to be settled over more than one financial year and the provision has been discounted to reflect the time value of money. The provision is classified as current considering the inability of the group to unconditionally defer settlement beyond one year. 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	Provision for Warranty	Compensated absences
Opening	265	200
Additional provisions recognised	350	25
Amounts utilised/reversed during the year	(265)	(21)
Closing	350	204

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations

(i) Compensated absences

The leave obligations cover the group's liability for earned leave and sick leave.

The total provision for compensated absences amounts to ₹204 million and ₹200 million as at March 31, 2025 and March 31, 2024, including provision towards sick leave amounting to ₹20 million and ₹23 million respectively.

The provision classified as current amounts to ₹91 million and ₹88 million as at March 31, 2025 and March 31, 2024 including provision towards sick leave amounting to ₹4 million and ₹5 million respectively. The current classification is resulting from the group's expectation to settle the full amount of current leave obligation in the next 12 months as determined by a qualified actuary.

(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 ₹418 million March 31, 2024 – ₹423 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, 2025

(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, 2023	337	295	42
Current service cost	27	–	27
Transfer In/Out*	(2)	–	(2)
Interest expense/(income)*	25	21	4
Total amount recognised in profit or loss	50	21	29
Remeasurements			
(Gain)/loss from change in financial assumptions*	3	1	2
Experience (gains)/losses*	(13)	(4)	(9)
Total amount recognised in other comprehensive income	(10)	(3)	(7)
Employer contributions	–	43	(43)
Benefit payments	(38)	(38)	–
March 31, 2024	339	318	21
Gratuity assets grouped under Other Current assets (refer note 17)			1
Gratuity liabilities grouped under Current provisions (refer note 26)			22
*To be construed as gain/(loss) for column 'B'.			
April 01, 2024	339	318	21
Current service cost	28	–	28
Interest expense/(income)*	23	22	1
Total amount recognised in profit or loss	51	22	29
Remeasurements			
(Gain)/loss from change in financial assumptions*	9	(1)	10
Experience (gains)/losses*	111	–	111
Total amount recognised in other comprehensive income	120	(1)	121
Employer contributions	–	21	(21)
Benefit payments	(50)	(50)	–
March 31, 2025	460	310	150
Gratuity liabilities grouped under Current provisions (refer note 26)			150

*To be construed as gain/(loss) for column 'B'.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
Discount Rate*	6.68%	7.20%
Rate of increase in compensation levels*	6.80%	6.92%
Attrition Rate*	9.36%	8.45%

*Represents weighted average rate

(v) Sensitivity Analysis

A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	447	330
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	472	346
C. Salary Escalation Rate + 50 BP		
Defined Benefit Obligation [PVO]	469	345
D. Salary Escalation Rate - 50 BP		
Defined Benefit Obligation [PVO]	452	331

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

Funds managed by LIC of India	100%	100%
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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, 2025

(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 7.59 years (March 31, 2024 – 7.67 years).

The expected contribution to LIC for the next year is ₹150 million.

The following payments are expected future payments (undiscounted) of the defined benefit obligation in the future years.

Particulars	March 31, 2025	March 31, 2024
Within next 12 months (next annual reporting period)	97	89
Between 1 to 2 years	75	41
Between 2 to 5 years	197	140
Beyond 5 years	269	205
Total	638	475

(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 April 01, 2023	27	29	10	66
Provided during the year	9	24	2	35
Paid during the year	(6)	(26)	–	(32)
Exchange difference	1	–	–	1
Balance as at March 31, 2024	31	27	12	70
Balance as at April 01, 2024	31	27	12	70
Provided during the year	8	25	1	34
Paid during the year	–	(25)	–	(25)
Exchange difference	1	(1)	–	–
Balance as at March 31, 2025	40	26	13	79
Provision for defined benefits – Non-Current (refer note 23)				79

The above plans are unfunded as on March 31, 2025 and March 31, 2024.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2025	March 31, 2024
Funded Plans		
Present value of funded obligations	460	339
Fair value of plan assets	310	318
Net Deficit (A)	150	21
Unfunded Plans (B)	79	70
Total Deficit (A) + (B)	229	91

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes

(a) Income tax expense

Particulars	March 31, 2025	March 31, 2024
(a) Income tax expense		
Current tax		
Current tax on profits for the year	1,420	1,406
Total current tax expense	1,420	1,406
Deferred tax		
Deferred tax expense/(benefit) for the year	(106)	(123)
Total deferred tax expense/(benefit)	(106)	(123)
Income tax expense	1,314	1,283

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Profit before income tax expense	4,816	4,404
Tax at the Indian tax rate of 25.168% (2023-2024-25.168%)	1,212	1,108
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	31	13
– Deduction u/s 24 of IT Act (Income from house property)	(1)	(2)
– Others	–	3
Deferred tax asset not recognised on current year losses in overseas subsidiaries	70	131
Share of profit of joint ventures picked up net of tax	(14)	(13)
Effect of differential overseas tax rate*	(3)	49
Others	19	(6)
Income tax expense	1,314	1,283

(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.

*Applicable tax rates in the following subsidiaries that are material are as follows:

United Arab Emirates (UAE)	9.0%	0.0%
Australia	30.0%	30.0%
Italy	27.5%	27.5%
Belgium	25.0%	25.0%
Brazil	34.0%	34.0%
United State of America (USA)	26.5%	26.5%

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes (Continued...)

(b) Income tax assets/liabilities

Particulars	March 31, 2025	March 31, 2024
Income tax assets (Net)	64	97
Current Tax Liabilities (Net)	(35)	(73)
Net tax asset/(liability) at the end of the year	29	24
Opening Balance	24	(213)
Add: Tax paid (net of refund received)	1,397	1,645
Less: Current tax payable for the year	(1,420)	(1,406)
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings	(2)	(1)
Less: Income tax on other comprehensive income	30	(1)
Net Current tax asset/(liability) at the end of the year	29	24

(c) Deferred tax asset/liabilities

Particulars	Deferred tax asset (Net)		Deferred tax liabilities (Net)	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Property, plant and equipment and Intangible assets (including Goodwill)	31	(1)	282	268
Right of use assets	(52)	(30)	145	108
Foreign exchange forward contracts	(1)	(4)	–	–
Fair value gains on Equity instruments	(16)	(7)	–	–
<i>Set-off of deferred tax assets in relation to:</i>				
Provision for compensated absences	45	36	–	–
Provision for Warranty	85	67	–	–
Allowance for doubtful debts	20	20	(52)	(4)
Lease liabilities	44	34	(156)	(120)
VRS	6	11	–	–
Accumulated Loss	–	–	(174)	27
Accrued expenses	12	43	3	(139)
Unrealised Gain in Stock	136	137	–	–
Other timing differences	36	39	(2)	(2)
	346	345	46	138

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

27 Income Taxes (Continued...)

The gross movement in the deferred income tax account for the year ended March 31, 2025 and March 31, 2024 is as follows:

Particulars	March 31, 2025	March 31, 2024
Net deferred tax (asset)/liability at the beginning of the year	(207)	(87)
(Credits)/charge in profit and loss relating to temporary differences	(106)	(123)
(Credits)/charge in other comprehensive income relating to temporary differences	9	3
Translation differences	4	-
Net deferred tax (asset)/liability at the end of the year	(300)	(207)
Tax losses		
Unused accumulated tax losses for which no deferred tax asset has been recognised	3,095	2,907
Potential tax benefit at 25% (represents respective country's income tax rate)	774	727

Deferred tax asset has not been recognized for unused tax losses that were incurred by a subsidiary in Europe due to the lack of convincing evidence (i.e. objective evidence despite other subjective evidences such as future cash flow projections) that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity. They can be carried forward without limitation in time.

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.

28 Other current liabilities

Contract liabilities	476	376
Statutory payable	273	205
Other liabilities	13	5
	762	586

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.

29 Revenue from operations

The accounting policy for revenue from operations is as follows:

(a) 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 are no unfulfilled obligations that could affect the customer's acceptance of products.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

29 Revenue from operations (Continued...)

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 is transferred first, the sale of goods and transportation revenue are treated as separate performance obligations. The group's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision (refer note 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.

(b) 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 is 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 unfulfilled 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 as per industry standards, thus there is no significant financing component.

Refer Note 50(q) for other accounting policies relating to revenue.

Particulars	March 31, 2025	March 31, 2024
Revenue from contracts with customers		
The group derives following types of revenue:		
Sale of products	32,535	29,924
Sale of services	2,365	2,100
Other operating revenues	204	154
Total	35,104	32,178

- The group has disaggregated revenue from contracts with customers for the year ended March 31, 2025 and March 31, 2024 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 to note 41 Segment information for information related to disaggregation of revenue.
- Revenue recognised for the year ended March 31, 2025, from the opening balance of contract liabilities is ₹ 320 million (March 31, 2024: ₹ 266 million).
- Regarding remaining performance obligations, the disclosure regarding allocation of transaction price does not arise as the contracts that have an original expected duration of more than one year are not significant.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

30 Other income

Particulars	March 31, 2025	March 31, 2024
Interest income - Bank Deposits	482	414
Interest income - Others	35	15
Dividend income*	1	1
Gain on fair value/redemption of mutual funds	1	-
Profit on sale of assets	20	66
Rental receipts	9	20
Net gain on foreign currency transaction and translation (other than considered as finance cost)	-	10
Miscellaneous income (net)	29	24
	577	550

*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.

31 Cost of material consumed

Opening stock of raw materials*	2,180	2,067
Purchases	12,851	12,189
	15,031	14,256
Less:		
Inventory of materials at the end of the year*	2,080	2,180
	12,951	12,076

*Excluding R & D inventory.

32 Purchases of stock-in-trade

Oil	424	383
Others*	3,703	3,227
	4,127	3,610

*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	2,852	3,045
- Work-in-progress	381	368
- Stock-in-trade	613	392
Closing inventory*		
- Finished goods	2,692	2,852
- Work-in-progress	430	381
- Stock-in-trade	687	613
	37	(41)
Add/(Less): Foreign currency translation difference	59	44
	96	3

*Excluding R & D inventory.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

34 Employee benefits expense

Particulars	March 31, 2025	March 31, 2024
Salaries, wages and bonus	5,838	5,595
Contribution to Provident fund, Social security funds & Superannuation scheme	418	423
Gratuity (Refer note 26(a))	29	29
Post employment pension benefits (refer note 26(a))	34	35
Voluntary Retirement Scheme (VRS)	-	27
Employee stock option expense (refer note 47)	55	20
Staff welfare expenses	454	420
	6,828	6,549

Note: For managerial remuneration refer note 43.

35 Finance costs

Interest expenses (relating to lease liabilities)	43	42
Interest expenses (other financing arrangements)	262	251
	305	293

36 Depreciation and amortisation expense

Depreciation of property, plant and equipment	459	456
Depreciation of right of use assets	238	234
Amortisation of intangible assets	63	76
	760	766

37 Other expenses

Packing & forwarding	311	320
Consumption of stores	149	141
Tools consumed	94	87
Commission	299	289
Repairs and maintenance		
– Building	82	78
– Plant and machinery	75	75
– Others	134	136
Communication expenses	55	64
Information system expenses	237	189
Power and fuel	285	265
Transport charges	1,017	867
Travelling & conveyance	414	394

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

37 Other expenses (Continued...)

Particulars	March 31, 2025	March 31, 2024
Insurance	104	93
Advertisement & publicity	238	229
Printing and stationery	29	30
Research & development material cost	87	80
After sales expenses	565	483
Factory expenses	40	36
Rates and taxes	37	30
Payment to the auditors (refer note 37(a))	12	10
Subscription & membership	22	22
CSR expenses	71	52
Donations	55	-
Rent	116	101
Legal and consultancy charges (refer note 47)	708	718
Contract staffing	206	131
Directors' sitting fees	7	2
Bank charges	40	46
Net loss on foreign currency transaction and translation	26	-
Assets condemned & written off/loss on sale of assets	8	-
Bad debts and loss allowances	185	36
Loss on joint venture classified as asset held for sale	30	-
Miscellaneous expenses	115	75
	5,853	5,079

37(a) Details of payment to auditors

Payment to auditors		
- audit fees	7	6
- limited review	2	1
- certification services	1	1
- other audit related services	1	1
- reimbursement of out of pocket expenses	1	1
	12	10

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements

Financial instruments by category						
Particulars	March 31, 2025			March 31, 2024		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
– Equity instruments*	–	250	–	–	194	–
– Mutual Funds	351	–	–	–	–	–
Loans			104			118
Trade receivables	–	–	6,084	–	–	5,927
Cash and other bank balances	–	–	8,745	–	–	7,745
Derivatives not designated as hedges						
– Foreign exchange forward contracts	5	–	–	15	–	–
Security deposits	–	–	80	–	–	75
Derivatives designated as hedges						
– Interest rate swap	–	–	–	–	4	–
Others	–	–	319	–	–	218
Total financial assets	356	250	15,332	15	198	14,083
Financial liabilities						
Borrowings	–	–	4,908	–	–	5,605
Trade payables	–	–	3,367	–	–	3,454
Dealer deposits	–	–	35	–	–	35
Employee benefit expenses payable	–	–	794	–	–	778
Others	–	–	165	–	–	97
Total financial liabilities	–	–	9,269	–	–	9,969

*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.

(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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Derivatives not designated as hedges					
– Foreign exchange forward contracts	16	–	5	–	5
Unquoted mutual funds	6 (b)	351	–	–	351
Financial Investments at FVOCI:					
Quoted Equity Investments	6 (a)	229	–	–	229
Unquoted Equity Investments	6 (a)	–	–	21	21
Derivatives designated as hedges			–		
– Interest rate swap	8, 16	–	–	–	–
Total financial assets		580	5	21	606

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Financial assets					
Loans					
– Loans to employees	7,15	–	–	104	104
Security deposits	8,16	–	–	80	80
Total financial assets		–	–	184	184
Financial Liabilities					
Borrowings	21(a)	–	–	4,908	4,908
Total financial liabilities		–	–	4,908	4,908

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted Equity Investments	6(a)	173	–	–	173
Unquoted Equity Investments	6(a)	–	–	21	21
Derivatives designated as hedges					
– Interest rate swap	8, 16	–	4	–	4
Total financial assets		173	4	21	198

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Financial assets					
Loans					
– Loans to employees	7,15	–	–	118	118
Security deposits	8,16	–	–	75	75
Total financial assets		–	–	193	193
Financial Liabilities					
Borrowings	21 (a)	–	–	5,605	5,605
Total financial liabilities		–	–	5,605	5,605

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices in the active market. This category consists quoted equity shares. The fair value of all equity instruments which are traded in stock exchanges is valued using closing price as at the reporting period. Mutual funds are valued using closing NAV. Since mutual funds invested by the group are not quoted/traded on a recognized stock exchange, those have been disclosed as 'unquoted'. However, mutual funds are valued using closing NAV which is directly observable.

Valuation techniques with observable inputs (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. This level of hierarchy includes Company's foreign exchange forward contracts and interest rate swap.

Valuation techniques with significant unobservable inputs (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 and First Energy 5 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.

(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

Particulars	March 31, 2025		March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans</i>				
Loans to employees	104	104	118	118
Security deposits	80	80	75	75
Total financial assets	184	184	193	193
Financial Liabilities				
Borrowings	4,908	4,908	5,605	5,605
Total financial liabilities	4,908	4,908	5,605	5,605

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and cash equivalents, borrowings and other 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 market 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 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.

For equity instruments measured at FVOCI whose fair value measurement was performed using unobservable inputs (Level 3), the reconciliation from opening balance to closing balance and relationship between such unobservable inputs and fair value has not been disclosed considering that the carrying amount of such instruments is not significant.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, debt mutual funds, trade receivables, loan to subsidiaries (including guarantees), derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversifying bank deposits, mutual fund plans and AMCs, setting appropriate credit limits, and utilizing letters of credit for specific transactions.
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 debt mutual funds, 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 group. 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, 2025

(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:

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 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, 2025 and March 31, 2024

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 increases 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 estimates that the 12-month expected credit loss in this scenario and the estimated gross carrying amount at default to be immaterial and hence there is no expected credit loss recognised for the year ended March 31, 2025 and March 31, 2024.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

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 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, where receivables are grouped into homogenous credit groups and assessed for impairment. 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 has 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.

Particulars	Not due	Overdue by/past due by					Total
		Less than 3 months	3 to 6 months	6 months to 1 year	1- 2 years	More than 2 years	
As at March 31, 2025							
Gross carrying amount – Trade receivables	4,889	1,062	26	123	152	101	6,353
Gross carrying amount – Contract assets	142	–	–	–	–	–	142
<i>Expected loss rate</i>	<i>1%</i>	<i>0%</i>	<i>0%</i>	<i>19%</i>	<i>49%</i>	<i>0%</i>	
Expected credit losses (Loss allowance provision – Trade receivables)	–	–	–	24	75	–	98
Expected credit losses (Loss allowance provision – Contract assets)	35	–	–	–	–	–	35
Loss Allowance – Credit Impaired	–	–	3	21	61	86	171
Total Loss allowance provision	35	–	3	45	136	86	304
Carrying amount of Trade receivables (net of credit loss allowance)	4,889	1,062	23	78	16	15	6,084
Carrying amount of Contract assets (net of credit loss allowance)	107	–	–	–	–	–	107

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 to 6 months	6 months to 1 year	1- 2 years	More than 2 years	
As at March 31, 2024							
Gross carrying amount – Trade receivables	4,511	872	273	224	97	59	6,036
Gross carrying amount – Contract assets	131	–	–	–	–	–	131
Expected loss rate	1%	0%	1%	2%	9%	12%	
Expected credit losses (Loss allowance provision – Trade receivables)	–	3	2	4	9	7	25
Expected credit losses (Loss allowance provision – Contract assets)	27	–	–	–	–	–	27
Loss Allowance – Credit Impaired	–	7	–	31	18	28	84
Total Loss allowance provision	27	10	2	35	27	35	136
Carrying amount of Trade receivables (net of credit loss allowance)	4,511	862	271	189	70	24	5,927
Carrying amount of Contract assets (net of credit loss allowance)	104	–	–	–	–	–	104

(iv) Reconciliation of loss allowance provision

Loss allowance on April 01, 2023	111
Changes in loss allowance	25
Loss allowance on March 31, 2024	136
Changes in loss allowance	168
Loss allowance on March 31, 2025	304

(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, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

(i) Financing arrangements

The group has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2025	March 31, 2024
Floating rate		
Expiring within one year (including other facilities)	4,842	3,553

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:

- all non-derivative financial liabilities, and
- 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, 2025						
Non-derivatives						
Borrowings	2,783	441	1,633	73	–	4,930
Lease liabilities	64	57	132	348	315	916
Trade payables	3,367	–	–	–	–	3,367
Other financial liabilities	991	–	–	–	–	991
Total non-derivative liabilities	7,205	498	1,765	421	315	10,204
March 31, 2024						
Non-derivatives						
Borrowings	2,756	882	1,771	128	68	5,605
Lease liabilities	62	55	117	297	245	776
Trade payables	3,454	–	–	–	–	3,454
Other financial liabilities	910	–	–	–	–	910
Total non-derivative liabilities	7,182	937	1,888	425	313	10,745

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, RMB. 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

Particulars	March 31, 2025					March 31, 2024				
	USD	EUR	AUD	BRL	RMB	USD	EUR	AUD	BRL	RMB
Financial assets										
Trade receivables	–*	1	1	2	–	2	1	1	6	–
Loans (including accrued interest)	9	–	–	–	–	9	–	–	5	–
Cash and cash equivalent	–*	–*	–	–	–	1	–	–	–	–
Net exposure to foreign currency risk (assets)	9	1	1	2	–	12	1	1	11	–
Financial liabilities										
Trade payables	1	2	–	–	4	1	4	1	–	10
Net exposure to foreign currency risk (liabilities)	1	2	–	–	4	1	4	1	–	10

*Amounts below rounding off norm adopted by the group.

Note: Trade receivables are disclosed after offsetting forward contracts in the corresponding currency as applicable.

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.

Particulars	Impact on profit after tax	
	March 31, 2025	March 31, 2024
USD sensitivity		
Functional currency/USD Increases by 5%	27	34
Functional currency/USD decreases by 5%	(27)	(34)
EURO sensitivity		
Functional currency/EURO Increases by 5%	(6)	(10)
Functional currency/EURO decreases by 5%	6	10
AUD sensitivity		
Functional currency/AUD Increases by 5%	1	–
Functional currency/AUD decreases by 5%	(1)	–
BRL sensitivity		
Functional currency/BRL Increases by 5%	1	7
Functional currency/BRL decreases by 5%	(1)	(7)
RMB sensitivity		
Functional currency/RMB Increases by 5%	(2)	(4)
Functional currency/RMB decreases by 5%	2	4

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, 2025

(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, 2025 and March 31, 2024, 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,

Particulars	March 31, 2025		March 31, 2024	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan – Variable rate borrowings				
– EUR	5.20%	138	5.00%	27
– AUD	5.99%	62	5.65%	186
Interest rate swap				
– AUD	4.45%	(62)	4.45%	(186)
		138		27

The analysis for maturities of borrowings is provided in the note no 39 B(ii) above.

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

Particulars	Impact on Profit after tax		Impact on other components of equity	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Interest rate increase by 50 basis points*	(1)	–	1	2
Interest rate decrease by 50 basis points*	1	–	(1)	(2)

*Holding all other variables constant

Impact of Hedging activities:

a) Disclosure of effects of hedge accounting of Interest rate swap on financial position:

Particulars	March 31, 2025	March 31, 2024
Type of hedge & risk	Cash Flow Hedge - Interest rate risk	Cash Flow Hedge - Interest rate risk
Nominal Value		
– Assets	62	186
– Liabilities	–	–
Carrying amount of hedging Instrument		
– Assets	–	4
– Liabilities	–	–
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)	–	2
Change in value of hedging instrument used as basis for recognising hedge ineffectiveness	–	(2)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

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 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, 2025 or March 31, 2024 in relation to interest rate swaps.

Refer table below in relation to disclosures of effect of hedge accounting on financial performance.

(b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2025	March 31, 2024
Cash flow hedging reserve		
Opening balance	4	5
Add: Changes in fair value of interest rate swaps	–	2
Less: Amounts of (gain)/loss reclassified to profit or loss	(2)	(3)
Less: Deferred tax asset relating to above (net)	1	–
Closing balance	3	4

(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 Bombay Stock Exchange (BSE) 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.

Particulars	Impact on other components of equity	
	March 31, 2025	March 31, 2024
BSE Sensex – increase 5%	10	8
BSE Sensex – decrease 5%	(10)	(8)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Since the income from mutual funds during the current period is not material, the sensitivity disclosure has not been provided.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 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 above mentioned ratio of the group is as follows:

Particulars	March 31, 2025	March 31, 2024
Net debt (refer note 21)*	–	–
Total equity	18,656	16,112
Net debt to equity ratio	–	–

*Presented as nil since it is negative. For the purpose of monitoring compliance with externally imposed requirements, the group considers gross debt as specified in the facility agreement which is without offsetting cash balances.

(i) Loan covenants

Under the terms of major borrowing facilities, the group is required to comply with the following financial covenants:

- The consolidated gearing ratio shall not exceed 1.5 times;
- The consolidated leverage ratio shall not exceed 3.3 times; and
- The consolidated debt service coverage ratio shall not fall below 1.5 times.

The group has complied with all the loan covenants throughout the reporting period. As at March 31, 2025, the gearing ratio is 0.34, leverage ratio is 0.87 and debt service coverage ratio is 10.54.

(b) Dividends (gross of dividend paid to joint venture and ESOP Trust)

(i) Equity shares

Final dividend recognised for the year ended March 31, 2025 of ₹2.00/- (March 31, 2024 – ₹2.00/- per fully paid share)	634	634
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(ii) Dividends not recognised at the end of the reporting period

For the year ended March 31, 2024, directors had recommended the payment of a final dividend of ₹2.00/- per fully paid equity share which was subsequently approved by the shareholders in the annual general meeting.		634
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Subsequent to the year ended March 31, 2025, the directors have recommended the payment of a final dividend of ₹2.20/- per fully paid equity share. This proposed dividend is subject to shareholders' approval in the ensuing annual general meeting.	697	
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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 equipment

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2025	March 31, 2024
Air Compressors	32,118	29,586
Automotive equipment	3,015	2,616
Less: Inter segment revenue (Air Compressors)	(29)	(24)
Income from operations	35,104	32,178

(c) Segment profit before tax

Segment profit before tax is measured in the same way as in the statement of profit and loss.

Particulars	March 31, 2025	March 31, 2024
Air Compressors	4,511	4,085
Automotive equipment	250	267
Add/(Less): Inter segment profit/(loss)	-	-
Total	4,761	4,352
Share of net profit of joint ventures accounted for using the equity method	55	52
Total profit before tax	4,816	4,404

(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.

Particulars	March 31, 2025	March 31, 2024
Air Compressors	28,377	26,457
Automotive equipment	2,044	1,764
Less: Inter segment assets (Automotive equipment)	(6)	(10)
Total Segment Assets	30,415	28,211

(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.

Particulars	March 31, 2025	March 31, 2024
a) Air Compressors	11,098	11,597
b) Automotive equipment	667	512
Less: Inter segment liabilities (Automotive equipment)	(6)	(10)
Total Segment Liabilities	11,759	12,099

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
a) Air Compressors	17,279	14,860
b) Automotive equipment	1,377	1,252
Add: Inter segment capital employed (Automotive equipment)	–	–
Total Capital employed	18,656	16,112

(g) Other profit and loss disclosures

Specified amounts included in the measure of segment profit or loss (i.e., Adjusted EBITDA) reviewed by the CODM

Other material expense items- Cost of goods sold*		
a) Air Compressors	15,435	14,156
b) Automotive equipment	1,762	1,552
Less: Inter segment cost of goods sold (Air Compressors)	(23)	(19)
Total Cost of goods sold	17,174	15,689

*Cost of goods sold i.e., the aggregate of cost of material consumed, purchases of stock-in-trade and changes in inventories of finished goods, work-in-progress and stock-in-trade, is disclosed as a material expense in management's assessment. This change in disclosure is arising from the recent changes/interpretations based on global pronouncements related to segment reporting.

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

41 Segment Information (Continued...)

(h) 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.

	Total revenue	Inter-company revenue	Revenue from external customers
Geography	(A)	(B)	(A)+(B)
March 31, 2025			
India	19,011	(86)	18,925
<i>Other regions</i>			
Americas	9,576	(2,051)	7,525
Europe	5,524	(1,577)	3,947
Australia	2,039	(509)	1,530
Others	4,296	(1,119)	3,177
	40,446	(5,342)	35,104
March 31, 2024			
India	16,683	(56)	16,627
<i>Other regions</i>			
Americas	10,268	(2,791)	7,477
Europe	5,176	(1,512)	3,664
Australia	2,154	(573)	1,581
Others	3,526	(697)	2,829
	37,807	(5,629)	32,178

The inter-company revenue from one region to another has been disclosed in the buying region and eliminated accordingly.

(i) The total non-current Assets other than financial instruments, investments accounted under equity method and deferred tax assets broken down by location of assets in shown below:

Particulars	March 31, 2025	March 31, 2024
India	3,220	2,749
Americas	2,137	1,997
Europe	826	819
Australia	429	454
Others	108	110
Total non-current assets	6,720	6,129

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024	
		%	%	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipment
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 and servicing of 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 and servicing of compressors
Industrial 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, 2025

(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, 2025	March 31, 2024	
		%	%	
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
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
Ergo Design Private Limited	India	100	100	Design services

*Step-down subsidiaries

(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 Private 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. These entities are therefore classified as a joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

(c) Joint Venture

Set out below are the joint ventures of the group as at March 31, 2025 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

Name of the entity	Principal Place of business	Proportion of the ownership interest	Relationship	Carrying amount		Profit or loss	
				March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Elgi Sauer Compressors Limited	India	26%	Joint venture	120	108	37	35
Industrial Air Solutions LLP	India	50%	Joint venture	4	1	(6)	10
Evergreen Compressed Air and Vacuum LLC**	USA	50%	Joint venture	35	34	2	(2)
PLA Holding Company LLC**	USA	50%	Joint venture	36	31	11	(17)
Immaterial joint ventures (iii) below**				23	69	11	26
Total Investments accounted for using the equity method				218	243	55	52
Less: Classified as Assets held for sale (refer note 18)				13	28		
Investments accounted for using equity method as per Balance sheet				205	215		
Share of net profit of joint ventures accounted for using the equity method						55	52

**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 Holding 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 Holding 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 is the distributor of products of Elgi Equipments Limited.

The Holding 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 joint venture is held for sale as at March 31, 2025.

The Holding 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 Holding 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 joint venture was divested during the year.

The Holding 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.

The Holding 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 New York. The joint venture was divested during the year.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
Commitments – joint ventures		
Capital commitments	–	–
Contingent liabilities – joint ventures		
Share of joint ventures contingent liabilities in respect of legal matters against the entity and guarantees	33	31

(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, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Current assets								
Cash and cash equivalents	39	43	2	17	11	10	23	29
Other assets	508	364	113	91	109	58	67	58
Total current assets	547	407	115	108	120	68	90	87
Total non-current assets*	385	400	13	9	4	5	31	29
Current liabilities								
Financial liabilities (excluding trade payables)	18	9	–	–	7	3	4	10
Other liabilities	294	202	73	66	50	20	105	112
Total current liabilities	312	211	73	66	57	23	109	122
Non-current liabilities								
Employee benefit obligations & Others	160	182	–	–	8	11	–	–
Total non-current liabilities	160	182	–	–	8	11	–	–
Net assets	460	414	55	51	59	39	12	(6)

*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, 2025

(All amounts are in Millions in INR unless otherwise stated)

42 Interests in other entities (Continued...)

	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
Reconciliation to carrying amounts	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Share Capital-Opening	7	7	8	8	19	19	15	15
Capital Investments	-	-	-	-	13	-	-	-
Share Capital - Closing [A]	7	7	8	8	32	19	15	15
Share Capital - Class B Interest* [B]	-	-	-	-	30	30	67	67
Other Equity-Opening	407	366	43	40	(10)	(9)	(88)	(63)
Profit for the year	143	134	24	21	6	(3)	18	(31)
Other comprehensive income**	3	-	-	-	-	-	-	-
Interest on capital	-	-	1	1	-	-	-	-
Dividends paid and Partners drawings	(100)	(93)	(21)	(19)	-	-	-	-
Translation difference	-	-	-	-	1	2	-	6
Other Equity - Closing [C]	453	407	47	43	(3)	(10)	(70)	(88)
Closing net assets [A+B+C]	460	414	55	51	59	39	12	(6)
Group's share in % [D]	26%	26%	50%	50%	50%	50%	50%	50%
Group's share in Share Capital (including Class B interest) [A*D+B]	2	2	4	4	39	40	74	76
Group's share in Other Equity in INR millions [C*D]	118	106	24	21	(2)	(5)	(35)	(44)
Unrealised profit in stock	-	-	(24)	(24)	(2)	(1)	(3)	(1)
Carrying amount	120	108	4	1	35	34	36	31

*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, 2025

(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, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Revenue	837	703	526	459	351	221	275	257
Interest income	2	-	-	-	-	-	-	-
Depreciation and amortisation	17	15	1	1	2	3	-	4
Income tax expense	57	46	13	12	-	-	-	-
Profit for the year	143	134	24	21	6	(3)	18	(31)
Other comprehensive income*	3	-	-	-	-	-	-	-
Total comprehensive income	146	134	24	21	6	(3)	18	(31)
Dividends received	26	24	11	9	-	-	-	-

*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, 2025	March 31, 2024
Aggregate carrying amount of individually immaterial joint ventures*	23	69
Aggregate amounts of group's share of:		
Profit for the year (net of Unrealised profits on stock)	11	26
Other comprehensive income	-	-
Total comprehensive income	11	26

*Includes Compressed Air Solutions of Texas, LLC classified as Assets held for sale (refer note 18).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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 (Refer note 26(a))	Elgi Equipments Gratuity Fund
	Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd
	Mr. Indranil Sen, Chief Financial Officer, Elgi Equipments Limited
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Ltd
	Non-Executive Directors
	Mr. Sudarsan Varadaraj
	Mrs. Aruna Thangaraj [Re-appointed on July 31, 2024]
	Mr. N. Mohan Nambiar [Retired on April 10, 2024]
	Mr. Suman Kumar Das [Appointed on July 31, 2024]
	Mr. Srinivasan Ravindran [Appointed on July 31, 2024]
	Mr. Srinivasan Krishnamurthi [Appointed on July 31, 2024]
	Mr. M. Ramprasad [Cessation w.e.f. August 01, 2024]
	Mr. B. Vijaykumar [Cessation w.e.f. August 01, 2024]
	Dr. Ganesh Devaraj [Cessation w.e.f. August 01, 2024]
	Other companies/firms in which directors or their relatives are interested
	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Private Limited#
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Festo India Private Limited
	AGT Electronics Limited
	Pricol Engineering Industries Pvt Limited
	Dark Horse Portfolio Investment Private Limited

*classified as asset held for sale as at March 31, 2025.

**divested during the year ended March 31, 2025.

#Elgi Ultra Industries Private Limited was merged with Dark Horse Portfolio Investment Private Limited during the year ended March 31, 2025.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

43 Related party transactions (Continued...)

(b) Particulars of transactions with related parties

Description	Joint Ventures & Others		Key Management Personnel		Total	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Transactions during the year						
Purchase of goods	11	16	–	–	11	16
Sale of goods	963	783	–	–	963	783
Receiving of services	76	59	–	–	76	59
Providing of services (sale of services)	12	18	–	–	12	18
Payment for acquisition of business	–	–	–	–	–	–
Interest received	1	1	–	–	1	1
Reimbursement of expenses						
To related parties	5	3	–	–	5	3
By related parties	2	1	–	–	2	1
Investments in Joint ventures	17	–	–	–	17	–
Divestment/redemption of interest in Joint ventures	36	14	–	–	36	14
Dividends received	37	33	–	–	37	33
Dividends paid	129	143	45	61	174	204
Key management personnel compensation*	–	–	–	–	–	–
Short-term employee benefits	–	–	68	55	68	55
Other long-term benefits			3	3	3	3

*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.

The remuneration paid to the Managing Director of the Holding Company amounting to ₹26 million and to Executive Director amounting to ₹18 million 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	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Balances at year end						
Investments accounted for using the equity method	205	215	–	–	205	215
Assets held for sale	13	28	–	–	13	28
Trade receivable at the end of the year	269	223	–	–	269	223
Other receivables at the end of the year	11	2	–	–	11	2
Payable at the end of the year	7	8	–	–	7	8

(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, 2025

(All amounts are in Millions in INR unless otherwise stated)

43(a) Details of material transactions/balances with related parties

Particulars	Joint ventures & Others	
	2024-25	2023-24
Purchase of goods		
Pricol Engineering Industries Pvt Limited	2	-
Festo India Private Limited	2	-
LGB Forge Limited	7	13
Sale of goods		
Industrial Air Solutions LLP	425	355
Elgi Sauer Compressors Limited	2	2
Gentex Air Solutions, LLC	94	62
G3 Industrial Solutions, LLC	155	80
Pattons of California, LLC.	55	113
Compressed Air Solutions of Texas, LLC	73	104
Evergreen Compressed Air and Vacuum LLC.	108	45
CS Industrial Services, LLC	45	14
LGB Forge Limited	4	6
Receiving services		
Elgi Ultra Private Limited	1	4
AGT Electronics Limited	70	53
Providing services		
Elgi Sauer Compressors Ltd	5	-
Elgi Ultra Private Limited	4	-
Investments in Joint ventures*		
Evergreen Compressed Air and Vacuum LLC	13	-
Gentex Air Solutions, LLC	4	-
Divestment/redemption of interest in Joint ventures*		
Compressed Air Solutions of Texas, LLC	-	12
CS Industrial Services, LLC	8	2
G3 Industrial Solutions, LLC	28	-
Dividends received		
Elgi Sauer Compressors Limited	26	24
Industrial Air Solutions LLP	11	9
Dividends paid		
Dark Horse Portfolio Investment Private Limited	107	107
Elgi Ultra Industries Private Limited	21	21
Trade receivables		
Industrial Air Solutions LLP	53	47
G3 Industrial Solutions, LLC	64	18
Pattons of California, LLC.	60	86
Evergreen Compressed Air and Vacuum LLC	38	12
Gentex Air Solutions, LLC	24	41
Compressed Air Solutions of Texas, LLC	23	14

*Includes the impact of translation at the closing exchange rate.

44 Contingent liabilities and contingent assets

Contingent liabilities

Claims against the Company not acknowledged as debts

- (i) The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹38 million and ₹49 million in India as on March 31, 2025 and March 31, 2024, respectively. The group has deposited ₹14 million and ₹5 million against the above-mentioned disputes as on March 31, 2025 and March 31, 2024, 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 ₹19 million with the Railways department of the Government of India regarding a Road Under Bridge (RUB) project undertaken by the Railways near the group'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 group 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 a stay of the single judge's order. The group appealed to the division bench, and the matter was referred to arbitration.

On September 05, 2024, the arbitrator issued an award in favor of the group, upholding its claim of ₹11 million, after deducting ₹8 million as the incremental cost of RUB which is already accounted for in the group's books, to be paid along with interest at 9% per annum, accruing from October 29, 2014. Additionally, litigation expenses and ₹1 million towards arbitrator fees have been awarded by the arbitrator. All claims and counterclaims by the Railways were rejected by the arbitrator. After the arbitral award, the group received notice from Railways' lawyers that the Railways have applied to Section 34 of the Arbitration and Conciliation Act, 1996, to set aside the award. The group has filed a Caveat and has also filed an execution petition before the Hon'ble High Court of Madras for the enforcement of the arbitrator's award.

- (iii) The group has evaluated the impact of the 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-1/1(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 summons' in the previous years, from a statutory authority, i.e., under the Foreign Exchange Management Act, 1999 ('FEMA'), seeking information primarily relating to imports, exports including sales to subsidiaries and subsidiaries to their customers and overseas direct investments, including transactions of earlier years.

The group has submitted all the relevant information sought for by the authority from time to time to address the queries raised in the summons' and hearings. The Holding Company's application for no-objection certificates during the previous year for making overseas investments/providing guarantees in favour of its subsidiaries was not cleared by the statutory authorities and no reasons were cited. In the management's assessment, this is not likely to have a significant impact on the financial statements as of and for the year ended March 31, 2025 and March 31, 2024.

- (v) The subsidiary - Rotair SpA has been subject to a tax audit by the Italian Tax Authority covering the fiscal year ended March 31, 2022, primarily focusing on transfer pricing and certain intercompany transactions. As of March 31, 2025, a provision of ₹11 million has been recognized, representing the best estimate of the potential liability based on the Company's settlement proposal. The potential exposure, including taxes, interest, and penalties, is estimated at approximately ₹63 million (net of provision).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

44A Whistle blower

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, 2025.

45 Commitments

(a) Capital commitments

Particulars	March 31, 2025	March 31, 2024
Estimated amount of contracts remaining to be executed on capital account	1,532	342

46 Assets Pledged as security

(a) Charge on Assets	10,401	10,910
(b) Charge on Property, Plant & equipment	1,647	1,729
(C) Cash Margin	309	315
	12,357	12,955

(i) Borrowing secured against current assets

The Holding Company has working capital limits from banks and financial institutions received on the basis of security of current assets. The provisional/final quarterly returns or statement of current assets filed by the group with banks and financial institutions are in agreement with the unaudited 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:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

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:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025		March 31, 2024	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	340	496,800	274	522,000
Granted during the year*	592	347,000	430	175,900
Exercised during the year	269	(288,300)	202	(139,400)
Forfeited during the year	566	(4,900)	353	(61,700)
Closing balance	534	550,600	340	496,800
Vested and exercisable	-	-	-	-

*The Holding company granted 339,600 shares and 7,400 shares of ₹1/- each at exercise price of ₹592.10 per share on May 27, 2024 and June 11, 2024 respectively, for the year ended March 31, 2025 and 175,900 shares of ₹1/- each at exercise price of ₹430 per share on August 28, 2023 for the year ended March 31, 2024.

Share options outstanding at the end of the year March 31, 2025 and March 31, 2024:

Grant date	Expiry date	March 31, 2025			March 31, 2024		
		Exercise price (₹)	Share Options	Contractual life (in Yrs)	Exercise price (₹)	Share Options	Contractual life (in Yrs)
August 03, 2021	November 01, 2024	-	-	-	225	229,600	0.59
September 26, 2022	December 25, 2025	450	79,300	0.74	450	105,800	1.74
August 28, 2023	June 30, 2026	430	128,400	1.25	430	161,400	2.25
May 27, 2024	June 30, 2026	592	26,000	1.25	-	-	-
May 27, 2024	June 30, 2027	592	309,500	2.25	-	-	-
June 11, 2024	June 30, 2026	592	7,400	1.25	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

47 Share based payments (Continued...)

(i) Fair value of options granted

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 included:

Grant phase	2	3	4	5	5	5
No. of options	474,300	152,600	175,900	313,600	26,000	7,400
Grant date	August 03, 2021	September 26, 2022	August 28, 2023	May 27, 2024	May 27, 2024	June 11, 2024
Expiry date	November 01, 2024	December 25, 2025	June 30, 2026	June 30, 2026	June 30, 2027	June 30, 2026
Exercise price	225.00	450.00	430.00	592.10	592.10	592.10
Share price at grant date	212.50	421.45	463.95	652.40	652.40	609.75
Fair value	65.29	189.46	186.45	289.15	212.33	177.78
Expected price volatility	40.41%	60.50%	49.20%	52.43%	42.42%	41.98%
Risk-free interest rate	4.98%	7.34%	7.17%	7.01%	7.01%	7.01%
Expected dividend yield*	0.38%	0.27%	0.43%	0.31%	0.31%	0.33%
Latest dividend declared	0.80	1.15	2.00	2.00	2.00	2.00

*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, 2025 and March 31, 2024 is:

Particulars	March 31, 2025	March 31, 2024
Employee stock option expense (refer note 34)	55	20
Legal & Consultancy charges (refer note 37)	3	2
Expense carried to statement of profit and loss	58	22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(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, 2025	March 31, 2024
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Holding Company	11.09	9.87
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Holding Company	11.08	9.87
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Holding Company used in calculating basic earnings per share	3,502	3,121
Diluted earnings per share		
Profit attributable to equity holders of the Holding Company		
– used in calculating basic earnings per share	3,502	3,121
– used in calculating diluted earnings per share	3,502	3,121
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	315.70	316.18
Adjustments for calculation of diluted earnings per share:	0.49	0.12
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	316.19	316.30

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

49 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, 2025	93%	17,265	100%	3,501	53%	(31)	101%	3,470
March 31, 2024	91%	14,693	103%	3,222	65%	53	102%	3,275
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2025	7%	1,373	7%	250	27%	(16)	7%	234
March 31, 2024	8%	1,239	6%	199	2%	2	6%	201
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2025	1%	118	0%	3	0%	–	0%	3
March 31, 2024	1%	115	0%	1	0%	–	0%	1
Ergo Design Private Limited								
March 31, 2025	0%	3	0%	(3)	0%	–	0%	(3)
March 31, 2024	0%	6	0%	–	0%	–	0%	–
Foreign								
Elgi Gulf FZE								
March 31, 2025	2%	280	6%	196	(7%)	4	6%	200
March 31, 2024	1%	81	2%	71	1%	1	2%	72
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2025	2%	426	4%	146	61%	(36)	3%	110
March 31, 2024	2%	315	5%	170	2%	2	5%	172
Elgi Equipments Australia Pty Limited								
March 31, 2025	2%	332	2%	87	7%	(4)	2%	83
March 31, 2024	2%	250	3%	87	(2%)	(2)	3%	85
Elgi Compressors Italy S.R.L								
March 31, 2025	7%	1,396	4%	143	(53%)	31	5%	174
March 31, 2024	8%	1,221	6%	178	13%	11	6%	189
Rotair SPA								
March 31, 2025	3%	543	0%	(5)	(10%)	6	0%	1
March 31, 2024	4%	671	7%	229	4%	3	7%	232
Elgi Compressors Europe S.R.L(Consolidated)								
March 31 2025	(16%)	(2,991)	(7%)	(255)	115%	(68)	(9%)	(323)
March 31, 2024	(17%)	(2,668)	(16%)	(499)	(28%)	(23)	(16%)	(522)
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2025	12%	2,312	(10%)	(336)	(102%)	60	(8%)	(276)
March 31, 2024	16%	2,588	(8%)	(243)	49%	40	(6%)	(203)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

49 Additional information required by Schedule III (Continued...)

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
PT Elgi Equipments Indonesia								
March 31, 2025	0%	53	0%	4	2%	(1)	0%	3
March 31, 2024	0%	50	0%	(2)	(2%)	(2)	0%	(4)
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2025	1%	195	0%	(1)	5%	(3)	0%	(4)
March 31, 2024	0%	199	2%	50	(2%)	(2)	1%	48
Elgi Compressors (M) SDN.BHD.								
March 31, 2025	0%	(79)	(1%)	(42)	7%	(4)	(1%)	(46)
March 31, 2024	0%	(33)	(1%)	(34)	0%	–	(1%)	(34)
Joint Ventures								
(Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited (refer note 3)								
March 31, 2025	1%	120	1%	37	0%	–	1%	37
March 31, 2024	1%	108	1%	35	0%	–	1%	35
Industrial Air Solutions LLP								
March 31, 2025	0%	4	0%	12	0%	–	0%	12
March 31, 2024	0%	1	0%	10	0%	–	0%	10
Sub-total								
March 31, 2025	115%	21,350	106%	3,737	98%	(62)	108%	3,675
March 31, 2024	117%	18,836	110%	3,474	102%	83	111%	3,557
Add/(less): Consolidation adjustments and inter-company eliminations								
March 31, 2025	(15%)	(2,694)	(6%)	(235)	2%	3	(8%)	(232)
March 31, 2024	(17%)	(2,724)	(10%)	(353)	(2%)	(1)	(11%)	(354)
Total								
March 31, 2025	100%	18,656	100%	3,502	100%	(59)	100%	3,443
March 31, 2024	100%	16,112	100%	3,121	100%	82	100%	3,203

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 and ESOP Trust.
- (2) Elgi Compressors USA Inc. includes the 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.
- (3) The amounts presented for Elgi Sauer exclude fair value gain on shares of Elgi Equipments Limited.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies

(a) 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.

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 50(u) 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.

50 Other Accounting Policies (Continued...)

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.

(b) Property, plant and equipment

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.

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).

Refer Note 3(a) for entity specific accounting policies on Property, plant and equipment.

(c) Leases

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.

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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.

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.

(d) 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.

Refer Note 4 for entity specific accounting policies on investment properties.

(e) Intangible assets

(i) Goodwill:

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.

(ii) Other Intangible assets:

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.

Refer Note 5 for entity specific accounting policies on intangible assets.

(f) 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
- b) those measured at amortised cost.

50 Other Accounting Policies (Continued...)

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

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50 Other 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

- The group has transferred the rights to receive cash flows from the financial asset or
- 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.

(g) 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

50 Other Accounting Policies (Continued...)

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.

Refer Note 10 for group-specific accounting policies relating to inventories.

(h) 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.

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.

(i) 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.

(j) 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.

(k) 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

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50 Other Accounting Policies (Continued...)

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.

(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.

(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.

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

50 Other Accounting Policies (Continued...)

of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(l) 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.

(m) 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 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.

(n) 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.

(o) 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.

(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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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 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) Revenue from operations

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 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.

Duty Drawback: Income from duty drawback is recognised on an accrual basis

Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

Retention receivables arising from project contracts have been classified as contract assets as per Ind AS 115 and regrouped accordingly.

Refer Note 29 for entity-specific policies on revenue.

(r) 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.

50 Other 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.

(s) 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 substantially 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.

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.

(t) 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 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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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.

(u) 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.

(v) 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.

(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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2025

(All amounts are in Millions in INR unless otherwise stated)

50 Other Accounting Policies (Continued...)

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 (v)(ii) above.

(w) 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 group has been identified as the chief operating decision maker of Elgi Equipments Limited. He assesses the financial performance and position of the group and makes strategic decisions. The business activities of the group comprise of manufacturing and sale of compressors. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments. Refer note 41 for segment information presented.

(x) 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.

(y) 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.

(z) 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.

(aa) 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.

(ab) 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.

(ac) 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, 2025

(All amounts are in Millions in INR unless otherwise stated)

51 Relationship with struck off companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

52 Compliance with number of layers of companies

The group has complied with the number of layers prescribed under the Companies Act, 2013.

As per our reports on even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

ANVAR JAY VARADARAJ

Director

DIN: 07273942

JAIRAM VARADARAJ

Managing Director

DIN: 00003361

ARUN KUMAR R

Partner

Membership No: 211867

DEVIKA SATHYANARAYANA

Company Secretary

Membership No. F11323

INDRANIL SEN

Chief Financial Officer

Place: Coimbatore

Date: May 28, 2025

Place: Coimbatore

Date: May 28, 2025

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 INR Million, unless otherwise stated)

Name of the Subsidiary	Adisons Precision Instruments Manufacturing Company Limited	ATS Elgi Limited	Elgi Gulf FZE	Elgi Compressors Do Brasil 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
Financial Year of the Subsidiary ended	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025
Reporting Currency	INR	INR	AED	BRL	AUD	AUD	AUD	AUD
Exchange Rate	1.00	1.00	23.27	14.80	53.80	53.80	53.80	53.80
Share Capital	11	1	2	110	-	-	73	-
Reserves and Surplus	107	1,376	279	316	332	(109)	240	535
Total Liabilities	-	667	321	116	176	754	518	115
Total Assets (Excluding Investments)	118	2,044	602	542	508	1	637	649
Investments (Other than Investments in Subsidiaries and joint ventures)	-	-	-	-	-	-	-	-*
Turnover	-	3,015	1,558	698	589	-	856	331
Profit before Taxation	4	335	202	230	126	(8)	(134)	148
Tax Expense	1	86	7	83	39	2	(40)	44
Profit/(loss) after Taxation	3	249	195	147	87	(6)	(94)	104
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%

*Amount is below the rounding off norm adopted by the group.

(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 INR Million, unless otherwise stated)

Name of the Subsidiary	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
Financial Year of the Subsidiary ended	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025
Reporting Currency	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO
Exchange Rate	92.07	92.07	92.07	92.07	92.07	92.07	92.07	92.07
Share Capital	320	55	4	-*	-*	1	-*	-
Reserves and Surplus	1,076	488	(3,066)	13	9	15	9	11
Total Liabilities	23	1,277	5,160	9	6	27	11	13
Total Assets (Excluding Investments)	467	1,820	2,095	22	15	42	20	24
Investments (Other than Investments in Subsidiaries and joint ventures)	-	-*	-	-	-	-	-	-
Turnover	-	2,332	2,482	68	38	113	52	81
Profit before Taxation	148	13	(264)	3	2	5	3	4
Tax Expense	5	19	8	1	-*	2	1	1
Profit/(loss) after Taxation	143	(6)	(272)	2	2	3	2	3
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%

*Amount is below the rounding off norm adopted by the group.

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 INR Million, unless otherwise stated)

Name of the Subsidiary	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
Financial Year of the Subsidiary ended	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025	Monday March 31, 2025
Reporting Currency	EURO	USD	USD	USD	USD	IDR	MYR	INR
Exchange Rate	92.07	85.44	85.44	85.44	85.44	0.01	19.27	1.00
Share Capital	1	1,088	467	2,789	9	19	18	-
Reserves and Surplus	14	953	(152)	(663)	(165)	34	(97)	3
Total Liabilities	36	6,221	647	2,429	1,636	68	144	13
Total Assets (Excluding Investments)	50	4,836	961	4,547	1,480	121	65	16
Investments (Other than Investments in Subsidiaries and joint ventures)	-	-	-	-	-	-	-	-
Turnover	103	4,103	710	1,742	1,633	122	89	20
Profit before Taxation	6	60	(191)	(374)	54	4	(42)	(3)
Tax Expense	3	18	(49)	(97)	14	-	-	-
Profit/(loss) after Taxation	3	42	(142)	(277)	40	4	(42)	(3)
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%

*Amount is below the rounding off norm adopted by the group.

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(All amounts are in INR Million, unless otherwise stated)

S. No.	Name of Associates or Joint Ventures	Elgi Sauer Compressors Ltd	Industrial Air Solutions LLP	Evergreen Compressed Air and Vacuum LLC	PLA Holding Company, LLC	Compressed Air Solutions Of Texas, LLC**	Gentex Air Solutions, LLC	L.G.Balakrishnan & Bros (Firm)	Elgi Services
1	Shares of Associate or Joint Ventures held by the Company on the year end No. of Shares	168,994							
	–Amount of Investment in Associates or Joint Venture	2	4	52	74	9	19	124	–*
	–Extent of Holding	26%	50%	50%	50%	50%	33.33%	98%	80%
2	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Operation	Joint Operation
3	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 98%	Consolidated to the extent of holding i.e 80%
4	Networth attributable to Shareholding as per latest audited Balance Sheet*	120	4	35	36	13	10	124	–*
5	Profit/Loss for the Year								
	i. Considered in Consolidation#	37	12	3	9	11	–	–*	–*
	ii. Not Considered in Consolidation	107	12	3	9	11	–	–*	–*

*Amounts are below rounding off norms adopted by the group.

**Classified as asset held for sale.

#Excludes unrealised profits on Inter-company stock, Inter-Co dividend.

Subsidiaries

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