July 20, 2026

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 Sir/Madam,

Subject: Annual Report for the financial year ended on March 31, 2026 along with the Notice of Sixty Sixth Annual General Meeting ("66th AGM") of the Company

Pursuant to the Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the electronic copy of the Annual Report for the financial year ended March 31, 2026, along with the Notice of 66th AGM of the Company. The same is also available on the Company's website at https://www.elgi.com/in/investors/agm/.

The following are the key events / information in connection with the AGM and e-voting:

Particulars	Details
Date and time of 66th AGM	Friday, August 14, 2026 | 10:00 am (IST)
Mode of AGM	Video conference and other audio-visual means
Cut-off date for e-voting	Friday, August 07, 2026
E-voting start date and time	Tuesday, August 11, 2026 | 9:00 am (IST)
E-voting end date and time	Thursday, August 13, 2026 | 5:00 pm (IST)

The above intimation is also available on the website of the Company at www.elgi.com

The above is for your information and record.

Thanking you,
Yours faithfully
FOR ELGI EQUIPMENTS LIMITED

ROHIT JAGANNATH GUPTE
Digitally signed by ROHIT JAGANNATH GUPTE
Date: 2026.07.20 13:13:34 +05'30'

ELGI EQUIPMENTS LIMITED

ROHIT GUPTE
COMPANY SECRETARY AND COMPLIANCE OFFICER
MEMBERSHIP NO.: A12422

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

ELGi®

Always Better.

BUILDING CAPABILITY. CREATING LONG-TERM VALUE.

Strategic investments, innovation, operational excellence, and disciplined execution continue to strengthen ELGi's foundation for sustained global growth and long-term value creation.

ANNUAL REPORT 2025-2026

ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

Sixty Sixth Annual General Meeting

Board of Directors

Non-Executive Directors

Mr. Srinivasan Krishnamurthi
Mr. Srinivasan Ravindran
Mr. Suman Kumar Das
Mr. Sudarsan Varadaraj
Ms. Padmaja Alaganandan
(appointed with effect from May 27, 2026)
Mr. Varun Jay Varadaraj
(appointed with effect from May 27, 2026)
Ms. Aruna Thangaraj
(resigned with effect from April 14, 2026)

Managing Director

Mr. Jairam Varadaraj

Executive Director

Mr. Anvar Jay Varadaraj

Chief Financial Officer

Mr. Indranil Sen

Company Secretary

Mr. Rohit Gupte
(appointed with effect from August 12, 2025)

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 14, 2026** | Day: **Friday** | Time: **10.00 A.M. (IST)**

TABLE OF CONTENTS

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	2025-26	2024-25
Income		
Revenue from operations	39,507	35,104
Other income	1,178	577
Total income	**40,685**	**35,681**
Expenditure		
Cost of materials consumed	14,380	12,951
Purchases of stock-in-trade	5,389	4,127
(Increase)/decrease in inventories	(430)	96
Staff cost	7,755	6,828
Finance cost	254	305
Depreciation and amortisation expenses	858	760
Other expenditure	6,622	5,853
Total expenditure	**34,828**	**30,920**
Profit/(Loss)		
Profit before tax	5,857	4,761
Exceptional items	(150)	–
Tax expenses	(1,472)	(1,314)
Share of profit from joint ventures (net)	67	55
Net Profit	**4,302**	**3,502**
Others		
Paid up Equity share capital	317	317
Reserves and surplus	22,002	18,339
Capital expenditure	1,544	948
Cash flow from operations	4,535	3,909
Basic Earnings per share (in ₹)	13.65	11.09
Dividend per share (in ₹) *	2.70	2.20
Number of shareholders	89,695	68,533
Number of employees	2,257	2,138

* proposed dividend

39,507
Revenue

4,302
Net profit

02 Notice of the 66th Annual General Meeting

NOTICE is hereby given that the Sixty Sixth Annual General Meeting ("AGM") of the Shareholders of ELGi Equipments Limited ("the Company") will be held on Friday, August 14, 2026 at 10:00 A.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, 2026, 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 at 270% equivalent to ₹ 2.70/- per equity share having face value of ₹ 1/- each for the financial year ended March 31, 2026.

3. To appoint a Director in place of Mr. Anvar Jay Varadaraj (DIN: 07273942), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. To consider and ratify the remuneration payable to 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 2026-27 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 re-appointment of Mr. Anvar Jay Varadaraj as the Executive Director of the Company

   To consider and if thought fit, to pass the following resolution as an **Ordinary 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 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the 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. Anvar Jay Varadaraj (DIN: 07273942) as the Executive Director of the Company for a further period of 5 (five) years with effect from August 2, 2026 till August 1, 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.

(1) A total remuneration not exceeding ₹ 4,80,00,000 per annum. The amount of ₹ 4,80,00,000 is on a cost to the Company basis and is inclusive of:

a. Bonus 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 applicable from time to time.

(2) Of the total remuneration, 20% is variable component 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, as applicable to other Senior Managerial Personnel for each of the next 5 years.

(5) The annual increment would be decided on the same principles / methodology adopted for other Senior Managerial Personnel for each of the next 5 years. However, the total cost to the Company shall not exceed in any given year, an amount of ₹ 4,80,00,000.

(6) The overall remuneration as stated above shall not exceed the limits as specified under Section 197 of the Act and Regulation 17(6)(e) of Listing Regulations, as applicable and amended from time to time.

(7) During his tenure as Executive Director, he shall be liable to retire by rotation and the same shall not be treated as break in his service as Executive Director.

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. Anvar Jay Varadaraj, Executive 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 resolution 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."

6. To consider and approve the appointment of Ms. Padmaja Alaganandan as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") (as amended), the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, Ms. Padmaja Alaganandan (DIN: 02867269), who was appointed as an Additional Director at the meeting of the Board of Directors of the Company in terms of Section 161(1) of the Act with effect from May 27, 2026 and who had also given her consent for appointment as an Independent Director of the Company and has also submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and whose name is included in the databank as required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years with effect from May 27, 2026 till May 26, 2031 and is not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby 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 resolution 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."

7. To consider and approve the appointment of Mr. Varun Jay Varadaraj as a Non-Executive Non-Independent Director of the Company

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

"RESOLVED THAT pursuant to Section 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time, and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, Mr. Varun Jay Varadaraj (DIN: 07972025), who was appointed as an Additional Director (Non-executive and Non-Independent) of the Company by the Board of Directors in its meeting held on May 27, 2026, and who holds office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013, and who is eligible for appointment and has consented to act as a Director and in respect of whom the Company has received a Notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby 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 resolution 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: May 27, 2026
Place: Bengaluru
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

Rohit Gupte
Company Secretary and Compliance Officer
Membership No.: A12422

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 7 of the accompanying Notice, is annexed hereto and forms part of this Notice. The Board of Directors of the Company at its meeting held on May 27, 2026 considered that the special business under Item Nos. 4 to 7 being considered unavoidable, be transacted at the 66th Annual General Meeting ("AGM") of the Company.

2. The Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 20/2020 and 03/2025 dated May 5, 2020 and September 22, 2025, 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. In compliance with these MCA Circulars, provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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 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 registered email address to elgi@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its Registrar and Share Transfer Agent ("RTA") at enotices@in.mpms.mufg.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 17, 2026.

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"). Members may also note that pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, the Company shall make payment of dividend only through electronic mode and no payments will be made through cheque / warrants.

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. A. Securities and Exchange Board of India ("SEBI") had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities/Registrar and Share Transfer Agents with effect from April 1, 2019.

B. Pursuant to the SEBI Master Circular dated February 6, 2026, and the operational guidelines issued by the Securities and Exchange Board of India, listed entities are mandated to effect the issuance of securities only in dematerialised (demat) form for various investor service requests (including transfer, transmission, transposition, and issue of duplicate certificates). Accordingly, for all valid service requests, the Company/Registrar and Share Transfer Agent (RTA) will now directly credit the shares to the demat account provided by the shareholder.

C. Further, as per SEBI's Master circular dated February 6, 2026, Members holding shares in physical form, whose folio(s) lack PAN, contact details, Bank Account details or updated specimen signature, will only be eligible for payment of dividend through electronic mode only effective from April 1, 2024 upon updating the aforementioned details with MUFG Intime India Private Limited (formerly known as 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. Members may also note that in the absence of any of the aforementioned details, they will not be able to lodge grievances or avail any investor services until all required information and documents are duly submitted.

A copy of the aforementioned 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. Rohit Gupte, Company Secretary, 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 the Listing Regulations, Notice of the AGM along with the Annual Report 2025-26 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 2025-26 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 the Listing Regulations, 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 Section 393 of the Income Tax Act, 2025, the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates set out therein. For the prescribed rates for various categories, the Shareholders are requested to refer the Income Tax Act, 2025 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-121-41.html

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 may kindly note that in accordance with SEBI circular dated July 31, 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. A Member shall first take up his / her / their grievance with the listed entity by lodging a complaint directly with the concerned listed entity and if the grievance is not redressed satisfactorily, the Member may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. Only after exhausting all available options for resolution of the grievance, if the Member is not satisfied with the outcome, he / she / they can initiate dispute resolution through the Online Dispute Resolution ('ODR') Portal. Members are requested to take note of the same. 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).

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

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

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

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

26. 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.

27. Registration of email ID and Bank Account details: In case the shareholder's email ID is already registered with the Company/its RTA/Depositories, log in details for e-Voting are being sent on the registered email address. In case the shareholders have not registered his/ her/their email address with the Company/its RTA/ Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions are to be followed.

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

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

28. 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 Friday, August 7, 2026, 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 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 Tuesday, August 11, 2026 at 9:00 A.M.(IST) and ends on Thursday, August 13, 2026 at 5:00 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 7, 2026, 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. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, 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:

a) Visit URL: https://eservices.nsdl.com and click on “Beneficial Owner” icon under “IDeAS Login Section”.

b) Enter User ID and Password. Click on “Login”.

C) 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.

d) Click on “MUFG InTime” or “e-Voting 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:

a) 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.

b) Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on “Submit”.

c) Enter the last 4 digits of your bank account/ generate ‘OTP’.

d) Post successful registration, user will be provided with Login ID and password. Follow steps given above in points (a-d).

NSDL Mobile App is available on

App Store Google Play

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

a) Visit URL: https://www.evoting.nsdl.com.

b) Click on the “Login” tab available under ‘Shareholder/Member’ section.

c) 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.

d) Post successful authentication, you will be re-directed 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.

e) Click on “MUFG InTime” or “e-voting 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:

a) Visit URL: https://web.cdslindia.com/myeasitoken/Home/Login or www.cdslindia.com.

b) Click on New System Myeasi Tab.

c) Login with existing my easi username and password.

d) After successful login, user will be able to see e-Voting option. The e-Voting option will have links of e-voting service providers i.e., MUFG InTime, for voting during the remote e-Voting period.

e) Click on “Link InTime/ MUFG InTime” or “e-voting 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 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 login, user will be able to see e-Voting menu.

e) Click on "Link InTime / MUFG InTime" or "e-Voting 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 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) After successful authentication, click on "Link InTime / MUFG InTime" or "e-Voting 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 "Link InTime/MUFG InTime" or "e-Voting 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 for 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.

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.mufg.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 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, Bank Account Number (last four digits) 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.*

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.

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 Forgot User ID and Forgot Password option available at above mentioned depository/depository participants website.

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

INSTAMEET VC Instructions for shareholders

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 03/2025 dated September 22, 2025, the Companies can conduct their AGMs/EGMs 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:

a) Visit URL: https://instameet.in.mpms.mufg.com & click on "Login".

b) 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 cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting facility during the meeting.

Shareholders/Members who have voted through Remote e-voting prior to the 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 Friday, August 7, 2026.

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 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.

Item No. 4

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules") the Company is required to appoint a cost auditor to audit the cost records of the Company, for products and services, specified under Rules issued in pursuance to the aforesaid section.

The Board of Directors, on the recommendation of the Audit Committee, has 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 2026-27 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.

M/s. STR & Associates, Cost Accountants, have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company. As per Section 148 of the Act read with the Rules, as amended, the remuneration payable to the Cost Auditor as determined by the Board of Directors has 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, 2027.

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

The shareholders of the Company at the 61st Annual General Meeting held on August 2, 2021 had approved the appointment of Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a period of 5 years with effect from August 2, 2021, with the approval of the Central Government. Accordingly, his term as an Executive Director will be concluding on August 1, 2026. It is now proposed to re-appoint Mr. Anvar Jay Varadaraj as an Executive Director of the Company for a period of five (5) years from August 2, 2026 up to August 1, 2031 (both days inclusive).

The Board of Directors at its meeting held on May 27, 2026, based on the recommendation of Nomination and Remuneration Committee and subject to the approval of shareholders, re-appointed Mr. Anvar Jay Varadaraj as an Executive Director of the Company for a further period of five years with effect from August 2, 2026 up to August 1, 2031, on such terms and conditions as set out in Item No. 5 of the Notice.

Mr. Anvar Jay Varadaraj is the Chief Operating Officer (COO) and Whole-time Director of ELGi Equipments Limited and a member of the ELGi promoter group. As part of ELGi's leadership team, he plays a key role in advancing the company's long-term global growth agenda and driving strategic initiatives aligned with ELGi's vision of becoming one of the world's top compressed air companies.

Over the past decade, Mr. Anvar has held multiple leadership roles across functions and geographies within ELGi, building a broad perspective across marketing, business operations, strategy, and global growth initiatives. Since joining ELGi in 2015, he has been instrumental in strengthening the organization's capabilities and supporting the Company's global expansion journey.

He began his ELGi career leading the marketing function in India, where he established scalable processes and capabilities that strengthened the Company's brand and global marketing foundation. He subsequently moved to North America, where he played a pivotal role in building regional capabilities and supporting strategic business priorities. He later transitioned to an executive role on the ELGi Board, partnering closely with leadership teams on transformative initiatives across the organization.

In 2022, Mr. Anvar assumed business leadership responsibilities in North America before returning to India in 2023 as Chief Operating Officer. In his current role, he leads key strategic and operational priorities focused on accelerating growth, enhancing organizational effectiveness, and strengthening ELGi's position as a globally competitive enterprise.

Mr. Anvar brings a global outlook and a long-term leadership perspective, with a strong focus on building enduring capabilities that support ELGi's continued growth and global ambitions.

As per Section 178 of the Companies Act, 2013 ("the Act"), the Nomination and Remuneration Committee at their meeting held on May 26, 2026 had, taking into consideration the factors detailed above, proposed the re-appointment of Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a further period of 5 (five) years with effect from August 2, 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 thereunder.

Pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Audit Committee at their meeting held on May 27, 2026 had also approved the remuneration payable to Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a period of 5 (Five) years and recommended the same to the Board.

Pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Act, the re-appointment of the Executive Director shall be subject to the approval of the shareholders of the Company in the General Meeting. Hence, the necessary resolution has been set out in Item No. 5 of the Notice for the approval of the members.

The Company has received requisite consent/declarations for the re-appointment of Mr. Anvar Jay Varadaraj as an Executive Director as required under the Act and rules made thereunder.

This explanatory statement and the resolution at Item No. 5 which outlines the terms and conditions of re-appointment may also be read and treated as disclosure in compliance with the requirement of Section 190 of the Act. The copy of the draft employment agreement for re-appointment of Mr. Anvar Jay Varadaraj shall be open for inspection by any Member of the Company.

The Board recommends the resolution set out in Item No. 5 of the Notice for the approval of the members.

The details as required under Regulation 36 of Listing Regulations, brief profile of Mr. Anvar Jay Varadaraj and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this notice.

Except Mr. Anvar Jay Varadaraj, being the appointee Director and Mr. Jairam Varadaraj, Managing Director and Mr. Varun Jay Varadaraj, Director, being his relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of the AGM.

Item No. 6

The Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, has appointed Ms. Padmaja Alaganandan on May 27, 2026, as an additional director (Women Independent and Non-Executive) on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013 (the "Act") with an intention to appoint her as an Independent Director for the first term of five (5) consecutive years with effect from May 27, 2026, subject to the approval of the Members by means of a special resolution.

Ms. Padmaja Alaganandan, holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Act. Further, pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the approval of shareholders for her appointment is required to be obtained at the next Annual General Meeting or within a period of 3 months from the date of appointment, whichever is earlier.

Further, pursuant to Regulation 25(2A) of the Listing Regulations, the appointment of Ms. Padmaja Alaganandan as an Independent Director of the Company shall require the approval of the members of the Company by means of a special resolution.

The Company has received notice in writing from a member under Section 160 of the Act, proposing her candidature for the office of Independent Director of the Company.

Brief profile of Ms. Padmaja Alaganandan and her other directorships has been included in this Notice.

Ms. Padmaja has retired from PwC Consulting and has over 30 years of consulting and leadership experience. She has worked across business and people strategy and consulted with clients across industries including Technology, Automotive, Pharma and Consumer Products, Oil & Gas. Her work has ranged across clients in large multi-business conglomerates, the public sector, start-ups and social enterprise as well as the not-for-profit and development sector.

In addition to her consulting experience, Ms. Padmaja has also played the role of Chief People Officer for PwC India and its over 25,000 workforce and been a member of the firm's leadership team in India. She has been part of global teams in the different leadership roles she has played, as well as in her consulting experience working with large multinational organizations.

Ms. Padmaja has worked with clients and boards on talent, leadership and executive remuneration issues. She has led Board Evaluation exercises, engaging with the different Board Members, and also consulted on CEO and senior executive remuneration as part of compensation governance. Ms. Padmaja has spoken on Managing Talent in India at client forums in France, Germany, and Japan, and been a speaker at international conferences including the World at Work Asia Pacific Rewards conference at Singapore. Prior to joining PwC, Ms. Padmaja headed Mercer Consulting's Human Capital business in India and was a member of the Asia Pacific Human Capital Leadership team as well as the global Executive Remuneration Board.

Ms. Padmaja has been on the Board of Mercer India, as well as of PwC entities in India. She is currently a member on the Board of Airtel Payments Bank Limited, Volvo Eicher Commercial Vehicles and Pollinate Energy, a not-for-profit focused on livelihoods and gender equity in urban slums.

Ms. Padmaja graduated from University of Madras and Post Graduation from Indian Institute of Management, Calcutta.

Ms. Padmaja Alaganandan has given her consent to act as a Director along with the declaration to the effect that she meets the criteria of independence as prescribed under the Act and the Listing Regulations and that her name is included in the databank of Independent Directors as required under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Ms. Padmaja Alaganandan fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for her appointment as an Independent Director of the Company and is also independent of the Management.

The Nomination and Remuneration Committee and the Board of Directors have reviewed/ evaluated the balance of skills, knowledge and experience on the Board and have identified the role and capabilities required of Independent Directors and have considered that Ms. Padmaja Alaganandan with her experience and expertise will be of immense value addition to the Company.

Ms. Padmaja Alaganandan is not disqualified from being appointed as Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any order of the Securities and Exchange Board of India or any other statutory authority under any laws. She also has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company.

A copy of the draft letter of appointment of Ms. Padmaja Alaganandan setting out the terms and conditions of her appointment is available for inspection by the members at the registered office of the Company during the office hours on all working days other than on Saturdays and Sundays till the date of this Annual General Meeting.

The disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are furnished and form a part of this Notice.

The Board of Directors considers it in the interest of the Company to appoint Ms. Padmaja Alaganandan as a Non-Executive Independent Director of the Company for a period of five (5) consecutive years with effect from May 27, 2026 to May 26, 2031.

The Board recommends the resolution set forth in item no. 6 of the notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Ms. Padmaja Alaganandan, is in any way, interested or concerned, financially or otherwise, in the resolution set out at the Item No.6 of the Notice.

Item No. 7

The Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, has appointed Mr. Varun Jay Varadaraj on May 27, 2026, as an Additional Director (Non-Executive Non-Independent) on the Board of Directors of the Company.

Mr. Varun Jay Varadaraj, holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 ("the Act"). Further, pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the approval of shareholders for his appointment is required to be obtained at the next Annual General Meeting or within a period of 3 months from the date of appointment, whichever is earlier.

The Company has received notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Brief profile of Mr. Varun Jay Varadaraj and his other directorships has been included in this Notice.

Mr. Varun Jay Varadaraj is an entrepreneur with a professional background spanning industrial Go-To-Market (GTM) strategy and consumer marketing. He completed his pre-university education at Kodaikanal International School in India and earned a Bachelor's degree in Finance and Marketing from Purdue University.

Mr. Varun began his career at ELGi, serving in the Audit department before moving into GTM strategy for the Reciprocating Compressor Division. After three years with the company, he earned a Master's degree from New York University. He subsequently joined KIND as a Senior Marketing Analyst within the innovation department, where he focused on new product introductions and consumer-driven sales initiatives.

Following his interest in the fitness industry, Mr. Varun launched AIRLAB, a boutique studio specializing in altitude training. The business, which has expanded to two locations over the past two years, utilizes ELGi technology from its Australian subsidiary, Pullford, to create simulated altitude environments.

Having grown up in an entrepreneurial family, Varun has had lifelong exposure to the business and compressor industries. He looks forward to bringing his experience in marketing and operations to the ELGi Board to support the company's CK2 journey.

The Nomination and Remuneration Committee and the Board of Directors have reviewed/ evaluated the balance of skills, knowledge and experience on the Board and have identified the role and capabilities required of a director and have considered that Mr. Varun Jay Varadaraj with his experience, expertise and competencies fundamental for functioning in his role as a Director of the Company will be of immense benefit to the Company.

Mr. Varun Jay Varadaraj has given his consent to act as a Director of the Company and is not disqualified from being appointed as Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any order of the Securities and Exchange Board of India or any other statutory authority under any laws.

The disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are furnished and form a part of this Notice.

The Board recommends the resolution set forth in item no. 7 of the notice for approval of the Members by way of an ordinary resolution.

Except Mr. Varun Jay Varadaraj being the appointee, Mr. Jairam Varadaraj and Mr. Anvar Jay Varadaraj, Director, 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. 7 of the accompanying Notice of the AGM.

Additional information on Directors recommended for appointment / 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. Anvar Jay Varadaraj	Ms. Padmaja Alaganandan	Mr. Varun Jay Varadaraj
Director Identification Number	07273942	02867269	07972025
Age	40 years	59 years	34 years
Nationality	USA	Indian	USA
Date of appointment on the Board	April 1, 2020	May 27, 2026	May 27, 2026
Inter-se relationship with other directors or Key Managerial Personnel of the Company	Mr. Anvar Jay Varadaraj is the son of Mr. Jairam Varadraj, Managing Director of the Company and brother of Mr. Varun Jay Varadaraj, Non-Executive Non-Independent Director. He is not related to any other director or Key Managerial Personnel of the Company.	Ms. Padmaja Alaganandan is not related to any other Directors or Key Managerial Personnel of the Company.	Mr. Varun Jay Varadaraj is the son of Mr. Jairam Varadraj, Managing Director of the Company and brother of Mr. Anvar Jay Varadaraj, Executive Director. He is not related to any other director or Key Managerial Personnel of the Company.
Qualification	BA (Economics and Philosophy) & MBA	Post Graduate	Post Graduate in Finance and Marketing
Expertise in area/ Experience	He has more than 15 years of experience in branding and marketing.	She has over 30 years of consulting and leadership experience.	He is an entrepreneur with a professional background spanning industrial GTM strategy and consumer marketing.
No. of shares held (including shareholding as a beneficial owner)	19,25,248 equity shares of Re.1/- each	Nil	19,16,684 equity shares of Re. 1/- each
Board position held	Executive Director	Additional Director (Independent Director)	Additional Director (Non-Executive Non-Independent Director)
Terms and conditions of appointment/re-appointment	As per the resolution set out in Item No. 5 of the Notice	As per the resolution set out in Item No. 6 of the Notice	As per the resolution set out in Item No. 7 of the Notice
Remuneration paid for the financial year 2025-26	Information disclosed in the Corporate Governance Report annexed to the Annual Report	Nil	Nil
Remuneration proposed to be paid	As per the resolution set out in Item No. 5 of the Notice	She will be entitled to payment of sitting fees for attending the meeting of the Board of Directors and Committees in which she is a member and commission	He will be entitled to payment of sitting fees for attending the meeting of the Board of Directors and Committees in which he is a member and commission
Number of Board meetings attended during the year	Information disclosed in the Corporate Governance Report annexed to the Annual Report	Not Applicable	Not Applicable

Name	Mr. Anvar Jay Varadaraj	Ms. Padmaja Alaganandan	Mr. Varun Jay Varadaraj
Directorships held in other companies	1. ATS Elgi Limited 2. Elgi Ultra Private Limited 3. Varam Estates Private Limited 4. Ergo Design Private Limited	1. Airtel Payments Bank Limited 2. VE Commercial Vehicles Limited 3. Pollinate Energy India Private Limited	Nil
Names of the listed entities from which the person has resigned in the past 3 years	Nil	Nil	Nil
Chairmanship/Membership of the Committees of the Board of other Companies in which he is Director	Nil	1. VE Commercial Vehicles Ltd Audit Committee - Member Nomination and Remuneration Committee-Chairperson 2. Airtel Payments Bank Ltd Audit Committee - Member Nomination and Remuneration Committee - Member	Nil
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable	Strategic Planning and Business Operations, Executive Compensation and Human Capital Management, Risk Management, Marketing and Global Brand Building, International / Global Perspective	Not Applicable

Date: May 27, 2026
Place: Bengaluru
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

Rohit Gupte
Company Secretary and Compliance Officer
Membership No.: A12422

03 Management Discussion and Analysis

Industry Outlook

The global air compressor industry grew steadily during the financial year ended March 31, 2026. In 2025, the market reached approximately USD 23 billion and is projected to grow to USD 27 billion by 2030 at a CAGR of around 3.5% from 2026 to 2030. Strong demand across major end-use sectors, such as manufacturing, oil & gas, healthcare, food & beverages, construction, and semiconductors, continues to drive this sustained expansion.

Three structural shifts are shaping the industry's outlook. First, stricter environmental regulations and the push for sustainable manufacturing practices are driving the adoption of energy efficient and oil-free compressors in purity-sensitive sectors. Second, LNG and hydrogen infrastructure development is increasing demand for compressed air solutions. Third, post-pandemic manufacturing re-shoring efforts are boosting installations across North America and Europe. Alongside these shifts, predictive analytics, digital solutions and IoT-enabled systems are becoming hygiene factors of compressed air systems.

Asia Pacific retained its position as the dominant regional market, accounting for over 42% of global market share, as rapid industrialization and expanding manufacturing activity in China, India, and Southeast Asia supported growth. The industry navigates two key headwinds: integrating legacy systems with emerging smart technologies and managing supply chain disruptions and input cost pressures arising from trade tariffs and geo-political tensions. Against this backdrop, the Company is focused on delivering energy-efficient, technologically advanced compressor solutions to capture emerging opportunities across its served markets.

Strategic Business Plan

In FY'26, we grew by **13% YoY**, backed by strong growth in India despite challenges in Europe. We continued to invest in our strategic and operational enablers to help achieve our long-term financial goals. We will discuss our performance by regions and relevant functions. We will list our strategic priorities and review our FY'26 performance.

The following guidance is based on the Company's Strategic Business Plan for the five-year period up to FY'31, with FY'26 revenue of ₹39,507 million as the base.

- Revenue target of ₹66,150 million by FY'31, subject to global economic conditions.
- With an EBITDA margin of 18% and a Return on Capital Employed of 35%.

India

Our India business delivered strong growth and profitability. We grew market share across our segments. We expect similar growth momentum in FY'27.

Industrial Oil Lubricated

- Strategic Priorities
  - Invest in brand awareness initiatives to generate inbound inquiries.
  - Grow market share by winning new customers.
  - Maintain profitability with value-based pricing and strong aftermarket capture.
  - Focus on launching products for the cost sensitive segment.
- FY'26 Review
  - Launched our EG and EQ series range of lubricated screw compressors with Demand=Match technology with higher price and margin realisation.
  - Launched EG 200-250 Super Premium and EG 55 PMSM range for improved energy efficiency.
  - Completed the development of products for the cost sensitive segment and validation progressed well.

Oil Free

- Strategic Priorities
  - Grow market share by building awareness, expanding product range, improving product performance, and offering best-in-class aftermarket service.
- FY'26 Review
  - Achieved annual goals with a strong order book for FY'27.
  - Launched OA 200-250 kW Air Cooled variant with improved efficiency and reduced footprint.

Construction and Mining

- Strategic Priorities
  - Maintain market share and drive profitability.
  - Be first to market with new products.
- FY'26 Review
  - Maintained our dominant market share.
  - Continued momentum with the PG850S-290 portable compressor launch.

Water well

- Strategic Priorities
  - Recover dominant market share position.
  - Be first to market with new products.
- FY'26 Review
  - Improved performance in water well segment.

Railways

- Strategic Priorities
  - Maintain core segment market share.
  - Increase share in multiple unit segments and maximise private OEM opportunities.
- FY'26 Review
  - Expanded market share in core segment.
  - Launched RS25100 oil-injected screw compressor for WAG10 locomotive application.

Aftermarket -Industrials

- Strategic Priorities
  - Drive profit by maximizing aftermarket revenue from installed base.
  - Raise the standards for customer responsiveness and support.
- FY'26 Review
  - Achieved aftermarket targets across installed base.
  - Deployed Air~Alert IoT devices to improve uptime and response time for 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'26 Review
  - Maintained market share in the UAE, Saudi Arabia, Oman, and Kuwait.

North America

Our North America business delivered against our financial targets in FY'26. The Industrial and Medical divisions achieved record revenues. Operational consolidation across five business divisions improved efficiency and reduced fixed costs. We mitigated tariff headwinds through cost optimisation measures. The Company has strengthened its sales and service infrastructure for continued growth in FY'27.

Industrials

- Strategic Priorities
  - Identify and onboard new distributors in priority states.
  - Launch go-to-market strategy for the oil free segment.
- FY'26 Review
  - Achieved record revenue in the Industrial division.
  - Continued onboarding of new distributors to address distribution gaps.
  - Launched GTM Strategy for oil free segment.

Portables

- Strategic Priorities
  - Gain access to national rental companies.
  - Reduce fixed cost.
- FY'26 Review
  - Reduced profitability owing to US tariffs levied on Italy-manufactured Rotair products.
  - Reduced employee and fixed costs.

Medical

- Strategic Priorities
  - Increase market share on the West Coast and Northeast.
- FY'26 Review
  - Achieved record sales in FY'26.
  - Improved profitability of the business.
  - Increased customer awareness and revenue from the West Coast and Northeast regions.

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'26 Review
  - Revenue targets not fully achieved in distribution operations.
  - Improved profitability and operating cash flow.
  - Increased direct sales team capacity.

Europe

Despite continued macro-economic headwinds in key markets, we grew market share and achieved record revenue in Spain. USA tariffs softened demand for Rotair products. We expect constrained demand to continue into FY'27, and we will focus on reducing costs and expanding direct sales.

Industrial

- Strategic Priorities
  - Increase market share by increasing distribution and investing in direct sales in Spain, France, the UK, and Italy.
  - Improve profitability by reducing costs.
- FY'26 Review
  - Restructured the European organisation to reduce costs and allocate resources to direct sales.
  - Achieved record revenue in Spain.
  - Soft demand across markets.

Rotair

- Strategic Priorities
  - Increase sales in non-USA markets.
  - Reduce cost.
  - Release cash by optimising inventory.
- FY'26 Review
  - USA tariffs continued to dampen demand for Rotair products.
  - Progressed cost reduction and inventory optimisation projects.

Australia and Southeast Asia

The Australian market remained soft. We grew market share by expanding our distributor network and reduced fixed costs in the channel vertical. We didn't achieve our sales and service targets in Victoria. We've invested in leadership and talent in Southeast Asia to increase revenue.

- Strategic Priorities
  - Identify and onboard new distributors.
  - Grow equipment and service market share at Pulford.
- FY'26 Review
  - Onboarded new distributors to expand physical presence.
  - Grew equipment revenue at Pulford.
  - Renewed focus to recover service revenue at Pulford.

Brazil

- Strategic Priorities
  - Maintain share in the portables segment.
  - Identify and onboard new distributors for industrial compressors in priority states.
- FY'26 Review
  - Achieved record revenue, profit, and cash in the portables and industrial segments.
  - Increased distributor network.

ATS

ATS grew revenue and profit with growth in strategic non-ice segments.

Elgi Sauer

ELGi Sauer grew revenue and profit with a strong order book for FY'27.

Strategic Enablers

Our strategy's success hinges on the health of our supporting activities and functions. In this section, we will highlight progress in our enablers, which will support our aspirations in FY'27 and beyond.

Leadership

- Appointed Ramesh Ponnuswami, previous India and Australia business leader, to lead ELGi's Operations function.

Talent Management

- Employee headcount as on March 31, 2026 is 2257.
- Launched a new global performance management system linking business metrics to differentiated rewards and continuous development feedback.

- Created a pool of certified internal coaches to strengthen leadership capability and enable coaching across the organization for talent development.
- Roll out of Talent Management framework (Project IOT- Integration of Talent) across the organization to build a cohesive, future-ready talent pipeline.

Operations and Supply Chain

- Reduced finished goods and raw material inventory globally.
- Institutionalised the COSMOS programme across manufacturing facilities globally and achieved significant cost savings in FY'26.
- ELGi motor manufacturing now covers 88% of in house requirements, which helped mitigate ELGi's USA tariff burden and reduced lead time to 3 days.
- Continued geopolitical tensions pose risks to supply chain continuity and input cost stability.
- Inaugurated the Vacuum Pump assembly line in January 2026 at Coimbatore.
- New Global Support Centre at Kinathukadavu is on track for completion in Q1 FY'27.

Products and Technology

- Strategic Priorities
  - During FY'25-26, ELGi launched a range of products and features with focus on enhancing energy efficiency and widening portfolio coverage, while also driving backward integration.
- FY'26 Review
  - Vacuum Pump
    - Established indigenous Rotary Vane Pump assembly & testing capability.
  - **Oil Lubricated Compressor**
    - Launched EG 200-250 Super Premium range with 2-stage airends and IE4 motors delivering up to 12% specific power savings.
    - Launched EG 55 PMSM with indigenously designed IE5+ Permanent Magnet Synchronous Motor for variable speed applications.
    - Launched EG30-45kW with Direct Drive design to offer improved performance & compact design.
    - Commenced global assembly of EN Air Stations (compressor-tank-dryer) in the 2.2 to 15 kW range.
    - Obtained required certification and completed product readiness for various global markets, such as Canada, Norway, Germany.
- **Oil-Free Compressor**
  - OF90-160kW Air Cooled units with Integrated Heat Recovery System with dual cooling mode launched to support customers recover waste heat and reduce power bills.
  - Launched OA 200-250 kW Air Cooled with IE4 motors, Neuron-IV controller, Air~Alert IoT, and reduced footprint.
  - CRN certified products for Canadian market in the range of AB11-75kW.
- **Portable Compressor**
  - Products in C&M range upgraded for Excavator mounting & DGMS compliance for mining sector.
- **Demand=Match:**
  - Launched the patented Demand=Match system in India across all single stage Oil Lubricated product groups which will deliver up to 17% energy savings.
  - Global launch planned in FY'27
- **Accessories**
  - Launched indigenised ARN Series refrigerated dryers (20 to 500 cfm) globally; USA supply is scheduled to commence in Q1 FY'27.
  - Launched Aluminium Compressed Air Piping (20 to 200 mm) for the Indian market.
- **Railways:**
  - Launched RS25100 oil-injected screw compressor package for WAG10 locomotive application.
- **Other initiatives:**
  - ELGi motor implementation on EG and AB in the range of 90-160kW to offer better value proposition to our customers.
  - Air~Alert - an IoT enabled system to improve uptime, energy efficiency and 24x7 monitoring, was made standard for EG 18 and above oil lubricated models in India. Globally, Air~Alert system was made standard for models EG 90 and above, AB and OF Series.

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 organisation and create an effective digital ecosystem through partnerships.
- FY'26 Review
  - Established GCC-led operating model with approximately 90% centralised offshore delivery.
  - Significant progress in establishing Global Sales Platform, Employee Platform, Demand Planning Platform, Warehouse Automation Platform and Product development platform.
  - Deepened strategic partnerships with reputed IT service providers.
  - ISO 27001 (2022) certification achieved.
  - AI and Data COE operationalised to deliver advanced analytics capabilities.

Brand

- Strategic Priorities
  - Drive awareness, consideration, and conversion in target markets.
  - Manage stakeholders' experience (customers, employees, investors, suppliers, and society) with our brand.
- FY'26 Review
  - Significant growth in awareness and leads generated from our digital and social media platforms.
  - Continued growth in our public relations presence globally.

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'26 Review
  - The share of renewable energy is 57% for FY'26 (39% in FY'25).
  - Reduced freshwater consumption using harvested rainwater by 21% for FY'26 (2% in FY'25).
  - 13 of 15 ESG goals are on track or significantly better than plan; 2 are behind plan.
  - Project Stellar at ELGi School commenced its first batch of 22 students in June 2025 for Academic Year 2025-26. A batch of 50 students is planned for 2026-27; free residential facility expected to be operational in 2 years.
  - 4 students enrolled in the CATALYST Scholarship Programme at Amrita University, pursuing their BTech in Mechanical Engineering. The program will continue with a new intake in the coming Academic Year.

Summary of Consolidated Financial Performance

The following table highlights key components of Statement of Profit and Loss for the fiscal years ended March 31, 2026, and March 31, 2025:

(₹ in millions)

Particulars	FY26	FY25	YoY%
Revenue from operations	39,507	35,104	*13%*
Total expenditure	33,716	29,829	
EBITDA	5,791	5,275	*10%*
Other income	1,102	577	
Net gain/(loss) on foreign currency transaction and translation	76	(26)	
Finance cost	254	305	
Depreciation and amortisation	858	760	
Share of profit of joint ventures (net)	67	55	
Profit before tax and Exceptional items	5,924	4,816	*23%*
Exceptional items	(150)	-	
Profit before tax	5,774	4,816	*20%*
Tax expense	1,472	1,314	
Net Profit	**4,302**	**3,502**	***23%***
Net Profit %	11%	10%	

Revenue from Operations: During the financial year under review, the Company recorded a consolidated revenue of ₹39,507 million as compared to ₹35,104 million in the previous financial year, reflecting a growth of 13%. The growth in revenue was driven by improved performance across key geographies, expansion of distribution network, increasing demand for energy-efficient compressed air solutions and continued focus on key markets. The Company also benefited from its diversified product portfolio, strong aftermarket business and continued customer engagement initiatives.

Total expenditure: Total expenditure for the current year increased to ₹33,716 million from ₹29,829 million in the previous year, primarily on account of higher material consumption, investment in talent, capability building and strengthening of global operations.

EBITDA: The Company reported an EBITDA of ₹5,791 million compared to ₹5,275 million in the previous year. The improvement in EBITDA was supported by higher revenues, operating leverage benefits and continued focus on cost management and operational efficiency initiatives across the business.

Other income: Other income increased to ₹1,102 million from ₹577 million in the previous year, primarily driven by gain on sale of a property of ₹389 million and higher interest on surplus funds.

Finance costs: Finance cost decreased to ₹254 million from ₹305 million in the previous year, on account of repayment of borrowings and lower interest outgo during the year.

Depreciation and amortisation: Depreciation and amortisation stood at ₹858 million as compared to ₹760 million in the previous year, reflecting impact of capital investments and asset additions.

Exceptional item: The Company recognized an exceptional item of ₹150 million during the year ended March 31, 2026, on account of the implementation of the Labour Codes notified by the Government of India on November 21, 2025.

Profit before tax: The Company reported a consolidated profit before tax of ₹5,774 million as against ₹4,816 million in the previous financial year. The profit after tax stood at ₹4,302 million, as compared to ₹3,502 million in the previous year. The improvement in profitability was supported by revenue growth, operational efficiencies and disciplined cost management initiatives, partially offset by macroeconomic challenges in certain markets.

Consolidated Balance Sheet Highlights

Below is a discussion of major items and variations in our consolidated balance sheet as at March 31, 2026, and March 31,2025:

(₹ in millions)

Particulars	FY26	FY25	*Absolute change*
Assets			
Tangible assets	4,515	3,307	*1,208*
Right of use assets	1,228	807	*421*
Goodwill and Intangibles assets	2,604	2,331	*273*
Investments accounted for using the equity method	196	205	*(9)*
Inventories	7,107	6,085	*1,022*
Trade receivables	7,239	6,084	*1,155*
Cash and cash equivalents (incl. Current investments)	10,258	9,096	*1,162*
Other financial assets	707	758	*(51)*
Other assets	1,601	1,742	*(141)*
Total	**35,455**	**30,415**	
Equity and Liabilities			
Share capital and other equity	22,319	18,656	*3,663*
Borrowings	4,048	4,908	*(860)*
Lease liabilities	1,283	864	*419*
Other financial liabilities	5,935	4,361	*1,574*
Other liabilities	1,870	1,626	*244*
Total	**35,455**	**30,415**	

The consolidated financial statements of the Company have been prepared in accordance with the applicable accounting standards and provide a comprehensive view of the financial position and operational performance of the Company along with its subsidiaries.

Tangible assets: Tangible assets increased to ₹4,515 million as at March 31, 2026 from ₹3,307 million as at March 31, 2025, primarily on account of capital expenditure incurred towards capacity expansion, infrastructure development and investments in manufacturing and operating assets to support future business growth.

Right-of-use assets: Right-of-use assets increased to ₹1,228 million from ₹807 million in the previous year, mainly due to addition of new lease arrangements in the India region during the year. The increase reflects expansion of leased facilities to support operational requirements and business growth across key locations.

Goodwill and Intangible assets: Goodwill and intangible assets stood at ₹2,604 million as compared to ₹2,331 million in the previous year, primarily due to foreign currency translation impact on goodwill pertaining to overseas subsidiaries.

Inventories: Inventories increased to ₹7,107 million from ₹6,085 million, in line with higher business volumes and inventory build-up to support future growth, also aided by foreign exchange translation impact.

Trade receivables: Trade receivables increased to ₹7,239 million from ₹6,084 million, primarily in line with growth in revenue. The increase is further supported by a stable debtor turnover ratio.

Cash and cash equivalents: Cash and cash equivalents including investments in financial instruments increased to ₹10,258 million from ₹9,096 million, reflecting healthy cash generation from operations and prudent liquidity management during the year. The Company partially utilised cash generated during the year to repay the loans.

Share capital and other equity: This has increased to ₹22,319 million from ₹18,656 million, primarily driven by the profit for the year, adjusted for dividend payout. This is also reflected in the improvement in return ratios such as ROCE and RONW.

Borrowings: Borrowings decreased to ₹4,048 million from ₹4,908 million in the previous year, mainly due to repayment during the year and partly offset by unfavourable exchange fluctuations.

Financial liabilities: Financial liabilities increased to ₹5,935 million from ₹4,361 million, mainly due to increase in trade payables and other operational liabilities in line with business growth and higher scale of operations.

Details of significant changes in key financial ratios:

The key financial ratios of the Company for the financial year under review, along with comparative figures for the previous year, are as follows:

Particulars	FY26	FY25	% Change
Inventory days	61	64	-5%
Debtor days	62	63	-2%
Current Ratio	2.1	2.1	-
Interest coverage ratio*	30.7	19.3	59%
Debt equity ratio*	0.2	0.3	-31%
Return on capital employed	38.4%	35.6%	8%

**Excluding interest on lease liabilities and lease liabilities, respectively.*

The changes in key financial ratios are explained below:

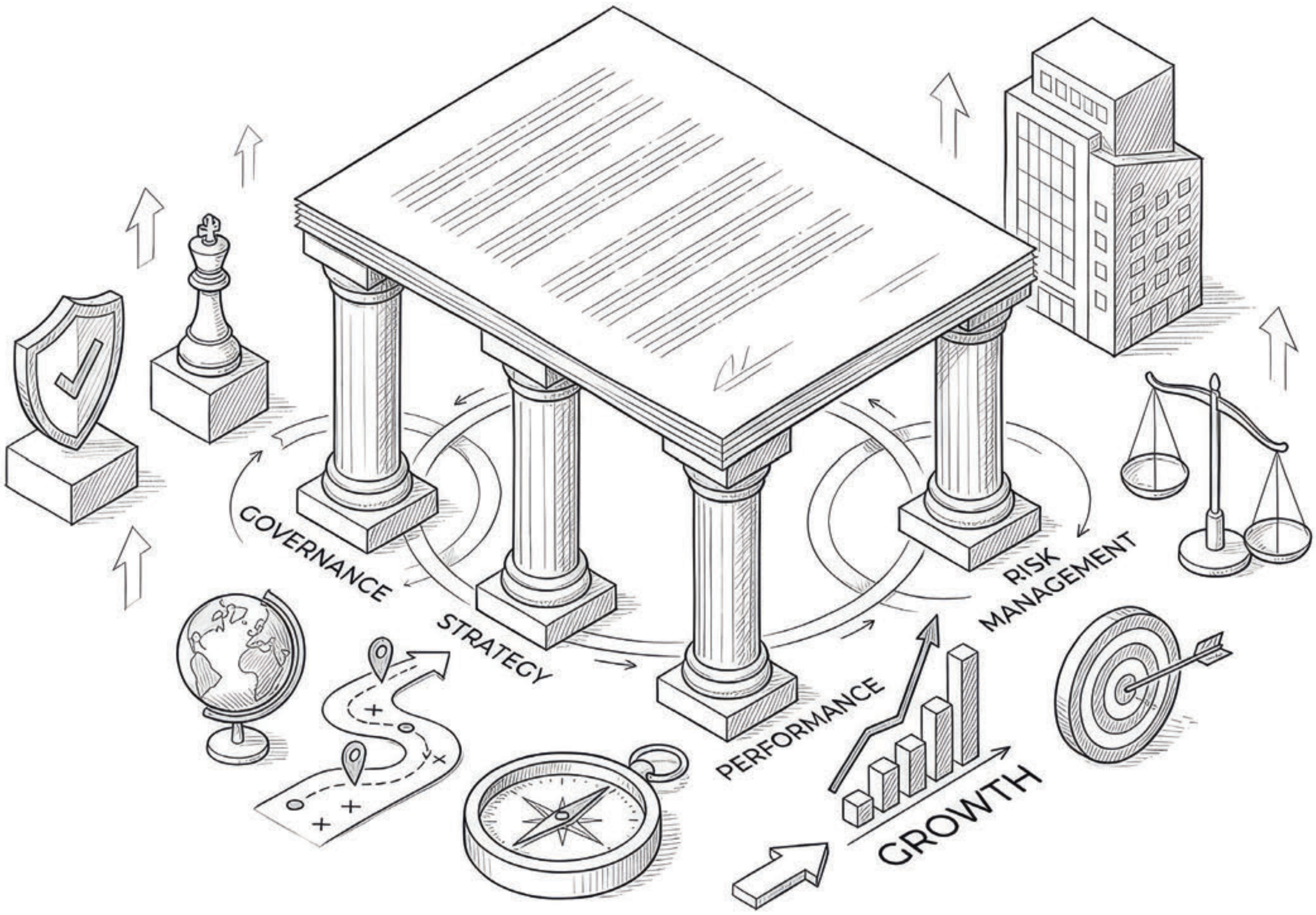
- The improvement in Interest Cover times and Debt-Equity ratio is primarily driven by repayment of borrowings through internal cash generation during the current year.

Risks

During the year under review, the Company undertook an independent and comprehensive evaluation of enterprise-level risks, pursuant to its risk governance framework, and duly identified the key risks along with the corresponding mitigation measures. The details of the same is provided under the section Risk Management in Boards Report.

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.



04 Board's Report

Dear Shareholders,

Your Directors hereby present the sixty-sixth Annual Report of Elgi Equipments Limited ("Elgi/the Company") along with the audited financial statements for the financial year ended March 31, 2026.

Financial Results

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

(₹ in millions, except EPS)

Particulars	Standalone		Consolidated	
	FY26	FY25	FY26	FY25
Total income	24,287	21,505	40,685	35,681
Expenses	19,514	16,829	34,828	30,920
Share of profit of joint ventures (net)	–	–	67	55
Profit before tax and exceptional items	4,773	4,676	5,924	4,816
Exceptional items	(128)	–	(150)	–
Profit before tax	4,645	4,676	5,774	4,816
Less: Income tax expense	1,192	1,175	1,472	1,314
Net Profit	3,453	3,501	4,302	3,502
Other comprehensive income, net	(9)	(31)	197	(59)
Total comprehensive income	3,444	3,470	4,499	3,443
Basic Earnings per Share (EPS)	10.95	11.09	13.65	11.09

Review of Business Operations

Consolidated revenue of the Company from operations was ₹39,507 million in FY26, which was 13% higher than the consolidated revenue of ₹35,104 million in FY25. The consolidated net profit was at ₹4,302 million [11%] in FY26 as compared to ₹3,502 million [10%] in FY25.

From a segment perspective, Air compressors recorded an annual growth of 13% and Automotive equipment registered a growth of 12%.

The Company recognized an exceptional item of ₹150 million during the year ended March 31, 2026 on account of the implementation of the Labour Codes notified by the Government of India on November 21, 2025.

Standalone revenue of the Company from operations was ₹23,429 million in FY26, which was 13% higher than the revenue of ₹20,809 million in FY25. The net profit was at ₹3,453 million [15%] in FY26 as compared to ₹3,501 million [16.8%] in FY25.

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, 2026.

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 ₹2,807 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 on the Company's website at https://www.elgi.com/in/wp-content/uploads/2020/02/Dividend-Policy.pdf.

For the financial year 2025-26, in line with the Dividend Distribution Policy, the Board of Directors at its meeting held on May 27, 2026, has recommended a dividend of ₹2.70 per share (270%) on the paid-up share capital of 31,69,09,016 equity shares.

Subject to the approval of shareholders, an amount of ₹856 million [Previous Year: ₹697 million] will be paid as dividend after deducting applicable taxes.

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 2018-19 were 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 (Accounting, Audit, Transfer and Refund) Rules, 2016, 27,086 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 2025-26 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/investors/financials/ under the tab Annual Report.

Board Meetings held during the year

During the year, seven 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

The Company has an 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 has been 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 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

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 establish a transparent framework across all levels of the Company aimed at attracting, retaining and motivating people required to run the Company successfully;
4. To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and to provide consistency in remuneration involving a balance between fixed and performance-based remuneration throughout the Company
5. To align the business performance and shareholders' interests with the performance of the Directors, Key Management Personnel, Senior Management and other Employees.
6. To define the types/components of remuneration to be offered by the Company and factors the Board shall consider (on NRC recommendation), including criteria for payments to Non-Executive Directors.
7. To define the Company's approach to Board Diversity, ensuring an appropriate balance of skills, experience, independence and representation.
8. To outline the framework for Succession Planning, and Performance Evaluation of the Board, its committees and individual Directors, and to review implementation and compliance in accordance with Applicable Laws.

Comments on Auditors' Report

The Auditors' Report on the Financial Statements of the company for FY2025-26 is unmodified i.e it does not contain any qualification, reservation or adverse remark or disclaimer and is enclosed with the financial statements forming part of the Annual report.

The Secretarial Auditors' Report for FY 2025-26 is appended herewith as Annexure C to the Boards' Report. It does not contain any Qualification, reservation or adverse remark.

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 note nos. 6 and 51, to the Standalone Financial Statements.

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 2025-26 were in the ordinary course of business and on an arm's length pricing basis. The same has been given in the note no. 41 to the Standalone Financial Statements.

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, which 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.

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.

Key risks have been identified and assessed by operating management, with support from external advisors, following an evaluation of inherent and residual risks. The top risks and corresponding mitigation measures are reviewed by the RMC. Based on this framework, the Board has adopted a Risk Management Policy governing the overall risk management process.

As a part of the Risk Management Framework, the Executive Committee has a structured review mechanism to monitor the risks and reports to the RMC the progress of mitigation initiatives relating to the principal risks across the Company's businesses.

The RMC periodically reviews the key risks and the effectiveness of mitigation measures. A summary of the mitigation actions implemented for the identified top risks is set out below.

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
1	Global Regulatory risks	The Company operates across multiple geographies and is subject to evolving domestic and global regulatory requirements. Non-compliance with applicable regulations may result in operational disruption, increased compliance costs, penalties, reputational damage, or restrictions on market access.	A structured compliance monitoring framework is in place, supported by periodic reporting by compliance owners. Compliance status is reviewed by the Audit Committee and the Board at regular intervals.
2	Talent availability risks	The Company's ability to execute its strategy depends on the availability of skilled talent across engineering, manufacturing, and leadership roles. Increasing competition for specialised talent, changing workforce expectations, and demographic shifts may constrain talent availability, impacting strategic execution, organisational agility, and overall performance.	The talent acquisition process has been strengthened, by setting up structured campus hiring programs and strategic collaborations with academic institutions to onboard early talent. Institutionalized a formal talent review process to identify, develop and assess talent across roles, functions and regions. The Company also undertook a compensation benchmarking exercise to maintain market-aligned competitive pay structure. The newly rolled out companywide performance management process is also expected to help strengthen the gaps in critical roles.

Risk management (Continued...)

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
3	Competitive Intensity and Pricing Pressure	The Company operates in a highly competitive market with global players and new entrants offering comparable products and services. Increased competition, aggressive pricing, and low-cost alternatives from certain geographies may exert downward pressure on pricing and margins.	The Company continues to focus on cost optimisation, value engineering, and manufacturing efficiency across product segments, supported by periodic market intelligence assessments to monitor competitor pricing, emerging low-cost segments, and margin pressures. Additional cost-reduction opportunities have been identified across energy consumption, packaging, consumables, and discretionary spends, with implementation plans under development. The Company continuously monitors emerging low-price segments and competitor strategies to anticipate market shifts and proactively address potential risks to market share.
4	Innovation and Market Responsiveness	Rapid changes in customer expectations, technology, and industry dynamics require continuous innovation. Inability to anticipate or respond to these changes, or delays in product launches, may result in loss of market share and competitiveness.	Market intelligence assessments are conducted to monitor the competitive landscape, including pricing trends, customer dynamics, market share, and product offerings, to inform strategic and pricing decisions. End-to-product management processes are being strengthened to improve cross-functional and cross-regional coordination, enhancing the effectiveness and success of new product launches.
5	Geo-political and Macro Economic risks	The Company's global, multi-sector operations expose it to geopolitical and macroeconomic risks, including inflation, interest rate volatility, and trade uncertainties, which may impact customer demand, margins, and financial performance.	A structured monthly review is established to monitor tariff developments and potential impact. Implemented calibrated price increases and cost optimization measures to offset tariff pressures. Country and conflict risk is monitored closely with leadership. Sales outreach is established to ensure active customer engagement in Gulf. Proactive port diversification to mitigate logistics risks. Adequate liquidity levels are maintained in affected regions to support business continuity and mitigate geopolitical and macroeconomic uncertainties.
6	Supply Chain Disruptions	Dependence on timely supply of materials and logistics exposes the Company to risks from geopolitical events, trade restrictions, supplier concentration, and vendor consolidation, potentially impacting costs, production schedules, and customer deliveries.	The Company will continue to prepare and execute an annual plan to identify single-source components and progressively convert them to multi-source suppliers. Progress is monitored through defined KPIs. Geographic concentration risks have been identified, with targeted KPIs implemented to reduce dependency on high-risk regions. The company will continue to undertake country-wise sourcing assessments to evaluate and reduce dependence on imported components. The Company has developed and will further strengthen Selective backward integration for critical components.

Risk management (Continued...)

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
7	Cybersecurity and IT Infrastructure risks	The Company's operations are increasingly digitalized and are reliant on secure and resilient IT systems to support the business. With expanding digital landscape, there is a risk of cyberattacks, data breaches, ransomware, system outages or disruptions to critical IT platforms which could lead to operational interruptions, loss of sensitive information, financial losses and reputational damage.	**Cyber Risk** The Company has implemented a comprehensive cybersecurity framework covering risk assessments, employee awareness initiatives, proactive threat detection, and insurance coverage to mitigate cyber-related risks. **IT Infrastructure, Business Continuity and Disaster Recovery** A Business Continuity and Disaster Recovery framework is in place for critical systems, supported by cloud-based platforms to enhance resilience and availability. Recovery preparedness is periodically validated through disaster recovery drills.
8	Commodity pricing risks	The Company's operations are exposed to volatility in commodity prices, including metals and energy. Fluctuations driven by inflation, geopolitical events, supply constraints, and trade dynamics may increase input costs and pressure margins if such increases cannot be passed on to customers in a timely manner.	The Company will continue to estimate annual commodity requirements and prepare budgets based on price forecasts sourced from multiple external inputs. Regular communication to relevant stakeholders on commodity price movements will be maintained to support informed procurement and cost-management decisions.
9	Climate & Sustainability risks	The company is exposed to increasing carbon-emission regulations that could result in higher compliance costs, capital investments, and operational changes. Failure to adapt to evolving climate, regulatory expectations may impact long-term sustainability.	ESG goals have been defined based on a formal materiality assessment. A structured governance framework is in place, supported by quarterly Steering Committee reviews and monthly Sustainability Champion meetings. An independent third-party assurance review was conducted for select GRI indicators, and identified gaps and improvement opportunities are being systematically tracked and addressed.

Risk management (Continued...)

S. No.	Risk Category	Risk Summary	Risk Response/Mitigation actions/Position
10	Customer access strategy	The Company's ability to effectively design, manage, and scale customer and dealer access across direct, digital, and dealer channels is critical to sustaining growth and competitiveness. Misalignment with evolving customer preferences and digital adoption trends may adversely impact acquisition, engagement, and market share.	The company is evaluating alternative go-to-market approaches in certain regions to better understand their potential impact and effectiveness. The Company will continue to monitor competitor go-to-market approaches and channel strategies to remain responsive to evolving customer access preferences and market practices.
11	Digital Transformation	The Company continues to invest in digital technologies to enhance operational efficiency and data-driven decision-making. Successful digital transformation requires standardised business processes, effective technology integration, and organisational adoption. Integration challenges or inadequate change management may limit the realisation of expected benefits from digital investments.	The company plans to maintain a comprehensive inventory of all digital initiatives and assign clear prioritization criteria to each initiative based on strategic alignment, expected value and business impact. A standardised business case framework for evaluating digital transformation initiatives incorporating defined processes, governance structure, ROI accountability mechanism to track performance against approved KPIs is being evaluated.

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, 2026, and the date of this report.

Corporate Social Responsibility Initiatives

A 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 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 has evaluated the Independent Directors during the year 2025-26 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors are satisfactory.

Directors and Key Managerial Personnel

Mr. Anvar Jay Varadaraj, Executive Director retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

The Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee and the approval of the Audit Committee, has re-appointed Mr. Anvar Jay Varadaraj (DIN: 07273942), as an Executive Director of the Company for a further term of 5 years commencing from August 2, 2026 up to August 1, 2031 subject to approval of the shareholders in the ensuing Annual General Meeting on the terms and conditions as set out in the Notice convening the Annual General Meeting. Necessary resolution in this regard has been included in the Agenda of the notice for the approval of the members. The Board recommends his re-appointment.

Ms. Aruna Thangaraj, Non-Executive Independent Director resigned with effect from closing hours of April 14, 2026. The Board wishes to place on record its appreciation for the services rendered by her during her tenure as an Independent Director of the Company.

The Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, and subject to the approval of the members by means of a special resolution, has appointed Ms. Padmaja Alaganandan (DIN: 02867269) on May 27, 2026, as an additional director (woman independent director) for the first term of five (5) consecutive years with effect from May 27, 2026. In the opinion of the Board, she possesses the required integrity, expertise and experience for appointment as an Independent Director of your Company.

Further the Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, has appointed Mr. Varun Jay Varadaraj (DIN: 07972025) on May 27, 2026, as an additional director (non-executive non-independent).

Pursuant to Section 161 of the CA 2013, the additional directors hold office until the date of the ensuing Annual General Meeting. Accordingly, necessary resolutions in relation to their appointment have been placed before the members at the ensuing Annual General Meeting and the Board recommends their appointment as Directors of the Company.

Ms. Devika Sathyanarayana resigned as the Company Secretary and Compliance Officer of the Company, with effect from June 9, 2025. Mr. Rohit Gupte was appointed as the Company Secretary, Key Managerial Personnel and Compliance Officer effective from August 12, 2025.

Pursuant to the provisions of Section 2(51) and 203 of the CA 2013, 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 Mr. Rohit Gupte, Company Secretary.

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.

During the year under review, the Company has 26 subsidiaries and 6 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.

Further, during the year, Elgi Compressors USA Inc., a wholly owned subsidiary of the Company, has incorporated a wholly owned subsidiary named Elgi Equipments Arabia Company.

Elgi Compressors USA Inc., Elgi Compressors Europe S.R.L, and Patton's Inc., are the material subsidiaries of the Company based on the financials for the year ended March 31, 2026. The Board has approved a policy for determining material subsidiaries which is available on the website of the Company and can be accessed 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.

The highlights of the performance of key subsidiary companies and their contribution to the overall performance of the Company are as follows:

Elgi Compressors USA Inc.

Elgi Compressors USA Inc. was originally formed as ELGI USA LLC on June 8, 2012 and was subsequently re-incorporated in the State of Delaware on January 18, 2013. Headquartered in Charlotte, North Carolina, USA, the Company is engaged in the distribution and servicing of air compressor products and compressed air solutions across the United States, catering to diverse industries including manufacturing, medical, pharmaceutical, food & beverage, construction and infrastructure sectors.

During the financial year under review, the Company, together with its subsidiaries namely Patton's Inc., Patton's Medical LLC and Michigan Air Solutions LLC, recorded revenue of ₹8,876 million as against ₹7,545 million in the previous financial year, registering a growth of 18%, driven by Industrial and Medical division.

Elgi Compressors Europe S.R.L.

Elgi Compressors Europe S.R.L, was incorporated on January 31, 2019 and is headquartered in Belgium. The Company serves as the regional holding and coordination entity for ELGi's operations across Europe and is engaged in the distribution, sales and servicing of air compressors and compressed air solutions across various European markets.

During the financial year under review, the Company, together with its subsidiaries namely Elgi Compressors Iberia S.L., Elgi Compressors UK and Ireland Limited, Elgi Compressors Nordics, Elgi Compressors Eastern Europe sp. z.o.o., Elgi Compressors France SAS, and Elgi Compressors Southern Europe S.R.L, recorded revenue of ₹2,682 million as against ₹2,497 million in the previous financial year, registering a growth of 9%. The growth in revenue was primarily supported by favourable foreign exchange movements, despite continued macro-economic headwinds in certain key markets.

ELGi Compressors Italy S.R.L.

Elgi Compressors Italy S.R.L., headquartered in Rome, Italy, functions as the holding and coordination entity for the Group's operations in Italy. The Company, through its wholly owned subsidiary Rotair S.p.A., is engaged in the manufacture and sale of portable air compressors and related equipment catering to construction, industrial and agricultural applications.

During the financial year under review, the Company recorded revenue of ₹2,758 million as against ₹2,332 million in the previous financial year, registering a growth of 18%. The increase in revenue was primarily supported by favourable foreign exchange movements, despite subdued demand conditions arising from the impact of USA tariff measures on Rotair products.

Industrial Air Compressors Pty Ltd

Industrial Air Compressors Pty Ltd is engaged in the distribution, servicing and maintenance of industrial air compressors and related equipment across the Australian market, catering to a wide range of industrial and commercial applications. The Company, together with its subsidiaries namely F.R. Pulford & Sons Pty Ltd and Advanced Air Compressors Pty Ltd, continued to strengthen its distribution and service network across Australia during the year under review.

During the financial year under review, the Company recorded revenue of ₹1,207 million as against ₹1,170 million in the previous financial year. The demand across Australian market remained soft.

ELGi Gulf FZE

ELGi Gulf FZE was incorporated on June 10, 2008 as a Free Zone Establishment in the Sharjah Airport International Free Zone (SAIF Zone), United Arab Emirates. Headquartered in Sharjah, the Company is engaged in the trading and distribution of compressors, pumps and compressed air solutions across the Middle East region and Africa region.

The Company, together with its subsidiary namely Elgi Gulf Mechanical and Engineering Equipment Trading LLC, Dubai, recorded revenue of ₹1,769 million as against ₹1,558 million in the previous financial year, registering a growth of 14%. The growth during the year was primarily driven by improved demand.

ELGi Compressors Do Brasil Imp. E. Exp. LTDA.

ELGi Compressores Do Brasil Imp. E. Exp. LTDA., was incorporated on September 25, 2008 and is headquartered in Itupeva, São Paulo, Brazil. The Company is primarily engaged in the wholesale trade, distribution and servicing of compressors, pumps and related parts and components, catering to industrial customers across Brazil.

During the financial year under review, the Company recorded net operating revenue of ₹1,003 million as compared to ₹698 million in the previous financial year, registering a growth of approximately 44%. The growth in revenue was primarily driven by increase in distributor network.

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, 2026.

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 were 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.

Pursuant to the mandatory auditor rotation requirements under Section 139 of the CA 2013 the audit committee proposed its intent to recommend the appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration No101248W/W-100022) as the statutory auditors of the Company. The Board of Directors at its meeting held on May 27, 2026 has approved the announcement of the Company's intention to recommend the appointment of BSR & Co LLP as the statutory auditors of the Company. The proposed appointment will be recommended by the Board to the shareholders in the 67th Annual General

Meeting (AGM) of the Company to be held in the year 2027, for the first term of 5 (five) consecutive years till the conclusion of the 72nd AGM to be held in the year 2032. The proposed intent to appoint BSR & Co. LLP is subject to the fulfilment of all applicable regulatory requirements including auditor independence in accordance with the relevant laws and regulations.

Secretarial Auditors

MDS & Associates LLP, Company Secretaries, Coimbatore, was appointed as Secretarial Auditors of the Company to hold office for a term of five consecutive years commencing from financial year 2025-26 till financial year 2029-30 in the 65th AGM of the Company, as required under Section 204 of the CA 2013 and Rules made thereunder. The report of the Secretarial Auditors is attached as ***Annexure C***.

Cost Auditors

Pursuant to the provisions of Section 148(3) of CA 2013, the Board of Directors based on the recommendation of the Audit Committee in its meeting held on May 27, 2026 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, 2026.

M/s. STR & Associates have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013. The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company. As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s. STR & Associates, Cost Auditors is included in the Notice convening the Annual General Meeting.

The Audit for the financial year 2025-26, is in progress and report will be filed with the Ministry of Corporate Affairs within the prescribed period. Further, the Cost Audit Report, for the financial year 2024-25, was filed with the Central Government within the prescribed time and there were no qualifications, reservations or adverse remarks made by the Cost Auditors in their audit reports.

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, 2026, was 2,257.

Particulars of Employees

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 as ***Annexure D***. 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 will be provided to the shareholders on request.

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employees Stock Option Plan 2019 (duly amended in 2024) ("ELGi ESOP 2019") to enable the Company and its subsidiaries to attract, retain and reward appropriate 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. There are no changes made to ELGi ESOP Plan 2019 during the year under review.

During the year 6,25,500 Employee Stock Options were granted to the eligible employees of the Company. None of the Directors were issued any options.

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/investors/financials/

A certificate from Secretarial Auditors, with respect to implementation of the above mentioned Employee Stock Option Scheme in accordance with SEBI Regulations and the resolution passed by the Members of the Company, will be available electronically for inspection by the Members during the ensuing AGM and a copy of the same shall be available for inspection at the Registered Office of the Company during normal business hours on any working day.

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. The details of complaints received, disposed and pending, during financial year 2025-26 are as follows:

(a) number of complaints of sexual harassment received in the year: 1

(b) number of complaints disposed off during the year: 1

(c) number of cases pending for more than 90 days: Nil

Compliance with the provisions relating to Maternity Benefit Act, 1961

During the period under review, the Company has complied with the provisions relating to the Maternity Benefit Act, 1961, wherever applicable.

Business Responsibility and Sustainability Report (BRSR)

Regulation 34 of the Listing Regulations mandates reporting of Business Responsibility and Sustainability Report (BRSR). The BRSR includes details on performance against the nine principles of the National Guidelines on Responsible Business Conduct and a report under each principle, which is divided into essential and leadership indicators. SEBI vide circular issued in July 2023 has made further amendments to the format of BRSR to incorporate BRSR core, which is a subset of BRSR indicating specific Key Performance Indicators (KPIs) which are subject to mandatory reasonable assurance by an independent assurance provider. The Company has appointed Price Waterhouse LLP as the assurance provider.

As per NSE circular no NSE/CML/2024/11 dated May 10, 2024, the BRSR can be provided as a link in the Annual Report of the company instead of publishing the whole report. As such the BRSR 2025-26 can be accessed from the link www.elgi.com/in/wp-content/uploads/2026/07/Annual-Report-2025-26.pdf

Corporate Governance

A report on corporate governance is annexed as ***Annexure F*** 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

Date: May 27, 2026

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Bengaluru

Anvar Jay Varadaraj
Executive Director
DIN: 07273942
Place: Coimbatore

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 1.04% to 0.97% as compared to previous year, for all manufacturing plants irrespective of hike in Grid power and maximum demand cost. The maximum demand cost and Grid cost 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 air center and foundry plant. The foundry plant is 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 Solar and Wind power - special purpose vehicle ("SPV") through equity participation as per norms for drawing 1 MW capacity of Wind power and 2 MW of Solar. The plant started generating 1.25 MW of its own wind power, 6 MW Solar and 1 MW Wind power which increased the share of renewable energy to 57% of the total energy consumption in all the Company's manufacturing plants for this financial year. We initiated the renewable share upto 78% and executed the group captive solar in various period and we achieved 57 % in FY26 as compared to 39% of the renewable energy for the previous year. Hence, we reduced carbon emission from 422 Kg CO2/Mn of sale to 325 Kg CO2/Mn of sale in FY26. Also, we are in the process of adding 2 MW additional Wind or 4 MW Solar to increase the share of energy by 85% in upcoming years.

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 360 kWh/Air end to 350 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.
- Year on year, Energy efficient lightings were introduced in the machine shop, Air end assembly lines and office area to optimize the energy consumption.

iii. At foundry, we engaged CII energy audit team and did the energy audit and executed the Energy Management programs at foundry and deployed to other manufacturing plants.

iv. At Pressure Vessel Division ("PVD"), we converted LPG fired oven to electrical type oven to eliminate the fossil fuel of 60 Tons/Year. We designed Electrical heating capacity of 270 KW, which consumes electrical energy instead of fossil fuel and needs to be converted as renewable energy share in future.

v. LPG consumption in foundry Mould Drying Oven was reduced by 3.7% through installation of a Fuel Catalyst and improving the insulation capacity of all the areas, monitoring the savings continuously Synchronized the Mechanical generators (160 KW with 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 40,000 Litres of High-speed diesel per year.

vi. Year on year, Air-conditioner units were upgraded with inverter-type machines.

vii. Energy efficiency improvements were carried out in 300 Tons chillers at Air Center Plant.

viii. Installed energy-efficient lighting in air compressor assembly lines and office area at the Singanallur factory.

ix. Energy-efficient lighting was also 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 sources 1.25 MW power from its own windmill, 6 MW from Group Captive Solar and 1 MW from Group Captive Windmill which contributes 57% of the total energy consumption for all manufacturing plants.

III. Capital investment in energy conservation equipment

₹7.4 million was spent during the financial year towards a group captive 2 MW Solar Power Plant (mentioned above) and other energy-saving measures.

B. Technology Absorption:

I. Efforts made towards technology absorption

- The next generation controller, Neuron-IV, which has been made Standard across all products was seamlessly integrated for Demand=Match and Air~Alert.
- 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.
- A breakthrough Demand=Match concept was developed during the year, delivering significant improvements in compressor stability, performance, and overall reliability. By dynamically aligning compressor capacity with real-time demand variations, the solution minimizes energy losses, reduces mechanical stress, and ensures consistent pressure stability. This advancement translates into enhanced operational efficiency, optimized lifecycle costs, and extended component durability. The Innovative and Patented technology has been successfully integrated and launched across both existing and new product platforms, positioning the organization to effectively address evolving customer requirements and emerging market demands.

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

During the year, strategic focus remained anchored on enhancing energy efficiency, accelerating indigenization, and driving cost optimization, reinforcing the organization's sustained commitment to long-term, sustainable performance.

The period also marked the successful introduction of Demand=Match, dryers, vacuum pumps and feature enhancements, aimed at expanding portfolio coverage and strengthening backward integration capabilities. Concurrently, targeted initiatives were undertaken to broaden the product range and deliver region-specific innovations, effectively addressing diverse and challenging operating environments across global markets.

Collectively, these strategic actions are expected to significantly enhance ELGi's global competitiveness, strengthen market positioning, and accelerate progress toward its long-term growth and value creation objectives.

Oil-lubricated compressor:

- Completed region specific requirements and options development in specific Compressor models for Germany (EG 90-160), Norway (EN 2-15), and Canada (EG 90-160).
- Introduced globally optimized EG 30–45 kW products with optimized cost and space efficiency featuring GM configuration.
- Expanded the energy efficient portfolio with EG55 compressors featuring PMSM technology.
- Completed the development and global launch of the EG75–250 Super Premium product range.
- Integrated Heat Recovery Systems across EG 11–250 products, driving energy savings and footprint reduction.
- Successfully launched Demand=Match functionality from 11 kW to 250 kW in India and 11 kW to 45 kW in Europe & Australia regions, enabling optimized performance, improved energy efficiency, and enhanced responsiveness to varying customer demand profiles.

Oil-Free compressor:

- Launched of 90-160 kW Air cooled model with Integrated Heat Recovery system as standard feature for India, Europe & Australia regions
- Launched of 200-300 kW Air-cooled with optimized performance and footprint for India, Europe & Australia regions

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.

Railway projects:

- Launched RS25100 Railway oil injected screw compressor integrated with ELGi integrated desiccant dryer for Siemens D9 locomotive brake system application
- Enhanced RR10100OF Railway oil free piston compressor to meet the requirements of the sophisticated Vande Bharat trains by introducing the dual isolation system (AVM + AVM)
- Developed Desiccant dryers for locomotives, EMU and MEMU

Accessories:

- The indigenously developed ARN series refrigerated dryers in the 20 – 500 CFM range were launched in US, Europe and Australia region.

Other initiatives:

- Cost reduction initiatives across all product groups to manage the global market uncertainties.
- ELGi motor implementation on EG and AB in the range of 90-160 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, is enabled with optimized update timing, enabling faster software updates and configuration changes.
- A cost-optimized VFD solution has been developed with seamless integration into the compressor platform.
- Developed ARN dryers with aluminium evaporators targeting improved contribution margins across the 20–500 CFM range for India, Europe, and Australia markets, while maintaining performance and cost competitiveness.

Several other projects aligned with global requirements are nearing completion and are expected to be rolled out between the first and second quarters of FY2026-27.

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

Elgi entered into a multi-year technology licensing agreement in FY25 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 million)

Expenditure on R&D	2025-26	2024-25
Capital	45	27
Revenue	328	369
Total	373	396
R&D Expenditure as a percentage of turnover	1.59%	1.90%

C. Foreign Exchange Earnings and Outgo

Earnings in foreign currency and expenditure incurred in foreign currency amounted to ₹4,968 million and ₹2,410 million, respectively.

For and on behalf of the Board

	Jairam Varadaraj	**Anvar Jay Varadaraj**
	Managing Director	Executive Director
	DIN: 00003361	DIN: 07273942
Date: May 27, 2026	Place: Bengaluru	Place:Coimbatore

Annexure B

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline of the CSR Policy of the Company

The Company has a long history of socially focused initiatives in and around Coimbatore. CSR at Elgi is Board-driven and anchored in measurable impact, transparency and alignment with Schedule VII of the Companies Act, 2013 ("Schedule"), with disclosures made in accordance with MCA requirements. While we continue to support local communities (including Coimbatore and operating geographies), local area preference is directory (not mandatory) and projects may be carried out where impact is demonstrably higher and consistent with Schedule. The Company always believed that serving the community around it in some form, is one of the purposes of its business. Enhancing human excellence and improving quality of life is the Company's endeavour.

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	Independent Director (Member)	2	2
3	Mr. Anvar Jay Varadaraj	Executive Director (Member)	2	2

Notes:

1. Ms. Aruna Thangaraj ceased to be a member of the Committee w.e.f. close of business hours of April 14, 2026.
2. Mr. Ravindran Srinivasan was inducted as a member of the Committee w.e.f. April 14, 2026.

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/wp-content/uploads/2019/05/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.

		(₹ in million)
(a)	Average Net Profit of the Company as per Section 135(5)	4,024
(b)	Two percent of the average net profit of the Company as per section 135(5)	80
(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)]	80

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:

		(₹ in million)
(a)	Amount spent on ongoing projects	46
(b)	Amount spent on other than ongoing projects	14
(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)	60

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

Total amount spent for the Financial Year (₹ in million)	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
60	20	April 29, 2026	-	-	-

(B) Excess Amount for set off, if any:

S. No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the Company as per section 135(5)	80
(ii)	Total amount spent for the Financial Year	60
(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 million)	Balance Amount in Unspent CSR Account under section 135(6) (₹ in million)	Amount Spent in the Financial Year (₹ in million)	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	2024-25	41	41	-	-	-	41	-
2	2023-24	33	33	-	-	-	33	-
3	2022-23	27	-	8	-	-	-	-

Note: Out of the unspent CSR amount of ₹27 million pertaining to FY2022-23, an amount of ₹19 million was spent in FY2024-25 and the balance ₹8 million has been spent in FY2025-26.

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
Place: Bengaluru

Anvar Jay Varadaraj
Executive Director
DIN: 07273942
Place:Coimbatore

Date: May 27, 2026

Annexure C

Form No. MR-3
Secretarial Audit Report
For the financial year ended 31st March 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 2026**, 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 2026 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, 2025, regarding the Companies Act and dealing with client

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We further report that

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

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

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

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

We further report that during the period under review, the Nomination and Remuneration Committee has in accordance with the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 granted 6,25,500 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.

For MDS & Associates LLP
Company Secretaries

M D SELVARAJ
Managing Partner
FCS No.: 960 | C P No.: 411
Peer Review No. 6468/2025
UDIN: F000960H000428191

Place: Coimbatore
Date: May 27, 2026

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

'Annexure A'

Annexure to Secretarial Audit Report Issued by Company Secretary in Practice

To

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

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: F000960H000428191

Place: Coimbatore
Date: May 27, 2026

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 and Key Managerial Personnel	Ratio to median remuneration	% increase in remuneration in the financial year
1	Jairam Varadaraj, Managing Director	28.87	3.06%
2	Sudarsan Varadaraj, Non-Executive Director	0.63	NA
3	Aruna Thangaraj, Independent Director@	1.26	NA
4	Anvar Jay Varadaraj, Executive Director	24.04	13.07%
5	Srinivasan Krishnamurthi, Independent Director	2.87	NA
6	Srinivasan Ravindran, Independent Director	2.47	NA
7	Suman Kumar Das, Independent Director	2.52	NA
8	Indranil Sen, Chief Financial Officer	30.86	13.60%
9	Devika Sathyanarayana, Company Secretary Compliance Officer#	1.61	NA
10	Rohit Gupte, Company Secretary and Compliance Officer*	6.05	NA

@Resigned w.e.f. April 14, 2026.
#Cessation w.e.f. June 09, 2025.
*Appointed w.e.f. August 12, 2025.

b) The median remuneration for the year 2025-26 is ₹ 10,01,640/-

c) The percentage increase in the median remuneration of employees in the financial year: 3.37%

d) The number of permanent employees on the rolls of the Company: 2,257 (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 3.37% 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

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Bengaluru

Anvar Jay Varadaraj
Executive Director
DIN: 07273942
Place: Coimbatore

Date: May 27, 2026

Annexure E

Disclosures in compliance with Regulation 14 of the 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	The options granted shall have a vesting period of not more than 3 years from the date of grant and all options granted shall vest as per the vesting schedule specified in the Grant Letter. The vesting of options shall be subject to the fulfilment of the terms and conditions mentioned in the Grant Letter.
Exercise price or pricing formula	<table><tr><td>Financial Year</td><td>Options granted</td><td>Grant Price (₹)</td></tr><tr><td>2022-23</td><td>1,52,600</td><td>450</td></tr><tr><td>2023-24</td><td>1,75,900</td><td>430</td></tr><tr><td>2024-25</td><td>3,53,600</td><td>592.10</td></tr><tr><td>2025-26</td><td>6,25,500</td><td>478.25</td></tr></table>
Maximum term of options granted	The maximum term of options granted will be for a period of 3 years
Source of shares	Secondary Acquisition
Variation in terms of options	There has been no variation in the terms of the options during the year
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	5,57,200
Number of options granted during the year	6,25,500
Number of options forfeited/lapsed during the year	1,08,800
Number of options vested during the year	89,700
Number of options exercised during the year	89,700
Number of shares arising as a result of the exercise of options	89,700
Money realized by the exercise of options (₹), if the scheme is implemented directly by the Company	NA
Loan repaid by the Trust during the year from the exercise price received (in ₹ million)	42

Particulars	Details
Number of options outstanding at the end of the year	9,84,200
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.

The employees given below have been granted options at an exercise price of ₹478.25 during the financial year 2025-26:

S. No.	Name of employee	Designation	No. of options granted
1	Mr. Indranil Sen	Chief Financial Officer	34,000
2	Dr. Venu Madhav K	Executive President – Product Excellence & Innovation	28,700
3	Mr. Bheemsingh Melchisedec*	Director Operations	10,300
4	Mr. Premendra	Chief Strategy Officer	19,200
5	Mr. Nitesh Jain	Chief Human Resource Officer	31,500
6	Mr. Bhavesh Karia	Executive President – ISAAME & SEA	24,900
7	Mr. Ramesh Ponnuswami	Executive President – Operation and EBS	26,100
8	Mr. Gaurav Gupta	Chief Information and Digital Officer	16,700
9	Mr. Brian Pahl	President USA	74,500

* Retired as on October 03, 2025

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: ₹478.25/-.

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

<table>
<tr><td>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</td><td rowspan="3">Refer note 42 of the standalone financial statements</td></tr>
<tr><td>Method used and the assumptions made to incorporate the effects of expected early exercise</td></tr>
<tr><td>How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility</td></tr>
<tr><td>Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition</td><td>None</td></tr>
</table>

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 (in ₹ million)	261
4	Amount of loan outstanding (repayable to the Company) as at the end of the year (in ₹ million)	843
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	12,07,238
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 – 5,50,000 shares representing 0.17% of the paid-up equity capital were acquired at the weighted average cost of ₹ 475 per share by the trust during the financial year 2025-26.
3	Number of shares transferred to the employees/sold, along with the purpose thereof	2,515 shares were transferred to employees pursuant to the exercise of options. 87,185 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	16,67,538

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

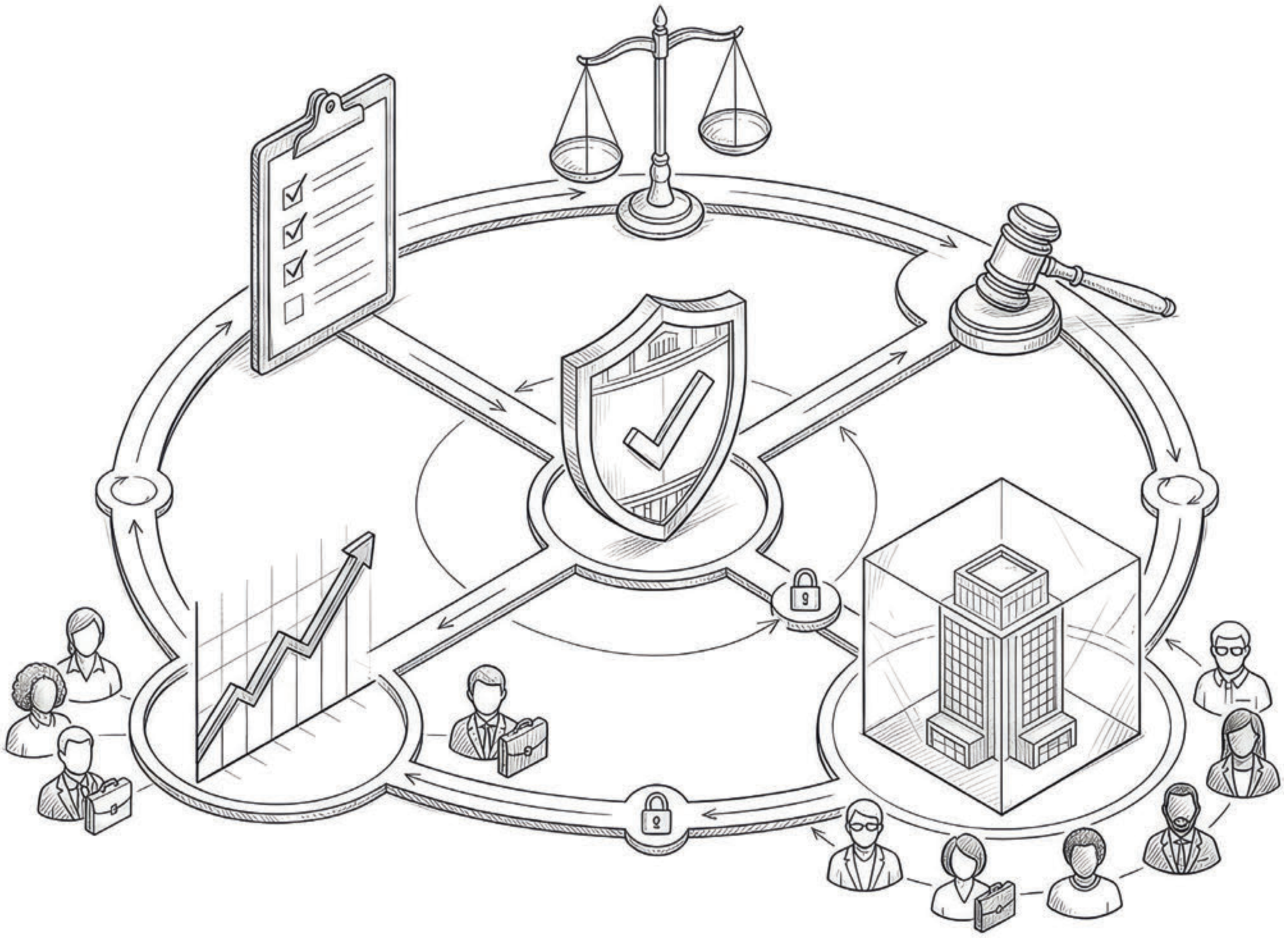
Number of Shares	As a percentage of paid-up equity capital at the end of the year, immediately preceding the year in which shareholders' approval was obtained.
Held at the beginning of the year	0.38
Acquired during the year	0.17
Sold during the year	0.03
Transferred to the employees during the year	0.00
Held at the end of the year	0.53

For and on behalf of the Board

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Bengaluru

Anvar Jay Varadaraj
Executive Director
DIN: 07273942
Place: Coimbatore

Date: May 27, 2026



05 Corporate Governance Report

Annexure F

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 Req uirements) 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, 2026, the Board comprised seven (7) Directors of which:

- two (2) were Executive Directors (including the Managing Director);
- one (1) was a Non-Executive Non-Independent Director and
- four (4) were Non-Executive Independent Directors (including one (1) Woman Director).

2.2 As on March 31, 2026, 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, 2026, 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 and 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 7 (seven) times during the year under review on April 29, 2025, May 28, 2025, June 24, 2025, August 12, 2025, November 12, 2025, February 11, 2026 and March 17, 2026. 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, 2026, 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 2025-26	Whether attended last AGM held on August 12, 2025	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	7/7	Yes	3	-	-	Elgi Rubber Company Limited, Non-executive Non-ID
2	Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive, Non-Independent Director, Promoter Group	7/4	Yes	3	1	1	- Elgi Rubber Company Limited, Chairman and Managing Director - Magna Electro Castings Limited, Non-Executive, ID
3	Mr. Anvar Jay Varadaraj (DIN: 07273942)	Executive Director, Promoter Group	7/6	Yes	1	-	-	-
4	Ms. Aruna Thangaraj[1] (DIN: 07444726)	Non-Executive Independent Director	7/7	No	3	-	2	Shanthi Gears Ltd, ID

S. No.	Name of the Director	Category	Number of Board Meetings during FY 2025-26 Held/ Attended	Whether attended last AGM held on August 12, 2025	Number of Directorships in other Public Companies	Number of Committee Positions held in other Public Companies		Directorship in other listed Companies
						Chairman	Member	
5	Mr. Srinivasan Krishnamurthi (DIN: 06662916)	Non-Executive Independent Director	7/7	Yes	-	-	-	-
6	Mr. Srinivasan Ravindran (DIN: 05259775)	Non-Executive Independent Director	7/7	Yes	-	-	-	-
7	Mr. Suman Kumar Das (DIN: 07500784)	Non-Executive Independent Director	7/7	Yes	1	1	1	-

ID - Independent Director

Note:

[1] *Ms. Aruna Thangaraj ceased to be a Non-Executive Independent Director of the Company with effect from April 14, 2026.*

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 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.

2.10 During the year 2025-26, 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.

2.11 Details of equity shares of the Company held by the Non-Executive Directors as on March 31, 2026, are given below:

S. No.	Name of the Director	Category	Number of Equity Shares
1	Mr. Sudarsan Varadaraj	Non-Executive, Non-Independent, Promoter Group	2,04,984
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	-

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

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

2.14 During the year, 6,25,500 Employee Stock Options were granted to the eligible employees of the Company and its subsidiaries. None of the Directors were issued any stock options.

2.15 Detailed presentations are made at the Board/ Committee Meetings covering 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.

2.16 During the year under review, none of the Independent Directors of the Company have resigned before the expiry of their tenure. However, Ms. Aruna Thangaraj, Independent Director resigned from the Board of Directors with effect from closing hours of April 14, 2026, before the expiry of her tenure due to increased personal commitments and preoccupation.

Further, the said Independent Director has confirmed to the Company that there are no material reasons other than those provided by her and the same has been duly disclosed to the Stock Exchanges and has also been posted on the website of the Company.

2.17 The skills/expertise/competencies 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	✓	✓	●	●	✓	✓	✓
8	Legal, Government, Public Policy, Regulatory	●	●	✓	●	✓	✓	✓ (Partial)
9	Environment, Health, Safety and Sustainability	✓	●	●	●	●	●	✓ (Partial)
10	Marketing and Global Brand Building	✓	✓	✓	✓	●	●	●

S. No.	Skills/Core Competencies	Jairam Varadaraj	Sudarsan Varadaraj	Anvar Jay Varadaraj	Aruna Thangaraj	Srinivasan Krishnamurthi	Srinivasan Ravindran	Suman Kumar Das
11	Innovation, R&D, Information technology & cyber security expertise	✓	●	●	✓	●	●	✓ (Partial)
12	International/Global Perspective	✓	✓	✓	✓	✓	✓	✓

2.18 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:

a) Quarterly/half-yearly/yearly results and performance of the Company.

b) Minutes of the meetings of the Board and all its committees.

c) 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.

d) Materially important litigations, show cause, demand, prosecution and penalty notices.

e) Annual Operating plans, budgets and updates.

f) Details of changes in the structure of JV/subsidiary Company(ies).

g) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

h) Recruitment and Remuneration of Senior Management/Key Managerial Personnel (KMPs) of the Company.

i) Funding to Subsidiary Companies/Guarantee to secure funds availed by Subsidiary Companies and update on Governance of unlisted Subsidiary Companies.

j) Borrowings by the Company and update on the fund utilisation.

k) Proposals for making an acquisition by the Company and/or by the Subsidiary Companies.

l) Other information as mentioned in Schedule II Part A of the SEBI Listing Regulations.

2.19 During the year, the Independent Directors of the Company met on May 28, 2025, 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

3.1 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 CA 2013. All the members of the Committee are Independent Directors, including the Chairman.

3.2 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 internal auditor. 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.

3.3 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.

3.4 During the year under review, the Committee met four times on May 28, 2025, August 12, 2025, November 12, 2025, and February 11, 2026. The necessary quorum was present for all the meetings. The gap between two meetings did not exceed one hundred and twenty days.

3.5 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	4	4
2	Mr. Srinivasan Ravindran	Member	Non-Executive Independent Director	4	4
3	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	4	4

3.6 The Chairman of the Audit Committee, i.e. Mr. Srinivasan Krishnamurthi, had attended the Annual General Meeting of the Company held on August 12, 2025.

3.7 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

4.1 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 CA 2013.

4.2 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.

4.3 During the year under review, the Committee met four times on April 29, 2025, May 28, 2025, August 12, 2025, and November 12, 2025. The necessary quorum was present for all the meetings. 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	4	4
2	Mr. Sudarsan Varadaraj	Member	Non-Executive, Non-Independent Director	4	2
3	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	4	4
4	Ms. Aruna Thangaraj	Member	Non-Executive Independent Director	4	4

Note: *Ms. Aruna Thangaraj ceased to be the member of the Committee w.e.f. April 14, 2026*

4.4 The Chairman of the Nomination and Remuneration Committee, i.e. Mr. Srinivasan Ravindran, attended the Annual General Meeting of the Company held on August 12, 2025.

4.5 The Committee looks into and determines the Company's policy on remuneration packages of the Executive directors, Senior Management and other employees.

4.6 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.

4.7 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.

4.8 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.

2.9 The Nomination and Remuneration Policy of the Company can be accessed on the Company's website at https://www.elgi.com/in/investors/elgi-policies/.

4.10 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

5.1 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.

5.2 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.

5.3 During the year under review, the Committee met two times on May 28, 2025 and February 10, 2026. The necessary quorum was present for the meetings. 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	2	1
2	Mr. Jairam Varadaraj	Member	Executive, Managing Director	2	2
3	Ms. Aruna Thangaraj[1]	Member	Non-Executive Independent Director	2	2
4	Mr. Srinivasan Ravindran[2]	Member	Non-Executive Independent Director	Not Applicable	

Notes:

[1]Ms. Aruna Thangaraj ceased to be the Member of the Committee w.e.f. April 14, 2026.

[2]Mr. Srinivasan Ravindran was appointed as the Member of the Committee, w.e.f. April 14, 2026.

5.4 The Chairman of the Stakeholders Relationship Committee i.e., Mr. Sudarsan Varadaraj, attended the Annual General Meeting of the Company held on August 12, 2025.

Ms. Devika Sathyanarayana, Company Secretary and Compliance Officer has resigned with effect from June 9, 2025. Subsequently, Mr. Rohit Gupte has been appointed as the Company Secretary and Compliance Officer of the Company with effect from August 12, 2025, for ensuring compliance of capital and securities markets related laws.

5.5 A total of 7 complaints were received and replied to the satisfaction of shareholders during the year ended on March 31, 2026. There were no outstanding complaints as on March 31, 2026.

5.6 The Stakeholders Relationship Committee has a sub-committee viz., "Sub Committee - SRC" to manage all routine shares related issues. The members of the Sub Committee – SRC are Mr. Jairam Varadaraj, Managing Director and Mr. Anvar Jay Varadaraj, Executive Director. 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 38 times.

6. Risk Management Committee

6.1 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.

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

6.3 During the year under review, the Committee met three times on May 27, 2025, November 12, 2025 and February 10, 2026. 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 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. Srinivasan Krishnamurthi	Chairman	Non-Executive Independent Director	3	3
2	Mr. Suman Kumar Das	Member	Non-Executive Independent Director	3	2
3	Mr. Jairam Varadaraj	Member	Executive, Managing Director	3	3
4	Mr. Anvar Jay Varadaraj	Member	Executive Director	3	3
5	Mr. Indranil Sen	Member	Chief Financial Officer	3	3

7. Corporate Social Responsibility Committee

7.1 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.

7.2 The CSR Committee formulates and recommends to the Board, a CSR Policy and the annual action plan indicating the activities to be undertaken by the Company as specified in Schedule VII of 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.

7.3 The Committee met twice during the year on May 27, 2025 and February 10, 2026. 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[1]	Member	Non-Executive Independent Director	2	2
3	Mr. Anvar Jay Varadaraj	Member	Executive Director	2	2
4	Mr. Srinivasan Ravindran[2]	Member	Non-Executive Independent Director	Not Applicable	

Notes:

[1]*Ms. Aruna Thangaraj ceased to be the member of the Committee w.e.f. April 14, 2026.*

[2]*Mr. Srinivasan Ravindran was appointed as the member of the Committee w.e.f. April 14, 2026*

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	Mr. Ramesh Ponnuswami	Executive President – Operations & EBS
3	Mr. Bhavesh Karia	Executive President – ISAAME & SEA
4	Dr. Venu Madhav K	Executive President – Product Excellence & Innovation
5	Mr. Nitesh Jain	Chief Human Resource Officer
6	Dr. Premendra	Chief Strategy Officer
7	Mr. Gaurav Gupta	Chief Information & Digital Officer
8	Mr. Rohit Gupte	Company Secretary & Compliance Officer [refer note]
9	Ms. Devika Sathyanarayana	Company Secretary & Compliance Officer [refer note]
10	Mr. Bheemsingh Melchisedec	Executive President – Operations [refer note]

Notes:

The following changes took place amongst the Senior Management Personnel during the financial year 2025-26:

- Mr. Rohit Gupte has been appointed as the Company Secretary and Compliance Officer with effect from August 12, 2025.
- Ms. Devika Sathyanarayana who served as Company Secretary and Compliance Officer, resigned with effect from June 9, 2025.
- Mr. Bheemsingh Melchisedec, Executive President – Operations, retired with effect from the close of business hours on October 3, 2025.

9. Remuneration of Directors

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

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

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

9.4 The remuneration paid to the directors of the Company is within the limits prescribed under the CA 2013 and the SEBI Listing Regulations.

9.5 Details of the remuneration to the Directors:

9.5.1 Details of the remuneration to Non-Executive Directors for the year ended March 31, 2026.

S. No.	Name of the Director	Sitting Fees (₹)	Commission* (₹)
1	Ms. Aruna Thangaraj	6,50,000	6,10,000
2	Mr. Srinivasan Krishnamurthi	7,20,000	21,50,000
3	Mr. Srinivasan Ravindran	7,70,000	17,00,000
4	Mr. Suman Kumar Das	8,70,000	16,50,000
5	Mr. Sudarsan Varadaraj	3,20,000	3,10,000

**Approved in the Board Meeting held on May 27, 2026 within the limits as approved by Shareholders vide resolution passed by postal ballot on September 19, 2024.*

9.5.2 Details of the remuneration to Executive Directors for the year ended March 31, 2026.

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	2,94,63,046	2,47,25,467
	(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	**2,95,63,046**	**2,48,25,467**

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

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

10. General Body Meetings

10.1 **Location and time of last three Annual General Meetings:**

Following is the summary of the last three Annual General Meetings (AGM) of the Company, which were conducted through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM):

Year	AGM	Date and Time	Venue
2024-25	Sixty Fifth Annual General Meeting	August 12, 2025 4:30 PM (IST)	Deemed Venue is the Registered Office of the Company Registered Office: Elgi Industrial Complex III Trichy Road, Singanallur, Coimbatore – 641 005 Tamil Nadu
2023-24	Sixty Fourth Annual General Meeting	July 31, 2024 4:30 PM (IST)	
2022-23	Sixty Third Annual General Meeting	August 4, 2023 4:15 PM (IST)	

10.2 **Special Resolutions transacted at the last three AGMs:**

Date of AGM	Special Resolution Transacted
August 12, 2025	1. Approval 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 to March 31, 2031 and remuneration payable to him for a period of 3 years with effect from April 1, 2026 to March 31, 2029.
July 31, 2024	1. 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. 2. 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. 3. 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. 4. 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. 5. 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 2, 2024. 6. Approval for enhancement of the limit for extending financial assistance to the Elgi Equipments Limited Employees Stock Option Trust. 7. Approval for the amendment of the 'Elgi Equipments Limited Employees Stock Option Plan 2019'.
August 4, 2023	Nil

10.3 **Extra Ordinary General Meeting:**

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

10.4 **Postal Ballots:**

10.4.1 **Special Resolution passed last year through postal ballot – details of voting pattern:**
During the year under review, no resolution was passed through postal ballot.

10.4.2 **Person who conducted the postal ballot exercise:** Not Applicable

10.4.3 **Special resolution is proposed to be conducted through postal ballot**:
No special resolution is proposed to be conducted through postal ballot as of the date of this report.

10.4.4 **Procedure for Postal Ballot:** Not Applicable

11. Means of Communication

11.1 The Company regularly interacts with the shareholders through multiple channels of communication, such as publication of results, Annual Report, press releases, Analyst Call after the Board Meeting and conducts Annual Investor Meet every year in physical mode. 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.

11.2 **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 SEBI Listing Regulations, including shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others, are filed electronically on the Listing Centre.

11.3 **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.

11.4 **Management Discussion and Analysis:** Management Discussion and Analysis is covered separately as a part of the Annual Report.

11.5 **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/investors/elgi-policies/.

11.6 **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.

11.7 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.

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

11.9 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-Sixth Annual General Meeting	
b.	Day, Date and Time	Friday, August 14, 2026, 10:00 AM
c.	Venue	Virtual Meeting – Through Video Conferencing
d.	Financial Year	1st April to 31st March
e.	Record Date (for the purpose of the Dividend)	Friday, July 17, 2026
f.	Dividend Payment Dates	Before September 13, 2026
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 2025-26 has been paid to both the Stock Exchanges.
h.	Depository Fee	Annual custody fee for the financial year 2025-26 has been paid to the Depositories.
i.	Corporate Identity Number	L29120TZ1960PLC000351
j.	Scrip Code/Symbol	BSE: 522074 NSE: ELGIEQUIP
k.	Demat ISIN in NSDL & CDSL	Equity Shares: INE285A01027

13. Registrar and Share Transfer Agents

MUFG Intime India Private Limited

Registered Office Address: C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400083, Maharashtra, India

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

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 1, 2019.

Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within the prescribed timeline.

15. Share holding Pattern as on March 31, 2026

Category	No. of Shares	% of Total
Promoters & Promoters group	9,88,54,180	31.19
Mutual Funds	2,39,56,491	7.56
Alternate Investment Funds	38,32,918	1.21
Banks	80	0.00
Insurance Companies	9,97,301	0.31
NBFC Registered with RBI	3,000	0.00
Foreign Portfolio Investors Category I	6,21,27,563	19.60
Foreign Portfolio Investors Category II	58,50,085	1.85
Foreign Institutional Investors	23,60,293	0.74
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	13,79,250	0.44
Resident Individuals holding nominal share capital up to ₹ 2 lakhs	3,41,69,876	10.78
Resident Individuals holding nominal share capital of over ₹ 2 lakhs	3,72,35,833	11.75
Non-Resident Indians	39,64,985	1.25
Foreign Nationals	74,360	0.02
Bodies Corporate	3,23,00,724	10.19
Clearing Members	3,33,181	0.11
LLP	39,30,404	1.24
Employees	2,25,672	0.07
HUF	25,56,672	0.07
Unclaimed or Suspense or Escrow Account	3,34,773	0.11
Trusts	2,462	0.00
Employee Benefit Trust	16,67,538	0.53
Total	**31,69,09,016**	**100.00**

16. Distribution of Shareholding as on March 31, 2026

Category	Number of holders	% to holder	Number of Shares	% to total shares
Up to 500	83,799	91.48	52,55,655	1.66
501 to 1000	3,254	3.55	24,67,794	0.78
1001 to 2000	1,799	1.96	27,60,372	0.87
2001 to 3000	559	0.61	14,29,029	0.45
3001 to 4000	484	0.53	18,02,845	0.57
4001 to 5000	251	0.27	11,72,196	0.37
5001 to 10000	563	0.61	41,52,047	1.31
10001 & above	894	0.98	29,78,69,078	93.99
Total	**89,695**	**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 99.46% of the Company's equity share capital are dematerialised as on March 31, 2026. 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:

19.1 The input pricing risk is managed through appropriate long-term rate contracts and constant evaluation of alternate support sources for key raw materials.

19.2 The Company has an approved Risk Management Policy and accordingly, during the financial year ended March 31, 2026, the Company managed foreign exchange risk and hedged these to the extent considered necessary.

20. Plant locations

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

20.2 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 – 642109, Tamil Nadu.

20.3 212/1A, 213/1, Foundry Plant, Kodangipalayam Village, Nallatipalayam Road, Kinathukadavu, Pollachi Tk., Coimbatore – 642109, Tamil Nadu.

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

20.5 Pressure Vessel Division, Elgi Equipments Limited, India House, Trichy Road, Coimbatore – 641018, Tamil Nadu.

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) 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 Tel: 0422-2314792 / 4958995/ 2539835/36 Email: investorhelpdesk@in.mpms.mufg.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	Mr. Rohit Gupte

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, 2026, 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 have paid a sum of ₹ 20 million (including out of pocket expenses) plus 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. The details of the complaints filed and resolved are provided in the Board's Report.

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, 2026), 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	Not Applicable	Not Applicable
2	Pattons Inc (step down Wholly Owned Subsidiary held through Elgi Compressors USA Inc)	November 28, 2012	North Carolina, USA	Not Applicable	Not Applicable
3	Elgi Compressors Europe SRL (Wholly Owned Subsidiary)	January 31, 2019	Belgium, Europe	BDO	September 20, 2024

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. Apart from the above, the Company has not adopted any of the discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations.

t. The 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 27, 2026, as required under the SEBI Listing Regulations.

u. 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.

v. 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 and 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.

w. 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.

x. 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 1, 2025	138	3,60,240
Number of shareholders who approached the Company for the transfer of shares from the suspense account during the year	9	16,304
Number of shareholders to whom shares were transferred from the suspense account during the year	9	16,304
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	-	9,791
Aggregate number of shareholders and the outstanding shares in the suspense account as of March 31, 2026	129	3,34,145

**The voting rights on the shares outstanding in the suspense account as on March 31, 2026, shall remain frozen till the rightful owner of such shares claims the shares.*

25. Details of Shares transferred to the IEPF Authority during 2025-26

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"), corresponding equity shared on which, 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, 27,086 shares were transferred to the IEPF Authority during 2025-26. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2026, 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, 2026, 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.

Jairam Varadaraj
Managing Director
DIN: 00003361

Place: Bengaluru
Date: May 27, 2026

Certificate on Corporate Governance for the year ended March 31, 2026

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 2026 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 2026.

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: F000960H000428002

Place: Coimbatore
Date: May 27, 2026

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, Tamil Nadu

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 ended on 31st March 2026 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.

S. 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	Mrs. Aruna Thangaraj	07444726	27/05/2019
4	Mr. Anvar Jay Varadaraj (Executive Director)	07273942	01/04/2020
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

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: F000960H000428090

Place: Coimbatore
Date: May 27, 2026

Group Performance – Financials

(₹ in Million)

Particulars	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Revenue from operations	39,507	35,104	32,178	30,407	25,247	19,240	18,294	18,635
Total income	40,685	35,681	32,728	31,079	25,797	19,475	18,426	18,731
Total expenditure	33,716	29,855	27,317	26,079	22,324	17,084	16,935	16,717
EBITDA*	6,969	5,826	5,411	5,000	3,473	2,392	1,491	2,014
Depreciation and amortisation	858	760	766	777	745	743	652	511
Finance cost	254	305	293	198	111	135	155	90
Profit before tax	5,857	4,761	4,352	4,025	2,617	1,513	683	1,413
Less: Income tax	1,472	1,314	1,283	1,396	846	503	270	404
Share of profit from joint ventures	67	55	52	25	13	14	12	22
Exceptional items	(150)	-	-	1,054	-	-	-	-
Profit after tax	4,302	3,502	3,121	3,708	1,784	1,025	426	1,031
Dividend (%)	270	220	200	200	115	80	165	130
Capital employed	17,332	14,819	13,972	13,096	11,245	9,624	10,289	8,860
Net worth	22,319	18,656	16,112	13,712	10,325	8,699	7,690	7,709
Long term borrowings	-	71	196	216	578	812	1,027	763
Net block incl. capital WIP	8,347	6,445	5,962	5,898	5,607	5,761	6,039	5,099
Long term investments	227	250	194	135	108	85	49	75
Current assets	24,902	22,771	21,192	18,237	13,335	11,333	8,968	8,244
Current liabilities	11,959	10,821	11,040	10,211	8,060	7,485	6,303	5,209
Net working capital	12,943	11,950	10,152	8,026	5,275	3,848	2,666	3,034
Total assets	35,455	30,415	28,211	25,016	19,649	17,667	15,551	13,855

*Includes other income.

Group Performance – Ratios

Ratio Category / Ratio	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Operational Performance								
Material consumption ratio (%)	49.2	49.2	49.0	50.7	54.1	53.7	54.0	55.7
Personnel expenses (%)	19.7	19.6	20.5	18.9	19.3	21.5	22.3	18.4
Other expenses ratio (%)	16.9	16.8	15.9	16.6	15.6	14.1	17.0	16.2
Interest component ratio (%)	0.6	0.9	0.9	0.7	0.4	0.7	0.9	0.5
Tax component ratio (%)	3.6	3.7	3.9	3.6	3.3	2.6	1.5	2.2
Other income/Total income (%)	2.9	1.6	1.7	2.2	2.1	1.2	0.7	0.5
Sales per employee (₹ in million)	17.9	16.2	14.9	14.1	11.7	8.7	8.2	8.8
Financial Structuring								
Long term debt equity ratio	-	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Net working capital/Total assets	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.2
Liquidity								
Current ratio	2.1	2.1	1.9	1.8	1.7	1.5	1.4	1.6
Liquidity ratio	1.4	1.5	1.4	1.2	1.1	1.1	0.9	1.0
Efficiency								
Inventory no. of days	61	64	70	66	60	65	62	54
Trade receivables no. of days	62	63	65	62	63	71	72	70
Creditors no. of days	73	73	76	70	74	88	82	81
Capital turnover ratio	2.4	2.4	2.4	2.5	2.4	1.9	1.9	2.1
Net fixed assets turnover ratio	6.6	5.9	5.5	5.3	4.5	3.3	3.3	3.9
Profitability								
PBITDA profit margin (%)	17.2	16.4	16.6	16.2	13.6	12.3	8.2	10.8
Pre-tax profit margin (%)	14.5	13.4	13.4	13.0	10.2	7.8	3.7	7.6
Net profit margin (%)	10.6	9.9	9.6	12.0	7.0	5.3	2.3	5.5
ROCE (%)	38.4	35.6	34.7	34.9	26.3	16.7	8.9	17.6
Shareholder's Earnings								
Earnings per share (%)	13.65	11.09	9.86	11.72	5.63	3.24	2.69	6.51
Dividend per share (%)	2.70	2.20	2.00	2.00	1.15	0.80	1.65	1.30
Dividend payout ratio (%)	19.9	19.9	20.3	17.1	20.4	24.7	61.4	20.0
Dividend yield (%)	0.6	0.5	0.3	0.5	0.4	0.4	1.0	0.5
Price to earnings ratio	34.4	43.7	61.1	37.2	56.2	60.6	62.5	39.0
Return on Net worth (%)	24.7	22.6	23.2	34.4	20.2	12.5	5.5	14.1
Book value per share (%)	70.41	58.85	50.83	43.27	32.58	27.45	48.57	48.69

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 ₹ 2.70/- per share (270%) for the year ended March 31, 2026.

06 Independent Auditors' Report - Standalone Financial Statements

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, 2026, 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 two 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, 2026, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors' Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company, its joint operations and the trust, 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 Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of the carrying value of investment in subsidiaries (Refer Note 6 (a) to the Standalone Financial Statements) As at March 31, 2026, the Company has equity investments of ₹ 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.	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 significant 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 financial statements and auditors' report of significant subsidiaries and discussed with the auditors of the subsidiary companies in relation to the work performed by them on the subsidiary's 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

7. In preparing the Standalone Financial Statements, 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 respective Board of Directors or the management or the trustees either intend to liquidate the Company, its joint operations or 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 entities or business activities within 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 the other entities 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 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 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, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. The financial statements/financial information of a trust and a joint operation, reflect total assets of ₹ 1,044 million and net assets of ₹ 186 million as at March 31, 2026, total revenue of ₹ Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2 million and net cash outflows amounting to ₹ 4 million for the year ended on that date, has been considered in the Standalone Financial Statements. The financial statements/ financial information of the trust and joint operation have been audited by other auditors whose reports have been furnished to us by the other auditors, and our opinion on the Standalone Financial Statements insofar as it relates to the amounts and disclosures included in respect of the trust and joint operation and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid trust and joint operation, is based on the reports of the other auditors and the procedures performed by us.

15. We did not audit the financial statements / financial information of a joint operation whose financial statements / financial information reflect total assets of ₹ Nil* and net assets of ₹ Nil* as at March 31, 2026, total revenue of ₹ Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹ Nil* and net cash flows amounting to ₹ Nil for the year then ended, as considered in the Standalone Financial Statements. The financial statements / financial information of the joint operation have been audited by other auditors whose reports have been furnished to us by the other auditors. Our opinion

on the Standalone Financial Statements in so far as it relates to the amounts and disclosures included in respect of the joint operation and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid joint operation, is based solely on the reports of the other auditors. In our opinion and according to the information and explanations given to us by the management, this financial statements / financial information are not material to the Company.

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 with respect to our reliance on the work done and reports of the other auditors. (*amounts below rounding off norms adopted in the Standalone Financial Statements)

Report on other legal and regulatory requirements

16. 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.

17. 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 aforesaid Standalone Financial Statements have been kept so far as it appears from our examination of those books except that the back-up of certain books of account and other books and papers maintained in electronic mode has not been kept on servers physically located in India on Sundays during the year.

    (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 books of account.

    (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 March 31, 2026, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026, from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 17(b) above.

    (g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (h) With respect to the other matters to be included in the Auditor's 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 (ii) 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 Intermediaries 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 (ii) 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 Parties ("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 accordance with Section 123 of the Act to the extent it applies to declaration and payment of dividend.

vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and 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.

18. 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: 26211867IYYYOK9596

Place: Bengaluru
Date: May 27, 2026

Annexure A to Independent Auditors' Report

Referred to in paragraph 17(g) 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, 2026

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, 2026 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 auditors' judgement, including the assessment of the risks of material misstatement of the 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, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

ARUN KUMAR R
Partner
Membership Number: 211867
UDIN: 26211867IYYYOK9596

Place: Bengaluru
Date: May 27, 2026

Annexure B to Independent Auditors' Report

Referred to in paragraph 16 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, 2026.

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 are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a) and 4 to the Standalone Financial Statements, are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) and Intangible Assets during the year. 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) 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 and have been appropriately dealt with in the books of account.

(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 quarterly returns or statements with such banks which are in agreement with the unaudited books of account (Also, refer Note 47(i) to the Standalone Financial Statements).

iii. (a) The Company has made investments in companies (including mutual funds), granted unsecured loans to its employees. The aggregate amount during the year, and balance outstanding at the balance sheet date (including those outstanding from balances as at the beginning of the year) with respect to such loans and guarantees to subsidiaries and joint ventures 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	–	58
Balance outstanding as at balance sheet date in respect of the above cases (including those outstanding from balances as at the beginning of the year) *		
– Subsidiaries	2,717	668
– Others	–	102

*Excludes loan provided to Elgi Equipments Limited Employee Stock Option Trust for administering share-based payment awards to employees of the Company. (Also, refer Note 7 and 51 to the Standalone Financial Statements)

(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.

(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 and are also regular in payment of interest as applicable.

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

(e) There were no loans which have fallen due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.

(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 promotors/related parties.

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

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. Accordingly, the reporting under clause 3(v) of the Order is not applicable to the Company.

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 certain products. We have broadly reviewed the books of account maintained by the Company pursuant to the said requirement, 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 undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including goods and services tax, provident fund, 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 to the Standalone Financial Statements regarding management's assessment on certain matters relating to provident fund. However, there are no arrears of statutory dues outstanding as at March 31, 2026, for a period of more than six months from the date they became payable.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(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, 2026 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	Remarks, if any
The Central Sales Tax Act, 1956	Central Sales Tax	27	FY 2007-08, 2012-13 to 2015-16	Sales Tax Appellate Tribunal, Coimbatore	-
The Central Sales Tax Act, 1956	Central Sales Tax	9	FY 2004-05	Honourable High Court of Madras	-
Tamil Nadu Value Added Tax Act, 2006	VAT	3	FY 2004-05	Honourable High Court of Madras	-
Tamil Nadu Value Added Tax Act, 2006	VAT	7	FY 2013-14	Honourable Supreme Court of India	-
The Central Sales Tax Act, 1956	Central Sales Tax	1	FY 2015-16 and 2016-17	Deputy Commissioner of State Tax, Ahmedabad	-
Tamil Nadu Value Added Tax Act, 2006	VAT	- (Amount below rounding off norms)	FY 2008-2009	Sales Tax Appellate Tribunal, Coimbatore	-
Goods and Services Tax Act, 2017	GST	2	FY 2023-2024, FY 2020-2021, FY 2024-2025	Deputy Commissioner of Appeals GST	-
Tamil Nadu Value Added Tax Act, 2006	VAT	2	FY 2008-2009 to FY 2011-12	Honourable High Court of Madras	-
Income Tax Act, 1961	Income Tax	230	FY 2010-11, 2015-16, 2016-17, and 2021-22	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax	16	FY 2022-23	Dispute Resolution Panel (DRP)	-

*gross of amount paid under protest/as advance tax amounting to ₹ 266 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) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(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 47 (iv) 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, the Company has not raised funds on short-term basis. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to 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 by us, as statutory auditors, 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. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report and our consideration of the complaints having any bearing on our audit is based on the information furnished to us by the management.

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 the directors. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Accordingly, the additional reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(d) In our opinion, the Group (as defined in the Reserve Bank of India (Core Investment Companies) Directions, 2025) has one CIC as part of the Group as detailed in Note 19(v) to the Standalone Financial Statements.

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) The Company does not have any amount remaining unspent under sub-section (5) of Section 135 of the Act as at balance sheet date in respect of "other than ongoing projects" of Corporate Social Responsibility. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

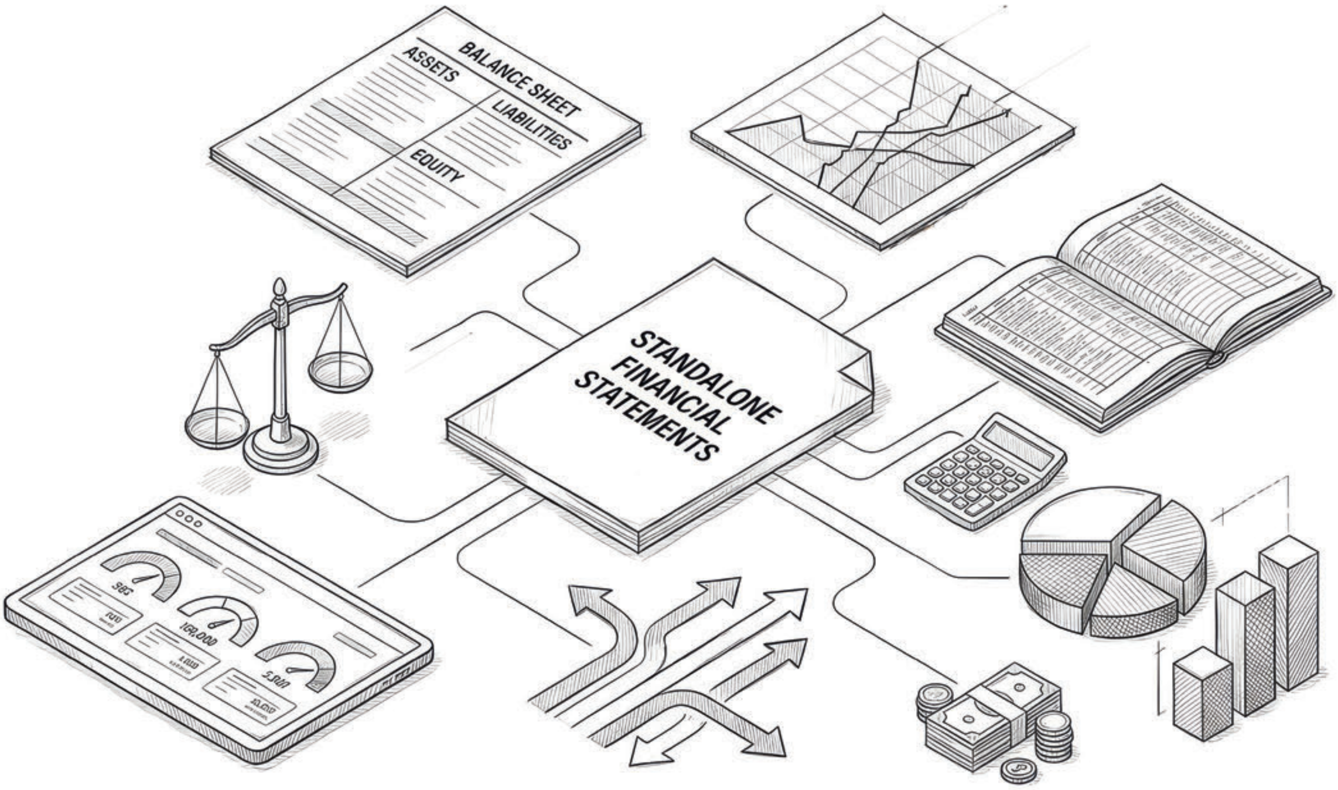
(b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also, refer Note 36(b) to the 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: 26211867IYYYOK9596

Place: Bengaluru
Date: May 27, 2026



07 Standalone Financial Statements

Standalone Financial Statements as at and for the year ended March 31, 2026

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

Standalone Balance Sheet as at March 31, 2026

Particulars	Notes	March 31, 2026	March 31, 2025
Assets			
Non-current Assets			
Property, plant and equipment	3(a)	2,295	1,950
Right of use assets	3(b)	426	95
Capital work-in-progress	3(a)	1,324	509
Investment properties	4	51	54
Goodwill	5	1	1
Other intangible assets	5	42	30
Financial Assets			
(i) Investments	6(a)	1,935	1,957
(ii) Bank balances other than cash and cash equivalents	14(a)	275	–
(iii) Deposits with financial institutions	15(a)	560	–
(iv) Loans	7(a)	722	655
(v) Other financial assets	8	111	37
Income tax assets (net)	9	1	43
Deferred tax assets (net)	22	227	153
Other non-current assets	10	91	197
Total Non-current Assets		**8,061**	**5,681**
Current Assets			
Inventories	11	2,726	2,137
Financial assets			
(i) Investments	6(b)	1,092	351
(ii) Trade receivables	12	6,408	4,604
(iii) Cash and cash equivalents	13	432	328
(iv) Bank balances other than cash and cash equivalents	14(b)	4,918	6,872
(v) Deposits with financial institutions	15(b)	600	–
(vi) Loans	7(b)	48	36
(vii) Other financial assets	16	254	357
Contract assets	17	78	107
Other current assets	18	505	365
Total Current Assets		**17,061**	**15,157**
Total Assets		**25,122**	**20,838**

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

Standalone Balance Sheet as at March 31, 2026 (Continued...)

Particulars	Notes	March 31, 2026	March 31, 2025
Equity and Liabilities			
Equity			
Equity share capital	19	317	317
Other equity	20	19,552	16,948
Total Equity		**19,869**	**17,265**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Lease liabilities	23	348	89
Provisions	21	102	92
Total Non-current Liabilities		**450**	**181**
Current Liabilities			
Financial liabilities			
(i) Lease liabilities	23	66	8
(ii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		622	521
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,408	1,582
(iii) Other financial liabilities	25	791	518
Provisions	26	601	485
Current tax liabilities (Net)	9	47	–
Other current liabilities	27	268	278
Total Current Liabilities		**4,803**	**3,392**
Total Liabilities		**5,253**	**3,573**
Total Equity and Liabilities		**25,122**	**20,838**

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

As per our report of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru and Coimbatore
Date: May 27, 2026

Standalone Financial Statements as at and for the year ended March 31, 2026

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

Standalone Statement of Profit and Loss for the year ended March 31, 2026

Particulars	Notes	March 31, 2026	March 31, 2025
Revenue from operations	28	23,429	20,809
Other income	29	858	696
Total Income		**24,287**	**21,505**
Expenses			
Cost of materials consumed	30	9,855	9,127
Purchases of stock-in-trade	31	2,696	2,097
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(386)	(233)
Employee benefits expense	33	2,745	2,315
Finance costs	34	12	22
Depreciation and amortisation expenses	35	410	359
Other expenses	36	4,182	3,142
Total Expenses		**19,514**	**16,829**
Profit before exceptional items and tax		**4,773**	**4,676**
Exceptional items	56	(128)	-
Profit before tax		**4,645**	**4,676**
Income tax expense	37		
– Current tax		1,265	1,209
– Deferred tax		(73)	(34)
Profit for the year		**3,453**	**3,501**
Other comprehensive income			
Items that will not be reclassified to profit orloss:			
Change in fair value of FVOCI equity instruments	20(h)	(26)	56
Deferred tax relating to above item	20(h)	1	(9)
Remeasurement of post-employment benefit obligations	20(f)	22	(105)
Income tax relating to above item	20(f)	(6)	27
Other comprehensive income for the year, net of tax		**(9)**	**(31)**
Total comprehensive income for the year		**3,444**	**3,470**

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

Standalone Statement of Profit and Loss for the year ended March 31, 2026 (Continued...)

Particulars	Notes	March 31, 2026	March 31, 2025
Earnings per equity share	46		
Nominal value of the shares (INR)		1.00	1.00
(1) Basic (INR/share)		10.95	11.09
(2) Diluted (INR/share)		10.92	11.07

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

As per our report of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru and Coimbatore
Date: May 27, 2026

Standalone Financial Statements as at and for the year ended March 31, 2026
(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, 2024	19	317
Changes in equity share capital		–
Balance as at March 31, 2025	19	317
Changes in equity share capital		–
Balance as at March 31, 2026		**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, 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

Standalone Financial Statements as at and for the year ended March 31, 2026
(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, 2025		181	5	251	1,141	(634)	62	15,747	16,753	195	195	16,948
Profit for the year	20	–	–	–	–	–	–	3,453	**3,453**	–	–	**3,453**
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	16	**16**	(25)	**(25)**	**(9)**
Total comprehensive income for the year		–	–	–	–	–	–	3,469	3,469	(25)	(25)	3,444
Transactions with owners in their capacity as owners:												
Exercise of shares under ESOP scheme	20	–	–	–	–	35	(29)	33	**39**	–	–	**39**
Employee stock option expense (refer note 42)	20	–	–	–	–	–	74	–	**74**	–	–	**74**
Purchase of shares for ESOP scheme	20	–	–	–	–	(261)	3	–	**(258)**	–	–	**(258)**
Dividend paid	20	–	–	–	–	–	–	(695)	**(695)**	–	–	**(695)**
Balance as at March 31, 2026		181	5	251	1,141	(860)	110	18,554	19,382	170	170	19,552

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

As per our report of 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

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru
Date: May 27, 2026

Place: Bengaluru and Coimbatore
Date: May 27, 2026

Standalone Financial Statements as at and for the year ended March 31, 2026

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

Standalone Statement of Cash Flows

Particulars	March 31, 2026	March 31, 2025
Cash flow from operating activities		
Profit before income tax	**4,645**	**4,676**
Adjustments for:		
Depreciation and amortisation expense	410	359
Provision for bad and doubtful debts	14	10
Gain on disposal of property, plant and equipment	(1)	(4)
Gain on redemption of mutual funds	(74)	–
Rental income from Investment property (net of expenses)	(5)	(14)
Dividend and interest income	(600)	(642)
Net unrealised exchange differences	(76)	4
Finance costs	12	22
Non-cash employee share based payments	54	40
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables and contract assets	(1,607)	384
Increase in inventories	(589)	(273)
Increase/(decrease) in trade payables	914	(53)
Increase in other financial assets	(99)	(37)
Increase in other current assets	(140)	(74)
Increase in provisions	148	87
Increase in other financial liabilities	25	50
(Decrease)/increase in other current liabilities	(10)	33
Net payments to Unspent CSR account	(36)	(14)
Cash generated from operations	**2,985**	**4,554**
Income taxes paid (net of refund)	(1,183)	(1,169)
Net cash inflow from operating activities	**1,802**	**3,385**
Cash flows from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(1,328)	(814)
Investments in unquoted equity instruments	(4)	–
Investments in mutual funds (net)	(667)	(351)
Redemption of /(Investments in) deposits with Banks and financial institutions	556	(1,886)
Rental income from Investment property (net of expenses)	5	14
Loans (given to)/recovered from employees (net)	(13)	6

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

Standalone Statement of Cash Flows (Continued...)

Particulars	March 31, 2026	March 31, 2025
Proceeds from sale of property, plant and equipment	4	7
Dividends received	39	138
Interest received	669	448
Net cash outflow from investing activities	**(739)**	**(2,438)**
Cash flows from financing activities		
Net short term loans repaid to banks	–	(1,090)
Payment of lease liabilities	(31)	(11)
Purchase of shares for ESOP scheme	(261)	(400)
Proceeds from exercise of shares under ESOP scheme	40	77
Dividends paid to Company's shareholders	(695)	(632)
Interest paid	(12)	(28)
Net cash outflow from financing activities	**(959)**	**(2,084)**
Net increase/(decrease) in cash and cash equivalents	**104**	**(1,137)**
Cash and cash equivalents at the beginning of the year	**328**	**1,465**
Cash and cash equivalents at end of the year	**432**	**328**
Non-cash financing and investing activities		
– Acquisition/modification/renewal of right-of-use assets (refer note 3(b))	356	88

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

As per our report of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru and Coimbatore
Date: May 27, 2026

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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 have been approved by the Board of Directors in their meeting held on May 27, 2026.

(ii) Historical cost convention

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

a) Certain financial assets and liabilities (including derivative instruments) that are measured at fair value,

b) Defined benefit plans – plan assets measured at fair value and,

c) Share based payments – at grant date fair value.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated 7 May 2025 and 13 August 2025 notified the Companies (Indian Accounting Standards) Amendment Rules, 2025 and Companies (Indian Accounting Standards) Second Amendment Rules, 2025, respectively, which amended certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2025:

(a) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to Ind AS 1

As a result of the adoption of the amendments to Ind AS 1, the group changed its accounting policy for the classification of borrowings:

"Borrowing are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification". 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.

(b) Supplier Finance Arrangements – Amendments to Ind AS 7 and Ind AS 107

As a result of the adoption of the amendments to Ind AS 7 and Ind AS 107, the Company provided new disclosures for liabilities under supplier finance arrangements in note 45A.

(c) International Tax Reform – Pillar Two Model Rules – Amendments to Ind AS 12

The Company is not within the scope of the OECD Pillar Two Model Rules, as Pillar Two legislation has not yet been enacted in any of the jurisdictions in which the Company operates.

(d) Lack of Exchangeability – Amendments to Ind AS 21

The amended Ind AS 21 have added requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use where it is not. 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) New and amended standards not adopted by the Company

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to Ind AS 1:

This amendment also includes specific provisions that will take effect for reporting periods beginning on or after 1 April 2026, as outlined below.

Under the existing Ind AS 1, 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.

However, the amended requirements stipulate that entities will no longer be permitted to consider lender waivers that are granted after the reporting date but before the financial statements are approved for the purpose of classification of loans. This amendment is required to be applied retrospectively in accordance with Ind AS 8.

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.

(v) 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, 2025.

(vi) 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.

(vii) Current/non-current classification:

The assets and liabilities have been classified as current/non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of entity's products and the time between the acquisition of assets for processing and their realisation in the form of cash or cash equivalents, the Company considers twelve months as it's normal operating cycle, and classifies assets/liabilities as current when:

(a) it expects to realise the asset/settle the liability, or intends to sell or consume the asset, in its normal operating cycle

(b) it holds the asset/liability primarily for the purpose of trading

(c) it expects to realise the asset/the liability is due to be settled within twelve months after the reporting period or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability/it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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 (including financial guarantee) and joint ventures – **Note 6(a)**
- Impairment of trade receivables and contract assets – **Note 12 and 17**
- Estimation of provision for warranty claims – **Note 26**

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, 2026

(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, 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**

(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, 2026									
Gross carrying amount									
Opening gross carrying amount	324	1,126	3,382	313	150	4	17	**5,316**	509
Additions	–	187	416	69	36	2	4	**714**	1,527
Disposals	–	–	(10)	–	–	–	–	**(10)**	–
Transfers	–	–	–	–	–	–	–	**–**	(712)
Closing gross carrying amount	**324**	**1,313**	**3,788**	**382**	**186**	**6**	**21**	**6,020**	**1,324**
Accumulated depreciation									
Opening accumulated depreciation	–	837	2,119	260	130	3	17	**3,366**	–
Depreciation charge for the year	–	56	250	48	14	–	1	**369**	–
Disposals	–	–	(10)	–	–	–	–	**(10)**	–
Closing accumulated depreciation	**–**	**893**	**2,359**	**308**	**144**	**3**	**18**	**3,725**	**–**
Net carrying amount	**324**	**420**	**1,429**	**74**	**42**	**3**	**3**	**2,295**	**1,324**

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 initiated legal action in the Madras High Court for removing the Individual's name from the sub registrar's records.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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 Kinathukadavu (MK2 Project) 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				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Year ended March 31, 2026					
(i) Projects in progress	998	263	50	13	**1,324**
Year ended March 31, 2025					
(i) Projects in progress	444	52	9	4	**509**

(b) *Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:*

Particulars	To be completed in				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Year ended March 31, 2026					
(i) Projects in Progress					
Project 1 at Motor Division	119	-	-	-	**119**
Project 2 at Compressor Centre	5	-		-	**5**
Project 3 at Compressor Centre	10	-	-	-	**10**
Year ended March 31, 2025					
(i) Projects in Progress					
Project 1 at Motor Division	115	-	-	-	**115**
Project 2 at Compressor Centre	-	4	-	-	**4**

3(b) Right of use assets and Lease liabilities

This note provides information for leases where the Company is a lessee.

The Company leases computers and servers, motor vehicles, as well as office and warehouse facilities. Lease agreements are typically entered into for fixed terms ranging from 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.

(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:

Particulars	Land	Building	Vehicle	Office Equipment	Total
Year ended March 31, 2025					
Gross carrying amount					
Opening gross carrying amount	14	26	–	–	**40**
New lease additions/ modifications	66	8	–	14	**88**
Disposal	(3)	–	–	–	**(3)**
Transfers	–	–	–	–	**–**
Closing gross carrying amount	**77**	**34**	**–**	**14**	**125**
Accumulated depreciation					
Opening accumulated depreciation	5	15	–	–	**20**
Depreciation charge for the year	4	6	–	1	**11**
Disposal	(1)	–	–	–	**(1)**
Closing accumulated depreciation	**8**	**21**	**–**	**1**	**30**
Net carrying amount	**69**	**13**	**–**	**13**	**95**
Year ended March 31, 2026					
Gross carrying amount					
Opening gross carrying amount	77	34	–	14	**125**
New lease additions/ modifications	262	9	60	25	**356**
Prepayments	15	–	–	–	**15**
Disposal	–	(26)	–	–	**(26)**
Transfers	8	(8)	–	–	**–**
Closing gross carrying amount	**362**	**9**	**60**	**39**	**470**
Accumulated depreciation					
Opening accumulated depreciation	8	21	–	1	**30**
Depreciation charge for the year*	13	2	11	6	**32**
Disposal	–	(18)	–	–	**(18)**
Transfers	2	(2)	–	–	**–**
Closing accumulated depreciation	**23**	**3**	**11**	**7**	**44**
Net carrying amount	**339**	**6**	**49**	**32**	**426**

*Includes amortisation charge amounting to ₹3 million capitalised against qualifying assets for the year ended March 31, 2026.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

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

Lease Liabilities

Particulars	March 31, 2026	March 31, 2025
Current	66	8
Non-current	348	89
	414	**97**
Reconciliation:		
Opening balance	**97**	**22**
Add: New leases recognised during the year (non-cash in nature)	325	65
Add: Renewal/modifications of lease contracts (non-cash in nature)	31	23
Less: Termination of lease contracts	(8)	(2)
Less: Payment of lease liabilities	(31)	(11)
Add: Interest expense	11	7
Less: Payment of Interest	(11)	(7)
Closing balance	**414**	**97**

(i) Amount recognised in the Statement of Profit and loss

Interest expense (included in finance cost)	11	7
Expenses relating to short term leases (included in Other expenses)	17	21

(ii) Cash outflow

The total cash outflow for leases is ₹59 million and ₹39 million for the year ended March 31, 2026 and year ended March 31, 2025.

(iii) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension options held are exercisable mutually by the Company and the respective lessor. The termination option in three leases with related party includes a mutual termination clause with a 90 days notice in writing.

(iv) 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).

(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 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.

	March 31, 2026			March 31, 2025		
Particulars	**Land**	**Buildings**	**Total**	Land	Buildings	Total
Gross carrying amount						
Opening gross carrying amount	46	12	**58**	46	12	**58**
Additions	–	–	**–**	–	–	**–**
Disposal	(2)	–	**(2)**	–	–	**–**
Closing gross carrying amount	**44**	**12**	**56**	**46**	**12**	**58**
Accumulated depreciation						
Opening accumulated depreciation	–	4	**4**	–	4	**4**
Depreciation charge for the year*	–	1	**1**	–	–	**–**
Disposal	–	–	**–**	–	–	**–**
Closing accumulated depreciation	**–**	**5**	**5**	**–**	**4**	**4**
Net carrying amount	**44**	**7**	**51**	**46**	**8**	**54**

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

Particulars	**March 31, 2026**	March 31, 2025
Rental income	6	15
Direct operating expenses from property that generated rental income	(1)	(1)
Profit from investment properties before depreciation	**5**	**14**
Depreciation charge for the year*	(1)	–
Profit from investment property	**4**	**14**

*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, 2026

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

4 Investment properties (Continued...)

(ii) Fair value

Particulars	March 31, 2026			March 31, 2025		
	Land	Buildings	Total	Land	Buildings	Total
Investment property	1,008	156	**1,164**	954	157	**1,111**

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:

a) 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,

b) discounted cash flow projections based on reliable estimates of future cash flows,

c) 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.

(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, 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**
Year ended March 31, 2026					
Gross carrying amount					
Opening gross carrying amount	133	25	11	**169**	1
Additions	24	–	–	**24**	–
Disposal	(4)	–	–	**(4)**	–
Transfers	–	–	–	–	–
Closing gross carrying amount	**153**	**25**	**11**	**189**	**1**
Accumulated amortisation					
Opening accumulated amortisation	114	25	–	**139**	–
Amortisation charge for the year	9	–	2	**11**	–
Disposal	(3)	–	–	**(3)**	–
Closing accumulated amortisation	**120**	**25**	**2**	**147**	**–**
Net carrying amount	**33**	**–**	**9**	**42**	**1**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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, 2026	March 31, 2025
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	1,50,000	AED 1/-	2	2
Elgi Compressor Do Brasil Imp.E.Exp. LTDA	62,21,189	R$ 1/-	-	-
Elgi Equipments Australia Pty Limited*	100		-	-
Elgi Compressors Italy S.R.L.	25,55,000	€ 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	10,91,500	₹10/-	126	126
Elgi Compressors (M) SDN. BHD	10,00,100	RM 1/-	18	18
Industrial Air Compressors Pty Ltd*	120	AUD 1/-	-	-

(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, 2026	March 31, 2025
Investment In Joint Ventures				
ELGI Sauer Compressors Ltd [Share 26%]	1,68,994	₹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/-	4	3
HDFC Bank Limited	50,320	₹1/-	37	46
Magna Electro Castings Ltd	66,454	₹10/-	59	59
Rajshree Sugars & Chemicals Ltd	2,29,000	₹10/-	6	9
Pricol Ltd	1,21,922	₹1/-	62	54
L.G. Balakrishnan & Bros. Ltd.	4,992	₹10/-	8	6
LGB Forge Limited*	18,720	₹1/-	-	-
Elgi Rubber Company Limited	7,63,700	₹1/-	25	50
(Unquoted)				
First Energy TN1 Pvt Ltd [March 31, 2025: 14,40,000 shares]	18,00,000	₹10/-	18	14
First Energy 5 Pvt Ltd	6,70,000	₹10/-	7	7
Non-Current Investments			**1,935**	**1,957**
b) Current Investments				
At Fair Value through Profit or Loss **(Unquoted)**				
Investments in liquid mutual funds			1,092	351
Current Investments			**1,092**	**351**
Total Investments			**3,027**	**2,308**
*Amounts are below rounding off norms adopted by the Company				
Aggregate amount of quoted investments and market value thereof			202	228
Aggregate amount of unquoted investments			2,825	2,080

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, 2026

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

7 Loans

Particulars	March 31, 2026	March 31, 2025
(a) Loans (Non-current)		
Unsecured, considered good		
Loans to subsidiary (refer note 41 & 51)	668	602
Loans to employees	54	53
	722	**655**
(b) Loans (Current)		
Unsecured, considered good		
Loans to employees	48	36
	48	**36**

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*

		March 31, 2026		March 31, 2025	
Type of Borrower	Repayment terms	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Elgi Compressors USA Inc. (Wholly owned Subsidiary)	Repayable by March 31, 2030	668	87%	602	87%

*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)

(measured at amortised cost)

Particulars	March 31, 2026	March 31, 2025
Security deposits	67	37
Interest Accrued	44	-
	111	**37**

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

9 Income tax assets (net)

Particulars	March 31, 2026	March 31, 2025
Income tax assets	1	–
Income tax liabilities	(47)	43
Income tax assets/(liabilities) net	**(46)**	**43**
Reconciliation:		
Opening balance	43	58
Add: Tax paid (net of refund received)	1,183	1,169
Less: Current tax payable on gain from treasury shares recognised directly in retained earnings	(1)	(2)
Less: Current tax payable for the year	(1,271)	(1,182)
	(46)	**43**

10 Other non-current assets

Capital advances	91	197
	91	**197**

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*	1,373	1,201
(b) Work-in-progress	419	254
(c) Finished goods	527	387
(d) Stock-in-trade*	247	164
(e) Stores and spares (including packing materials)	93	70
(f) Loose tools	67	61
	2,726	**2,137**

*Includes goods in-transit pertaining to
(i) raw materials: ₹189 million (March 31, 2025: ₹152 million);
(ii) stock-in-trade: ₹21 million (March 31, 2025: ₹10 million)

Notes:

a) The cost of inventories recognised as an expense includes ₹37 million (March 31, 2025 – ₹17 million) in respect of provision for slow-moving inventories.

b) Raw materials, Work in progress and Finished goods include R&D inventory.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

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.

Particulars	March 31, 2026	March 31, 2025
Unsecured, considered good	6,410	4,605
Unsecured, credit impaired	37	28
	6,447	**4,633**
Less: Loss allowances (refer note 39A(iii)(b))	(39)	(29)
	6,408	**4,604**

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, 2026								
Undisputed trade receivables – considered good	6,041	353	7	9	-	-	(2)	**6,408**
Undisputed trade receivables – credit impaired	-	-	-	-	2	13	(15)	-
Disputed trade receivables – credit impaired	-	4	8	4	-	6	(22)	-
Total trade receivables	**6,041**	**357**	**15**	**13**	**2**	**19**	**(39)**	**6,408**
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**

For receivables from related parties refer note 41.

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

13 Cash and cash equivalents

Particulars	March 31, 2026	March 31, 2025
(a) Funds in transit	–	80
(b) Balance with banks		
– In current accounts	252	93
– In EEFC accounts	47	13
– In deposit accounts (with original maturity of 3 months or less)	133	142
	432	**328**

There are no repatriation restrictions with regard to cash and cash equivalents as at year ended March 31, 2026 and March 31, 2025, respectively.

14 Bank balances other than cash and cash equivalents

(a) Bank balances other than cash and cash equivalents (Non-Current)		
– In deposit accounts (with remaining maturity more than 12 months)	275	–
	275	**–**
(b) Bank balances other than cash and cash equivalents (Current)		
– In deposit accounts (with original maturity period of more than 3 months but remaining maturity less than 12 months)*	4,828	6,819
– In Unspent CSR account (for ongoing projects)**	77	41
– In unclaimed dividend account***	13	12
	4,918	**6,872**
	5,193	**6,872**

*Includes margin money deposit (refer note 47).

**Earmarked for ongoing CSR projects, refer note 36(b).

***Earmarked for payment of unclaimed dividend.

15 Deposits with financial institutions
(measured at amortised cost)

(a) Non-Current	560	–
(b) Current	600	–
	1,160	**–**

16 Other financial assets (Current)

Derivatives not designated as hedges (measured at FVTPL)		
Foreign exchange forward contract	–	5
Others (measured at amortised cost)		
Interest accrued	122	230
Others	132	122
	254	**357**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

17 Contract assets

Particulars	March 31, 2026	March 31, 2025
Retention receivables	106	142
Less: Loss allowances (refer note 39A(iii)(b))	(28)	(35)
	78	**107**

18 Other current assets

Income/refund receivable	24	19
Prepaid expenses	246	219
Balance with Government authorities	56	23
Rent advances	7	10
Advance to suppliers	121	64
Others	51	30
	505	**365**

19 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹1 each		
At April 01, 2024	320	320
Increase during the year	–	–
At March 31, 2025	320	320
Increase during the year	–	–
At March 31, 2026	**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, 2024	317	317
Increase during the year	–	–
At March 31, 2025	317	317
Increase during the year	–	–
At March 31, 2026	**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, 2026, the amount of final dividend per share recognised as distributions to equity shareholders is ₹2.20 per share (March 31, 2025: ₹2 per share).

19 Equity share capital (Continued...)

(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 alloted 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.

(iv) Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2026		March 31, 2025	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited*	6,36,97,752	20.10	6,36,97,752	20.10
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91
Pari Washington India Master Fund, Ltd.	37,49,635	1.18	2,20,77,311	6.97
SBI Small Cap Fund	2,02,00,050	6.37	-	-

(v) Details of shareholding of promoters

Promoter Name	March 31, 2026		March 31, 2025		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91	-
Anvar Jay Varadaraj	19,25,248	0.61	19,25,248	0.61	-
Varun Jay Varadaraj	19,16,684	0.60	19,16,684	0.60	-
Maya Jay Varadaraj	19,16,648	0.60	19,16,648	0.60	-
Sudarsan Varadaraj	2,04,984	0.06	2,04,984	0.06	-
Harsha Varadaraj	80,000	0.03	80,000	0.03	-
Varshini Varadaraj	1,58,588	0.05	1,58,588	0.05	-
T Balaji	68,500	0.02	68,500	0.02	-
Dark Horse Portfolio Investment Private Limited*	6,36,97,752	20.10	6,36,97,752	20.10	-
Elgi Rubber Company Limited	6,64,160	0.21	6,64,160	0.21	-
	9,88,54,180	**31.19**	**9,88,54,180**	**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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

20 Other equity

Particulars	March 31, 2026	March 31, 2025
Reserves & Surplus		
Capital reserve	181	181
Securities premium	251	251
Statutory reserve	5	5
General reserve	1,141	1,141
Share options outstanding account	110	62
Retained earnings	18,554	15,747
Treasury stock	(860)	(634)
Other reserves		
FVOCI – Equity instruments	170	195
	19,552	**16,948**

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**

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

20 Other equity (Continued...)

Particulars	March 31, 2026	March 31, 2025
e) Share options outstanding account		
Opening balance	62	30
Employee stock option expense	74	58
Forfeiture of shares-recharged on subsidiaries	3	–
Transfer to Retained earnings	(29)	(26)
Closing balance	**110**	**62**
f) Retained earnings		
Opening balance	15,747	12,921
Net profit for the year	3,453	3,501
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post-employment benefit obligation, net of tax	16	(78)
– Transfer to retained earnings of gain from treasury shares	5	11
– Income tax on gain from treasury shares	(1)	(2)
– Transfer from share options outstanding account	29	26
Appropriations:		
Dividend on equity shares net of dividend distributed to Elgi Employee Stock Option Trust	(695)	(632)
Closing balance	**18,554**	**15,747**
g) Treasury stock		
Opening balance	(634)	(300)
Purchase of shares for ESOP scheme	(261)	(400)
Exercise of shares under ESOP scheme	35	66
Closing balance	**(860)**	**(634)**
h) Other Reserves		
FVOCI – Equity instruments		
Opening balance	195	148
Change in fair value of FVOCI equity instruments (net of tax)	(25)	47
Closing balance	**170**	**195**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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, 2026		
Elgi Equipments Limited Employee Stock Option Trust	16,67,538	860
	16,67,538	**860**
As at March 31, 2025		
Elgi Equipments Limited Employee Stock Option Trust	12,07,238	634
	12,07,238	**634**

Where the Company purchases its own shares and holds them in treasury ('treasury shares'):

a) The amount paid for the treasury shares is deducted from equity and are not recognised as a financial asset.

b) No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Company's own equity instruments. This is because the acquisition and subsequent resale of treasury shares are transactions with the Company's owners, rather than a gain or loss to the Company.

c) Consideration paid or received for the purchase or sale of an entity's own equity instruments is recognised directly in equity.

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.

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

21 Provisions (Non-current)

Particulars	March 31, 2026	March 31, 2025
Provision for compensated absences (refer note 26(a)(i))	102	92
	102	**92**

22 Deferred tax assets (net)

Particulars	March 31, 2026		March 31, 2025	
	Deferred tax (asset)	Deferred tax liabilities	Deferred tax (asset)	Deferred tax liabilities
Property, Plant & Equipment and Intangible assets	(44)	–	(34)	–
Right of use assets	–	107	–	24
Provision for compensated absences	(39)	–	(30)	–
Provision for warranty	(106)	–	(83)	–
Allowance for doubtful debts	(17)	–	(16)	–
Lease liabilities	(104)	–	(24)	–
Foreign exchange forward contracts	(33)	–	–	1
Voluntary Retirement Scheme (VRS)	(4)	–	(6)	–
Equity Instruments – FVOCI	–	15	–	16
Other timing differences	(2)	–	(1)	–
	(349)	**122**	**(194)**	**41**
Net deferred tax (assets)/liabilities		**(227)**		**(153)**

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, 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)**
Charged/(credited):											
– to profit or loss	(10)	(9)	(23)	(1)	83	(80)	(34)	2	–	(1)	**(73)**
– to other comprehensive income	–	–	–	–	–	–	–	–	(1)	–	**(1)**
At March 31, 2026	**(44)**	**(39)**	**(106)**	**(17)**	**107**	**(104)**	**(33)**	**(4)**	**15**	**(2)**	**(227)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

23 Lease liabilities

Particulars	March 31, 2026	March 31, 2025
Current	66	8
Non-Current	348	89
	414	**97**

Note: Also refer note 3(b) for reconciliation of balances.

24 Trade payables

Due to micro enterprises and small enterprises (refer note 45)	622	521
Due to creditors other than micro enterprises and small enterprises	2,408	1,582
	3,030	**2,103**

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, 2026							
Undisputed							
Outstanding dues to micro and small enterprises	574	17	-	-	-	31	**622**
Outstanding dues to others	1,588	191	3	1	-	625	**2,408**
Total trade payables	**2,162**	**208**	**3**	**1**	**-**	**656**	**3,030**
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**

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

25 Other financial liabilities

Particulars	March 31, 2026	March 31, 2025
Derivatives not designated as hedges (measured at FVTPL)		
Foreign exchange forward contracts	128	–
Others (measured at amortised cost)		
Unclaimed dividends	13	12
Dealer deposits	24	21
Employee benefit expenses payable	328	344
Capital creditors	203	84
Others	95	57
	791	**518**

26 Provisions (current)

Provision for warranty	422	328
Provision for compensated absences (refer note 26(a)(i))	52	26
Provision for gratuity (refer note 26(a)(iii))	127	131
	601	**485**

(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 expected loss on 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

Particulars	Provision for Warranty	Compensated absences
Opening	**328**	**118**
Additional provisions recognised	335	49
Amounts utilised/reversed during the year	(241)	(13)
Closing	**422**	**154**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026
(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.

The total provision for compensated absences amounts to ₹154 million and ₹118 million as at March 31, 2026 and March 31, 2025, including provision towards sick leave amounting to ₹21 million and ₹20 million respectively.

The provision classified as current amounts to ₹52 million and ₹26 million as at March 31, 2026 and March 31, 2025 including provision towards sick leave amounting to ₹4 million and ₹4 million respectively. Given that there are complexities in determining whether the Company has the right to defer the employee's leave unconditionally, the amount of non-current and current portions of leave obligation has been determined by a qualified actuary and presented accordingly. Further, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

(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 ₹148 million (March 31, 2025 – ₹94 million).

(iii) Post-employment benefit obligations – Gratuity

The Company provides for gratuity for employees in India as per the Code on Social Security, 2020. 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 wages per month computed proportionately for 15 days wages 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.

(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, 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'.

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2025	**398**	**267**	**131**
Current service cost	41	–	41
Interest expense/income	26	22	4
Total amount recognised in profit or loss (refer note 33)	**67**	**22**	**45**
Past service cost	104	–	104
Total amount recognised as Exceptional Item (refer note 56)	**104**	**–**	**104**
Remeasurements			
(Gain)/loss from change in financial assumptions*	(13)	(2)	(11)
Experience (gains)/losses	(5)	6	(11)
Total amount recognised in other comprehensive income	**(18)**	**4**	**(22)**
Employer contributions	–	131	(131)
Benefit payments	(35)	(35)	–
March 31, 2026	**516**	**389**	**127**

*To be construed as gain/(loss) for column 'B'.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

26(a) Employee benefit obligations (Continued...)

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2026	March 31, 2025
Present value of funded obligations	516	398
Fair value of plan assets	389	267
Deficit of funded plan	**127**	**131**

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Discount Rate	7.20%	6.70%
Rate of increase in compensation levels	6.50%	6.50%
Attrition Rate	9.00%	9.00%
(v) Sensitivity Analysis		
A. Discount Rate + 50 BP	7.70%	7.20%
Defined Benefit Obligation [PVO]	504	389
B. Discount Rate - 50 BP	6.70%	6.20%
Defined Benefit Obligation [PVO]	529	410
C. Salary Escalation Rate + 50 BP	7.00%	7.00%
Defined Benefit Obligation [PVO]	527	408
D. Salary Escalation Rate - 50 BP	6.00%	6.00%
Defined Benefit Obligation [PVO]	506	391

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.

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

26(a) Employee benefit obligations (Continued...)

(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.

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 7.7 years (March 31, 2025 - 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 ₹127 Million.

Particulars	March 31, 2026	March 31, 2025
Within next 12 months (next annual reporting period)	127	88
Between 1 to 2 years	62	67
Between 2 to 5 years	233	168
Beyond 5 years	304	226
	726	**549**

27 Other current liabilities

Contract liabilities	164	152
Statutory payable	104	126
	268	**278**

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

28 Revenue from operations (Continued...)

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.

(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, 2026	March 31, 2025
The Company derives following types of revenue:		
Revenue from contracts with customers		
– Sale of products	22,377	20,017
– Sale of services	768	659
Other operating revenues (refer note 41)	284	133
	23,429	**20,809**

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, 2026	March 31, 2025
India	17,647	15,850
Outside India	5,498	4,826
	23,145	**20,676**

b) Revenue recognised for the year ended March 31, 2026 from opening balance of contract liabilities is ₹135 million (March 31, 2025: ₹146 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.

e) The contract price is not significantly different from the revenue recognized and there are no material refund liabilities with respect to variable consideration

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

29 Other income

Particulars	March 31, 2026	March 31, 2025
Interest income – Deposits with banks & financial institutions	490	433
Interest income – Others	71	71
Financial guarantee commission	9	10
Dividend income*	29	127
Profit on sale of assets	4	4
Gain on fair value/redemption of mutual funds	74	1
Share of profit from partnership firm	10	11
Rental receipts	8	17
Net gain on foreign currency transaction and translation	141	5
Miscellaneous income (net)	22	17
	858	**696**

*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*	1,171	1,132
Purchases	10,030	9,166
	11,201	**10,298**
Less:		
Inventory of materials at the end of the year*	1,346	1,171
	9,855	**9,127**

*Excluding R & D inventory.

31 Purchases of stock-in-trade

Oil	453	424
Others*	2,243	1,673
	2,696	**2,097**

*Consists of numerous items which are individually insignificant.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026
(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, 2026	March 31, 2025
Opening inventory*		
– Finished goods	378	277
– Work-in-progress	247	149
– Stock-in-trade	164	130
Closing inventory*		
– Finished goods	515	378
– Work-in-progress	413	247
– Stock-in-trade	247	164
	(386)	**(233)**

*Excluding R & D inventory.

33 Employee benefits expense

Salaries, wages and bonus	2,345	2,035
Contribution to Provident fund & Superannuation scheme	148	94
Gratuity (refer note 26(a)(iii))	45	24
Employee stock option expense (refer note 42)	54	40
Staff welfare expenses	153	122
	2,745	**2,315**

Note: For managerial remuneration refer note 41.

34 Finance costs

Interest expenses – related to lease liabilities	11	7
Interest expenses – on other financing arrangements	1	15
	12	**22**

35 Depreciation and amortisation expenses

Depreciation of property, plant and equipment	369	338
Depreciation on investment properties*	1	–
Depreciation of right of use assets	29	11
Amortisation of intangible assets	11	10
	410	**359**

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

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

36 Other expenses

Particulars	March 31, 2026	March 31, 2025
Packing & forwarding	259	228
Consumption of stores	127	105
Tools consumed	95	82
Commission	124	119
Repairs and maintenance		
– Building	48	42
– Plant and machinery	64	59
– Others	42	40
Communication expenses	12	12
Information system expenses	319	147
Power and fuel	226	207
Transport charges	652	559
Travelling & conveyance	224	169
Insurance	24	20
Advertisement & publicity	137	78
Printing and stationery	14	12
Research & Development material cost (refer note 48)	37	76
After sales expenses	387	359
Factory expenses	44	34
Rates and taxes	13	11
Payment to the auditors (refer note 36(a) below)	14	11
Subscription & membership	13	11
CSR expenses (refer note 36(b) below)	80	66
Donation	75	55
Rent	17	21
Legal and consultancy charges	400	371
Contract staffing	211	154
Directors' sitting fees	10	7
Bank charges	16	12
Assets condemned & written off	3	–
Bad debts written off & loss allowances	14	10
Market development fee (refer note 41)	432	–
Miscellaneous expenses	49	65
	4,182	**3,142**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

36(a) Details of payment to auditors

Particulars	March 31, 2026	March 31, 2025
Payment to auditors		
– audit fees	7	6
– limited review	2	2
– certification services	1	1
– other audit related services	2	1
– reimbursement of out of pocket expenses	1	1
	14	**11**

36(b) Corporate Social responsibility expenditure

Amount required to be spent as per Section 135 of the Companies Act, 2013	80	66
Amount spent during the year on		
– Promoting Education, Sports and Health care	60	25
– Accrual towards unspent obligations in relation to ongoing projects (refer note below)	20	41

Note: Unspent amounts for ongoing CSR projects under Section 135(6) for the years ended March 31, 2026 and March 31, 2025, amounting to ₹20 million and ₹41 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.

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

37 Income tax expense

Particulars(a)	March 31, 2026	March 31, 2025
(a) Income tax expense		
Current tax		
Current tax on profits for the year	1,265	1,209
Total current tax expense	**1,265**	**1,209**
Deferred tax		
Decrease/(increase) in deferred tax assets	(122)	(50)
(Decrease)/increase in deferred tax liabilities	49	16
Total deferred tax expense/(benefit)	**(73)**	**(34)**
Income tax expense	**1,192**	**1,175**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before income tax expense	4,645	4,676
Tax at the Indian tax rate of 25.168%	**1,169**	**1,177**
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	(7)	(32)
Corporate social responsibility expenditure and donations	39	30
Deduction u/s 24 of IT Act (Income from house property)	(1)	(1)
Share of profit from Partnership firms exempt u/s 10(2A)	(3)	(3)
Others	(5)	4
Income tax expense for the year	**1,192**	**1,175**

(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, 2026

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

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2026			March 31, 2025		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	227	-	-	249	-
- Mutual funds	1,092	-	-	351	-	-
Loans	-	-	770	-	-	691
Trade receivables	-	-	6,408	-	-	4,604
Cash and other bank balances	-	-	5,625	-	-	7,200
Deposits with financial institutions	-	-	1,160	-	-	-
Derivative financial assets	-	-	-	5	-	-
Security deposits	-	-	67	-	-	37
Others	-	-	298	-	-	352
Total financial assets	**1,092**	**227**	**14,328**	**356**	**249**	**12,884**
Financial liabilities						
Trade payables	-	-	3,030	-	-	2,103
Dealer deposits	-	-	24	-	-	21
Derivative financial liabilities	128	-	-	-	-	-
Employee benefit expenses payable	-	-	328	-	-	344
Capital creditors	-	-	203	-	-	84
Others	-	-	108	-	-	69
Total financial liabilities	**128**	**-**	**3,693**	-	-	**2,621**

*Excluding investments in subsidiaries and joint ventures, carried at cost less impairment losses aggregating to ₹1,706 million (March 31, 2025 - ₹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.

(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, 2026	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
Unquoted mutual funds	6(b)	1,092	–	–	**1,092**
Financial Investments at FVOCI					
Quoted equity investments	6(a)	202	–	–	**202**
Unquoted equity investments	6(a)	–	–	25	**25**
Total financial assets		**1,294**	**–**	**25**	**1,319**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	–	128	–	**128**
Total financial liabilities		**–**	**128**	**–**	**128**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Financial assets					
Loans					
Loans to subsidiaries	7(a)	–	–	668	**668**
Loans to employees	7(a), (b)	–	–	102	**102**
Security deposits	8	–	–	67	**67**
Total financial assets		**–**	**–**	**837**	**837**

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					
Unquoted mutual funds	6(b)	351	–	–	**351**
Derivatives not designated as hedges					
– Foreign exchange forward contracts	17	–	5	–	**5**
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

Financial assets					
Loans					
Loans to subsidiaries	7(a)	–	–	602	**602**
Loans to employees	7(a), (b)	–	–	89	**89**
Security deposits	8	–	–	37	**37**
Total financial assets		**–**	**–**	**728**	**728**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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

	March 31, 2026		March 31, 2025	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans				
Loan to Subsidiaries	668	668	602	602
Loans to employees	102	102	89	89
Security deposits	67	67	37	37
Total financial assets	**837**	**837**	728	728

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and bank balances, deposits with financial institutions (with remaining maturities less than 12 months), other financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

In respect of deposits with financial institutions having remaining maturities more than 12 months, the carrying amount approximates fair value as these carry interest rates that are reflective of prevailing market rates for similar instruments as at March 31, 2026.

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.

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, deposits with banks and financial institutions, debt mutual funds, trade receivables, loan to subsidiaries (including guarantees), derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversifying deposits with banks and financial institutions, mutual fund plans and AMCs, setting appropriate credit limits, and utilizing letters of credit for specific transactions.
Liquidity risk	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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

39 Financial risk management (Continued...)

(A) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions 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.

(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:

			Basis for recognition of expected credit loss provision		
Internal rating	**Category**	**Description of category**	**Cash & Investments**	**Loans and deposits**	**Trade receivables**
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the 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		

39 Financial risk management (Continued...)

For the years ended March 31, 2026 and March 31, 2025

(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
- 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, 2026 and March 31, 2025.

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, 2026 and March 31, 2025, 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 17. 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

39 Financial risk management (Continued...)

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.

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, 2026							
Gross carrying amount – trade receivables (excluding credit impaired)	6,041	352	1	7	9	–	**6,410**
Contract Assets	106	–	–	–	–	–	**106**
*Expected loss rate**	0%	0%	0%	0%	22%	100%	
Expected credit losses (Loss allowance provision) – Trade receivables	–	–	–	–	2	–	**2**
Expected credit losses (Loss allowance provision) – Contract assets	28	–	–	–	–	–	**28**
Loss Allowance – Credit Impaired – Trade receivables	–	–	4	8	4	21	**37**
Total Loss allowance provision	**28**	**–**	**4**	**8**	**6**	**21**	**67**
Carrying amount of Trade receivables (net of credit loss allowance)	**6,041**	**352**	**1**	**7**	**7**	**–**	**6,408**
Carrying amount of Contract assets (net of credit loss allowance)	**78**	**–**	**–**	**–**	**–**	**–**	**78**

(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, 2025							
Gross carrying amount – trade receivables (excluding credit impaired)	4,291	265	33	11	4	1	**4,605**
Contract Assets	142	–	–	–	–	–	**142**
*Expected loss rate**	1%	0%	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision) – Trade receivables	–	–	–	–	–	1	**1**
Expected credit losses (Loss allowance provision) – Contract assets	35	–	–	–	–	–	**35**
Loss Allowance – Credit Impaired	–	–	–	–	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**

*The provision matrix for receivables (other than credit-impaired receivables) is based on historical collection experience adjusted for forward-looking information. The resulting loss rates for time bands not due to less than one year, were not significant and have been rounded to two decimal places.

(iv) Reconciliation of loss allowance provision

Loss allowance on April 01, 2024	**66**
Changes in loss allowance	(2)
Loss allowance on March 31, 2025	**64**
Changes in loss allowance	3
Loss allowance on March 31, 2026	**67**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

39 Financial risk management (Continued...)

(i) Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2026	March 31, 2025
Floating rate Expiring within one year (including other facilities)	3,789	4,249

The credit facility sanctioned by the banks are subject to renewal every year.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2026						
Non-derivatives						
Lease liabilities	31	25	49	94	223	**422**
Trade payables	3,030	-	-	-	-	**3,030**
Other financial liabilities	663	-	-	-	-	**663**
Total non-derivative liabilities	**3,724**	**25**	**49**	**94**	**223**	**4,115**
Derivatives						
Foreign exchange forward contracts	67	53	8	-	-	**128**
Total derivative liabilities	**67**	**53**	**8**	**-**	**-**	**128**
Financial guarantees	2,717	-	-	-	-	**2,717**
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	3,171	-	-	-	-	**3,171**

39 Financial risk management (Continued...)

(c) Market risk

(i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the below mentioned currencies. 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, 2026						
USD	–	7	–	**7**	1	**1**
EUR	1	–	–	**1**	1	**1**
AUD	1	–	–	**1**	–	**–**
BRL	14	–	–	**14**	–	**–**
RMB	–	–	–	**–**	6	**6**
MYR	2	–	–	**2**	–	**–**
March 31, 2025						
USD	–	7	–	7	–	–
EUR	1	–	–	1	1	1
AUD	1	– *	–	1	–	–
BRL	2	–	–	2	–	–
RMB	–	–	–	–	4	4
MYR	5	–	–	5	–	–

*Amounts are below the rounding off norm adopted by the Company.
**Trade receivables are disclosed after offsetting forward contracts in the corresponding currency as applicable.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

39 Financial risk management (Continued...)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax (in INR million)*	
	March 31, 2026	March 31, 2025
USD sensitivity		
INR/USD increases by 5%	21	23
INR/USD decreases by 5%	(21)	(23)
EURO sensitivity		
INR/EURO increases by 5%	3	0
INR/EURO decreases by 5%	(3)	(0)
AUD sensitivity		
INR/AUD increases by 5%	2	1
INR/AUD decreases by 5%	(2)	(1)
BRL sensitivity		
INR/BRL increases by 5%	10	1
INR/BRL decreases by 5%	(10)	(1)
RMB sensitivity		
INR/RMB increases by 5%	(3)	(2)
INR/RMB decreases by 5%	3	2
MYR sensitivity		
INR/MYR increases by 5%	2	3
INR/MYR decreases by 5%	(2)	(3)

*Amount in bracket represents losses

(ii) Price risk

The Company has invested largely in overnight and liquid mutual funds which is low risk and not subject to significant variation. 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.

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.

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

39 Financial risk management (Continued...)

Particulars	Impact on other components of equity	
	March 31, 2026	March 31, 2025
BSE Sensex – increase 5%	9	10
BSE Sensex – decrease 5%	(9)	(10)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

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.

The Company being an unlevered entity, details with respect to debt-equity has not been provided.

Further, lease liabilities has not been considered as debt. The Company's objective is to manage cash and use leverage at a minimum which is achieved by quicker turnaround of working capital.

(b) Dividends

Particulars	March 31, 2026	March 31, 2025
(i) Equity shares		
Final dividend recognised for the year ended March 31, 2025 of ₹2.20/- (March 31, 2024 – ₹2.00/- per fully paid share)	697	634
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2025, directors had recommended the payment of a final dividend of ₹2.20/- per fully paid equity share which was subsequently approved by the shareholders in the annual general meeting.	-	697
Subsequent to the year ended March 31, 2026, the directors have recommended the payment of a final dividend of ₹2.70/- per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	856	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

41 Related party transactions

(a) Name of the related parties and nature of relationship:

(i) Where control exists:

Subsidiaries

Name of entity	Place of business	Ownership interest held by the company		Principal activities
		March 31, 2026	March 31, 2025	
		%	%	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Gulf Mechanical and Engineering Equipment Trading LLC*	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Italy S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA*	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors Europe S.R.L	Belgium	100	100	Trading of air compressors
Elgi Compressors Iberia S.L.*	Spain	100	100	Marketing of air compressors
Elgi Compressors Nordics*	Sweden	100	100	Marketing of air compressors
Elgi Compressors Eastern Europe sp. z.o.o.*	Poland	100	100	Marketing of air compressors
Elgi Compressors UK and Ireland Limited*	United Kingdom	100	100	Marketing of air compressors
Elgi Compressors Southern Europe S.R.L*	Italy	100	100	Marketing of air compressors
Elgi Compressors France SAS*	France	100	100	Marketing of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc*	USA	100	100	Trading of air compressors & 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
Elgi Equipments Arabia Company**	Saudi Arabia	-	-	Trading of air compressors & servicing of compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors

(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 March 31, 2026 %	Ownership interest held by the company March 31, 2025 %	Principal activities
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

**Incorporated during the current year as a step down subsidiary of Elgi Compressors USA Inc. No investment has been made in the Company as of date, and there were no transactions during the year.

(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.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan	Elgi Equipments Gratuity Fund
(Refer note 26 (a))	Elgi Equipments Superannuation Fund
Employee stock option plan	Elgi Equipments Limited Employees Stock Option Trust
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Limited
	Mr. 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 (Upto April 14, 2026)
	Mr. Suman Kumar Das
	Mr. Srinivasan Ravindran
	Mr. Srinivasan Krishnamurthi

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

41 Related party transactions (Continued...)

Other companies/firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Magna Electro Castings Limited
	Festo India Private Limited
	AGT Electronics Limited
	Pricol Engineering lndustries Pvt Limited
	Pricol Limited
	PPL Enterprises Limited
	Dark Horse Portfolio Investment Private Limited

*Divested during the year ended March 31, 2026.

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 divested 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 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.

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.

(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	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Purchase of goods	46	41	9	11	-	-
Purchase of property, plant & equipment	2	1	-	-	-	-
Sale of goods	4,618	4,046	387	381	-	-
Receiving services	7	16	12	19	-	-
Sale of services	184	187	-	8	-	-
Royalty income	137	-	-	-	-	-
Interest						
- Received from related parties	40	44	-	-	-	-
Market development fees paid	432	-	-	-	-	-
Reimbursement of expenses						
- To related parties	237	167	4	5	-	-
- By related parties	183	92	10	2	-	-
Financial guarantee commission received	10	10	-	-	-	-
Dividend/share of profit from partnership firm						
- Received from related parties	-	100	38	37	-	-
- Paid to related parties	-	-	142	129	66	45
Key management personnel compensation*						
- Short-term employee benefits	-	-	-	-	98	68
- Other long-term benefits	-	-	-	-	4	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 ₹30 million and to the Executive Director amounting to ₹25 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, 2026

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

41 Related party transactions (Continued...)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Description	Subsidiaries		Joint Venture & Others	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Payable at the end of the year	259	61	3	2
Total payables to related parties	**259**	**61**	**3**	**2**
Trade receivable at the end of the year	3,321	2,298	90	52
Other receivables at the end of the year	85	40	-	11
Loans receivable at the end of the year	668	602	-	-
Interest accrued at the end of the year	-	11	-	-
Payable to Key Management Personnel	-	-	5	5
Total receivables from related parties	**4,074**	**2,951**	**95**	**68**

No loss allowance has been recognised during the year ended March 31, 2026 and March 31, 2025 in respect of receivables due from related parties.

(d) Terms and conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders. All other transactions were made on normal commercial terms & conditions and market rates.

All outstanding balances are unsecured and payable in cash.

41A Details of material transactions with related parties

Particulars	Subsidiaries		Joint ventures & Others	
	2025-26	2024-25	2025-26	2024-25
Purchase of goods				
Rotair SPA	42	38	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	4	3	-	-
Industrial Air Solutions LLP	-	-	3	-
Pricol Engineering Industries Pvt Limited*	-	-	-	2
Festo India Private Limited	-	-	3	2
LGB Forge Limited	-	-	-	7
PPL Enterprises Limited	-	-	2	-
Pricol Limited	-	-	1	-
Elgi Sauer Compressors Ltd*	-	-	-	-
Elgi Ultra Private Limited*	-	-	-	-

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

41 Related party transactions (Continued...)

Particulars	Subsidiaries		Joint ventures & Others	
	2025-26	2024-25	2025-26	2024-25
Purchase of Property Plant and Equipment				
ATS Elgi Limited	1	1	-	-
Ergo Design Private Limited	1	-	-	-
Sale of goods				
Elgi Gulf FZE	1,008	862	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	337	232	-	-
Elgi Equipments Australia Pty Limited	372	266	-	-
Rotair SPA	166	130	-	-
Elgi Compressors USA Inc.	1,240	1,192	-	-
PT Elgi Equipments Indonesia	53	52	-	-
Elgi Compressors Europe SRL	1,331	1,186	-	-
ATS Elgi Limited	12	29	-	-
Elgi Compressors (M) SDN. BHD.	55	83	-	-
Patton's Medical LLC	44	14	-	-
Industrial Air Solutions LLP	-	-	384	373
LGB Forge Limited	-	-	-	4
Elgi Sauer Compressors Limited	-	-	3	2
Receiving services				
Ergo Design Private Limited	-	12	-	-
Adison Precisions Instrument Mfg. Co. Ltd	7	4	-	-
Elgi Ultra Private Limited	-	-	1	1
Elgi Rubber Company Limited	-	-	2	1
AGT Electronics Limited	-	-	9	16
Sale of services				
ATS Elgi Limited	8	38	-	-
Elgi Gulf FZE	30	28	-	-
Elgi Equipments Australia Pty Limited	20	13	-	-
Rotair SPA	3	2	-	-
Elgi Compressors USA Inc.	77	64	-	-
PT Elgi Equipments Indonesia	2	2	-	-
Elgi Compressors Europe SRL	28	21	-	-
Elgi Compressors Do Brazil Imp.E.Exp. Ltda	7	5	-	-
Patton's Medical LLC	2	-	-	-
Elgi Compressors (M) SDN. BHD.	7	14	-	-
Elgi Sauer Compressors Limited	-	-	-	5

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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	
	2025-26	2024-25	2025-26	2024-25
Royalty income received **				
Elgi Gulf FZE	41	–	–	–
Elgi Compressors Do Brazil Imp.E.Exp. Ltda	94	–	–	–
Elgi Equipments Australia Pty Limited	2	–	–	–
Interest - Received from related party				
Elgi Compressors USA Inc.	40	44	–	–
Industrial Air Solutions LLP*	–	–	–	–
Market Development Fees paid **				
Elgi Compressors USA Inc.	101	–	–	–
PT Elgi Equipments Indonesia	13	–	–	–
Elgi Compressors Europe SRL	278	–	–	–
Elgi Compressors (M) SDN. BHD.	40	–	–	–
Financial guarantee commission received				–
Elgi Compressors USA Inc.	1	3	–	–
Elgi Compressors Europe SRL	9	8	–	
Dividends - Paid to related party				
Dark Horse Portfolio Investment Private Limited	–	–	140	128
Elgi Sauer Compressors Limited	–	–	1	–
Elgi Rubber Company Limited	–	–	1	–
Jairam Varadaraj	–	–	62	56
Anvar Jay Varadaraj	–	–	4	4
Sudarsan Varadaraj*	–	–	–	–
Srinivasan Ravindran*	–	–	–	–
Dividends - Received from related party				
ATS Elgi Limited	–	100		
Elgi Sauer Compressors Limited	–	–	28	26
Industrial Air Solutions LLP	–	–	10	11
Magna Electro Castings Limited*	–	–	–	–
Pricol Engineering Industries Pvt Limited*	–	–	–	–

** During the year, the Company has recorded year-end transfer pricing adjustments relating to transactions with overseas subsidiaries based on arm's length evaluation under applicable transfer pricing regulations.

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

41A Details of material transactions with related parties (Continued...)

(ii) Outstanding balances

Particulars	Subsidiaries		Joint ventures & Others	
	2025-26	2024-25	**2025-26**	2024-25
Payables at the end of the year				
Elgi Compressors USA Inc.	130	14	-	-
ATS Elgi Limited*	-	3	-	-
Rotair SPA	19	18	-	-
PT Elgi Equipments Indonesia	13	-	-	-
Elgi Gulf FZE	2	1	-	-
Elgi Equipments Australia Pty Limited	1	1	-	-
Elgi Compressors Europe S.R.L	85	16	-	-
Ergo Design Private Limited	-	2	-	-
Elgi Compressors (M) SDN. BHD.	2	2	-	-
Adison Precision Instruments Manufacturing Company Ltd.	2	-	-	-
Elgi Compressores Do Brazil Imp. E. Exp. Ltda	4	-	-	-
Industrial Air Solutions LLP	-	-	1	-
AGT Electronics Ltd	-	-	1	-
Elgi Ultra Private Limited*	-	-	-	-
Festo India Private Limited	-	-	1	-
PPL Enterprises Limited*	-	-	-	-
Pricol Limited*	-	-	-	-
Trade receivables at the end of the year				
Elgi Compressors USA Inc.	962	898	-	-
Elgi Gulf FZE	622	77	-	-
Elgi Compressors (M) SDN. BHD.	50	91	-	-
PT Elgi Equipments Indonesia	18	27	-	-
Rotair SPA	99	78	-	-
Elgi Equipments Australia Pty Limited	122	132	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	290	33	-	-
Elgi Compressors Europe S.R.L	1,138	943	-	-
ATS Elgi Limited	2	6	-	-
Pattons Medical LLC	18	-	-	-
Industrial Air Solutions LLP	-	-	88	49
Elgi Sauer Compressors Limited	-	-	2	2
Elgi Rubber Company Ltd*	-	-	-	-
Elgi Ultra Private Limited*	-	-	-	-
Magna Electro Castings Limited*	-	-	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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	
	2025-26	2024-25	**2025-26**	2024-25
Other receivables at the end of the year				
Elgi Compressors Europe S.R.L	16	12	-	-
Elgi Compressors USA Inc.	39	6	-	-
Rotair SPA	3	5	-	-
Elgi Equipments Australia Pty Limited	5	1	-	-
ATS Elgi Limited	13	9	-	-
F.R. Pulford & Son Pty Limited	3	2	-	-
Elgi Sauer Compressors Limited	-	-	-	7
LGB Forge Limited	-	-	-	3
Elgi Gulf (FZE)	1	-	-	-
Ergo Design Private Limited	2	-	-	-
Elgi Compressores Do Brazil Imp. E. Exp. Ltda	3	-	-	-
Elgi Compressors (M) SDN. BHD.*	-	-	-	-
Industrial Air Solutions LLP, India*	-	-	-	-
Elgi Ultra Private Limited*	-	-	-	-
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	668	602	-	-
Interest accrued at the end of the year				
Elgi Compressors USA Inc.	-	11	-	-

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

(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, 2026		March 31, 2025	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	534	5,57,200	340	4,96,800
Granted during the year*	478	6,25,500	592	3,53,600
Exercised during the year	448	(89,700)	269	(2,88,300)
Forfeited during the year	538	(1,08,800)	565	(4,900)
Closing balance	**506**	**9,84,200**	**534**	**5,57,200**

*During the year ended March 31, 2026, the Company granted 6,25,500 shares on May 30, 2025, each with a face value of ₹1/- and an exercise price of ₹478.25 per share. For the year ended March 31, 2025, the Company granted 339,600 shares on May 27, 2024, 7,400 shares on June 11, 2024 and 6,600 shares on December 13, 2024 each with a face value of ₹1/- and an exercise price of ₹592.10 per share.

Share options outstanding at the end of the year and their remaining contractual life March 31, 2026 and March 31, 2025:

Grant date	Expiry date	March 31, 2026			March 31, 2025		
		Exercise price (₹)	Share Options	Contractual life (in Yrs)	Exercise price (₹)	Share Options	Contractual life (in Yrs)
September 26, 2022	December 25, 2025	-	-	-	450	79,300	0.74
August 28, 2023	June 30, 2026	430	1,10,800	0.25	430	1,28,400	1.25
May 27, 2024	June 30, 2026	592	26,000	0.25	592	26,000	1.25
May 27, 2024	June 30, 2027	592	2,47,400	1.25	592	3,09,500	2.25
June 11, 2024	June 30, 2026	-	-	-	592	7,400	1.25
December 13, 2024	June 30, 2027	592	5,800	1.25	592	6,600	2.25
May 30, 2025	July 1, 2028	478	5,94,200	2.25	-	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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	3	4	5	5	5	5	6
No. of options	1,52,600	1,75,900	3,13,600	26,000	7,400	6,600	6,25,500
Grant date	September 26, 2022	August 28, 2023	May 27, 2024	May 27, 2024	June 11, 2024	December 13, 2024	May 30, 2025
Expiry date	December 25, 2025	June 30, 2026	June 30, 2027	June 30, 2026	June 30, 2026	June 30, 2027	July 1, 2028
Exercise price	450.00	430.00	592.10	592.10	592.10	592.10	478.25
Share price at grant date	421.45	463.95	652.40	652.40	609.75	603.45	535.30
Expected price volatility	60.50%	49.20%	52.43%	42.42%	41.98%	40.04%	41.18%
Risk-free interest rate	7.34%	7.17%	7.01%	7.01%	7.01%	6.80%	5.80%
Expected dividend yield*	0.27%	0.43%	0.31%	0.31%	0.33%	0.33%	0.41%
Latest dividend declared	1.15	2.00	2.00	2.00	2.00	2.00	2.00
Fair value	189.46	186.45	289.15	212.33	177.78	168.91	200.95

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, 2026 and March 31, 2025 is:

Particulars	March 31, 2026	March 31, 2025
Employee stock option expense	74	58
Less: Amount recovered from subsidiaries	(20)	(18)
Net expense carried to statement of profit and loss (refer note 33)	**54**	**40**

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 ₹13 million and ₹14 million as on March 31, 2026 and March 31, 2025, respectively. The Company has deposited ₹3 million and ₹3 million against the above-mentioned disputes as on March 31, 2026 and March 31, 2025, 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 5, 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. 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, 2026 and March 31, 2025.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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, 2026. 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 or internal controls as of and for the year ended March 31, 2026.

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, 2026	March 31, 2025
Estimated amount of contracts remaining to be executed on capital account	619	1,514

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*	615	515
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	7	6
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	177	29
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.	1	-
Further interest remaining due and payable for earlier years.	6	6

*The amount includes payables contractually not due of ₹574 million (March 31, 2025: ₹479 million) and unbilled of ₹24 million (March 31, 2025: ₹18 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.

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

45A Supplier finance arrangements

Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts that an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, when suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

The Company has entered into a purchase bill discounting arrangement with a private bank (the "Bank") in respect of certain of its trade payables to suppliers. For this purpose, the Company, as "buyer", has availed a sanctioned credit facility from the Bank. Under the arrangement, the Bank discounts bills drawn by participating suppliers on the Company and pays the suppliers against such bills, with the Company subsequently settling the invoice amount with the Bank on the original invoice due date. The primary objective of the facility is to enable suppliers to obtain early liquidity against their receivables from the Company, while preserving the Company's contractual payment terms with such suppliers.

Key terms and conditions of the arrangement:

(a) Suppliers, at their election, present bills drawn on the Company to the Bank for discounting; the Company is not obliged to direct or initiate any specific bill for discounting.

(b) The Bank pays the supplier upon discounting of the bill, and the Company pays the Bank on the original invoice maturity date, within a tenor of up to 90 days from the date of the invoice.

(c) The supplier bears the interest charges in relation to the bills discounted by the supplier.

(d) The payment terms with suppliers participating in the arrangement are the same as those applicable to comparable suppliers not covered by the arrangement, and accordingly, the Company does not obtain any extension of credit period under the arrangement.

Particulars	March 31, 2026	March 31, 2025
Carrying amount of liabilities under supplier finance arrangement		
Presented as part of "Trade payables"		
Liabilities under supplier finance arrangement	319	219
– of which supplier has received payment from the finance provider	319	NA*
Range of payment due dates		
Liabilities under supplier finance arrangement	45 days	NA*
Comparable trade payables that are not part of the supplier finance arrangement	45 days	NA*

*The Company has not disclosed comparative information (including those as of April 01, 2024), in respect of the amendments to Ind AS 7 and Ind AS 107 relating to supplier finance arrangements, as it has applied the transitional relief available on initial adoption of these amendments, which allows entities not to present comparative disclosures for prior periods.

Presentation of supplier finance arrangement as trade payables

As disclosed above, from the Company's perspective, the arrangement does not materially extend payment terms beyond those agreed with non-participating suppliers. It simply offers participating suppliers the benefit of early payment. Accordingly, the Company presents the amounts subject to the arrangement as trade payables, because their nature and function are consistent with other trade payables.

Presentation of supplier finance arrangement in Statement of Cash Flows

Judgement might be needed to determine how to present the cash flows that occur under supplier finance arrangements in the statement of cash flows. Considering that the payables related to supplier finance arrangements are not de-recognized from trade payables, the Company presents cash outflows to settle the liability as arising from operating activities in its statement of cash flows.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

46 Earnings per equity share

Particulars	March 31, 2026	March 31, 2025
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	10.95	11.09
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	10.92	11.07
(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	3,453	3,501
Diluted earnings per share		
Profit attributable to equity holders of the company		
– used in calculating basic earnings per share	3,453	3,501
– used in calculating diluted earnings per share	3,453	3,501
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**315.24**	**315.70**
Adjustments for calculation of diluted earnings per share:	0.88	0.49
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.12**	**316.19**

47 Assets pledged as security

Current		
(a) Charge on entire Stocks and Receivables, both present and future	9,134	6,741
(b) Charge on specific land, building and machinery	1,473	1,315
(c) Cash Margin	329	309
	10,936	**8,365**

(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.

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

47 Assets pledged as security (Continued...)

(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(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

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:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(iii) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(iv) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

48 Details of Research and Development (R&D) expenses

Particulars	March 31, 2026	March 31, 2025
(i) Capital	45	27
(ii) Salaries & Wages	263	243
(iii) R&D Materials	44	76
(iv) Other expenses	21	50
	373	**396**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

(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

	L.G. Balakrishnan & Bros.		Elgi Services*	
Particulars	**March 31, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025
Non-current assets				
Property, plant and equipment	112	112	-	-
Other non-current assets	-	-	-	-
Total non-current assets	**112**	112	**-**	-
Current assets				
Financial 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 rounding off norms adopted by the company.

(ii) Consequent to the above, the following inter company assets and liabilities have been derecognised.

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	**March 31, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025
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):

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	**March 31, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025
Revenue & other income	1	1	-	-
Expenses:				
Other expenses	-	1	-	-
Current tax expense	-	-	-	-
Profit/(loss) after tax	**1**	-	**-**	-

49 Joint Operations and ESOP Trust (Continued...)

(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 ₹860 million, which has been deducted from equity (being treasury shares) in the Standalone Financial Statements and cash and cash equivalents amounting to ₹1 million, other current assets amounting to ₹1 million and current liabilities amounting to ₹860 million, which have been adjusted against the relevant line items in the Standalone Financial Statements.

The trust's income for the year ended March 31, 2026, is ₹3 million (including dividend received from Elgi Equipments Limited).

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

50 Other Accounting Policies (Continued...)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the 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.

(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.

50 Other Accounting Policies (Continued...)

(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.

(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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

50 Other Accounting Policies (Continued...)

However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

The entity accounts for its investment in power purchase agreements at cost as the change in performance of the investee or market or economic environment will not impact the ultimate cash flows of the equity instrument.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expense) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

50 Other Accounting Policies (Continued...)

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.

(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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

50 Other Accounting Policies (Continued...)

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 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.The financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method (except for derivative financial liabilities measured through FVTPL).

We recognise a financial liability on the date when the Company becomes party to the contractual provisions of the instrument. A financial liability is derecognised on the settlement date – that is, the date on which the obligation is discharged or cancelled or it expires. All financial liabilities are subsequently measured at amortized cost using the effective interest method.

50 Other Accounting Policies (Continued...)

A financial liability (or part of it) is extinguished when the debtor either:

(a) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or

(b) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor. (If the debtor has given a guarantee this condition may still be met.

(k) Provisions and contingent liabilities:

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.

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

(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. 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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

50 Other Accounting Policies (Continued...)

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.

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

50 Other Accounting Policies (Continued...)

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.

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

50 Other Accounting Policies (Continued...)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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.

(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.

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

50 Other Accounting Policies (Continued...)

(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. Exceptional items are those items which meet the test of 'materiality' (size and nature) and the test of 'incidence'. 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.

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, 2026	March 31, 2025
(a) Loans and advances to subsidiaries		
Elgi Compressors USA Inc.-USA		
Balance as at the year end	668	602
Maximum amount outstanding at any time during the year	668	602
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	1,384	530
Industrial Air Compressors Pty Ltd-Australia	-	838
Elgi Compressors Europe S.R.L-Belgium	1,089	1,566
Elgi Compressors France SAS	44	37
ATS Elgi Limited	200	200

Nature & purpose of loans and guarantees:

(i) The Company has advanced loan and provided guarantee to its subsidiary - Elgi Compressors USA Inc. to fund the business acquisitions and additional working capital requirements. The guarantees provided to Elgi Compressors Europe S.R.L - Belgium and ATS Elgi Limited is for the purpose of meeting working capital requirements.

(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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2026

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

52 Segment reporting (Continued...)

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.

53 Ratios

Particulars	Numerator	Denominator	March 31, 2026	March 31, 2025	Variance %	Reasons
Current ratio	Current assets	Current liabilities	4	4	(21%)	Variance below 25%
Debt-Equity ratio	Total debt	Shareholders equity	Not applicable	Not applicable		
Debt service coverage ratio	Earnings available for debt service	Total debt service	102	114	(11%)	Variance below 25%
Return on equity %	Net profit	Average shareholders equity	19	22	(15%)	Variance below 25%
Inventory turnover ratio	Sale of products	Average inventory	9	10	(8%)	Variance below 25%
Trade receivables turnover ratio	Revenue	Average trade receivable	4	4	(2%)	Variance below 25%
Trade payables turnover ratio	Purchases	Average trade payable	5	5	(6%)	Variance below 25%
Net capital turnover ratio	Revenue	Working capital	2	2	8%	Variance below 25%
Net profit ratio %	Net profit	Revenue	15	17	(12%)	Variance below 25%
Return on capital employed %	Earnings before interest and taxes	Capital employed	23	27	(15%)	Variance below 25%
Return on investment (pre-tax) %						
- Unquoted	Income generated from investments	Time weighted average investments	5	7	(33%)	Lower dividend from Subsidiaries
- Quoted	Income generated from investments	Time weighted average investments	(12)	29	(141%)	In line with BSE Index
- Fixed income from deposits with Banks	Income generated from investments	Time weighted average investments	8	7	24%	Variance below 25%

(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.

56 Exceptional items

On November 21, 2025, the Government of India notified four Labour Codes, replacing the existing 29 labour laws. Implementation of these Codes resulted in a past service cost and incremental liability of ₹128 million and the same has been presented as an exceptional item for the year ended March 31, 2026.

The Company continues to monitor the finalisation of Central and State Rules, as well as Government clarifications on other aspects of the Labour Codes, and will incorporate appropriate accounting treatment based on these developments as required.

Particulars	March 31, 2026	March 31, 2025
Past service cost – Gratuity	103	–
Incremental liability on compensated absences	25	–
	128	–

As per our report of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

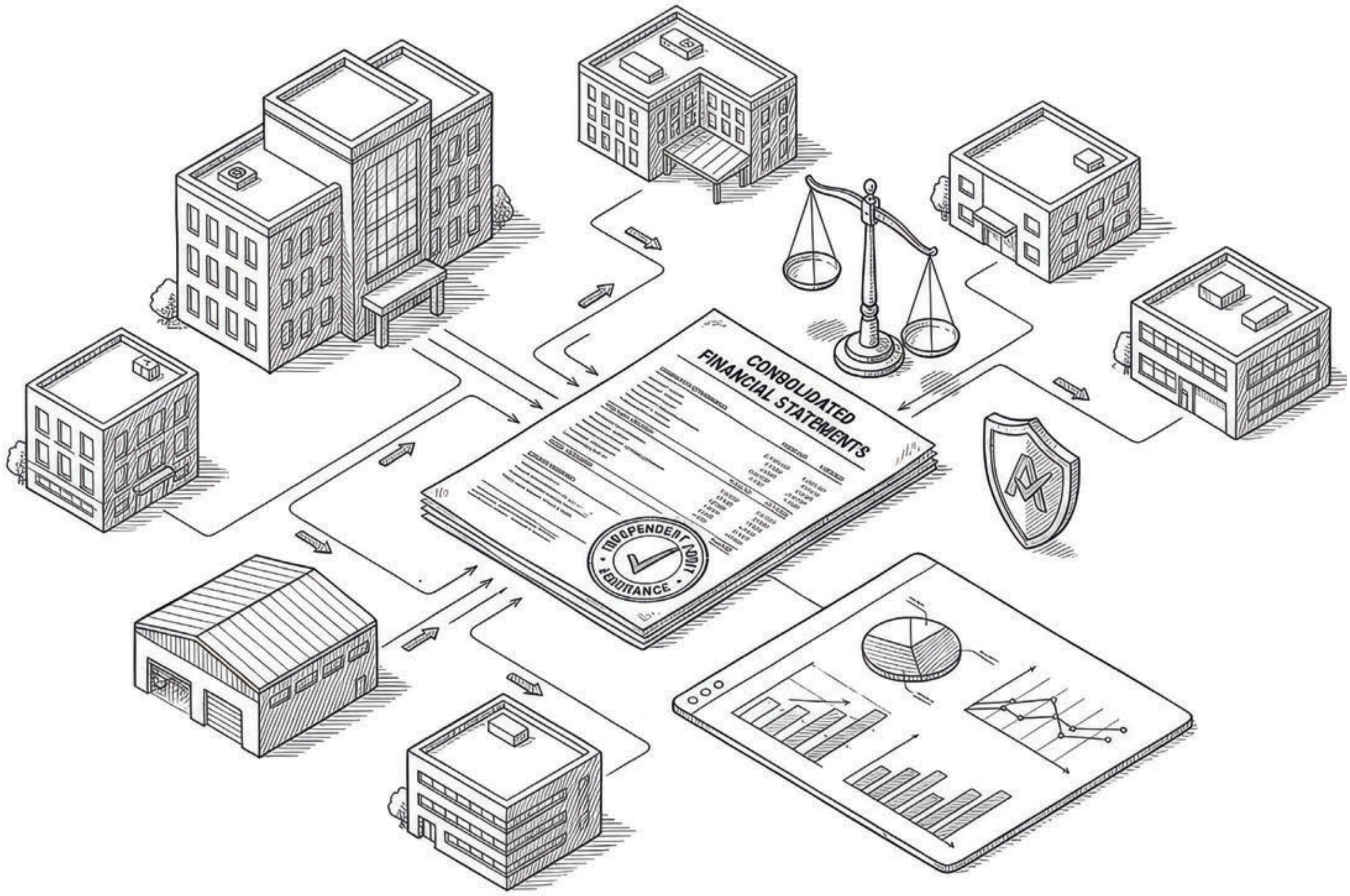
ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru and Coimbatore
Date: May 27, 2026



08 | Independent Auditors' Report – Consolidated Financial Statements

Independent Auditors' Report

To the Members of Elgi Equipments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Elgi Equipments Limited (hereinafter referred to as the "Holding Company" which includes its interest in joint operations and trusts (refer Note 49 to the Standalone Financial Statements)) and subsidiaries (Holding Company, its joint operations, trusts and its subsidiaries together referred to as "the Group"), its joint ventures (refer Note 42 to the Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2026, 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 and its joint ventures as at March 31, 2026, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group and its joint ventures in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Assessment of carrying value of goodwill arising on consolidation of subsidiaries as per Ind AS 36

The Group has a goodwill balance of ₹188 million, ₹434 million and ₹1,442 million as at March 31, 2026 (Refer Note 5) relating to subsidiaries in Italy (Elgi Italy S.R.L), Belgium (Elgi Compressors Europe S.R.L) and Elgi Compressors USA, Inc. respectively, which are considered to be separate Cash Generating Units (CGUs).

For the year ended March 31, 2026, 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 recoverability of 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.

</td><td>

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.
- Evaluated the sufficiency of disclosures made in the Consolidated Financial Statements.

</td></tr>
</table>

5. The following Key Audit Matter 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 18, 2026:

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill as per Ind AS 36 Industrial Air Compressors Pty Limited (IAC) in its Consolidated Financial Statements, has a goodwill balance of AUD 4.96 million as at March 31, 2026, relating to the acquisition of F.R. Pulford & Sons Pty Ltd and its subsidiary, Advanced Air Compressors Pty Ltd. For the year ended March 31, 2026, the management of IAC performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: • 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. 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. 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.	Our audit procedures in relation to the assessment of carrying value of goodwill included the following: • Understood and performed procedures to assess the design and operating effectiveness of relevant controls related to the annual goodwill impairment assessment. • Evaluated the 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: 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. • Evaluated the mathematical accuracy of value in use calculations prepared by management.

Other Information

6. 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 paragraphs 15 and 16 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its joint ventures, in accordance with the accounting principles generally accepted in India, including the 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, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures, 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 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 Board of Directors of the Holding Company, as aforesaid.

8. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures, are responsible for assessing the ability of the respective companies, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the respective companies or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group and of its joint ventures, are responsible for overseeing the financial reporting process of the respective companies.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

11. 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 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, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the 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.

12. 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.

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The financial statements/financial information of nine subsidiaries (including their relevant subsidiaries and joint ventures), a trust and a joint operation included in the Consolidated Financial Statements, reflect total assets of ` 9,220 million and net liabilities of ` 921 million as at March 31, 2026, total revenue of ` 10,311 million, total comprehensive income (comprising of profit and other comprehensive income) of ` 222 million and net cash inflows amounting to ` 347 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 ` 56 million for the year ended March 31, 2026 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 operation and the trust, have been audited by other auditors whose reports have been furnished to us by the other auditors, 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 operation 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 operation and the trust, is based on the reports of the other auditors and the procedures performed by us.

16. We did not audit the financial statements/financial information of two subsidiaries, and a joint operation whose financial statements/financial information reflect total assets of Rs. 1,690 million and net assets

of ₹1,668 million as at March 31, 2026, total revenue of ₹Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹12 million and net cash flows amounting to ₹Nil for the year ended on that date, as considered in the Consolidated Financial Statements. The financial statements/financial information of these subsidiaries and joint operation have been audited by the other auditors whose reports have been furnished to us by the other auditors. Our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint operation and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and joint operation, is based solely on the reports of the other auditors furnished to us by the other auditors. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

17. The financial statements of two subsidiaries located outside India, included in the Consolidated Financial Statements, which constitute total assets of ₹165 million and net liabilities of ₹28 million as at March 31, 2026, total revenue of ₹218 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹10 million and net cash outflows amounting to ₹53 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, 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 in the CARO 2020 report issued by us in respect of the standalone financial statements of the Holding Company and by the respective auditors in their CARO 2020 reports issued in respect of the financial statements of the companies which are included in these Consolidated Financial Statements, to whom CARO 2020 is applicable.

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, except that the back-up of certain books of account and other books and papers of the Holding Company and a subsidiary, maintained in electronic mode has not been kept on servers physically located in India on Sundays during the year.

    (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 March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries 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, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 19(b) above.

(g) With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiaries and joint venture which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint ventures – Refer Note 44 to the Consolidated Financial Statements.

ii. The Group and its joint ventures, did not have any long-term contracts including derivative contracts as at March 31, 2026 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 subsidiaries 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 Intermediaries 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 Note 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 Parties ("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 ventures 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 subsidiaries and joint venture which are companies incorporated in India, during the year, is in accordance 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 have used accounting software for maintaining their 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 the audit trail feature being tampered with. Further, the audit trail has been preserved by the Group, and its joint venture 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.

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

ARUN KUMAR R
Partner
Membership Number: 211867
UDIN: 26211867LNJTRP7955

Place: Bengaluru
Date: May 27, 2026

Annexure A to Independent Auditors' Report

Referred to in paragraph 19(g) 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, 2026

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, 2026, 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 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing 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 auditors' judgement, including the assessment of the risks of material misstatement of the 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 company's internal financial controls system with reference to financial statements.

Annexure A to Independent Auditors' Report (Continued...)

Referred to in paragraph 19(g) 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, 2026

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, 2026, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

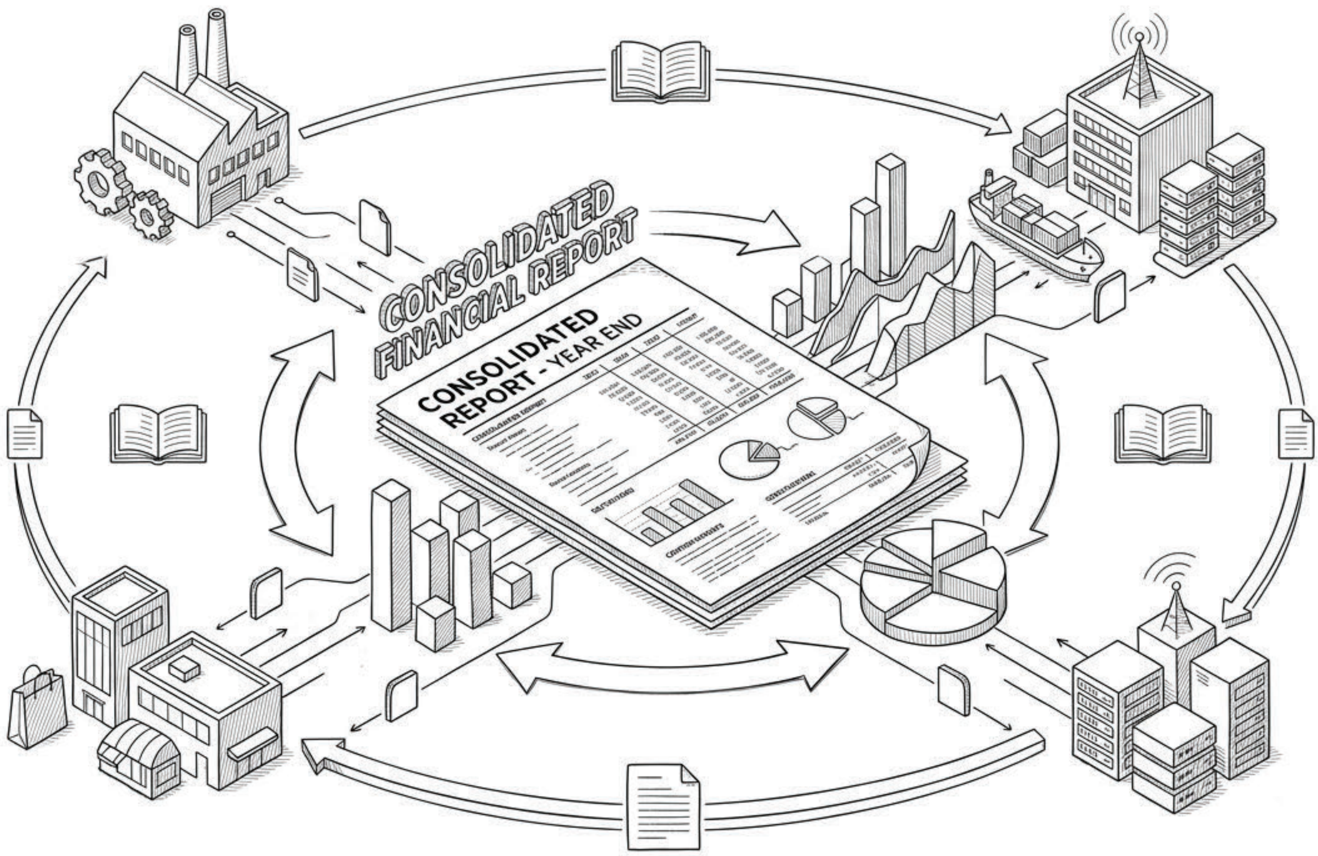
Other Matter

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: 26211867LNJTRP7955

Place: Bengaluru
Date: May 27, 2026



09 Consolidated Financial Statements

Consolidated Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2026

Particulars	Notes	March 31, 2026	March 31, 2025
Assets			
Non-current Assets			
Property, plant and equipment	3(a)	3,115	2,734
Right of use assets	3(b)	1,228	807
Capital work-in-progress	3(a)	1,357	530
Investment properties	4	43	43
Goodwill	5	2,388	2,094
Other intangible assets	5	216	237
Investments accounted for using the equity method	42	196	205
Financial Assets			
(i) Investments	6(a)	277	250
(ii) Bank balances other than cash and cash equivalents	13(a)	275	-
(iii) Deposits with Financial Institutions	14(a)	690	-
(iv) Loans	7(a)	63	61
(v) Other financial assets	8	150	62
Income tax assets (net)	27(b)	59	64
Deferred tax assets (net)	27(c)	438	346
Other non-current assets	9	108	211
Total Non-current Assets		**10,553**	**7,644**
Current Assets			
Inventories	10	7,107	6,085
Financial Assets			
(i) Investments	6(b)	1,223	351
(ii) Trade receivables	11	7,239	6,084
(iii) Cash and cash equivalents	12	1,635	1,203
(iv) Bank balances other than cash and cash equivalents	13(b)	5,545	7,542
(v) Deposits with financial institutions	14(b)	890	-
(vi) Loans	7(b)	57	43
(vii) Other financial assets	15	210	342
Contract assets	16	78	107
Assets held for sale	18	-	13
Other current assets	17	918	1,001
Total Current Assets		**24,902**	**22,771**
Total Assets		**35,455**	**30,415**
Equity and Liabilities			
Equity			
Equity share capital	19	317	317
Other equity	20	22,002	18,339
Total Equity		**22,319**	**18,656**

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

Consolidated Balance Sheet as at March 31, 2026 (Continued...)

Particulars	Notes	March 31, 2026	March 31, 2025
Liabilities			
Non-current Liabilities			
Financial liabilities			
(i) Long term borrowings	21(a)	-	71
(ii) Lease liabilities	3(b)	892	626
(iii) Other financial liabilities	22	4	3
Provisions	23	206	192
Deferred tax liabilities (net)	27(c)	75	46
Total Non-current Liabilities		**1,177**	**938**
Current liabilities			
Financial liabilities			
(i) Borrowings	21(b)	4,048	4,837
(ii) Lease liabilities	3(b)	391	238
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		757	626
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,839	2,741
(iv) Other financial liabilities	25	1,335	991
Provisions	26	715	591
Current tax liabilities (net)	27(b)	78	35
Other current liabilities	28	796	762
Total Current Liabilities		**11,959**	**10,821**
Total Liabilities		**13,136**	**11,759**
Total Equity and Liabilities		**35,455**	**30,415**

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

As per our reports of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru & Coimbatore
Date: May 27, 2026

Consolidated Financial Statements as at and for the year ended March 31, 2026

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2026

Particulars	Notes	March 31, 2026	March 31, 2025
Revenue from operations	29	39,507	35,104
Other income	30	1,178	577
Total income		**40,685**	**35,681**
Expenses			
Cost of materials consumed	31	14,380	12,951
Purchases of stock-in-trade	32	5,389	4,127
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	(430)	96
Employee benefits expense	34	7,755	6,828
Finance costs	35	254	305
Depreciation and amortisation expenses	36	858	760
Other expenses	37	6,622	5,853
Total expenses		**34,828**	**30,920**
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		**5,857**	**4,761**
Share of net profit of joint ventures accounted for using the equity method		67	55
Exceptional Items	52	(150)	-
Profit before tax		**5,774**	**4,816**
Income tax expense	27(a)		
– Current tax		1,536	1,420
– Deferred tax		(64)	(106)
Profit for the year		**4,302**	**3,502**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	20(h)	(26)	56
Deferred tax relating to above item	20(h)	1	(9)
Remeasurement of post-employment benefit obligations	20(f)	28	(121)
Income tax relating to above item	20(f)	(7)	30
Share of other comprehensive income of joint ventures accounted for using equity method	20(f)	(2)	-
Items that will be reclassified to profit or loss			
Changes in fair value of interest rate swap	20(h)	-	(1)
Changes in foreign currency translation reserve	20(h)	203	(14)
Other comprehensive income for the year, net of tax		**197**	**(59)**
Total comprehensive income for the year		**4,499**	**3,443**

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2026 (Continued...)

Particulars	Notes	March 31, 2026	March 31, 2025
Net Profit attributable to:			
– Owners	100%	4,302	3,502
– Non-controlling interests	0%	–	–
		4,302	**3,502**
Other comprehensive income attributable to:			
– Owners	100%	197	(59)
– Non-controlling interests	0%	–	–
		197	**(59)**
Total comprehensive income attributable to:			
– Owners	100%	4,499	3,443
– Non-controlling interests	0%	–	–
		4,499	**3,443**
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)		13.65	11.09
(2) Diluted (INR per share)		13.61	11.08

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru & Coimbatore
Date: May 27, 2026

Consolidated Financial Statements as at and for the year ended March 31, 2026

(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, 2024	19	317
Changes in equity share capital		–
Balance as at March 31, 2025	19	317
Changes in equity share capital		–
Balance as at March 31, 2026		**317**

ii) Other Equity

		Attributable to the owners of Elgi Equipments Limited												
		Reserve and Surplus								Other reserve				
Particulars	Notes	Capital reserve	Statutory reserve	Securities premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Cash Flow hedge reserve	Foreign currency translation reserve	Total	Total other equity
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 47)	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

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

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

Particulars	Notes	Attributable to the owners of Elgi Equipments Limited												
		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	Total other equity
Balance as at April 01, 2025		181	5	251	1,163	(634)	62	16,762	17,790	195	3	351	549	18,339
Profit for the year	20	–	–	–	–	–	–	4,302	4,302	–	–	–	–	4,302
Other comprehensive income (net of tax)	20	–	–	–	–	–	–	21	21	(25)	-	203	178	199
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	(2)	(2)	-	-	-	-	(2)
Total comprehensive income for the year		–	–	–	–	–	–	4,321	4,321	(25)	-	203	178	4,499
Transactions with owners in their capacity as owners:														
Exercise of shares under ESOP scheme	20	–	–	–	–	35	(29)	35	41	–	–	–	–	41
Purchase of shares for ESOP scheme	20	–	–	–	–	(261)	–	–	(261)	–	–	–	–	(261)
Employee stock option expense (refer note 47)	20	–	–	–	–	–	78	–	78	–	–	–	–	78
Changes in cash flow hedging reserve	20	–	–	–	–	–	-	–	-	–	(3)	3	–	-
Dividend paid	20	–	–	–	–	–	–	(694)	(694)	–	–	–	–	(694)
Balance as at March 31, 2026		181	5	251	1,163	(860)	111	20,424	21,275	170	–	557	727	22,002

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

As per our reports of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru & Coimbatore
Date: May 27, 2026

Consolidated Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Cash Flows

Particulars	March 31, 2026	March 31, 2025
Cash flow from operating activities		
Profit before tax	**5,774**	**4,816**
Adjustments for		
Depreciation and amortisation expense	858	760
Bad debts and loss allowances	59	185
Gain on redemption of mutual funds	(77)	–
Gain on disposal of property, plant and equipment (net)	(393)	(12)
Share of profits of joint ventures	(67)	(55)
Loss on joint venture classified as asset held for sale	–	30
Provision for diminution in carrying value of investment in joint venture	47	–
Rental income from Investment property (net of expenses)	–	(8)
Net unrealised exchange differences	757	(85)
Non-cash employee share based payments	78	58
Interest and dividend income classified as investing cash flows	(594)	(518)
Finance costs	254	305
Changes in operating assets and liabilities		
Increase in trade receivables and contract assets	(1,185)	(345)
(Increase)/decrease in inventories	(1,022)	137
Increase/(decrease) in trade payables	1,229	(87)
Increase in other financial assets	(33)	(38)
Decrease/(Increase) in other current assets	83	(129)
Increase in provisions	166	105
Increase in other financial liabilities	104	29
Increase in other current liabilities	34	176
Net payments to Unspent CSR account	(41)	(18)
Cash generated from operations	**6,031**	**5,306**
Income taxes paid (net of refund)	(1,496)	(1,397)
Net cash inflow from operating activities	**4,535**	**3,909**
Cash flows from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(1,544)	(948)
Investment in unquoted equity instruments	(4)	–
Investment in mutual funds (net)	(795)	(351)
Investment in Joint ventures	–	(17)
Proceeds from divestment/redemption of interest in Joint ventures	13	36
Loans (given to)/recovered from employees (net)	(16)	14
Proceeds from sale of property, plant and equipment	490	16
Rental income from Investment property (net of expenses)	–	8
Dividends received on equity instruments	1	1
Dividends and interest received from Joint ventures	38	35
Redemption of/(Investments in) deposits with banks and financial institutions	184	(2,070)
Interest received	650	447
Net cash outflow from investing activities	**(983)**	**(2,829)**

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

Consolidated Statement of Cash Flows (Continued...)

Particulars	March 31, 2026	March 31, 2025
Cash flows from financing activities		
Interest paid	(258)	(316)
Purchase of shares for ESOP scheme	(261)	(400)
Proceeds from exercise of shares under ESOP scheme	42	77
Repayment of long term borrowings to banks	(138)	(152)
Net Short term loans repaid to Banks	(1,515)	(498)
Payment of lease liabilities	(296)	(250)
Dividends paid to Company's shareholders	(694)	(632)
Net cash outflow from financing activities	**(3,120)**	**(2,171)**
Net increase/(decrease) in cash and cash equivalents	**432**	**(1,091)**
Cash and cash equivalents at the beginning of the year	**1,203**	**2,294**
Cash and cash equivalents at end of the year	**1,635**	**1,203**
Non-cash financing and investing activities		
– Acquisition/modification/renewal of right-of-use assets (refer note 3(b))	632	327

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

As per our reports of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru & Coimbatore
Date: May 27, 2026

Consolidated Financial Statements as at and for the year ended March 31, 2026

(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 27, 2026.

(ii) Historical cost convention

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

b) certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value,

c) defined benefit plans- plan assets measured at fair value and

d) share based payments- at grant date fair value

e) 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 7 May 2025 and 13 August 2025 notified the Companies (Indian Accounting Standards) Amendment Rules, 2025 and Companies (Indian Accounting Standards) Second Amendment Rules, 2025, respectively, which amended certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2025:

a) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to Ind AS 1

As a result of the adoption of the amendments to Ind AS 1, the group changed its accounting policy for the classification of borrowings:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the group's borrowings. The group did not make retrospective adjustments as a result of adopting the amendments to Ind AS 1.

b) Supplier Finance Arrangements – Amendments to Ind AS 7 and Ind AS 107

As a result of the adoption of the amendments to Ind AS 7 and Ind AS 107, the group provided new disclosures for liabilities under supplier finance arrangements in note 51.

c) International Tax Reform – Pillar Two Model Rules – Amendments to Ind AS 12

The group is not within the scope of the OECD Pillar Two Model Rules, as Pillar Two legislation has not yet been enacted in any of the jurisdictions in which the group operates.

d) Lack of Exchangeability – Amendments to Ind AS 21

The amended Ind AS 21 have added requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use where it is not. 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) New and amended standards not adopted by the group

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to Ind AS 1:

This amendment also includes specific provisions that will take effect for reporting periods beginning on or after 1 April 2026, as outlined below.

Under the existing Ind AS 1, 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.

However, the amended requirements stipulate that entities will no longer be permitted to consider lender waivers that are granted after the reporting date but before the financial statements are approved for the purpose of classification of loans. This amendment is required to be applied retrospectively in accordance with Ind AS 8.

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.

(v) 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, 2025.

(vi) 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 also the Holding Company's functional and presentation currency.

(vii) Current/non-current classification:

The assets and liabilities have been classified as current/non-current as per the group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of entity's products and the time between the acquisition of assets for processing and their realisation in the form of cash or cash equivalents, the group considers twelve months as it's normal operating cycle, and classifies assets/liabilities as current when:

a) it expects to realise the asset/settle the liability, or intends to sell or consume the asset, in its normal operating cycle

b) it holds the asset/liability primarily for the purpose of trading

c) it expects to realise the asset/the liability is due to be settled within twelve months after the reporting period or

d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability/it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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 16**
- Estimation of provision for warranty claims – **Note 26**

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.

(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.

	Useful life (In years)	
Asset Category/Group	**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, 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**

Consolidated Financial Statements as at and for the year ended March 31, 2026
(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, 2026									
Gross carrying amount									
Opening gross carrying amount	640	1,456	3,873	399	400	105	74	**6,947**	530
Additions	12	206	527	80	66	13	4	**908**	1,719
Disposals	(32)	(132)	(24)	(4)	(1)	(14)	–	**(207)**	–
Exchange difference	10	47	62	7	39	18	2	**185**	–
Transfers	–	59	–	–	–	–	(59)	–	(892)
Closing gross carrying amount	**630**	**1,636**	**4,438**	**482**	**504**	**122**	**21**	**7,833**	**1,357**
Accumulated depreciation									
Opening accumulated depreciation	–	984	2,483	301	320	75	50	**4,213**	–
Depreciation charge for the year	–	80	300	58	48	7	1	**494**	–
Disposals	–	(75)	(20)	(4)	(1)	(11)	–	**(111)**	–
Exchange difference	–	23	22	14	49	13	1	**122**	–
Transfers	–	34	–	–	–	–	(34)	–	–
Closing accumulated depreciation	**–**	**1,046**	**2,785**	**369**	**416**	**84**	**18**	**4,718**	–
Net carrying amount	**630**	**590**	**1,653**	**113**	**88**	**38**	**3**	**3,115**	**1,357**

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, 2026 and March 31, 2025 is given as follows:

Particulars	Plant & Machinery	
	March 31, 2026	March 31, 2025
Gross carrying amount	111	75
Accumulated depreciation	(43)	(26)
Net carrying amount	**68**	49

(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 Kinathukadavu (MK2 Project) 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				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Year ended March 31, 2026					
(i) Projects in Progress	1,031	263	50	13	**1,357**
Year ended March 31, 2025					
(i) Projects in Progress	465	52	9	4	**530**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	To be completed in				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Year ended March 31, 2026					
(i) Projects in Progress					
Project 1 at Motor Division	119	-	-	-	**119**
Project 2 at Compressor Centre	5	-	-	-	**5**
Project 3 at Compressor Centre	10	-	-	-	**10**
Year ended March 31, 2025					
(i) Projects in Progress					
Project 1 at Motor Division	115	-	-	-	**115**
Project 2 at Compressor Centre	-	4	-	-	**4**

Consolidated Financial Statements as at and for the year ended March 31, 2026
(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, 2025							
Gross carrying amount							
Opening gross carrying amount	12	938	19	6	3	424	**1,402**
New lease additions/ modifications (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**
Year ended March 31, 2026							
Gross carrying amount							
Opening gross carrying amount	53	1,200	31	6	3	376	**1,669**
New lease additions/ modifications (non-cash in nature)	221	242	–	26	–	143	**632**
Prepayments	15	–	–	–	–	–	**15**
Disposals	–	(381)	–	–	(1)	(69)	**(451)**
Exchange difference	–	143	2	1	–	52	**198**
Transfers	8	(8)	–	–	–	–	**–**
Closing gross carrying amount	**297**	**1,196**	**33**	**33**	**2**	**502**	**2,063**

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

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

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Total
Accumulated depreciation							
Opening accumulated depreciation	7	639	12	6	3	195	**862**
Depreciation charge for the year*	7	190	3	7	–	95	**302**
Disposals	–	(366)	–	–	(1)	(64)	**(431)**
Exchange difference	–	72	1	1	–	28	**102**
Transfers	(2)	2	–	–	–	–	**–**
Closing accumulated depreciation	**12**	**537**	**16**	**14**	**2**	**254**	**835**
Net carrying amount	**285**	**659**	**17**	**19**	**-**	**248**	**1,228**

*Includes depreciation charge amounting to ₹3 million capitalised against qualifying assets for the year ended March 31, 2026.

b) Lease liabilities

Particulars	March 31, 2026	March 31, 2025
Current	391	238
Non-Current	892	626
	1,283	**864**
Reconciliation:		
Opening balance	**864**	**776**
Add: Acquisitions/modification of leases during the year (non-cash in nature)	632	327
Less: Termination of lease contracts	(20)	(6)
Less: Repayment of leases liabilities	(296)	(250)
Add/less: Exchange difference	103	17
Closing balance	**1,283**	**864**

ii) Amounts recognised in the statement of profit and loss

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

Particulars	Note	March 31, 2026	March 31, 2025
Included in Finance costs	**35**		
Interest expense		55	43
Included in Other expenses	**37**		
Expenses relating to short term leases (included in Other expenses)		134	116
		189	**159**

iii) Cash outflow

The total cash outflow for leases is ₹485 million and ₹409 million for the year ended March 31, 2026 and year ended March 31, 2025, 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 mutually by the Group and 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).

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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.

	March 31, 2026			March 31, 2025		
Particulars	**Land**	**Building**	**Total**	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	39	4	**43**	39	4	**43**
Additions	–	–	–	–	–	–
Disposal	–	–	–	–	–	–
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**

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

Particulars	**March 31, 2026**	March 31, 2025
Rental income	1	9
Direct operating expenses from property that generated rental income	(1)	(1)
Profit from investment properties before depreciation	**–**	**8**
Depreciation charge for the year	–	–
Profit from investment property	**–**	**8**

(ii) Fair value

	March 31, 2026			March 31, 2025		
Particulars	**Land**	**Building**	**Total**	Land	Building	Total
Investment property	779	2	**781**	663	2	**665**

Estimation of fair value

The fair values of investment properties have been determined as follows:

The group obtained independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the group considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by "S. Pichaiya & associates", who is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

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

5 Goodwill and Other intangible assets

The intangible assets includes technical know-how, customer relationships, brand, non-compete fees, proprietory 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
Proprietory 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, 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**	–
Disposals	(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**
Year ended March 31, 2026								
Gross carrying amount								
Opening gross carrying amount	151	61	392	135	154	31	**924**	2,094
Additions	24	–	–	–	–	–	**24**	
Disposals	(6)	–	–	–	–	–	**(6)**	
Exchange differences	12	–	55	39	28	–	**134**	294
Closing gross carrying amount	**181**	**61**	**447**	**174**	**182**	**31**	**1,076**	**2,388**

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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
Accumulated amortisation								
Opening accumulated amortisation	137	26	238	135	145	6	**687**	-
Amortisation for the year	14	2	45	-	1	3	**65**	-
Disposal	(5)	-	-	-	-	-	**(5)**	-
Exchange differences	(1)	7	38	39	29	1	**113**	-
Closing accumulated amortisation	**145**	**35**	**321**	**174**	**175**	**10**	**860**	-
Closing net carrying amount	**36**	**26**	**126**	**-**	**7**	**21**	**216**	**2,388**

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each Cash generating unit (CGU):

Particulars	Italy	Belgium		Australia	India	
	Portables	EPSAC	USA*	Pulford	Others	Total
March 31, 2026	188	434	1,442	323	1	**2,388**
March 31, 2025	159	367	1,300	267	1	**2,094**

*USA includes Pattons, Michigan and Portables aggregated as 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.

The following table sets out the key assumptions:

Particulars	Italy	Belgium		Australia
	Portables	EPSAC	USA*	Pulford
Year ended March 31, 2026				
Long term growth rate (%)	2.00	2.00	3.00	2.00
Post-tax discount rate (%)	13.00	12.50	13.50	12.00
Year ended March 31, 2025				
Long term growth rate (%)	2.00	2.00	3.00	2.00
Post-tax discount rate (%)	13.00	12.50	11.95	12.00

*USA includes Pattons, Michigan and Portables aggregated as single combined CGU.

5 Goodwill and Other intangible assets (Continued...)

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

(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.

(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.

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

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6 Financial Assets - Investments (Continued...)

Particulars	No. of Shares	Face Value Per Share	March 31, 2026	March 31, 2025
(a) Investments (Non-Current)				
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/-	4	3
HDFC Bank Limited	50,320	₹1/-	37	46
Magna Electro Castings Ltd	66,454	₹10/-	59	59
Rajshree Sugars & Chemicals Ltd	2,29,000	₹10/-	6	9
Pricol Ltd	1,21,922	₹1/-	62	54
L.G.Balakrishnan & Bros.Ltd	4,992	₹10/-	8	6
LGB Forge Limited	18,720	₹1/-	-*	-*
Elgi Rubber Company Limited	7,63,700	₹1/-	25	51
Insurance Australia Group Limited	264	AUD 1/-	-*	-*
Unquoted				
B.C.C. Caraglio	258	Euro 1/-	-*	-*
First Energy TN1 Pvt Ltd (March 31, 2025: 14,40,000 shares)	18,00,000	₹10/-	18	14
First Energy 5 Pvt Ltd	6,70,000	₹10/-	7	7
Non-Current Investments			**227**	**250**
b) Current Investments				
At Fair Value through Profit or Loss				
Unquoted				
Investments in mutual funds			1,223	351
Current Investments			**1,223**	**351**
Total Investments			**1,450**	**601**
*Amounts are below rounding off norms adopted by the group				
aggregate amount of quoted investments and market value thereof			202	229
aggregate amount of unquoted investments			1,248	372

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.

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

7 Loans

Particulars	March 31, 2026	March 31, 2025
Loans considered good - Unsecured		
Loans to employees		
a) Non-current	63	61
b) Current	57	43
	120	**104**

8 Other financial assets (Non-current) (measured at amortised cost)

Security deposits	100	62
Interest accrued	50	-
	150	**62**

9 Other non-current assets

Capital advances	108	211
	108	**211**

10 Inventories

The cost of individual items of inventory are determined on a first-in first-out basis.		
a) Raw materials and components*	2,185	2,114
b) Work-in-progress	620	437
c) Finished goods	3,355	2,701
d) Stock-in-trade*	776	688
e) Stores and spares and packing materials	103	83
f) Loose tools	68	62
	7,107	**6,085**

*Includes goods in-transit pertaining to

(i) raw materials: ₹242 million (March 31, 2025: ₹162 million);

(ii) stock-in-trade: ₹72 million (March 31, 2025: ₹44 million).

Notes:

a) The cost of inventories recognised as an expense includes ₹105 million (March 31, 2025 – ₹63 million) in respect of provision for slow-moving inventories and has been reduced by ₹35 million (March 31, 2025 – ₹31 million) in respect of reversal of such provisions.

b) Raw materials, Work in progress and Finished goods include R&D inventory.

c) Cost of inventories recognised as an expense includes ₹13 million relating to abnormal loss.

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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, 2026	March 31, 2025
Unsecured, considered good	7,330	6,182
Unsecured, credit impaired	236	171
	7,566	**6,353**
Less: Loss allowances (refer 39A(iii)(b))	(327)	(269)
	7,239	**6,084**

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, 2026								
Undisputed trade receivables - considered good	6,069	1,097	82	28	12	42	(91)	**7,239**
Undisputed trade receivables - credit impaired	-	-	-	-	2	14	(16)	-
Disputed trade receivables - credit impaired	-	64	9	35	63	49	(220)	-
Total trade receivables	**6,069**	**1,161**	**91**	**63**	**77**	**105**	**(327)**	**7,239**
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**

For receivables from related parties, refer note 43.

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

12 Cash and cash equivalents

Particulars	March 31, 2026	March 31, 2025
(a) Cash on hand	3	2
(b) Funds in transit	26	80
(c) Balance with banks		
– In current accounts	1,415	901
– In EEFC accounts	47	13
– In deposit accounts (with original maturity of 3 months or less)	144	207
	1,635	**1,203**

There are no repatriation restrictions with regard to cash and cash equivalents as at year ended March 31, 2026 and March 31, 2025, respectively.

13(a) Bank balances other than cash and cash equivalents (Non-Current)

– In deposit accounts (with remaining maturity more than 12 months)	275	–
	275	–

13(b) Bank balances other than cash and cash equivalents (Current)

– In deposit accounts (with original maturity period of more than 3 months but remaining maturity less than 12 months)*	5,446	7,485
– In unclaimed dividend account**	13	12
– In unspent CSR account (for ongoing projects)***	86	45
	5,545	**7,542**

*Includes margin money deposit of (refer note 46).
**Earmarked for payment of unclaimed dividend.
***Earmarked for spending on ongoing CSR projects.

14 Deposits with financial institutions (measured at amortised cost)

(a) Non-current	690	–
(b) Current	890	–
	1,580	–

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15 Other financial assets (Current)

Particulars	March 31, 2026	March 31, 2025
Derivatives not designated as hedges		
(measured at FVTPL)		
Foreign exchange forward contract	-	5
Derivatives designated as hedges		
Interest rate swap*	-	-*
Others		
(measured at amortised cost)		
Security deposits	19	18
Interest accrued	138	245
Others	53	74
	210	**342**

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

16 Contract assets

Retention receivables	109	142
Less: Loss allowances (refer note 39A(iii)(b))	(31)	(35)
	78	**107**

17 Other current assets

Income/refund receivable	26	19
Prepaid expenses	368	319
Balance with Government authorities	200	480
Rent advances	9	13
Advance to suppliers	255	128
Others	60	42
	918	**1,001**

18 Assets held for sale

Investments in joint venture		
Compressed Air Solution of Texas, LLC*	-	13
	-	**13**

*Divested during the year ended March 31, 2026.

19 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹1 each		
At March 31, 2024	320	320
Increase during the year	–	–
At March 31, 2025	320	320
Increase during the year	–	–
At March 31, 2026	**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, 2024	317	317
Increase during the year	–	–
At March 31, 2025	317	317
Increase during the year	–	–
At March 31, 2026	**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, 2026, the amount of final dividend per share recognised as distributions to equity shareholders is ₹2.20 per share (March 31, 2025: ₹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 alloted 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.

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19 Equity share capital (Continued...)

(iv) Details of shareholders holding more than 5% shares in the Holding Company

Particulars	March 31, 2026		March 31, 2025	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited	6,36,97,752	20.10	6,36,97,752	20.10
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91
Pari Washington India Master Fund, Ltd.	37,49,635	1.18	2,20,77,311	6.97
SBI Small Cap Fund	2,02,00,050	6.37	–	–

(v) Details of shareholding of promoters

Promoter Name	March 31, 2026		March 31, 2025		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Jairam Varadaraj	2,82,21,616	8.91	2,82,21,616	8.91	–
Anvar Jay Varadaraj	19,25,248	0.61	19,25,248	0.61	–
Varun Jay Varadaraj	19,16,684	0.60	19,16,684	0.60	–
Maya Jay Varadaraj	19,16,648	0.60	19,16,648	0.60	–
Sudarsan Varadaraj	2,04,984	0.06	2,04,984	0.06	–
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	1,58,588	0.05	1,58,588	0.05	–
T Balaji	68,500	0.02	68,500	0.02	–
Dark Horse Portfolio Investment Private Limited*	6,36,97,752	20.10	6,36,97,752	20.10	–
Elgi Rubber Company Limited	6,64,160	0.21	6,64,160	0.21	–
Total	**9,88,54,180**	**31.19**	**9,88,54,180**	**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.

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

20 Other equity

Particulars	March 31, 2026	March 31, 2025
Reserves & Surplus		
Capital reserve	181	181
Securities premium	251	251
Statutory reserve	5	5
General reserve	1,163	1,163
Share options outstanding account	111	62
Retained earnings	20,424	16,762
Treasury stock	(860)	(634)
Other reserves	727	549
	22,002	**18,339**
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	62	30
Employee stock option expense	78	58
Transfer to retained earnings	(29)	(26)
Closing balance	**111**	**62**

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20 Other equity (Continued...)

Particulars	March 31, 2026	March 31, 2025
f) Retained earnings		
Opening balance	16,762	13,948
Net profit for the year	4,302	3,502
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post-employment benefit obligation, net of tax	21	(91)
– Share of other comprehensive income of joint ventures accounted for using the equity method	(2)	–
– Transfer to retained earnings of gain from treasury shares	7	11
– Income tax on gain on exercise of treasury shares	(1)	(2)
– Transfer from share options outstanding account	29	26
Appropriations:		
Dividend on equity shares net of dividend distributed to Elgi Employee Stock Option Trust and jointly controlled entities	(694)	(632)
Closing balance	**20,424**	**16,762**
g) Treasury stock		
Opening balance	(634)	(300)
Purchase of shares for ESOP scheme	(261)	(400)
Exercise of shares under ESOP scheme	35	66
Closing balance	**(860)**	**(634)**
h) Other reserves		
FVOCI – Equity instruments		
Opening Balance	195	148
Change in fair value of equity instruments (net of tax)	(25)	47
Closing balance	**170**	**195**
Cash flow hedging reserve		
Opening balance	3	4
Change in fair value of interest rate swap (net of tax) (refer note 39(C) (ii))	–	(1)
Changes in foreign currency translation reserve	(3)	–
Closing balance	**–**	**3**
Foreign currency translation reserve		
Opening balance	351	365
Movement during the year	203	(14)
Transfer from cash flow hedging reserve	3	–
Closing balance	**557**	**351**
Total Other reserves	**727**	**549**

(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, 2026		
Elgi Equipments Limited Employee Stock Option Trust	16,67,538	860
	16,67,538	**860**
As at March 31, 2025		
Elgi Equipments Limited Employee Stock Option Trust	12,07,238	634
	12,07,238	**634**

Where the group purchases its own shares and holds them in treasury ('treasury shares'):

a) The amount paid for the treasury shares is deducted from equity and are not recognised as a financial asset.

b) No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of group's own equity instruments. This is because the acquisition and subsequent resale of treasury shares are transactions with the group's owners, rather than a gain or loss to the group.

c) Consideration paid or received for the purchase or sale of an group's own equity instruments is recognised directly in equity.

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.

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20 Other equity (Continued...)

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.

21 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon rate	March 31, 2026	March 31, 2025
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
Unsecured				
from Banks				
- EURO	8 equated quarterly installments starting from June 30, 2025	3 months EURIBOR+Agreed Spread	84	138
Total non-current borrowings			**84**	**200**
Less: Current maturities of long term debt (Note no-21(b)-below)			**(84)**	(129)
Non-current borrowings			-	71

(a) Nature of security:

(i) The term loan of ₹62 million (AUD 1.15 million) as on March 31, 2025 availed by Industrial Air Compressors Pty Limited from Standard Chartered Bank (United Kingdom) was 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.

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

21 Borrowings (Continued...)

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon rate	March 31, 2026	March 31, 2025
Secured				
from Banks				
Lines of credit				
- USD	Payable on Demand	3 months SOFR + Agreed Spread	422	978
Other facilities				
- EURO	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	2,174	2,486
Current maturities of long-term debt			-	62
Interest accrued and due on Current borrowings			1	4
Total (A)			**2,597**	**3,530**
Unsecured				
from Banks				
Lines of credit				
- EURO	Payable on Demand	0.8 % to 5%	456	492
Other facilities				
- EURO*	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	906	742
Current maturities of long-term debt			84	67
Interest accrued and due on Current borrowings			5	6
Total (B)			**1,451**	**1,307**
Total current borrowings (A) + (B)			**4,048**	**4,837**

Nature of security:

(i) The line of credit of ₹422 million (USD 4.45 million) as on March 31, 2026 (₹978 million i.e. USD 11.45 million as on March 31, 2025) availed by Elgi Compressors USA Inc. from HSBC (USA) is secured by substantially all the assets of USA subsidiaries.

(ii) The Other facilities availed by Elgi Compressors Europe SRL of ₹1,085 million (EUR 9.96 million) as on March 31, 2026 (₹1,565 million i.e. EUR 17 million as on March 31, 2025) from Citi Bank (United Kingdom) and ₹1,089 million (EUR 10 million) as on March 31, 2026 (₹921 million i.e. EUR 10 million as on March 31, 2025) from HDFC Bank are secured by a pari passu charge on the specific assets of Holding Company and further backed by a corporate guarantees issued by the group entity/ Holding Company, respectively.

Also, refer to note 46 for the value of assets pledged as security.

*The facility amounting to ₹906 million (EUR 8.31 million) as on March 31, 2026 (₹742 million i.e. EUR 8 million as on March 31, 2025) 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.

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21 Borrowings (Continued...)

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, 2026	March 31, 2025
Non-current Borrowings (including current maturities and interest accrued)	21(a)	84	200
Current borrowings (including interest accrued)	21(b)	3,964	4,708
Lease liabilities	3(b)	1,283	864
Cash and cash equivalents	12	(1,635)	(1,203)
Deposits with banks and financial institutions (excluding restricted bank balances)	13, 14	(7,301)	(7,485)
		(3,605)	**(2,916)**
Reconciliation:			
Opening net cash		**(2,916)**	**(1,328)**
Cash flows		(248)	(979)
Repayment of long term borrowings to banks		(138)	(152)
Net Short term loans repaid to banks		(1,515)	(498)
Acquisition/modification of leases (non-cash in nature)		632	327
Termination of lease contracts		(20)	(6)
Payment of lease liabilities		(296)	(250)
Interest expense		254	305
Interest paid		(258)	(316)
Translation difference		900	(19)
Closing net cash		**(3,605)**	**(2,916)**

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

22 Other financial liabilities (Non-current) (measured at amortised cost)

Particulars	March 31, 2026	March 31, 2025
Dealer deposits	4	3
	4	**3**

23 Provisions (Non-current)

Provision for compensated absences (refer Note 26(a))	127	113
Provision for defined benefits (refer Note 26(a))	79	79
	206	**192**

24 Trade payables

Due to micro enterprises and small enterprises	757	626
Due to creditors other than micro enterprises and small enterprises	3,839	2,741
	4,596	**3,367**

Note: For payables to related parties refer note 43.

Ageing of trade payables:

		Outstanding for following periods from the due date of payment					
Particulars	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled	Total
As at March 31, 2026							
Undisputed							
Outstanding dues to micro and small enterprises	709	17	-	-	-	31	757
Outstanding dues to others	2,548	384	4	2	-	901	3,839
Total trade payables	**3,257**	**401**	**4**	**2**	**-**	**932**	**4,596**
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	777	2,741
Total trade payables	**2,265**	**289**	**7**	**2**	**3**	**801**	**3,367**

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25 Other financial liabilities (Current)

Particulars	March 31, 2026	March 31, 2025
Derivatives not designated as hedges		
(measured at FVTPL)		
Foreign exchange forward contracts	128	-
Others		
(measured at amortised cost)		
Unclaimed dividends	13	12
Dealer deposits	35	32
Employee benefit expenses payable	844	794
Capital creditors	205	93
Others	110	60
	1,335	**991**

26 Provisions (Current)

Provision for warranty	450	350
Provision for gratuity (refer note 26(a))	137	150
Provision for compensated absences (refer note 26(a))	128	91
	715	**591**

(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	**350**	**204**
Additional provisions recognised	362	65
Amounts utilised/reversed during the year	(262)	(14)
Closing	**450**	**255**

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 ₹254 million and ₹204 million as at March 31, 2026 and March 31, 2025, including provision towards sick leave amounting to ₹21 million and ₹20 million respectively.

The provision classified as current amounts to ₹127 million and ₹91 million as at March 31, 2026 and March 31, 2025 including provision towards sick leave amounting to ₹4 million and ₹4 million respectively. Given that there are complexities in determining whether the group has the right to defer the employee's leave unconditionally, the amount of non-current and current portions of leave obligation has been determined by a qualified actuary and presented accordingly. Further, based on past experience, the group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

(ii) Defined contribution plans

Provident Fund:

The group also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund and social security funds administered by the government of respective geography. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Superannuation Fund:

The group contributes a percentage of eligible employees salary towards superannuation fund administered by a fund managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ₹522 million March 31, 2025 – ₹418 million.

(iii) Post-employment benefit obligations – Gratuity

The group provides for gratuity for employees in India as per the Code on Social Security, 2020. 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 wages per month computed proportionately for 15 days wages 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.

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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, 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			**150**

*To be construed as gain/(loss) for column 'B'.

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2025	**460**	**310**	**150**
Current service cost	48	–	**48**
Interest expense/(income)*	30	25	**5**
Total amount recognised in profit or loss	**78**	**25**	**53**
Past service costs	118	–	**118**
Total amount recognised as Exceptional Item (refer note 52)	**118**	–	**118**
Remeasurements			
(Gain)/loss from change in demographic assumptions*	2	–	**2**
(Gain)/loss from change in financial assumptions*	(22)	(2)	**(20)**
Experience (gains)/losses*	(3)	7	**(10)**
Total amount recognised in other comprehensive income	**(23)**	5	**(28)**
Employer contributions	–	156	**(156)**
Benefit payments	(37)	(37)	**–**
March 31, 2026	**596**	**459**	**137**
Gratuity liabilities grouped under Current provisions			**137**

*To be construed as gain/(loss) for column 'B'.

(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, 2026	March 31, 2025
Discount Rate*	7.18%	6.68%
Rate of increase in compensation levels*	6.63%	6.80%
Attrition Rate*	8.86%	9.36%

*Represents weighted average rate

(v) Sensitivity Analysis

A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	579	447
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	609	472
C. Salary Escalation Rate + 50 BP		
Defined Benefit Obligation [PVO]	607	469
D. Salary Escalation Rate - 50 BP		
Defined Benefit Obligation [PVO]	586	452

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 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.

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26(a) Employee benefit obligations (Continued...)

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.73 years (March 31, 2025 – 7.59 years).

The expected contribution to LIC for the next year is ₹137 million.

The following payments are expected future payments (undiscounted) of the defined benefit obligation in the future years.

Particulars	March 31, 2026	March 31, 2025
Within next 12 months (next annual reporting period)	138	97
Between 1 to 2 years	72	75
Between 2 to 5 years	269	197
Beyond 5 years	359	269
Total	**838**	**638**

(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
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)	–	**–**
March 31, 2025	**40**	**26**	**13**	**79**
April 01, 2025	**40**	**26**	**13**	**79**
Provided during the year	10	27	1	**38**
Paid during the year	(7)	(29)	(12)	**(48)**
Exchange difference	5	5	–	**10**
March 31, 2026	**48**	**29**	**2**	**79**
Provision for defined benefits – Non-Current (refer note 23)				**79**

The above plans are unfunded as on March 31, 2026 and March 31, 2025.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2026	March 31, 2025
Funded Plans		
Present value of funded obligations	596	460
Fair value of plan assets	459	310
Net Deficit (A)	**137**	**150**
Unfunded Plans (B)	**79**	**79**
Total Deficit (A) + (B)	**216**	**229**

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

27 Income Taxes

(a) Income tax expense

Particulars	March 31, 2026	March 31, 2025
(a) Income tax expense		
Current tax		
Current tax on profits for the year	1,536	1,420
Total current tax expense	**1,536**	**1,420**
Deferred tax		
Deferred tax expense/(benefit) for the year	(64)	(106)
Total deferred tax expense/(benefit)	**(64)**	**(106)**
Income tax expense	**1,472**	**1,314**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before income tax expense	5,774	4,816
Tax at the Indian tax rate of 25.168% (2024-2025-25.168%)	**1,453**	**1,212**
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	53	31
– Deduction u/s 24 of IT Act (Income from house property)	(1)	(1)
Deferred tax asset not recognised on current year losses in overseas subsidiaries	36	70
Share of profit of joint ventures picked up net of tax	(17)	(14)
Effect of differential overseas tax rate*	(35)	(3)
Others	(18)	19
Income tax expense	**1,471**	**1,314**

(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%	9.0%
Australia	30.0%	30.0%
Italy	27.9%	27.5%
Belgium	25.0%	25.0%
Brazil	34.0%	34.0%
Malaysia	24.0%	24.0%
United State of America (USA)	23.7%	26.5%

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27 Income Taxes (Continued...)

(b) Income tax assets/liabilities

Particulars	March 31, 2026	March 31, 2025
Income tax assets (Net)	59	64
Current Tax Liabilities (Net)	(78)	(35)
Net tax asset/(liability) at the end of the year	**(19)**	**29**
Opening Balance	**29**	**24**
Add: Tax paid (net of refund received)	1,496	1,397
Less: Current tax payable for the year	(1,536)	(1,420)
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings	(1)	(2)
Less: Income tax on other comprehensive income	(7)	30
Net tax asset/(liability) at the end of the year	**(19)**	**29**

(c) Deferred tax asset/liabilities

	Deferred tax asset (Net)		Deferred tax liabilities (Net)	
Particulars	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Property, plant and equipment and Intangible assets (including Goodwill)	22	31	114	282
Right of use assets	(157)	(52)	122	145
Foreign exchange forward contracts	33	(1)	–	–
Fair value gains on Equity instruments	(15)	(16)	–	–
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	46	45	–	–
Provision for Warranty	113	85	–	–
Allowance for doubtful debts	42	20	(40)	(52)
Lease liabilities	165	44	(131)	(156)
Voluntary retirement scheme (VRS)	4	6	–	–
Accumulated Loss	–	–	(66)	(174)
Accrued expenses	12	12	30	3
Unrealised Gain in Stock	122	136	–	–
Provision for inventory	–	–	45	–
Other timing differences	51	36	1	(2)
	438	**346**	**75**	**46**

(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, 2026 and March 31, 2025 is as follows:

Particulars	March 31, 2026	March 31, 2025
Net deferred tax (asset)/liability at the beginning of the year	**(300)**	**(207)**
(Credits)/charge in profit and loss relating to temporary differences	(64)	(106)
(Credits)/charge in other comprehensive income relating to temporary differences	(1)	9
Translation differences	2	4
Net deferred tax (asset)/liability at the end of the year	**(363)**	**(300)**

Tax losses		
Unused accumulated tax losses for which no deferred tax asset has been recognised		
– Malaysia	120	–
– Europe	3,949	3,095
– USA	1,319	–
Potential tax benefit at respective country's income tax rate		
– Malaysia	29	–
– Europe	987	774
– USA	56	–

Deferred tax asset has not been recognized for unused tax losses that were incurred by a subsidiary in Europe, Malaysia and certain states in the USA 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. In Europe & the USA, unused tax losses may be carried forward indefinitely without time limitation. In Malaysia, however, unabsorbed tax losses are only available for set-off against taxable profits for a maximum period of ten consecutive years of assessment.

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	516	476
Statutory payable	258	273
Other liabilities	22	13
	796	**762**

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.

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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 is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the products have been shipped from the warehouse to the specific location in case of domestic sales and when a bill of lading is generated in case of exports, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision has lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Where the group sells goods and also has transportation obligation and where the control of the goods 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 are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the group's performance as the group performs. In case of transportation revenue, the group recovers cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the group splits the transaction price into Sale of product and Sale of services. Revenue from Annual maintenance contracts are recognized over the period of the contract. The cost pertaining to unfufilled performance obligations are deferred and recognized over the contract period. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is 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, 2026	March 31, 2025
The group derives following types of revenue:		
Revenue from contracts with customers		
Sale of products	36,697	32,535
Sale of services	2,598	2,365
Other operating revenues	212	204
Total	**39,507**	**35,104**

a) The group has disaggregated revenue from contracts with customers for the year ended March 31, 2026 and March 31, 2025 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(g) Segment information for information related to disaggregation of revenue.

b) Revenue recognised for the year ended March 31, 2026, from the opening balance of contract liabilities is ₹419 million (March 31, 2025: ₹320 million).

c) 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.

d) The contract price is not significantly different from the revenue recognized and there are no material refund liabilities with respect to variable consideration.

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30 Other income

Particulars	March 31, 2026	March 31, 2025
Interest income – Deposits with banks and financial institutions	558	482
Interest income – Others	35	35
Dividend income*	1	1
Gain on fair value/redemption of mutual funds	77	1
Profit on sale of assets	396	20
Rental receipts	1	9
Net gain on foreign currency transaction and translation (other than considered as finance cost)	76	–
Miscellaneous income (net)	34	29
	1,178	**577**

*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*	2,080	2,180
Purchases	14,453	12,851
	16,533	**15,031**
Less:		
Inventory of materials at the end of the year*	2,153	2,080
	14,380	**12,951**

*Excluding R & D inventory.

32 Purchases of stock-in-trade

Oil	453	424
Others*	4,936	3,703
	5,389	**4,127**

*Considers 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	2,692	2,852
– Work-in-progress	430	381
– Stock-in-trade	687	613
Closing inventory*		
– Finished goods	3,343	2,692
– Work-in-progress	614	430
– Stock-in-trade	776	687
	(924)	**37**
Add/(Less): Foreign currency translation difference	494	59
	(430)	**96**

*Excluding R & D inventory.

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34 Employee benefits expense

Particulars	March 31, 2026	March 31, 2025
Salaries, wages and bonus	6,528	5,838
Contribution to Provident fund, Social security funds & Superannuation scheme	522	418
Gratuity (Refer note 26(a))	53	29
Post employment pension benefits (refer note 26(a))	38	34
Employee stock option expense (refer note 47)	74	55
Staff welfare expenses	540	454
	7,755	**6,828**

Note: For managerial remuneration refer note 43.

35 Finance costs

Interest expenses (relating to lease liabilities)	55	43
Interest expenses (other financing arrangements)	199	262
	254	**305**

36 Depreciation and amortisation expense

Depreciation of property, plant and equipment	494	459
Depreciation of right of use assets	299	238
Amortisation of intangible assets	65	63
	858	**760**

37 Other expenses

Packing & forwarding	352	311
Consumption of stores	167	149
Tools consumed	114	94
Commission	324	299
Repairs and maintenance		
- Building	96	82
- Plant and machinery	80	75
- Others	152	134
Communication expenses	49	55
Information system expenses	419	237
Power and fuel	313	285
Transport charges	1,118	1,017
Travelling & conveyance	488	414

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

37 Other expenses (Continued...)

Particulars	March 31, 2026	March 31, 2025
Insurance	103	104
Advertisement & publicity	384	238
Printing and stationery	33	29
Research & development material cost	51	87
After sales expenses	571	565
Factory expenses	49	40
Rates and taxes	80	37
Payment to the auditors (refer note 37(a))	20	12
Subscription & membership	28	22
CSR expenses	86	71
Donations	75	55
Rent	134	116
Legal and consultancy charges (refer note 47)	782	708
Contract staffing	274	206
Directors' sitting fees	10	7
Bank charges	41	40
Net loss on foreign currency transaction and translation	–	26
Assets condemned & written off/ loss on sale of assets	3	8
Bad debts and loss allowances	59	185
Provision for diminution in carrying value of investment in joint venture	47	–
Loss on joint venture classified as asset held for sale	–	30
Miscellaneous expenses	120	115
	6,622	**5,853**

37(a) Details of payment to auditors

Payment to auditors		
– audit fees	14	7
– limited review	2	2
– certification services	1	1
– other audit related services	2	1
– reimbursement of out of pocket expenses	1	1
	20	**12**

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38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2026			March 31, 2025		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
– Equity instruments*	–	227	–	–	250	–
– Mutual Funds	1,223	–	–	351	–	–
Loans			120			104
Trade receivables	–	–	7,239	–	–	6,084
Cash and other bank balances	–	–	7,455	–	–	8,745
Deposits with financial institutions	–	–	1,580	–	–	–
Derivatives not designated as hedges						
– Foreign exchange forward contracts	–	–	–	5	–	–
Security deposits	–	–	119	–	–	80
Others	–	–	241	–	–	319
Total financial assets	**1,223**	**227**	**16,754**	**356**	**250**	**15,332**
Financial liabilities						
Borrowings	–	–	4,048	–	–	4,908
Trade payables	–	–	4,596	–	–	3,367
Dealer deposits	–	–	39	–	–	35
Derivatives not designated as hedges						
– Foreign exchange forward contracts	128	–	–	–	–	–
Employee benefit expenses payable	–	–	844	–	–	794
Others	–	–	328	–	–	165
Total financial liabilities	**128**	**–**	**9,855**	**–**	**–**	**9,269**

*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.

(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, 2026	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Unquoted mutual funds	6(b)	1,223	–	–	**1,223**
Financial Investments at FVOCI:					
Quoted Equity Investments	6(a)	202	–	–	**202**
Unquoted Equity Investments	6(a)	–	–	25	**25**
Total financial assets		**1,425**	**–**	**25**	**1,450**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	–	128	–	**128**
Total financial liabilities		**–**	**128**	**–**	**128**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Financial assets					
Loans					
– Loans to employees	7(a), (b)	–	–	120	**120**
Security deposits	8, 15	–	–	119	**119**
Total financial assets		–	–	**239**	**239**
Financial Liabilities					
Borrowings	21(a)	–	–	4,048	**4,048**
Total financial liabilities		–	–	**4,048**	**4,048**

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	15	–	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**
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(a), (b)	–	–	104	**104**
Security deposits	8, 15	–	–	80	**80**
Total financial assets		–	–	**184**	**184**

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38 Fair value measurements (Continued...)

As at March 31, 2025	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	21(a)	-	-	4,908	**4,908**
Total financial liabilities		-	-	**4,908**	**4,908**

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 group'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

	March 31, 2026		March 31, 2025	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans				
Loans to employees	120	120	104	104
Security deposits	119	119	80	80
Total financial assets	**239**	**239**	**184**	**184**
Financial Liabilities				
Borrowings	4,048	4,048	4,908	4,908
Total financial liabilities	**4,048**	**4,048**	**4,908**	**4,908**

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and cash equivalents, deposits with financial institutions (with remaining maturities less than 12 months), 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.

38 Fair value measurements (Continued...)

In respect of the deposits with financial institutions having remaining maturities more than 12 months, the carrying amount approximates fair value as these carry interest rates that are reflective of prevailing market rates for similar instruments as at March 31, 2026.

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.

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, deposits with banks and financial institutions, 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, deposits with banks and financial institutions and 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.

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

39 Financial risk management (Continued...)

(A) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions 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.

(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		

39 Financial risk management (Continued...)

For the years ended March 31, 2026 and March 31, 2025

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, 2026 and March 31, 2025.

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.

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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, 2026							
Gross carrying amount - trade receivables (excluding credit impaired)	6,069	993	104	82	28	54	**7,330**
Gross carrying amount - Contract assets	109	-	-	-	-	-	**109**
*Expected loss rate**	*1%*	*0%*	*1%*	*16%*	*82%*	*100%*	
Expected credit losses (Loss allowance provision - Trade receivables)	-	-	1	13	23	54	**91**
Expected credit losses (Loss allowance provision - Contract assets)	31	-	-	-	-	-	**31**
Loss Allowance - Credit Impaired	-	-	64	9	35	128	**236**
Total Loss allowance provision	**31**	**-**	**65**	**22**	**58**	**182**	**358**
Carrying amount of Trade receivables (net of credit loss allowance)	**6,069**	**993**	**103**	**69**	**5**	**-**	**7,239**
Carrying amount of Contract assets (net of credit loss allowance)	**78**	**-**	**-**	**-**	**-**	**-**	**78**
As at March 31, 2025							
Gross carrying amount - trade receivables (excluding credit impaired)	4,889	1,062	23	102	91	15	6,182
Gross carrying amount - Contract assets	142	-	-	-	-	-	142
Expected loss rate	*1%*	*0%*	*0%*	*22%*	*82%*	*0%*	
Expected credit losses (Loss allowance provision - Trade receivables)	-	-	-	23	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	44	136	86	304
Carrying amount of Trade receivables (net of credit loss allowance)	4,889	1,062	23	79	16	15	6,084
Carrying amount of Contract assets (net of credit loss allowance)	107	-	-	-	-	-	107

*The provision matrix for receivables (other than credit-impaired receivables) is based on historical collection experience adjusted for forward-looking information. The resulting loss rates for time bands not due to less than three months were not significant and have been rounded to two decimal places.

(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, 2024	**136**
Changes in loss allowance	168
Loss allowance on March 31, 2025	**304**
Changes in loss allowance	54
Loss allowance on March 31, 2026	**358**

(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.

(i) Financing arrangements

The group has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2026	March 31, 2025
Floating rate		
Expiring within one year (including other facilities)	6,643	4,842

The credit facility sanctioned by the banks are subject to renewal every year.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

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

39 Financial risk management (Continued...)

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, 2026						
Non-derivatives						
Borrowings	2,368	208	1,531	–	–	**4,107**
Lease liabilities	133	103	215	495	517	**1,463**
Trade payables	4,596	–	–	–	–	**4,596**
Other financial liabilities	1,339	–	–	–	–	**1,339**
Total non-derivative liabilities	**8,436**	**311**	**1,746**	**495**	**517**	**11,505**
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**

(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 group's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Amounts in million in respective currency

	March 31, 2026					March 31, 2025				
Particulars	**USD**	**EUR**	**AUD**	**BRL**	**RMB**	USD	EUR	AUD	BRL	RMB
Financial assets										
Trade receivables	–*	2	1	14	–	–*	1	1	2	–
Loans (including accrued interest)	8	2	–	–	–	9	–	–	–	–
Cash and cash equivalent	–*	–*	–	–	–	–*	–*	–	–	–
Net exposure to foreign currency risk (assets)	**8**	**4**	**1**	**14**	**–**	**9**	**1**	**1**	**2**	**–**
Financial liabilities										
Trade payables	8	4	–	–	8	1	2	–	–	4
Borrowings	2	–	–	–	–	–	–	–	–	–
Net exposure to foreign currency risk (liabilities)	**10**	**4**	**–**	**–**	**8**	**1**	**2**	**–**	**–**	**4**

*Amounts below rounding off norm adopted by the group.

Note: Trade receivables are disclosed after offsetting forward contracts in the corresponding currency as applicable.

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

39 Financial risk management (Continued...)

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, 2026	March 31, 2025
USD sensitivity		
Functional currency/USD Increases by 5%	(7)	27
Functional currency/USD decreases by 5%	7	(27)
EURO sensitivity		
Functional currency/EURO Increases by 5%	–	(6)
Functional currency/EURO decreases by 5%	–	6
AUD sensitivity		
Functional currency/AUD Increases by 5%	2	1
Functional currency/AUD decreases by 5%	(2)	(1)
BRL sensitivity		
Functional currency/BRL Increases by 5%	9	1
Functional currency/BRL decreases by 5%	(9)	(1)
RMB sensitivity		
Functional currency/RMB Increases by 5%	(4)	(2)
Functional currency/RMB decreases by 5%	4	2

The above sensitivity has been computed assuming there is no change in functional currency to INR.

(ii) Cash flow and Fair value interest rate risk

The group's main interest rate risk arises from borrowings with variable rates, which exposes the group to cash flow interest rate risk. During the year ended March 31, 2026 and March 31, 2025, the groups borrowings at variable rate are mainly denominated in USD and EUR.

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, 2026		March 31, 2025	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Variable rate borrowings				
– EUR	4.08%	3,536	5.20%	3,720
– AUD	–	–	5.99%	62
– USD	5.68%	422	6.31%	978
Interest rate swap				
– AUD	–	–	4.45%	(62)
		3,958		**4,698**

The analysis for maturities of borrowings is provided in the note no 39B(ii) above.

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39 Financial risk management (Continued...)

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, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Interest rate increase by 50 basis points*	(4)	(6)	-	1
Interest rate decrease by 50 basis points*	4	6	-	(1)

*Holding all other variables constant.

(ii) Price risk

The Group has invested largely in overnight and liquid mutual funds, which is low risk and not subject to significant variation. 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, 2026	March 31, 2025
BSE Sensex - increase 5%	9	10
BSE Sensex - decrease 5%	(9)	(10)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

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).

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

40 Capital management (Continued...)

The above mentioned ratio of the group is as follows:

Particulars	March 31, 2026	March 31, 2025
Net debt (refer note 21)*	–	–
Total equity	22,319	18,656
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. During the year ended March 31, 2026, the group fully repaid and settled the specific secured loan facility that carried restrictive financial covenants. As at March 31, 2026, the carrying value of this borrowing is Nil, and all underlying covenants stand extinguished.

(b) Dividends (gross of dividend paid to joint venture and ESOP Trust)

(i) Equity shares		
Final dividend recognised for the year ended March 31, 2026 of ₹2.20/- (March 31, 2025 – ₹2.00/- per fully paid share)	697	634
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2025, directors had recommended the payment of a final dividend of ₹2.20/- per fully paid equity share which was subsequently approved by the shareholders in the annual general meeting.	–	697
Subsequent to the year ended March 31, 2026, the directors have recommended the payment of a final dividend of ₹2.70/- per fully paid equity share. This proposed dividend is subject to shareholders' approval in the ensuing annual general meeting.	856	-

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41 Segment Information

(a) Description of segments and principal activities

The chief operating decision maker (CODM) (i.e. the Managing Director of Elgi Equipments Limited) examines the group's performance from a product perspective and has identified two reportable segments of its business:

a) Air compressors

b) Automotive equipments

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2026	March 31, 2025
Air Compressors	36,134	32,118
Automotive equipment	3,386	3,015
Less: Inter segment revenue (Air Compressors)	(13)	(29)
Income from operations	**39,507**	**35,104**

(c) Segment profit before tax

Segment profit before tax is measured in the same way as in the statement of profit and loss.

Air Compressors	5,484	4,426
Automotive equipment	371	335
Add/(Less): Inter segment profit/(loss)	2	-
Total	**5,857**	**4,761**
Share of net profit of joint ventures accounted for using the equity method	67	55
Exceptional Item	(150)	-
Total profit before tax	**5,774**	**4,816**

(d) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

Air Compressors	33,033	28,377
Automotive equipment	2,495	2,044
Less: Inter segment assets (Automotive equipment)	(73)	(6)
Total Segment Assets	**35,455**	**30,415**

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

a) Air Compressors	12,371	11,098
b) Automotive equipment	840	667
Less: Inter segment liabilities (Automotive equipment)	(75)	(6)
Total Segment Liabilities	**13,136**	**11,759**

(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, 2026	March 31, 2025
a) Air Compressors	20,662	17,279
b) Automotive equipment	1,655	1,377
Add: Inter segment capital employed (Automotive equipment)	2	–
Total Capital employed	**22,319**	**18,656**

(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	17,364	15,435
b) Automotive equipment	1,985	1,762
Less: Inter segment cost of goods sold (Air Compressors)	(10)	(23)
Total Cost of goods sold	**19,339**	**17,174**

*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.

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(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.

Geography	Total revenue (A)	Inter-company revenue (B)	Revenue from external customers (A)+(B)
March 31, 2026			
India	21,041	(46)	**20,995**
Other regions			
Americas	11,945	(2,554)	**9,391**
Europe	5,580	(1,772)	**3,808**
Australia	2,280	(650)	**1,630**
Others	4,714	(1,243)	**3,471**
	45,560	**(6,265)**	**39,295**
March 31, 2025			
India	19,011	(86)	**18,925**
Other regions			
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**

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, 2026	March 31, 2025
India	4,651	3,220
Americas	2,240	2,137
Europe	936	826
Australia	569	429
Others	118	108
Total non-current assets	**8,514**	**6,720**

(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, 2026	March 31, 2025	
		%	%	
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

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42 Interests in other entities (Continued...)

Name of entity	Place of business	Ownership interest held by the group March 31, 2026 %	March 31, 2025 %	Principal activities
Elgi Equipments Arabia Company**	Saudi Arabia	-	-	Trading of air compressors and 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.

**Incorporated during the current year as a step down subsidiary of Elgi Compressors USA Inc. No investment has been made in the Company as of date, and there were no transactions during the year.

(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. This entities are therefore classified as a joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

(c) Joint Venture

Set out below are the joint ventures of the group as at March 31, 2026 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.

(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 March 31, 2026	Carrying amount March 31, 2025	Profit or loss March 31, 2026	Profit or loss March 31, 2025
Elgi Sauer Compressors Limited	India	26%	Joint venture	134	120	44	37
Industrial Air Solutions LLP	India	50%	Joint venture	4	4	28	(6)
Evergreen Compressed Air and Vacuum LLC**	USA	50%	Joint venture	45	35	(9)	2
PLA Holding Company LLC**	USA	50%	Joint venture	-	36	(43)	11
Immaterial joint ventures (iii) below**				13	23	-	11
Total Investments accounted for using the equity method				**196**	**218**	**20**	**55**
Less: Classified as Assets held for sale (refer note 18)				-	13	-	-
Investments accounted for using equity method as per Balance sheet				**196**	**205**	**-**	**-**
Provision for diminution in carrying value of investment in joint venture disclosed in other expenses(refer note 37)						47	-
Share of net profit of joint ventures accounted for using the equity method						**67**	**55**

**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 was divested during the year.

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 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.

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42 Interests in other entities (Continued...)

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2026	March 31, 2025
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	29	33

(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, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025	**March 31, 2026**	March 31, 2025
Current assets								
Cash and cash equivalents	5	39	37	2	7	11	27	23
Other assets	705	508	135	113	125	109	74	67
Total current assets	**710**	**547**	**172**	**115**	**132**	**120**	**101**	**90**
Total non-current assets*	**373**	**385**	**13**	**13**	**23**	**4**	**33**	**31**
Current liabilities								
Financial liabilities (excluding trade payables)	40	18	–	–	8	7	2	4
Other liabilities	391	294	124	73	64	50	112	105
Total current liabilities	**431**	**312**	**124**	**73**	**72**	**57**	**114**	**109**
Non-current liabilities								
Employee benefit obligations & Others	139	160	–	–	38	8	–	–
Total non-current liabilities	**139**	**160**	–	–	**38**	**8**	–	–
Net assets	**513**	**460**	**61**	**55**	**45**	**59**	**20**	**12**

*Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.

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

42 Interests in other entities (Continued...)

Reconciliation to carrying amounts	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Share Capital-Opening	**7**	7	**8**	8	**32**	19	**15**	15
Capital Investments	–	–	–	–	–	13	–	–
Share Capital - Closing	**7**	7	**8**	8	**32**	32	**15**	15
Share Capital - Class B Interest*	**–**	–	**–**	–	**30**	30	**67**	67
Other Equity-Opening	**453**	407	**47**	43	**(3)**	(10)	**(70)**	(88)
Profit for the year	167	143	26	24	(18)	6	6	18
Other comprehensive income**	(7)	3		–	–	–	–	–
Interest on capital	–	–	1	1	–	–	–	–
Dividends paid and Partners drawings	(107)	(100)	(21)	(21)	–	–	–	–
Translation difference		–		–	4	1	2	–
Other Equity - Closing	**506**	453	**53**	47	**(17)**	(3)	**(62)**	(70)
Closing net assets	**513**	460	**61**	55	**45**	59	**20**	12
Group's share in %	26%	26%	50%	50%	50%	50%	50%	50%
Group's share in Share Capital in INR millions (including Class B interest)	2	2	4	4	51	39	80	74
Group's share in Other Equity in INR millions	132	118	27	24	(4)	(2)	(31)	(35)
Unrealised profit in stock	–	–	(27)	(24)	(2)	(2)	(2)	(3)
Provision for diminution in carrying value	–	–	–	–	–	–	(47)	–
Carrying amount	**134**	120	**4**	4	**45**	35	**–**	36

*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.

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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, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Revenue	1,151	837	567	526	367	351	147	275
Other income*	1	2	-	-	-	-	-	-
Depreciation and amortisation	17	17	2	1	2	2	-	-
Income tax expense	60	57	14	13	1	-	-	-
Profit for the year	**167**	143	**26**	24	**(18)**	6	**6**	18
Other comprehensive income**	(7)	3	-	-	-	-	-	-
Total comprehensive income	**160**	146	**26**	24	**(18)**	6	**6**	18
Group's share of dividends paid	28	26	10	11	-	-	-	-

*Amount below rounding off norm adopted by group.
**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, 2026	March 31, 2025
Aggregate carrying amount of individually immaterial joint ventures*	13	23
Aggregate amounts of group's share of:		
Profit for the year (net of Unrealised profits on stock)**	-	11
Other comprehensive income	-	-
Total comprehensive income	-	11

*Includes Compressed Air Solutions of Texas, LLC classified as Assets held for sale for the year ended March 31, 2025 (refer note 18).
**Amount below the rounding off norm adopted by the group.

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.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan	Elgi Equipments Gratuity Fund
(Refer note 26(a))	Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd
	Mr. 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 (Upto April 14, 2026)
	Mr. Suman Kumar Das
	Mr. Srinivasan Ravindran
	Mr. Srinivasan Krishnamurthi
Other companies/firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Private Limited
	Elgi Rubber Company Limited
	LGB Forge Limited
	Magna Electro Castings Limited
	Festo India Private Limited
	AGT Electronics Limited
	Pricol Engineering Industries Private Limited
	Pricol Limited
	PPL Enterprises Limited
	Dark Horse Portfolio Investment Private Limited

*Divested during the year ended March 31, 2026.

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43 Related party transactions (Continued...)

(b) Particulars of transactions with related parties

Description	Joint Ventures & Others		Key Management Personnel		Total	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Transactions during the year						
Purchase of goods	13	11	-	-	**13**	11
Sale of goods	618	963	-	-	**618**	963
Receiving of services	94	76	-	-	**94**	76
Providing of services (sale of services)*	1	12	-	-	**1**	12
Interest received*	-	1	-	-	**-**	1
Reimbursement of expenses						
To related parties	4	5	-	-	**4**	5
By related parties	10	2	-	-	**10**	2
Investments in Joint ventures	-	17	-	-	**-**	17
Divestment/redemption of interest in Joint ventures	13	36	-	-	**13**	36
Dividends received	39	37	-	-	**39**	37
Dividends paid	143	129	66	45	**209**	174
Key management personnel compensation*						
Short-term employee benefits	-	-	98	68	**98**	68
Other long-term benefits	-	-	4	3	**4**	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 ₹30 million and to Executive Director amounting to ₹25 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	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Balances at year end						
Investments accounted for using the equity method	196	205	-	-	**196**	205
Assets held for sale	-	13	-	-	**-**	13
Trade receivable at the end of the year	216	269	-	-	**216**	269
Other receivables at the end of the year	6	11	-	-	**6**	11
Payable at the end of the year	15	7	5	5	**20**	12

(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 amounts are in Millions in INR unless otherwise stated)

43(a) Details of material transactions/balances with related parties

Particulars	Joint ventures & Others	
	2025-26	2024-25
Purchase of goods		
Industrial Air Solutions LLP	5	-
PPL Enterprises Limited	2	-
Pricol Limited	1	-
Festo India Private Limited	4	2
Pricol Engineering Industries Private Limited*	-	2
LGB Forge Limited	-	7
Elgi Sauer Compressors Ltd*	-	-
Elgi Ultra Private Limited*	-	-
Elgi Rubber Company Limited*	-	-
Sale of goods		
Industrial Air Solutions LLP	439	425
Elgi Sauer Compressors Limited	3	2
Gentex Air Solutions, LLC	55	94
G3 Industrial Solutions, LLC	-	155
Pattons of California, LLC.	37	55
Compressed Air Solutions of Texas, LLC	-	73
Evergreen Compressed Air and Vacuum LLC.	85	108
CS Industrial Services, LLC	-	**45**
LGB Forge Limited	-	4
Receiving services		
Elgi Ultra Private Limited	1	1
AGT Electronics Limited	85	70
Industrial Air Solutions LLP	3	-
Elgi Sauer Compressors Limited	3	-
Niketan Technologies Private Ltd*	-	-
Providing services		
Elgi Sauer Compressors Ltd	-	5
Elgi Ultra Private Limited	-	4
Industrial Air Solutions LLP*	1	-
Interest received		
Industrial Air Solutions LLP*	-	-
Investments in Joint ventures**		
Evergreen Compressed Air and Vacuum LLC	-	13
Gentex Air Solutions, LLC	-	4
Divestment/redemption of interest in Joint ventures**		
CS Industrial Services, LLC	-	8
G3 Industrial Solutions, LLC	-	28
Compressed Air Solutions of Texas, LLC	13	-

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43(a) Details of material transactions/balances with related parties (Continued...)

Particulars	Joint ventures & Others	
	2025-26	2024-25
Dividends received		
Elgi Sauer Compressors Limited	28	26
Industrial Air Solutions LLP	10	11
Dividends paid		
Dark Horse Portfolio Investment Private Limited	140	128
Elgi Rubber Company Limited	1	-
Elgi Sauer Compressors Limited	1	-
Jairam Varadaraj	62	56
Anvar Jay Varadaraj	4	4
Srinivasan Ravindran*	-	-
Sudarsan Varadaraj*	-	-
Trade receivables		
Industrial Air Solutions LLP	99	53
G3 Industrial Solutions, LLC	-	64
Pattons of California, LLC.***	61	60
Evergreen Compressed Air and Vacuum LLC	37	38
Gentex Air Solutions, LLC	23	24
Compressed Air Solutions of Texas, LLC	-	23
Elgi Sauer Compressors Limited	2	-
Elgi Ultra Private Limited*	-	-
Magna Electro Castings Limited*	-	-
Elgi Rubber Company Limited*	-	-

*Amounts are below rounding off norms adopted by the group.
**Includes the impact of translation at the closing exchange rate.
***Excludes loss allowance amounting to ₹61 million (₹15 million for March 31, 2025).

44 Contingent liabilities and contingent assets

Contingent liabilities

Claims against the Group not acknowledged as debts

(i) The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹50 million and ₹38 million in India as on March 31, 2026 and March 31, 2025, respectively. The group has deposited ₹10 million and ₹14 million against the above-mentioned disputes as on March 31, 2026 and March 31, 2025, 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 5, 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-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact.

(iv) The Holding Company received 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. 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, 2026 and March 31, 2025.

Consolidated Financial Statements as at and for the year ended March 31, 2026

(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, 2026.

45 Commitments

(a) Capital commitments

Particulars	March 31, 2026	March 31, 2025
Estimated amount of contracts remaining to be executed on capital account	639	1,532

46 Assets Pledged as security

(a) Charge on Assets	13,305	10,401
(b) Charge on Property, Plant & equipment	1,737	1,647
(C) Cash Margin	329	309
	15,371	**12,357**

(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:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(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:

	March 31, 2026		March 31, 2025	
Particulars	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	534	5,57,200	340	4,96,800
Granted during the year*	478	6,25,500	592	3,53,600
Exercised during the year	448	(89,700)	269	(2,88,300)
Forfeited during the year	538	(1,08,800)	566	(4,900)
Closing balance	**506**	**9,84,200**	**534**	**5,57,200**

*During the year ended March 31, 2026, the Holding Company granted 6,25,500 shares on May 30, 2025, each with a face value of ₹ 1/- and an exercise price of ₹ 478.25 per share. For the year ended March 31, 2025, the Holding Company granted 339,600 shares on May 27, 2024, 7,400 shares on June 11, 2024 and 6,600 shares on December 13, 2024 each with a face value of ₹ 1/- and an exercise price of ₹ 592.10 per share.

Share options outstanding at the end of the year March 31, 2026 and March 31, 2025:

		March 31, 2026			March 31, 2025		
Grant date	Expiry date	Exercise price (₹)	Share Options	Contractual life (in Yrs)	Exercise price (₹)	Share Options	Contractual life (in Yrs)
September 26, 2022	December 25, 2025	–	–	–	450	79,300	0.74
August 28, 2023	June 30, 2026	430	1,10,800	0.25	430	1,28,400	1.25
May 27, 2024	June 30, 2026	592	26,000	0.25	592	26,000	1.25
May 27, 2024	June 30, 2027	592	2,47,400	1.25	592	3,09,500	2.25
June 11, 2024	June 30, 2026	–	–	–	592	7,400	1.25
December 13, 2024	June 30, 2027	592	5,800	1.25	592	6,600	2.25
May 30, 2025	July 1, 2028	478	5,94,200	2.25	–	–	–

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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	3	4	5	5	5	5	6
No. of options	**152,600**	**175,900**	**313,600**	**26,000**	**7,400**	**6,600**	**625,500**
Grant date	September 26, 2022	August 28, 2023	May 27, 2024	May 27, 2024	June 11, 2024	December 13, 2024	May 30, 2025
Expiry date	December 25, 2025	June 30, 2026	June 30, 2027	June 30, 2026	June 30, 2026	June 30, 2027	July 1, 2028
Exercise price	450.00	430.00	592.10	592.10	592.10	592.10	478
Share price at grant date	421.45	463.95	652.40	652.40	609.75	603.45	535.30
Expected price volatility	60.50%	49.20%	52.43%	42.42%	41.98%	40.04%	41.18%
Risk-free interest rate	7.34%	7.17%	7.01%	7.01%	7.01%	6.80%	5.80%
Expected dividend yield*	0.27%	0.43%	0.31%	0.31%	0.33%	0.33%	0.41%
Latest dividend declared	1.15	2.00	2.00	2.00	2.00	2.00	2.00
Fair value	189.46	186.45	289.15	212.33	177.78	168.91	200.95

*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, 2026 and March 31, 2025 is:

Particulars	March 31, 2026	March 31, 2025
Employee stock option expense (refer note 34)	74	55
Legal & Consultancy charges (refer note 37)	4	3
Expense carried to statement of profit and loss	**78**	58

(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, 2026	March 31, 2025
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Holding Company	13.65	11.09
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Holding Company	13.61	11.08
(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	4,302	3,502
Diluted earnings per share		
Profit attributable to equity holders of the Holding Company		
- used in calculating basic earnings per share	4,302	3,502
- used in calculating diluted earnings per share	4,302	3,502
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**315.24**	**315.70**
Adjustments for calculation of diluted earnings per share:	0.88	0.49
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.12**	**316.19**

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49 Additional information required by Schedule III

	Net Assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Name of the entity in the Group	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Elgi Equipments Limited								
(refer note 1)								
March 31, 2026	89%	19,873	80%	3,451	(5%)	(9)	77%	3,442
March 31, 2025	93%	17,265	100%	3,501	53%	(31)	101%	3,470
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2026	7%	1,652	6%	271	2%	4	6%	275
March 31, 2025	7%	1,373	7%	250	27%	(16)	7%	234
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2026	1%	123	0%	5	0%	–	0%	5
March 31, 2025	1%	118	0%	3	0%	–	0%	3
Ergo Design Private Limited								
March 31, 2026	0%	4	0%	–	0%	–	0%	–
March 31, 2025	0%	3	0%	(3)	0%	–	0%	(3)
Foreign								
Elgi Gulf FZE								
March 31, 2026	2%	523	5%	199	22%	44	5%	243
March 31, 2025	2%	280	6%	196	(7%)	4	6%	200
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2026	3%	656	3%	126	53%	105	5%	231
March 31, 2025	2%	426	4%	146	61%	(36)	3%	110
Elgi Equipments Australia Pty Limited								
March 31, 2026	2%	462	1%	54	38%	75	3%	129
March 31, 2025	2%	332	2%	87	7%	(4)	2%	83
Elgi Compressors Italy S.R.L								
March 31, 2026	7%	1,664	0%	12	130%	257	6%	269
March 31, 2025	7%	1,396	4%	143	(53%)	31	5%	174
Rotair SPA								
March 31, 2026	3%	637	0%	(5)	11%	21	0%	16
March 31, 2025	3%	543	0%	(5)	(10%)	6	0%	1
Elgi Compressors Europe S.R.L(Consolidated)								
March 31, 2026	(17%)	(3,747)	(5%)	(196)	(284%)	(559)	(17%)	(755)
March 31, 2025	(16%)	(2,991)	(7%)	(255)	115%	(68)	(9%)	(323)

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

49 Additional information required by Schedule III (Continued...)

	Net Assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Name of the entity in the Group	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2026	13%	2,884	7%	300	139%	273	13%	573
March 31, 2025	12%	2,312	(10%)	(336)	(102%)	60	(8%)	(276)
PT Elgi Equipments Indonesia								
March 31, 2026	0%	63	0%	6	2%	4	0%	10
March 31, 2025	0%	53	0%	4	2%	(1)	0%	3
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2026	1%	266	1%	27	22%	43	2%	70
March 31, 2025	1%	195	0%	(1)	5%	(3)	0%	(4)
Elgi Compressors (M) SDN.BHD.								
March 31, 2026	0%	(91)	0%	4	(9%)	(17)	0%	(13)
March 31, 2025	0%	(79)	(1%)	(42)	7%	(4)	(1%)	(46)
Joint Ventures								
(Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited (refer note 3)								
March 31, 2026	1%	134	1%	43	0%	–	1%	43
March 31, 2025	1%	120	1%	37	0%	–	1%	37
Industrial Air Solutions LLP								
March 31, 2026	0%	4	0%	10	0%	–	0%	10
March 31, 2025	0%	4	0%	12	0%	–	0%	12
Sub-total								
March 31, 2026	**112%**	**25,107**	**99%**	**4,307**	**130%**	**241**	**101%**	**4,548**
March 31, 2025	**115%**	**21,350**	**106%**	**3,737**	**98%**	**(62)**	**108%**	**3,675**
Add/(less): Consolidation adjustments and inter-company eliminations								
March 31, 2026	(12%)	(2,788)	1%	(5)	(30%)	(44)	(1%)	(49)
March 31, 2025	(15%)	(2,694)	(6%)	(235)	2%	3	(8%)	(232)
Total								
March 31, 2026	**100%**	**22,319**	**100%**	**4,302**	**100%**	**197**	**100%**	**4,499**
March 31, 2025	**100%**	**18,656**	**100%**	**3,502**	**100%**	**(59)**	**100%**	**3,443**

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, PLA Holding Company LLC, Gentex Air Solutions LLC.

(3) The amounts presented for Elgi Sauer exclude fair value gain on shares of Elgi Equipments Limited.

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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.

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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

a) The group has transferred the rights to receive cash flows from the financial asset or

b) The group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income recognition

a) Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group and the amount of the dividend can be measured reliably.

(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.

(v) Share based payments

Share based compensation benefits are provided to the employees via Elgi Equipments Limited Employees Stock Option Plan, 2019, an employee stock option scheme.

Employee Options:

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan,2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted. Refer note 47.

- including any market performance conditions (e.g.,the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact

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.The financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method (except for derivative financial liabilities measured through FVTPL).

We recognise a financial liability on the date when the group becomes party to the contractual provisions of the instrument. A financial liability is derecognised on the settlement date - that is, the date on which the obligation is discharged or cancelled or it expires. All financial liabilities are subsequently measured at amortized cost using the effective interest method.

A financial liability (or part of it) is extinguished when the debtor either:

a) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or

b) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor. (If the debtor has given a guarantee this condition may stillbe met.)

(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.

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

(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,

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50 Other Accounting Policies (Continued...)

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 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.

50 Other Accounting Policies (Continued...)

(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.

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.

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 substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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50 Other Accounting Policies (Continued...)

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 issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(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

50 Other Accounting Policies (Continued...)

(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 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.

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50 Other Accounting Policies (Continued...)

(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. Exceptional items are those items which meet the test of 'materiality' (size and nature) and the test of 'incidence'. 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.

51 Supplier finance arrangements

Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts that an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, when suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

The group has entered into a purchase bill discounting arrangement with a private bank (the "Bank") in respect of certain of its trade payables to suppliers. For this purpose, the group, as "buyer", has availed a sanctioned credit facility from the Bank. Under the arrangement, the Bank discounts bills drawn by participating suppliers on the group and pays the suppliers against such bills, with the group subsequently settling the invoice amount with the Bank on the original invoice due date. The primary objective of the facility is to enable suppliers to obtain early liquidity against their receivables from the group, while preserving the group's contractual payment terms with such suppliers.

Key terms and conditions of the arrangement:

(a) Suppliers, at their election, present bills drawn on the Group to the Bank for discounting; the group is not obliged to direct or initiate any specific bill for discounting.

(b) The Bank pays the supplier upon discounting of the bill, and the Group pays the Bank on the original invoice maturity date, within a tenor of up to 90 days from the date of the invoice.

(c) The supplier bears the interest charges in relation to the bills discounted by the supplier.

(d) The payment terms with suppliers participating in the arrangement are the same as those applicable to comparable suppliers not covered by the arrangement, and accordingly the group does not obtain any extension of credit period under the arrangement.

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51 Supplier finance arrangements (Continued...)

Particulars	March 31, 2026	March 31, 2025
Carrying amount of liabilities under supplier finance arrangement		
Presented as part of "Trade payables"		
Liabilities under supplier finance arrangement	337	236
– of which supplier has received payment from the finance provider	337	NA*
Range of payment due dates		
Liabilities under supplier finance arrangement	45 days	NA*
Comparable trade payables that are not part of the supplier finance arrangement	45 days	NA*

*The group has not disclosed comparative information (including those as of April 01, 2024), in respect of the amendments to Ind AS 7 and Ind AS 107 relating to supplier finance arrangements, as it has applied the transitional relief available on initial adoption of these amendments, which allows entities not to present comparative disclosures for prior periods.

Presentation of supplier finance arrangement as trade payables

As disclosed above, from the group's perspective, the arrangement does not materially extend payment terms beyond those agreed with non-participating suppliers. It simply offers participating suppliers the benefit of early payment. Accordingly, the group presents the amounts subject to the arrangement as trade payables, because their nature and function are consistent with other trade payables.

Presentation of supplier finance arrangement in Statement of Cash Flows

Judgement might be needed to determine how to present the cash flows that occur under supplier finance arrangements in the statement of cash flows. Considering that the payables related to supplier finance arrangements are not de-recognized from trade payables, the group presents cash outflows to settle the liability as arising from operating activities in its statement of cash flows.

52 Exceptional items

On November 21, 2025, the Government of India notified four Labour Codes, replacing the existing 29 labour laws. Implementation of these Codes resulted in a past service cost and incremental liability of ₹ 150 million and the same has been presented as an exceptional item for the year ended March 31, 2026.

The group continues to monitor the finalisation of Central and State Rules, as well as Government clarifications on other aspects of the Labour Codes, and will incorporate appropriate accounting treatment based on these developments as required.

Past service cost – Gratuity	118	–
Incremental liability on compensated absences	32	–
	150	–

Consolidated Financial Statements as at and for the year ended March 31, 2026
(All amounts are in Millions in INR unless otherwise stated)

53 Relationship with struck off companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

54 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 of even date

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

ARUN KUMAR R
Partner
Membership No: 211867

Place: Bengaluru
Date: May 27, 2026

For and on behalf of the Board of Directors

ANVAR JAY VARADARAJ
Director
DIN: 07273942

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

ROHIT GUPTE
Company Secretary
Membership No. A12422

INDRANIL SEN
Chief Financial Officer

Place: Bengaluru & Coimbatore
Date: May 27, 2026

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	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026
Reporting Currency	INR	INR	AED	BRL	AUD	AUD	AUD	AUD
Exchange Rate	1.00	1.00	25.80	18.02	65.02	65.02	65.02	65.02
Share Capital	11	1	2	110	-*	-*	89	-*
Reserves and Surplus	112	1,651	521	546	462	(134)	212	738
Total Liabilities	-	842	911	395	171	919	664	79
Total Assets (Excluding Investments)	123	2,363	1,434	1,051	633	6	730	817
Investments (Other than Investments in Subsidiaries and joint ventures)	-	131	-	-	-	-	-	-*
Turnover	-	3,386	1,769	1,003	675	-	1,049	168
Profit before Taxation	7	357	204	197	77	(2)	(39)	91
Tax Expense	2	87	5	71	23	(1)	(13)	30
Profit/(loss) after Taxation	5	270	199	126	54	(1)	(26)	61
Proposed Dividend	-	256	-	-	-	-	-	-
% 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 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	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026
Reporting Currency	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Exchange Rate	108.95	108.95	108.95	108.95	108.95	108.95	108.95	108.95
Share Capital	320	66	4	-*	-*	1	-*	-
Reserves and Surplus	1,344	572	(3,862)	18	13	22	13	16
Total Liabilities	20	1,293	5,715	16	4	48	13	14
Total Assets (Excluding Investments)	558	1,930	1,854	35	16	71	27	30
Investments (Other than Investments in Subsidiaries and joint ventures)	-	-*	-	-	-	-	-	-
Turnover	-	2,758	2,670	82	41	148	78	94
Profit before Taxation	16	6	(220)	4	2	7	4	4
Tax Expense	4	11	2	1	-*	3	1	1
Profit/(loss) after Taxation	12	(5)	(222)	3	2	4	3	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	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026	March 31, 2026
Reporting Currency	EUR	USD	USD	USD	USD	IDR	MYR	INR
Exchange Rate	108.95	94.78	94.78	94.78	94.78	0.01	23.49	1.00
Share Capital	1	1,088	518	3,094	9	19	18	-
Reserves and Surplus	28	1,571	(293)	(718)	(173)	44	(109)	4
Total Liabilities	44	7,304	1,146	3,716	3,112	48	145	2
Total Assets (Excluding Investments)	72	6,218	1,371	6,083	2,948	111	54	6
Investments (Other than Investments in Subsidiaries and joint ventures)	-	-	-	-	-	-	-	-
Turnover	116	4,938	827	1,694	2,074	118	100	-
Profit before Taxation	14	151	(68)	130	94	6	4	(1)
Tax Expense	3	(219)	49	113	86	-	-	-
Profit/(loss) after Taxation	11	370	(117)	17	8	6	4	-
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 "B": Associates and Joint Ventures

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 Vaccum LLC	PLA Holding Company, 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	51	80	21	124	-
	-Extent of Holding	26%	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 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 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*	134	4	45	-	13	124	-*
5	Profit/Loss for the Year							
	i. Considered in Consolidation#	43	13	(9)	3	-*	1	-*
	ii. Not Considered in Consolidation	124	13	(9)	3	-*	(1)	-*

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

#Excludes unrealised profits on Inter-company stock, Inter-Co dividend.

Subsidiaries

India: ATS ELGI LIMITED, Private Industrial Estate, Kurichy, Coimbatore, Tamil Nadu, India – 641021, Tel: +91-422-2589999, Fax: +91-422-2589800, Web: www.ats-elgi.com, Email: enquiry@ats-elgi.com

ADISONS PRECISION INSTRUMENTS MANUFACTURING COMPANY LTD, Elgi Industrial Complex III, Trichy Rd., Singanallur, Coimbatore, Tamil Nadu, India – 641005

ERGO DESIGN PRIVATE LIMITED, India House, New no. 1443/1, Trichy Road, Coimbatore - 641018. Tel: +91 422 230 4141, Fax: +91 422 238 6301

Australia: ELGI EQUIPMENTS AUSTRALIA PTY LTD, 7/66 Pritchard Road, Virginia, Queensland – 4014. Tel : +61 7 3106 0589 (Dir), Email: enquiry@elgi.com.au, Web: www.elgi.com.au

INDUSTRIAL AIR COMPRESSORS PTY LTD Level 38, 345 Queen St, Brisbane Old 4000, Australia

F.R. PULFORD & SON PTY LTD 3 Squill Place, Arndell Park NSW 2148. Web: www.pulford.com.au/ Phone no: 1300 138 124, Email: sales@pulford.com.au

ADVANCED AIR COMPRESSORS PTY LTD 3 Squill Place, Arndell Park NSW 2148. Web: www.advancedair.com.au/ E-mail: aacair@advancedair.com.au. Phone no: 02 9193 8100 196

Brazil: ELGI COMPRESSORS DO BRASIL IMP.E.EXP LTDA, Rua Quinze de Novembro, 200 Galpão II - Bairro Paineiras, Itupeva - São Paulo CEP: 13.295-000, Brasil. Tel: +55 (11) 4496 5519, 4496 6611, E-mail: enquiry@elgi.com.br, Web: www.elgi.com/br/

Indonesia: PT ELGI EQUIPMENTS INDONESIA, Kawasan Pergudangan, Bizpark Commercial Estate, Pulogadung Jl, Raya Bekai Km. 21, 5 Block A3 No. 12, Kel. Rawa Terate, Kec. Cakung, Pulogadung Jakarta Timur 13920, Tel: +62-21-46822216, 46827388, E-mail: indonesia-enquiry@elgi.com, Web: www.elgi.co/id/

Italy: ELGI COMPRESSORS ITALY S.R.L, Via Del Babuino 51, 00187 -Rome(RM) Tel: +39 011 0620887, Email: elgi_italy@elgi.com

ELGI COMPRESSORS SOUTHERN EUROPE S.R.L, Corso Unione Sovietica 612/3/C 10135 Torino – Italy

ROTAIR SPA, Via Bernezzo-67, 12023, Caraglio (CN), Italy, Tel: +39-0171619676, Fax: +39 0171619677, E-mail: info@rotairspa.com, Web: www.rotairspa.com

Belgium: ELGI COMPRESSORS EUROPE S.R.L, Dreve Richelle 167, 1410 Waterloo, Brussels, Belgium, E-mail: euenquiry@elgi.com, Web: www.elgi.com/eu/

Middle East: ELGI GULF FZE, PO Box: 120695, P6-27, SAIF Zone, Sharjah, U.A.E. Tel: +971 6 557 9970, +971 50 457 6470, Fax: +971 6 557 9980, E-mail: gulfenquiry@elgi.com, Web: www.elgi.com/me/

ELGI GULF MECHANICAL AND ENGINEERING EQUIPMENT TRADING LLC, 20/1 Empire Heights, Podium Level 3, Business Bay, Dubai UAE.

USA: ELGI COMPRESSORS USA, INC 1500-N Continental Blvd Charlotte, NC 28273 USA Tel: 704-943-7966, E-mail: usa.sales@elgi.com, Web: www.elgi/us/

PATTONS INC. 3201 South Boulevard. Charlotte, NC 28209, USA. Tel.: 704-523-4122, E-Mail: info@pattonsinc.com, Web: https://www.pattonsinc.com PATTONS INC 4610 Entrance Drive Suite H, Charlotte, NC 28273

PATTONS MEDICAL LLC, 4610 Entrance Drive Suite H, Charlotte, NC 28273, USA. Tel: 704-529-5442, E-Mail: sales@pattonsmedical.com, Web: https://www.pattonsmedical.com

MICHIGAN AIR SOLUTIONS LLC, 4511 Clay Ave SW Grand Rapids, MI 49548, USA. Tel: 800-727-2479, E-mail: info@mi-air.com, Web: https://www.mi-air.com

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Sweden: ELGI COMPRESSORS NORDICS, Box 11920, 404 39 Goteborg, Gothenburg, Sweden. Tel: +46812111175, Email: elgi_nordics@elgi.com

Poland: ELGI COMPRESSORS EASTERN EUROPE SP. Z.O.O, ul. BITWY WARSZAWSKIEJ 1920 R., nr 7, lok Warsaw, Poland. Tel: +48221530318, E-Mail: elgi_easterneurope@elgi.com, Web: https://www.elgi.com/eu/pl/

France: ELGI COMPRESSORS FRANCE SAS, 10 Rue De Penthièvre 75008 Paris, France. Tel + 33 9 73038248, E-Mail: elgi_france@elgi.com, Web: https://www.elgi.com/eu/fr/

Spain: ELGI COMPRESSORS IBERIA SL, Calle Marques de Urquijo 28008 Madrid, Espana VAT: B88550454. Tel: + 34910602138, E-Mail: elgi_iberia@elgi.com, Web: https://www.elgi.com/eu/es/

ELGI COMPRESSORS Europe S.R.L Dreve Richelle 167, 1410 Waterloo, Belgium.

Malaysia: ELGI COMPRESSORS (M) SDN. BHD, No.7, Jalan Anggerik Mokara 31/44, Sek. 31, Kota Kemuning, 40460 Shah Alam, Selangor, Malaysia. Tel: +603-5120 1544, Email: malaysia-enquiry@elgi.com, Web: www.elgi.com.my

Joint Ventures

India: ELGI SAUER COMPRESSORS LIMITED, S.F. No. 322/2B Part, Codissia Industrial Park Limited, Kallapalayam Village, Sulur Taluk, Coimbatore – 641201, India, Tel: +91-422-2589634, 2589510, Fax: +91-422-2573697, E-mail: info@elgisauer.com, Web: www.elgisauer.com

INDUSTRIAL AIR SOLUTIONS LLP, 1, R R Industrial Estate, Opposite Shanthi Gears Regd Office, Singanallur, Coimbatore, Tamil Nadu – 641005, Tel: 0422 227 1862

USA: EVERGREEN COMPRESSED AIR AND VACUUM LLC, 810 SW 34th St, Suite D, Renton, WA 98057, USA. Tel: 206-474-4451, E-Mail: info@evergreencompressedair.com, Web: https://www.evergreencompressedair.com

PLA HOLDING COMPANY LLC, 16312 Bloomfield Ave, Cerritos, CA 90703

PATTONS of CALIFORNIA LLC, 16312 Bloomfield Avenue, Cerritos, CA 90703, USA. Tel: 562 229 0955, E-Mail: info@pattonsca.com, Web: https://www.pattonsca.com

GENTEX AIR SOLUTIONS, LLC., 12801 Harmon Road Unit #105 Fort Worth, TX 76177, Tel: 817-930-2621 Email: Sales@gentexair.com, Web: https://www.gentexair.com

Overseas Offices

Thailand: ELGI EQUIPMENTS LIMITED, 223/66 14th Floor, Country Complex BLDG A, Sanphawut Rd, Bangna Tai, 5 Bangna, Bangkok 10260. Tel: +662-7455160, E-mail: thailand-enquiry@elgi.com, Web: www.elgi.com/th/

ELGi®

Always Better.

ELGI EQUIPMENTS LIMITED
Singanallur, Coimbatore – 641005, India.
T: +91 422 2589555 **E:** enquiry @elgi.com

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THE COMPRESSED AIR JOURNAL

July 20, 2026

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 Sir/Madam,

Subject: Business Responsibility and Sustainability Report for the Financial Year 2025-26

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Business Responsibility and Sustainability Report ("BRSR") for the Financial Year 2025-26. The BRSR is also uploaded on the website of the Company at https://www.elgi.com/in/wp-content/uploads/2026/07/Annual-Report-2025-26.pdf

The above intimation is also being hosted on the website of the Company at www.elgi.com.

We request to kindly take the above intimation on records.

Thanking you,

Yours faithfully,

FOR ELGI EQUIPMENTS LIMITED

ROHIT JAGANNATH GUPTE

Digitally signed by ROHIT JAGANNATH GUPTE
Date: 2026.07.20 13:14:13 +05'30'

ELGI EQUIPMENTS LIMITED ELGi

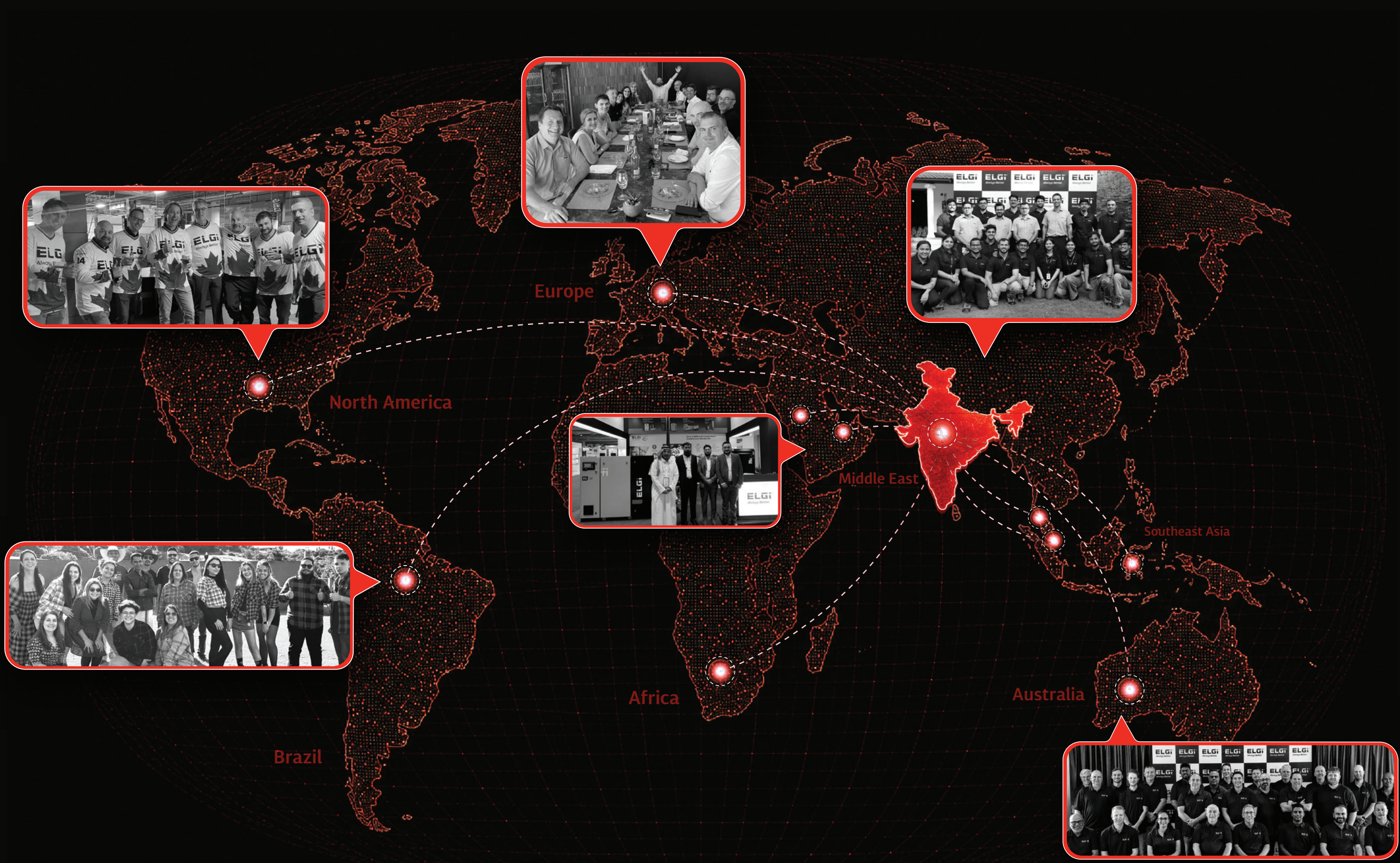
ROHIT GUPTE
COMPANY SECRETARY & COMPLIANCE OFFICER
MEMBERSHIP No.: A12422

Encl. As above

ELGi®
Always Better.

Always Responsible.
Always Better.

Creating sustainable value through responsible innovation, operations, and governance.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

2025-2026

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

ELGi EQUIPMENTS LIMITED
FY 2025-26

Built on Engineering. | Guided by Responsibility. | Committed to Sustainability.

Engineering energy efficient air solutions while taking responsibility for environmental and social impact across the value chain.

At Elgi Equipments Limited, every strategic decision is guided by a clear purpose- to deliver reliable, energy efficient compressed air solutions that support industrial growth while creating long term value for society. Our journey is anchored in engineering excellence, customer centricity, and a strong commitment to responsible business practices.

We believe that sustainable growth goes hand in hand with ethical conduct, environmental stewardship, and care for people. ELGi's approach to business reflects a deep sense of accountability towards customers, employees, communities, and the environment in which we operate. By focusing on innovation, operational efficiency, and responsible resource use, we aim to contribute meaningfully to industrial progress while reducing our environmental footprint.

Sustainability at ELGi is embedded across our operations from product design and manufacturing to supply chain management and workforce practices. We continuously strive to enhance energy efficiency, ensure workplace safety, promote inclusive growth, and uphold high standards of governance. Through transparent disclosures and responsible actions, we remain committed to building trust with all stakeholders and creating lasting impact.

Our commitment extends beyond compliance. We seek to build a resilient organisation that supports India's industrial aspirations while contributing to a cleaner, safer, and more sustainable future.

Section A: General Disclosures

Overview

This section provides an overview of Elgi Equipments Limited business profile, including its products and services, geographies and markets served, financial performance, workforce profile, and the approach adopted to identify and manage key risks and opportunities. The disclosures aim to present a holistic view of the Company's operating context and its integration of sustainability considerations into business strategy and decision making.

ELGi's Approach: Creating Sustainable Value

Elgi Equipments Limited focuses on delivering long-term value to its stakeholders through a strong commitment to innovation-led growth, operational excellence, and responsible business practices. Sustainability considerations that including economic performance, environmental stewardship, and social responsibility are embedded into the Company's strategy and governance framework.

The Company identifies key issues relevant to stakeholders across its value chain, including customers, employees, suppliers, communities, and investors, and aligns its actions with their evolving expectations. Through continuous improvement in product efficiency, resource optimisation, workplace practices, and ethical conduct, ELGi strives to create shared value while managing risks and leveraging opportunities that support sustainable and resilient growth.

Interlinkage with identified material topic	Stakeholders
• *Economic Performance* • *Customer Centricity* • *Transparency*	Customers, Employees, Shareholders, Communities, Suppliers **Sustainable Development Goals** 8 Clean Water And Sanitation; 9 Afordable and Clean Energy; 10 Industry, Innovation and Infrastructure; 17 Sustainable Cities and Communities

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**	2025–2026
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. Rohit Gupte, Senior Vice-President, Company Secretary and Compliance Officer M: 97900 04579 E-Mail: rohit.gupte@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 disclosures under this report are made on Standalone basis.
14.	**Name of assurance provider**	Price Waterhouse Chartered Accountants LLP
15.	**Type of assurance obtained**	Limited assurance on BRSR core indicators

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 (FY26)
1.	Manufacture of Air compressors	Electrical equipment, general purpose, and special purpose machinery & equipment	95.51%

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	95.51%

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	None		

19. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of States/UTs)	28 states and 8 union territories
International (No. of Countries)	65

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 23.47%.

c) A brief on types of customers

The Company serves industrial customers across all manufacturing and process industries, where air compressors are an essential part of operations.

ELGi serves a diverse and global customer base, primarily comprising industrial and commercial users who rely on compressed air as a critical utility for their operations. Its customers include manufacturing enterprises across sectors such as automotive, engineering, textiles, pharmaceuticals, food and beverages, electronics, and railways, where compressed air solutions are used for applications including braking systems, maintenance, and workshop operations. ELGi caters to customers ranging from small and medium enterprises to large domestic and multinational corporations. In addition, the Company serves customers through an extensive network of authorised distributors, dealers, and service partners, enabling wide market reach and effective after sales support. With a strong domestic presence and exports to more than 100 countries, ELGi's customer profile reflects a broad mix of end users and channel partners across geographies, underpinned by long term relationships focused on reliability, energy efficiency, and responsible business practices.

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)	**1004**	919	92%	85	8%
2	Other than Permanent (E)	**87**	59	68%	28	32%
3	**Total employees (D + E)**	**1091**	**978**	**90%**	**113**	**10%**
	WORKERS					
4	Permanent (F)	**428**	400	93%	28	7%
5	Other than Permanent (G)	**821**	693	84%	128	16%
6	**Total workers (F + G)**	**1249**	**1093**	**88%**	**156**	**13%**

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%
Key Management Personnel	4	0*	0%

**Ms. Devika Sathyanarayana was the Company Secretary and Compliance Officer upto June 9, 2025.*

22. Turnover rate for permanent employees and workers

	FY 2025-2026			FY 2024-2025*			FY 2023-2024*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10%	13%	**10%**	15%	14%	**15%**	19%	11%	**18%**
Permanent Workers	5%	0%	**4%**	5%	0%	**5%**	7%	15%	**7%**

**The turnover figures have been revised in line with the updated calculation methodology aligned to SEBI BRSR guidance.*

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	Patton's Medical 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)
13	PT Elgi Equipments Indonesia	Subsidiary	100	No
14	ATS Elgi Limited	Subsidiary	100	No
15	Adisons Precision Instruments Manufacturing Company Limited	Subsidiary	100	No
16	Ergo Design Private Limited	Subsidiary	100	No
17	Elgi Compressors Southern Europe S.R.L	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 Equipments Arabia Company*	Subsidiary	-	No
26	Elgi Gulf Mechanical and Engineering Equipment Trading LLC	Subsidiary	100	No
27	Patton's Of California LLC	Joint Venture	50	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	Elgi Sauer Compressors Ltd	Joint Venture	26	No
33	Industrial Air Solutions LLP	Joint Venture	50	No

*Incorporated during the current year as a step-down subsidiary of Elgi Compressors USA Inc. No investment has been made in the company as of date, and there were no transactions during the year.

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

VI. CSR Details

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

(ii) Turnover (in ₹) – 23,429 million

(iii) Net worth (in ₹) – 19,869 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 2025-2026			FY 2024-2025		
		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	Not applicable	Not applicable	None	Not applicable	Not applicable	None
Communities	Yes, through TELGi app	–	–	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	7	–	None	7*	–	None
Employees and workers	Yes, through TELGi app/POSH complaints through ICC (Internal Complaints Committee)*	32*	5	None	14*	0	None
Customers##	Yes, through Customer Care System (CCS), a CRM based tool	–	–	None	–	–	None
Value Chain Partners	Yes, through TELGi app	–	–	None	1	–	None
Others	None	–	–	None	–	–	None

**Previous period figures have been re-grouped/ re-classified wherever necessary, to confirm to current period's classification in order to comply with the requirements.*

##Currently, customer interactions (complaints, requests, and other feedback) are not formally classified, and hence not reported. We are now implementing a structured classification framework to enable clear segregation, systematic tracking, and consistent reporting going forward.

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	Shifts toward low carbon technologies and tightening emission norms may reduce demand for diesel powered compressors, posing a potential risk to revenue growth.	ELGi is accelerating the transition to energy efficient and oil free compressor technologies, strengthening R&D, and aligning products with evolving regulatory and customer requirements.	Negative
2	Water Management	Opportunity	Implementation of structured water stewardship practices helps reduce environmental footprint and strengthens operational resilience.	Not applicable	Positive
3	Waste Management	Risk	Manufacturing operations generate waste that requires effective management to avoid environmental and regulatory risks.	ELGi is advancing circular waste management practices, focusing on waste minimization, recycling, and reuse, with a roadmap towards zero waste to landfill (Foundry Waste)	Negative
4	Product Stewardship	Opportunity	Integrating sustainability into product design enhances efficiency, reduces lifecycle impacts, and supports customer sustainability goals.	Not applicable	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)
5	Energy Management	Opportunity	Rising energy costs, increasing regulatory focus on energy efficiency, and growing customer preference for low energy solutions present an opportunity for value creation. Effective energy management enhances operational efficiency, reduces greenhouse gas emissions, and strengthens the Company's competitive positioning through energy efficient products and processes.	Not applicable	Positive
6	Responsible Supply Chain	Risk	Dependence on a large supplier base creates exposure to ESG related risks across the value chain.	The Company has initiated supplier sustainability assessments and engagement programmes to strengthen ESG performance across procurement and sourcing activities.	Negative
7	Product Circularity and Remanufacturing	Opportunity	Remanufacturing design and services enable resource efficiency, extended product life cycles, and reduced material consumption. This aligns with circular economy principles and increasing customer and regulatory emphasis on sustainable product solutions, while also opening avenues for lifecycle based service offerings.	Not applicable	Positive
8	Occupational Health and Safety	Risk	Manufacturing operations carry inherent safety risks that can impact employee wellbeing and business continuity.	ELGi maintains a comprehensive occupational health and safety framework, supported by continuous monitoring, training, and improvement initiatives.	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)
9	Employee Wellbeing	Opportunity	Holistic employee wellbeing programmes enhance workforce engagement, productivity, and long term organizational performance.	Not applicable	Positive
10	Human Rights	Risk	Failure to uphold human rights principles such as fair treatment, diversity, and equal opportunity across operations and the value chain may expose the Company to reputational, legal, and operational risks.	ELGi embeds human rights considerations into its operations through inclusive workplace practices, diversity and inclusion initiatives, and policies addressing discrimination and harassment.	Negative
11	Social Responsibility	Opportunity	A strong commitment to ethical conduct, sustainability, and community wellbeing enhances stakeholder trust and strengthens the Company's social license to operate.	Not applicable	Positive
12	Customer Centricity	Opportunity	Customer focused innovation and lifecycle support drive higher satisfaction, long term relationships, and competitive differentiation.	Not applicable	Positive
13	Economic Performance	Opportunity	Sustained financial performance supports reinvestment in growth, innovation, and sustainability initiatives, strengthening long term business resilience.	Not applicable	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)
14	Data Privacy & Confidentiality	Risk	Inadequate protection of sensitive business and personal information could result in data breaches, loss of trust, and regulatory consequences.	The Company safeguards confidentiality through a layered information security framework, including robust data protection controls, employee awareness programmes, and ethical data handling practices.	Negative
15	Ethics and Integrity	Opportunity	Embedding ethical conduct and integrity across business interactions strengthens trust with employees, suppliers, customers, and other stakeholders.	Not applicable	Positive
16	Accountability	Risk	Failure to maintain strong accountability mechanisms for social and environmental impacts may expose the Company to governance, reputational, and compliance risks.	ELGi establishes a culture of transparency and accountability through robust governance structures, defined roles and responsibilities, and mechanisms to monitor social and environmental performance.	Negative
17	Brand Strategy	Opportunity	A strong brand anchored in innovation, customer focus, and sustainability supports market leadership and long term value creation.	Not applicable	Positive
18	Diversity and Inclusion	Opportunity	An inclusive and diverse workplace enables collaboration, innovation, and equitable participation, contributing to organizational effectiveness.	Not applicable	Positive
19	Training and Talent Development	Opportunity	Continuous investment in employee learning and skill development builds a future ready workforce and supports sustained business performance.	Not applicable	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)
20	Transparency	Risk	Inadequate disclosure of environmental, social, governance, and financial information may reduce stakeholder confidence and increase compliance and reputational risks.	ELGi reinforces transparency through regular disclosures on ESG performance, financial results, 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.

Management and Process Disclosures

This section outlines the governance architecture, management oversight, and processes adopted by Elgi Equipments Limited to integrate responsible business conduct and sustainability considerations into its operations and decision making. It describes how the principles of the National Guidelines on Responsible Business Conduct (NGRBC) are embedded across policies, systems, and practices to ensure ethical conduct, effective risk management, and long term value creation.

ELGi's Approach: Integrated ESG Governance

ELGi follows an integrated ESG governance framework anchored in ethical leadership, accountability, and operational discipline. The Company's governance approach is supported by a structured policy framework, clear roles and responsibilities, and periodic oversight by the Board and senior management. Sustainability considerations relating to economic performance, environmental stewardship, people practices, and responsible value chain management are incorporated into business planning and operational controls. Internal policies, codes of conduct, risk assessment mechanisms, and performance monitoring processes are designed to promote compliance, transparency, and continuous improvement.

Through this integrated approach, ELGi seeks to strengthen organisational resilience, manage ESG related risks and opportunities, and align its business practices with stakeholder expectations while supporting sustainable growth.

Interlinkage with identified material topic	Stakeholders
• *Economic Performance* • *Customer Centricity* • *Transparency*	Customers, Employees, Shareholders, Communities, Suppliers **Sustainable Development Goals** 8 Clean Water And Sanitation; 9 Afordable and Clean Energy; 10 Industry, Innovation and Infrastructure; 17 Sustainable Cities and Communities

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	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	No	Yes (Refer point c below)	Yes	Yes (Refer point c below)	No	Yes	Yes	Yes
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)	The entity has initiated efforts to translate the policy into procedures. Formalisation and implementation are currently in progress.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	No	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.	**ISO 27001 –** Information Security Management *Supports governance, data protection, integrity of information, and ethical handling of stakeholder data.*	**ISO 9001:2015** – Quality Management Systems *Ensures consistent product quality, customer satisfaction, and process reliability.* **ISO 22000:2018** – Food Safety Management Systems *Ensures safety and compliance in food-related products and processes.*	**ISO 45001:2018** – Occupational Health & Safety Management *Addresses workplace health, safety risks, and employee well-being.*	**ISO 9001:2015** – Quality Management Systems **ISO 14001:2015** – Environmental Management Systems	**ISO 45001:2018 –** OH&S *Supports safe and humane working conditions.*	**ISO 14001:2015** – Environmental Management Systems *Manages environmental impacts, compliance, and continuous improvement.* **ISO 50001:2018** – Energy Management Systems *Drives systematic energy efficiency, reduced consumption and emissions.*	**ISO 9001:2015** – Quality Management Systems **ISO 14001:2015** – Environmental Management Systems	**ISO 9001:2015** – Quality & Customer Satisfaction **ISO 22000:2018** – Product & food safety **ISO 27001 –** Protection of customer and stakeholder information	CE Marking for 24 product groups (Compressors & Dryers) ASME "U" Stamp for Pressure Tanks SONCAP – Nigeria UL-cUL Certification for Control Panels DOSH Certification – Malaysia (Pressure Tanks – 16 models) PED Module H, B+D for Pressure Vessels PED Module A2 for Casting Tanks NB Certification for Pressure Tanks

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		ISO/TS 22163:2017 – *Railway Quality Management (IRIS)* *Ensures safety, reliability, and lifecycle quality in railway sector products.*							AD 2000 – Merkblatt W0 for Foundry ISI Certification for Borewell Compressors SOL Certification – Kenya SOL Certification – Uganda SOL Certification – Ivory Coast SOL Certification – Tanzania SOL Certification – Gabon SOL Certification – Cameroon ISO 14024:2018 – Green Product Certification Inmetro Certification – Brazil ISI Certification for Motors ISI Certification for Grey Iron Castings EN 15085 – Welding Certification GEM Certification for Motors NSF Certification for Lubrication Oils ISO 27001:2022 ISO 22163:2023

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)	At ELGi, sustainability is embedded in our long term strategy and in the way we create value for our customers, employees, shareholders, and communities. As a global manufacturer of compressed air solutions, we recognise that sustainable growth and competitiveness depend on how effectively we manage environmental, social, and governance (ESG) risks and opportunities. Our short to medium term priorities focus on improving energy efficiency across manufacturing operations, strengthening occupational health and safety systems, reducing dependence on conventional energy and water sources, and advancing responsible sourcing across our value chain. Over the longer term, we aim to progressively decouple business growth from environmental impact through energy efficient product innovation, increased adoption of renewable energy, enhanced water stewardship, and circular waste management practices. A key enabler of our sustainability journey is the institutionalisation of standard operating procedures across people, processes, and technology. We are strengthening accountability and capability among our people, formalising process level controls and monitoring mechanisms, and enhancing technology enabled systems for data management, validation, and reporting, ensuring consistency, traceability, and assurance readiness. Looking ahead, we view ESG as a driver of long term economic value. By integrating sustainability into product design, operational efficiency, supply chain resilience, and data driven decision making, we aspire to unlock cost efficiencies, strengthen customer trust, investing in R&D towards circular economy and create differentiated, future ready offerings. Through responsible conduct and engineering excellence, ELGi remains committed to delivering sustainable, long term value.								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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, and in a manner that is Ethical, Transparent and Accountable.	Elgi Code of Business Conduct and Business Ethics Whistleblower Policy Policy for Determining Materiality of Events Anti-Bribery and Anti-Corruption Policy Anti-Money Laundering Policy Anti-Slavery and Anti-Human Trafficking Statement Integrity Policy Code of Conduct for Employees	Elgi Code of Business Conduct and Business Ethics Elgi-Code-of-Conduct-Business-Ethics.pdf Whistle Blower Policy Whistle-Blower-Policy.pdf (elgi.com) Policy for Determining Materiality of Events https://www.elgi.com/in/wp-content/uploads/2019/05/Policy-for-determining-Materiality-of-Events.pdf Supplier code of conduct https://www.elgi.com/in/wp-content/uploads/2022/10/02-Supplier-Code-of-Conduct.pdf Policy on Human rights https://www.elgi.com/in/wp-content/uploads/2022/10/01-Policy-On-Human-Rights.pdf Anti-bribery policy https://www.elgi.com/in/wp-content/uploads/2022/10/03-Anti-Bribery-Policy.pdf
P2	Businesses should provide goods and services in a manner that is sustainable and safe.	Energy Policy Quality policy Health, Safety and Environment Policy	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 Health, Safety and Environment Policy https://www.elgi.com/in/wp-content/uploads/2019/12/HSE-Policy.pdf These policies have been approved by the Managing Director
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.	Equal Employment Opportunity Policy Employee Loan Policy Employee Health Checkup Policy	Health, Safety and Environment Policy https://www.elgi.com/in/wp-content/uploads/2019/12/HSE-Policy.pdf The following policies are available over intranet. Equal Employment Opportunity Policy Employee Loan Policy Employee Health Check-up Policy These policies have been approved by the Managing Director

	Principle	Policies required under the Principle	Policies available with Elgi
P4	Businesses should respect the interests of and be responsive to all its stakeholders.	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 Supplier-Code-of-Conduct.pdf
P5	Businesses should respect and promote 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 The following policies are available over intranet. Policy against sexual harassment** *This policy has been approved by the Board **This policy has been approved by the Managing Director
P6	Businesses should respect and make efforts to protect and restore the 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 These policies have been approved by the Managing Director
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	Elgi Code of Business Conduct and Business Ethics	The Company does not directly engage in lobbying or advocacy activities and hence does not have a specific policy for this purpose. Elgi Code of Business Conduct and Business Ethics Elgi-Code-of-Conduct-Business-Ethics.pdf

	Principle	Policies required under the Principle	Policies available with Elgi
P8	Businesses should promote inclusive growth and equitable development.	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 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)
P9	Businesses should engage with and provide value to their consumers in a responsible manner.	Elgi Code of Business Conduct and Business Ethics	The Company has an online system of addressing customer complaints that is attended to promptly. 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 and in a timely manner. Elgi Code of Business Conduct and Business Ethics Elgi-Code-of-Conduct-Business-Ethics.pdf

 # 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	• A 1 MW Open Access (OA) Wind Power Plant was installed in Tuticorin District, with commissioning completed and power received starting April 2025. • Implementation of 2 MW Open Access (OA) Solar Power has been initiated, of which 1 MW became operational from February 2026, while the remaining 1 MW is planned to be received from May 2026. • Carbon footprint reduction and energy efficiency projects were identified across all manufacturing plants through detailed energy audits conducted in collaboration with CII/TÜV certified energy auditors. • Initiatives have been undertaken to assess and implement 1 MW OA Wind Power or 2 MW OA Solar Power for each manufacturing plant, depending on site feasibility. • The Foundry plant achieved Energy Management System certification during FY 2025-26, strengthening structured energy performance monitoring and improvement. • Plans are underway to establish a 22 kV dedicated power grid line to eliminate reliance on diesel generator (DG) operations at the ACP, Foundry and New GSC facilities. • At the Pressure Vessel Division (PVD), the process of converting LPG based ovens to electrical heaters has been initiated to eliminate fossil fuel usage and reduce direct emissions.	• 63.33% reduction in carbon intensity achieved.

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
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	• Surface water storage capacity at the Air Centre Plant (ACP) was increased from 16 KL to 21 KL to enhance water availability. • Rainwater quality parameters were periodically tested and found to be within prescribed limits. • A 60 KLD Daiki Axis water treatment system is planned for implementation, with treated water proposed for reuse in flushing and washroom cleaning at the Head Office. • Canteen food waste segregation at source has been mandated, with separate disposal planned to maintain and improve water quality. • During building renovation activities, conventional water taps are being replaced with sensor based taps to optimize water intake and reduce wastage.	• Fresh water use was reduced by 21.18%.
Lead a technology driven transformation	Technology Product Innovation- improvement in energy efficiency Enhancement of existing products	• Introduction of two-stage airends in oil-lubricated machines across the 75–250 kW range. • Performance improvements in oil-free screw compressors within the Alpha models. • Development of two-stage airends for oil-lubricated compressors in the 18–55 kW range. • Established internal review and cross functional coordination mechanisms to monitor product mix evolution and align future product development with regulatory requirements, market demand, and long term sustainability objectives.	In response to this energy efficiency objective, ELGi has scaled its product standardization and continuous improvement efforts, with 99 out of 149 models already achieving more than 5% improvement in energy efficiency. The distribution of gains indicates that a significant share of models falls within the 5%–10% energy efficiency improvement range, reflecting consistent and incremental progress toward the target.

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Foundry waste sand Zero land fill (ZLF)	Waste Recycle – Zero foundry waste sand to land fill by 2026-27.	• Utilisation of foundry waste sand for value added applications, including conversion into solid construction blocks, with approximately 80,000 blocks used for GSC compound wall construction and 20,000 blocks utilised for internal civil construction, and plans to extend usage to DPSAC compound wall and other construction activities. • Replacement of virgin construction materials through reuse of foundry sand, including validated use of white fine foundry sand for Plain Cement Concrete (PCC), successfully implemented for construction works at the Jubilee Building over the past three years. • Improvement in foundry sand utilization efficiency through systematic monitoring and operational controls, supporting progressive reduction of waste sent for disposal and advancement towards resource neutral operations.	• 90.23% of Foundry sand is recycled as useful by product.

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
		Social	
Aiming LTIFR - Zero	To achieve Zero Lost Time injury frequency rate by FY26–27	• 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	• This year we have achieved 0.49 LTIFR (overall - employees and workers) and aiming for achieving our target.
Sustaining an employee centric work culture	Employee Experience Enabling best in class work culture by sustaining and improving culture survey score	• Based on My Voice survey results – Key actionable items have been drawn with respect to individual Business Units • Formed CFTs to drive initiatives across all business units • Periodic review is being conducted to assess and monitor the progress on action plans • CFT's – Speakup Culture, Redressal Mechanism, Rewards and recognition – In progress	• During last survey, we achieved a score of 79%, surpassing industry standards.

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
Equip employees with the knowledge and skills to be #alwaysbetter	Employee Training Address the identified training needs of office employees by deploying appropriate training initiatives Equip shop floor employees with identified skill enhancements and support upskilling	• Deployed structured capability building and functional training programmes • Implemented comprehensive induction and skill enhancement initiatives	• During the reporting period, training intensity for office-based employees stood at approximately 4 man-days per employee per year
Stay committed to Human Rights	Human Rights Cognizance To create company-wide awareness and organize Human Rights training programs	• Implemented WBT sessions through the LMS to ensure structured onboarding and compliance training for all new joiners, with mandatory completion targeted within 30 days of joining Completed key compliance and ethics trainings, including Code of Conduct Refresher and Anti Bribery Web Based Training, to reinforce ethical standards and regulatory awareness across the workforce	• 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 to 20%	• 38 Job roles have been finalized across the organization that are marked to be filled only with Women • Exclusive recruitment drive to hire women • Young Leaders – Enhanced Diversity • Initiatives planned to popularize women hires through employee referrals • Committee formed to drive the diversity agenda	• Our gender diversity for permanent employees is 8%

Focus Area/Goals	Targets	Initiatives	Performance of the Entity
		Governance	
Sustaining an ethical business environment for stakeholders	100% Compliance – Applicable Laws Target is to be compliant with all applicable laws to the extent that the company is not exposed to any major penalties or risks. Target is also to abide by the non-bribery, anti-corruption policy of the company. Code of Conduct: 100% supplier compliance with ELGi's Business Code of Conduct	• A Self-assessment process will be introduced for compliance owners and sample checks done in India by internal audit team/ consultants on reported compliances • The supply chain partner is expected to accept and follow ELGi's code of conduct.	• The entity maintained a strong compliance framework with no material instances of non compliance, supported by continuous monitoring across geographies. • 100% identified suppliers have signed the ELGi's Business Code of conduct

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	The adequacy and effectiveness of the Company's policies are periodically reviewed by the respective department and business heads, the Managing Director, and the Committees of the Board, in consultation with relevant stakeholders wherever required.									Periodically								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company ensures compliance with all applicable statutory requirements relevant to the NGRBC Principles. The status of such compliance is monitored by the respective departments and the Secretarial function and is periodically reviewed by the Committees of the Board.									Periodically								

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
Yes, the Company's key policies and management systems are subject to independent evaluation by external agencies. As part of its commitment to robust governance, health, safety, environmental management, and product responsibility, ELGi undergoes periodic external assessments through national and international certifications, including ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System), among others. In addition, the Company's information security framework is independently assessed through ISO 27001 certification, which includes evaluation of relevant governance controls and policies related to data security and confidentiality. These certification processes involve independent third party audits, which assess the design, implementation, and effectiveness of the Company's policies, procedures, and controls within their respective scopes. Accordingly, such certifications serve as external validation of the working of the Company's policies. As a matter of good governance, ELGi's policies are periodically reviewed and updated by the respective functional and business heads and are approved by senior management and/or the Board or its Committees, as applicable. The Company follows a structured policy review mechanism to ensure continued relevance, regulatory compliance, and alignment with evolving business and stakeholder expectations.								

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)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Not Applicable								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable								
It is planned to be done in the next financial year (Yes/No)	Not Applicable								
Any other reason (please specify)	Not Applicable								

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.

At Elgi Equipments Limited, responsible business conduct is integral to how the Company operates, innovates, and creates long term value. The nine principles of the ***National Guidelines on Responsible Business Conduct (NGRBC)*** *serve as a structured framework through which ELGi translates its governance commitments, management systems, and ethical standards into measurable outcomes across its operations and value chain.*

The principle wise disclosures in this section present ELGi’s performance in relation to economic responsibility, product stewardship, people practices, environmental management, stakeholder engagement, and value chain responsibility. These disclosures reflect how the Company monitors the effectiveness of its policies, processes, and controls, identifies risks and opportunities, and responds to stakeholder expectations in a consistent and transparent manner. Together, they demonstrate ELGi’s approach to balancing business growth with accountability, resilience, and sustainable value creation.

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

While business activities are critical to economic development and societal progress, they can also influence stakeholders, markets, and the environment in significant ways. Responsible business conduct requires organisations to operate with integrity, adhere to ethical standards, comply with applicable laws and regulations, and remain accountable for their decisions and actions. Transparency in governance and disclosures enables trust, supports informed stakeholder engagement, and strengthens long term business sustainability.

ELGi’s Approach: Integrated Ethics and Compliance

Elgi Equipments Limited follows an integrated ESG governance approach that embeds environmental, social, and governance considerations into its strategic decision making, risk management, and day to day operations. The Company’s governance framework is anchored in strong ethical values, Board oversight, and management accountability, supported by well defined policies, codes of conduct, and internal control mechanisms. ESG related risks and opportunities are identified, assessed, and monitored through established governance structures to ensure compliance, transparency, and responsible business conduct. This integrated approach enables ELGi to align its operations with stakeholder expectations while supporting long term business resilience and sustainable value creation.

Interlinkage with identified material topic	Stakeholders
• *Ethics & Integrity, Transparency, Accountability*	Investors, regulators, customers, employees, suppliers
	Sustainable Development Goals
	16 Clean Water And Sanitation; 17 Afordable and Clean Energy

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 programs held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programs
	2	1. Training on compliance requirements under Prohibition of Insider Trading 2. Updates on: a. Labour Codes 2025 b. Overview of Digital Personal Data Protection Act (DPDPA) & Implementation Timeline c. Amendments/circulars/guidelines under the Companies Act, 2013 and SEBI Regulations d. Circular issued by National Financial Reporting Authority	100%
Key Managerial Personnel (KMPs)	8	1. Training on compliance requirements under Prohibition of Insider Trading 2. Updates on: • Labour Codes 2025 • Overview of Digital Personal Data Protection Act (DPDPA) & Implementation Timeline • Amendments/circulars/guidelines under the Companies Act, 2013 and SEBI Regulations • Circular issued by National Financial Reporting Authority 3. Anti Bribery Awareness 4. ELGI Business Conduct and Ethics 5. ELGI Business Conduct and Ethics - Refresher 6. ESG: Human Rights 7. ESG: Human Rights Refresher Course 8. POSH - Prevention of Sexual Harassment	100%

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programs
Employees other than BoD and KMPs	45	**P1 – Ethics, Integrity & Governance** *(Code of conduct, anti-bribery, compliance, transparency)* • Anti Bribery Awareness • ELGI Business Conduct and Ethics • ELGI: Prohibition of Insider Trading	95%
		P2 – Sustainable Products & Services *(Product quality, safety, lifecycle, technical capability)* • Awareness on Quality Management System • Awareness on Root Cause Analysis • Basics of Vehicle Brake Tester • Basics of Wheel Alignment • Refrigerant Dryer and Components training • Welding Requirements (EN 15085) • Electrical Training for After Market Team • ELGi: Demand = Match Service training • Food Safety Management Systems	
		P3 – Employee Well-being & Development *(Learning, leadership, performance, safety, culture)* • Assertive Communication • Building Business Acumen (both modules) • Change Leadership for Results • Critical Thinking • Cultivating a Growth Mindset • Driving Results Through Accountability • ELGI IMPACT: Performance Management System • ELGi Leadership Competency Model • ELGi Purpose & Values • MaxCap – Maximizing Skills • Microsoft Excel/MS Office Workshops • People Manager Accreditation Programs (Lab 2 & 3) • Project Management for IT Professionals • Team Building Workshop • The Art of Feedback • The Leader as Coach • Train the Trainer Workshop • IRIS Awareness	

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programs
Employees other than BoD and KMPs *continued*		**P4 – Stakeholder Engagement** *(Internal culture, leadership, collaboration)* • Team Building Workshop (ISAAME) • Change Leadership for Results	
		P5 – Human Rights *(Diversity, respect, workplace dignity)* • ESG: Human Rights • POSH – Prevention of Sexual Harassment • POSH training for IC Committee	
		P6 – Environment *(Energy, sustainability systems, environmental awareness)* • Awareness on EnMS – ISO 50001:2018 • Energy Management System (Refresher)	
		P9 – Consumer Value & Data Responsibility *(Customer centricity, product/service responsibility, data protection)* • Building Business Acumen – Customer Centricity • Cyber Security Awareness • Data/IT-related awareness trainings • Information Security Awareness • ISMS 27001:2022 Awareness	
Workers	8	• Safety and First aid; Lean manufacturing; Kaizen; 5S • Dryer Induction to SFEs-CCP shopfloor • Maxwell Training programmes • POSH Training • Pre-retirement counselling session • Anti bribery & CoC • Safety Training • Anti bribery & CoC	100%

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

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 Company's Anti Bribery Policy strictly prohibits all forms of bribery involving both public officials and private sector entities. The policy covers any act of offering, promising, authorizing, or providing anything of value to customers, business partners, vendors, or any other third party with the intent of influencing or rewarding improper conduct in connection with the Company's business activities. 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 2025-2026	FY 2024-2025
Directors	-	-
KMPs		
Employees		
Workers		

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

	FY 2025-2026		FY 2024-2025	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
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 2025-2026	FY 2024-2025
Number of days of accounts payables	64	56

Note:

1. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.

2. As per the industry standards released by SEBI, 'cost of goods/ services procured' includes all types of procurement such as raw material, spares, services, capex procurement items made by the company in FY 2025-2026. The numbers reported in FY 2024-2025 related to only material purchases which have been restated to include total purchases to ensure comparability.

3. Closing Accounts Payable (including capital creditors) are considered for the purpose of this ratio.

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 2025-2026	FY 2024-2025
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	3.80%	4.00%
	b. Number of trading houses where purchases are made from	297	307
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	39.12%	38.90%
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	50.60%	49.61%
	b. Number of dealers/distributors to whom sales are made	117	88
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributor	39.70%	39.41%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	0.31%	0.36%
	b. Sales (Sales to related parties/Total Sales)	22.42%	22.32%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	86.75%	87.12%
	d. Investments (Investments in related parties/Total Investments made)	61.51%	81.33%

Note:

1. An Independent Limited Assurance has been carried out by Price Waterhouse Chartered Accountants LLP on FY 2025-2026 indicators in the table above.

2. As per the industry standards released by SEBI, 'cost of goods/ services procured' includes all types of procurement such as raw material, spares, services, capex procurement items made by the company in FY 2025-2026. The numbers reported in FY 2024-2025 related to only material purchases which have been restated to include total purchases to ensure comparability.

3. The sales to dealers/distributors and sales to related parties numbers reported in FY 2024-2025 considered 'Revenue from operations', which was restated to ensure comparability.

4. Investments in related parties should be taken as per relevant schedule in the audited balance sheet. The numbers reported in FY 2024-25 related to only investments carried at cost which has been restated to ensure comparability.

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, Elgi Equipments Limited has well defined processes in place to identify, avoid, and manage conflicts of interest involving members of the Board. Directors and Senior Management are governed by a formal Code of Conduct that prescribes high standards of ethical behaviour and specifically addresses conflicts of interest, including restrictions on acceptance of benefits and engagement in activities that may conflict with the interests of the Company.

Annual affirmations of compliance with the Code are obtained from Directors and Senior Management, with the Managing Director providing a declaration in the Annual Report. In accordance with SEBI Listing Regulations, any material financial or commercial transactions where personal interests may potentially conflict with those of the Company are disclosed by Senior Management, reviewed by the Board, and appropriately reported in the Corporate Governance section of the Annual Report. No instances of conflict of interest or corruption were identified during the reporting period.

The Company has established robust processes to identify, avoid, and manage conflicts of interest involving members of the Board. In this regard, the Company has adopted a Policy for Determining Related Party Transactions, which provides a structured framework to ensure that any potential conflicts of interest arising during business activities are appropriately identified, reviewed, and addressed, thereby safeguarding stakeholder interests. The policy is available at: https://www.elgi.com/in/wp-content/uploads/2019/05/Related-Party-Transactions-Policy.pdf.

All related party transactions are undertaken only after obtaining the **prior approval of the Audit Committee** where required, in compliance with the applicable regulatory requirements. Such transactions are carried out **at arm's length and in the ordinary course of business**, in accordance with applicable legal and regulatory requirements.

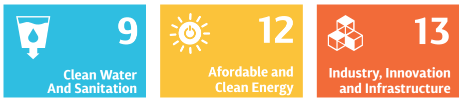
PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE.

Responsible businesses play a critical role in advancing sustainable production and consumption by adopting resource efficient, safe, and environmentally responsible practices. The development, manufacture, and delivery of goods and services should minimise adverse environmental and social impacts while meeting customer needs and regulatory requirements. Sustainable and safe products contribute to improved quality of life, operational resilience, and the long term conservation of natural resources.

Engineering Sustainable Solutions for a Greener Tomorrow

At Elgi Equipments Limited, sustainability and safety are integral to product design, manufacturing, and service delivery. The Company leverages advanced engineering, energy efficient technologies, and process innovation to develop products that enhance operational efficiency while reducing environmental impact. ELGi emphasises responsible sourcing, quality assurance, and lifecycle considerations to ensure that its products and services meet high standards of safety, reliability, and performance.

Guided by its commitment to responsible business conduct, ELGi embeds environmental and social considerations into its operations through relevant policies, systems, and controls. This approach supports efficient resource utilisation, compliance with applicable standards, and the delivery of sustainable solutions that create value for customers while contributing to environmental protection and societal well being.

Interlinkage with identified material topic	Stakeholders
• *Product Stewardship* • *Customer Centricity*	Customers, dealers/service partners, regulators
	Sustainable Development Goals
	

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 2025-2026	FY 2024-2025*	Details of improvements in environmental and social impacts
R&D	54.4%	60%	Improvement in Specific Power Consumption (SPC) of machines (air compressors) to reduce overall energy consumption.
Capex	3.16%	2.30%	Capex investments during the year focused on improving environmental sustainability and workplace safety. Key initiatives include installation of water treatment systems (RO, STP), rainwater harvesting, energy-efficient LED lighting, and energy monitoring systems, resulting in better resource efficiency and reduced environmental impact. Safety improvements include fire alarm systems, ambulance facilities, and advanced monitoring equipment, enhancing occupational health and safety. These projects collectively support sustainable operations and employee well-being.

**The Capex figures have been restated in line with the reclassification applied to the prior year.*

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

The Company has procedures in place to promote sustainable and responsible sourcing through its **Supplier Code of Conduct**, which applies to all vendors and service providers and forms part of the supply and service agreements. The Code sets out expectations for ethical conduct, legal compliance, integrity, and responsible business practices across the supply chain, thereby embedding sustainability and governance considerations into sourcing decisions.

ELGi advocates for a sustainable supply chain and encourages its vendors and service providers to follow management practices aligned with internationally recognised standards such as **ISO 9001 (Quality Management)** and **ISO 14001 (Environmental Management)**. Compliance with the Supplier Code of Conduct is monitored, and non adherence may result in corrective actions, including termination of the supplier relationship.

The Supplier Code of Conduct is available at: https://www.elgi.com/in/wp-content/uploads/2022/10/Supplier-Code-of-Conduct.pdf

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

Not Applicable. The Company plans to formulate a **dedicated Sustainable Sourcing Policy** to strengthen and formalise its approach to sustainability across the supply chain.

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)	ELGi segregates plastic and packaging waste at source and channels it only through authorised recyclers/waste processors as part of its Reduce-Reuse-Recycle approach across manufacturing facilities. Where ELGi qualifies as an obligated entity under India's Plastic Waste Management (PWM) EPR framework, ELGi enables compliance through the CPCB Centralized EPR Portal for Plastic Packaging by identifying packaging placed in the market, engaging registered plastic waste processors, and maintaining portal based documentation/records (including returns/certificates, as applicable).
b. E-Waste	ELGi ensures end of life electrical and electronic items generated from offices/ plants are inventoried, stored safely, and handed over only to registered/ authorised recyclers/refurbishers for environmentally sound processing in line with the E Waste (Management) Rules, 2022. Where applicable (if any ELGi entity is covered as a "Producer" under the Rules), EPR obligations are managed through registration, reporting, and compliance actions on CPCB's E Waste EPR portal, supported by records of transfer to registered recyclers and portal returns.
c. Hazardous Waste	ELGi manages used/spent oil as hazardous waste in line with the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, by ensuring safe segregation and storage, and by handing it over only through authorised transporters to authorised recyclers with complete traceability through mandated records/chain-of-custody.
d. Other Waste	Not applicable

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.

Yes, ELGi is registered under Extended Producer Responsibility (EPR) for plastic packaging (as both importer and brand owner), e waste (as producer), and used oil (as producer). Waste collection plans are in line with the Extended Producer Responsibility (EPR) plans submitted to the Pollution Control Board for the obligated waste streams.

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
The Company has not conducted a formal Life Cycle Assessment for its products during the reporting period. However, ELGi plans to undertake Life Cycle Perspective assessments for select products in a phased manner to strengthen its product sustainability and environmental performance evaluation.						

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.**

Name of Product/Service	Description of the risk/concern	Action Taken
Although a formal LCA has not been conducted, the Company identifies and manages potential social and environmental risks associated with its products through established environmental, energy, and occupational health & safety management systems, regulatory compliance mechanisms, and internal audits. Action plans covering energy efficiency, waste management, safe disposal, and employee safety are implemented. The Company plans to undertake LCA studies for select products in a phased manner going forward.		

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).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2025-2026	FY 2024-2025
	At present, ELGi does not quantify the percentage of recycled or reused input materials used in production. ELGi is working towards strengthening its material traceability and data capture mechanisms to enable systematic monitoring and disclosure of recycled and reused input materials in line with evolving sustainability practices.	

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

	FY 2025-2026			FY 2024-2025*		
	Re-Used (MT)	Recycled (MT)	Safely Disposed (MT)	Re-Used (MT)	Recycled (MT)	Safely Disposed (MT)
Plastics (including packaging)	–	22.00	31.00	–	29.80	68.20
E-waste	–	3.41	–	–	21.70	–
Hazardous waste (Used Oil)	–	31.20	–	–	10.70	–

*Was not disclosed in FY 2024-25

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
Plastics Packaging	100%
E-waste*	–
Hazardous waste (Used Oil)	10%

*Not estimated

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

Sustainable businesses recognise that employee well being is fundamental to long term performance and resilience. Treating employees and workers across the value chain with dignity, fairness, and respect requires robust systems that promote safe and healthy workplaces, equal opportunity, fair working conditions, and continuous capability development. Policies and practices spanning the employee lifecycle play a critical role in building engagement, productivity, and overall, well being.

ELGi's Approach: Building a Safe, Inclusive and Enabling Workplace

At Elgi Equipments Limited, people are central to the Company's growth and success. ELGi is committed to providing a safe, inclusive, and supportive work environment that promotes employee well being, professional development, and engagement. The Company's people practices are guided by its values, Code of Conduct, and human resource policies, which emphasise fairness, diversity, occupational health and safety, and respect at the workplace.

ELGi focuses on building workforce capabilities through structured training and development initiatives while maintaining strong systems for workplace safety, employee engagement, and grievance redressal. By extending responsible labour practices across its operations and value chain, ELGi seeks to create an environment where employees feel valued, supported, and empowered to contribute to sustainable business performance.

Interlinkage with identified material topic	Stakeholders
• *Employee wellbeing* • *Occupational health and safety* • *Training & Talent Development*	Employees, contract workforce, unions/worker reps **Sustainable Development Goals** 3 Clean Water And Sanitation 4 Afordable and Clean Energy 8 Industry, Innovation and Infrastructure

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	**919**	919	100%	919	100%	NA	NA	0	0%	919	100%
Female	**85**	85	100%	85	100%	85	100%	NA	NA	85	100%
Total	**1004**	**1004**	**100%**	**1004**	**100%**	**85**	**100%**	**0**	**0%**	**1004**	**100%**
Other than Permanent employees											
Male	**59**	59	100%	59	100%	NA	NA	0	0%	59	100%
Female	**28**	28	100%	28	100%	28	100%	NA	NA	28	100%
Total	**87**	**87**	**100%**	**87**	**100%**	**28**	**100%**	**0**	**0%**	**87**	**100%**

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	**400**	400	100%	400	100%	NA	NA	0	0%	400	100%
Female	**28**	28	100%	28	100%	28	100%	NA	NA	28	100%
Total	**428**	**428**	**100%**	**428**	**100%**	**28**	**100%**	**0**	**0%**	**428**	**100%**
Other than Permanent workers											
Male	**693**	693	100%	693	100%	NA	NA	0	0%	693	100%
Female	**128**	128	100%	128	100%	128	100%	NA	NA	128	100%
Total	**821**	**821**	**100%**	**821**	**100%**	**128**	**100%**	**0**	**0%**	**821**	**100%**

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

	FY 2025-2026	FY 2024-2025
Cost incurred on wellbeing measures as a % of total revenue of the company	0.17%	0.12%

Note:

1. *An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.*
2. *For the purpose of calculating the spending on measures towards wellbeing of employees and workers, the Company has only considered the expense incurred towards employees/workers' Health Insurance, Accidental Insurance, Life Insurance, Parental Leaves, Creche Facilities and other medical expenses, net of any recoveries made from the employees/workers. The Company had included all the staff welfare expenses in FY 2024-2025, which has been restated now to ensure comparability.*
3. *The wellbeing cost includes salary paid to the employees during parental leave computed based on cost to company.*

2. Details of retirement benefits.

Benefits	FY 2025-2026			FY 2024-2025		
	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						
ESI*						
Other (Bonus)						

* ESI coverage is applicable only to eligible employees as per statutory provisions.

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.

ELGi is committed to providing an inclusive and accessible work environment and has taken steps to align its premises with the requirements of the Rights of Persons with Disabilities Act, 2016. Key administrative and office locations have incorporated accessibility features such as step free access, ramps, accessible entry points, and suitable workplace infrastructure to support differently abled employees and visitors, wherever applicable.

Yes, ELGi has an Equal Opportunity Policy in place in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. While the Company currently does not have any employees with disabilities, it remains committed to promoting an inclusive and non discriminatory workplace and ensuring equal opportunity for all individuals.

Recognising that ELGi operates across multiple manufacturing plants and offices, accessibility provisions may vary based on the age, layout, and functional design of individual facilities. The Company continues to assess its infrastructure and is progressively implementing additional accessibility measures, including improved physical access and workplace accommodations, as part of ongoing facility upgrades and workplace inclusion initiatives.

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.**

Elgi Equipments Limited has an Equal Opportunity Policy in place in accordance with the Rights of Persons with Disabilities Act, 2016. As an inclusive employer, the Company is committed to providing equal opportunity in recruitment, development, and retention of persons with disabilities. ELGi endeavours to provide a safe, accessible, and healthy work environment that supports dignity, respect, and effective participation at the workplace. The Equal Opportunity Policy is available to employees through the Company's intranet.

Additionally, we also have a Policy on Human Rights that underscores its commitment to equality of opportunity, non discrimination, and fair treatment for all individuals, including persons with disabilities. The policy aligns with internationally recognised human rights standards and the Rights of Persons with Disabilities Act, 2016, and applies across ELGi's operations and value chain.

Policy link: https://www.elgi.com/eu/wp-content/uploads/2023/12/Policy-On-Human-Rights.pdf

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

	Permanent employees		Permanent workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	NA	NA	NA	NA
Female	100%	67%	NA*	NA*
Total	**100%**	**67%**	**NA***	**NA***

*No Permanent worker was on maternity leave

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. The Company has assigned a helpline TELGi (https://telgi.app) on which the employees & workers can report or send a written complaint to the Company. TELGi is Elgi Equipments Limited's formal whistle blower and ethics helpline mechanism enabling confidential reporting of unethical conduct, policy violations, and regulatory non compliance, with oversight by the Audit Committee and Board.	
Other than Permanent Workers		
Permanent Employees		
Other than Permanent Employees		

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

Category	FY 2025-2026			FY 2024-2025		
	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						

**Elgi Equipments Limited does not have a formally recognised employee or worker union. The Company follows a direct employee engagement approach, supported by structured communication and grievance redressal mechanisms. The Company's commitment to respecting freedom of association and collective bargaining is articulated in its Human Rights Policy.*

Policy on Human Rights (Freedom of Association covered):
https://www.elgi.com/eu/wp-content/uploads/2023/12/Policy-On-Human-Rights.pdf

8. Details of training given to employees and workers:

Category	FY 2025-2026					FY 2024-2025#				
	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)
Employees										
Male	**978**	978	100%	872	89%	**863**	863	100	575	67%
Female	**113**	113	100%	80	71%	**90**	90	100	58	64%
Total	**1091**	**1091**	**100%**	**952**	**87%**	**953**	**953**	**100**	**633**	66%
Workers										
Male	**1093**	1093	100%	400	37%	**991**	991	100	419	42%
Female	**156**	156	100%	28	17%	**125**	125	100	28	22%
Total	**1249**	**1249**	**100%**	**428**	**34%**	**1116**	**1116**	**100**	**447**	40%

**HSE training coverage is determined based on (i) formal HSE induction provided to all ELGi employees as part of the structured orientation programme, and (ii) basic safety instructions mandatorily administered to all contract employees at the time of site entry, supported by continued reinforcement of safety practices to ensure sustained awareness prior to and during execution of assigned activities.*

#The employee and worker disclosure for FY 2024–25 has been restated to include both permanent and non-permanent employees and workers. In the previous reporting period, contractual employees and workers were classified under the "Other than Permanent" category and were not fully reflected within the overall workforce composition. To ensure consistency and comparability across reporting periods, workforce data has now been aligned to include all categories of employees and workers

^The Company has evaluated the applicability of training hours on upskilling across employee categories. At present, this metric is not applicable for contract staff and certain segments of the workforce; however, mechanisms for future tracking are under consideration.

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

Category	FY 2025-2026			FY 2024-2025		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	**919**	919	100%	**826**	826	100%
Female	**85**	85	100%	**68**	68	100%
Total	**1004**	**1004**	**100%**	**894**	**894**	**100%**
Permanent Workers						
Male	**400**	400	100%	**419**	419	100%
Female	**28**	28	100%	**28**	28	100%
Total	**428**	**428**	**100%**	**447**	**447**	**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?**

Yes. The Company has implemented a comprehensive Occupational Health and Safety (OHS) Management System across its operations.

A detailed risk assessment is conducted for all activities within the facility, and appropriate control measures are implemented to mitigate identified occupational health and safety risks and hazards. All buildings are equipped with adequate firefighting and emergency response systems. Regular safety training and simulation-based drills are conducted for employees and contractual personnel to enhance safety awareness and preparedness. Visual safety communication, including safety posters, is displayed across the premises to reinforce safe work practices.

Periodic safety awareness training is provided to shop floor employees. Additionally, a dedicated safety curriculum forms part of the ELGi Vocational Training School (EVTS), with employee understanding and compliance assessed through structured evaluations.

The Company has adopted internationally recognized management systems, including ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System), which are actively implemented across operations.

Employee health is monitored periodically through structured health surveillance and medical check-ups. The Company recognizes that employee well-being is integral to sustained business performance and continuously enhances physical, mental, and emotional well-being initiatives to support a safe, healthy, and productive workplace.

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 is an integral component of ELGi's Occupational Health and Safety Management System. The process involves systematic identification of work related hazards and assessment of risks arising from both routine and non routine activities. Key considerations include the nature and complexity of operations, workplace conditions, suitability of risk assessment methodologies, and inputs from domain experts. Risk assessments are conducted periodically as well as on an annual basis across campuses and office locations to ensure ongoing identification of hazards and effective risk mitigation.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Yes. The Company has established formal processes that enable workers to report work related health and safety hazards and to raise concerns without fear of retaliation. Multiple reporting and engagement channels are available, including **Safety Tags, Safety Committee meetings, Sun Rise interactions**, and **Self Management Team (SMT)** platforms. These mechanisms ensure timely identification, escalation, and resolution of occupational health and safety risks, and empower employees to proactively address unsafe conditions.

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

Yes. All employees of the Company, along with their eligible family members, have access to non occupational medical and healthcare services.

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

Safety Incident/Number	Category	FY 2025-2026	FY 2024-2025
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.40	-
	Workers	0.65	1.79
Total recordable work-related injuries	Employees	1	1
	Workers	5	3
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill health (excluding fatalities)	Employees	-	-
	Workers	-	-

An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators covering LTIFR and No. of fatalities in the table above.

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

Elgi Equipments Limited ensures a safe and healthy workplace through a comprehensive Occupational Health and Safety (OHS) management framework guided by its Health, Safety and Environment (HSE) Policy, applicable to all employees, contract workers and stakeholders across global operations, with a strong focus on fostering a zero accident culture. The Company proactively identifies, assesses and mitigates workplace risks through a structured Hazard Identification and Risk Assessment (HIRA) process, embedded risk reduction programs, and clearly defined safe systems of work including standard operating procedures, machine safeguarding, permit to work systems and Poka Yoke mechanisms for critical equipment. Safety practices are reinforced through ISO 45001 aligned management systems, internal and external audits across manufacturing plants, continual monitoring through MIS reporting, and regular management reviews.

ELGi emphasizes building safety competence through focused training programs covering material handling, emergency preparedness, fire drills, waste management, first aid and electrical safety, supported by refresher training and knowledge sharing enabled through the Document Management System. Employees and contractors are encouraged to actively participate in safety initiatives, including near miss reporting and grievance redressal through multiple channels such as safety tags and safety committees. Occupational health surveillance, workplace hygiene, ergonomic interventions and employee well being initiatives are complemented by robust emergency preparedness plans, periodic mock drills and upgraded safety infrastructure.

Additionally, the deployment of advanced digital initiatives such as AI enabled camera systems for real time safety compliance monitoring, along with monthly plant level safety audits and cross functional reviews, strengthens preventive controls and drives continuous improvement in workplace health and safety performance.

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

	FY 2025-2026			FY 2024-2025		
	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	799	37	Resolved after financial year-end	644	0	-
Health & Safety	0	0	-	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.

The Company addresses safety related incidents and significant risks through periodic safety audits, risk assessments, and implementation of corrective and preventive actions, including hazard elimination and risk reduction measures. Continuous monitoring of working conditions, employee training, management reviews, and defined responsibilities for contractors support ongoing improvement in health and safety performance, in line with the Company's HSE Policy.

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.

ELGi extends life insurance coverage to both (A) Employees and (B) Workers through a group term insurance policy. In the event of death, a compensatory cover equivalent to three (3) times the annual Cost to Company (CTC) of the individual is provided, in line with the Company's employee and worker welfare provisions.

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 2025-2026	FY 2024-2025	FY 2025-2026	FY 2024-2025
Employees	0	0	0	0
Workers	0	0	0	0

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)**

Yes. ELGi provides transition assistance to support employees in managing career endings arising from retirement. During the reporting year, the Company conducted a **pre-retirement counselling session** for employees nearing retirement. The session focused on key aspects such as financial planning, health and wellness considerations, legal matters related to retirement, and emotional readiness to facilitate a smooth transition beyond active employment.

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, which is tentatively planned to be carried out in FY26-27
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.

Sustainable businesses recognise that long term success depends on building and maintaining positive relationships with stakeholders, including employees, customers, suppliers, communities, investors, and vulnerable or marginalised groups. Responsiveness to stakeholder interests requires organisations to understand stakeholder expectations, assess the impacts of their activities, and take informed decisions that balance business objectives with social, environmental, and economic considerations.

ELGi's Approach: Creating Shared Value Through Stakeholder Engagement

At Elgi Equipments Limited, stakeholder interests are integral to the Company's strategic and operational decision making. ELGi engages with a diverse set of stakeholders across its value chain to understand their expectations, concerns, and priorities, and to incorporate relevant feedback into business planning and performance management processes.

The Company's structured stakeholder engagement mechanisms support transparent communication, proactive identification of issues, and responsible response to stakeholder concerns. By aligning business objectives with stakeholder expectations and focusing on shared value creation, ELGi seeks to build trust, strengthen relationships, and support sustained business performance in a responsible and inclusive manner.

Interlinkage with identified material topic	Stakeholders
• *Brand Strategy* • *Transparency* • *Customer Centricity*	Communities, customers, regulators, investors, employees
	Sustainable Development Goals
	16 Clean Water And Sanitation; 17 Afordable and Clean Energy

Essential Indicators

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

ELGi identifies its key stakeholder groups based on their relevance to business operations, value chain activities, and sustainability impacts, focusing on those who are impacted by or can influence the Company's decisions, performance, and long term objectives. The process begins with a comprehensive mapping of business activities, products and services, and the extended value chain, covering both upstream and downstream lifecycle stages, to ensure holistic identification of internal and external stakeholders influencing economic, environmental, and social performance. Inclusivity has been integral to Elgi's ethos since inception, reflected in its diverse workforce, long term supplier relationships, commitment to customers, and sustained contribution to social causes, which has historically guided stakeholder identification and engagement.

Our framework formalises this approach through structured internal consultations with senior management and functional teams, review of regulatory and statutory obligations, assessment of business dependencies, and evaluation of risks and opportunities. Ongoing stakeholder engagement and consultations on sustainability aspects provide continuous inputs that inform materiality assessment, policy formulation, strategy development, and goal setting. Stakeholders are prioritised based on the significance of their impact on the organisation and the organisation's impact on them, with focused and continuous engagement maintained through structured two way dialogue. Engagement mechanisms are periodically reviewed for effectiveness to ensure responsiveness to evolving stakeholder expectations and to strengthen long term relationships.

Channel partners are identified and engaged as a key external stakeholder group based on business needs and strategic fit, through a structured evaluation of market presence, service capability, financial stability, and alignment with Elgi's operational and sustainability objectives.

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	• Digital platforms and applications (Email, SMS, In person Meeting, Virtual Meeting, Website) • In - person engagement • Reference installations • Feedback mechanisms	• Monthly/ Quarterly • Need-based	• Customer relationship management • Post Sales experience • Technical Training • Strategic workshops • Business Reviews • CSI/NPS score • Product and Service Quality • Complaint resolution • On time delivery • Product Safety • Market Share
Local communities	Yes	• Personal Meetings, • Focused Group Discussions, • Field Visits by Program Teams • Corporate Social Responsibility initiatives	• Need-based	• 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.
NGO partner	No	• Corporate Social Responsibility initiatives	• Periodically • Need-based	• 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, building sporting excellence.

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
Shareholders/ Investors	No	• Website, E-mail, dissemination of information on the website of the Stock Exchanges, • Press Releases, Annual Reports, General Meetings, Earnings call and Investors Meets • Press releases and publications. • Investor conferences • Annual General Meeting • Stock Exchange announcements	• Quarterly/ Annually/Event-based • Need-based	• Dissemination of information having a bearing on the performance/operations of the Company, • Updating Shareholders on various statutory requirements with respect to their shareholding in the Company, addressing shareholders' queries at the General Meetings, earnings call with investors/ analysts in respect of quarterly/ half-yearly/annual financial results financial performance • Business updates • Growth plans • ESG performance
Regulators	No	• Website, Portals, E-mails, • Filings, • Industry Forums/ Associations/ Committees	• Need-based	• Statutory compliance requirements: governance, social, environmental, Engagement, • Advocacy (if required)

Employees	No	• E-mails, SMS, Meetings, Surveys, Feedback, Letters, Website and Internal portals
		• Internal Communication Channel Including
		  ◦ Global Employee Newsletters [Quarterly/Annual]
		  ◦ What's your Finish Line Challenge
		  ◦ Steps for Change Campaign
		  ◦ Inspiring the future Campaign
			Frequency of Communication
			• Quarterly
			• Annual
			• Need-based
				• To understand employee needs and opinions
				• To keep employees informed about the organization's plans and procedures
				• To promote a positive workplace culture through open communication and collaboration.
				• To build global environmental awareness and encourage an environmentally responsible workplace.
				• To recognize women's achievements and drive an inclusive gender-equal workplace.

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.**

   Each functional team within ELGi actively engages with their stakeholders, and understand their concerns and provides feedback regarding economic, environmental, and social matters to the Board members. The Company also has a ESG Steering Committee which reviews and approves new initiatives and monitors progress of integration of the ESG parameters in business and operations.

   The Board of Directors (BOD) obtains feedback as well as oversees the implementation of initiatives related to the topics and performance through its various committees.

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 input received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   ELGi periodically refreshes its material topics by considering stakeholder inputs alongside evolving industry trends, growth drivers, regulatory developments, and peer practices within the industrial and manufacturing sector. During the reporting year, the Company reviewed material ESG topics in the context of increasing focus on energy efficiency, decarbonisation, circular economy, material efficiency and human capital practices within the global compressor and capital goods industry. Inputs from internal leadership were evaluated in parallel with an assessment of peer disclosures, industry frameworks, and market developments.

   Whenever the full fledged materiality identification exercises are undertaken by involving stakeholders such as customers, channel partners, suppliers, employees, etc., the Company also considers industry growth trends, peer benchmarking, and emerging sustainability risks and opportunities to refresh and validate its material topics.

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

   ELGi engages with vulnerable and marginalised stakeholder groups primarily through its CSR initiatives, which focus on inclusive education, healthcare, skill development, and community development in areas where it operates. These groups are identified through community interactions, needs assessments, and engagement with local NGOs and implementation partners.

   During the year, ELGi supported underprivileged children and youth through education and employability oriented skill development programs, facilitated access to healthcare for underserved communities through medical camps and health initiatives, and undertook community development interventions aimed at improving basic infrastructure and social inclusion. Select initiatives also support differently abled and disadvantaged groups by enhancing access to education, training, and livelihood opportunities.

   Continuous engagement with beneficiaries, community representatives, and partner organisations enables ELGi to address identified concerns effectively and refine programme design to ensure sustained social impact.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

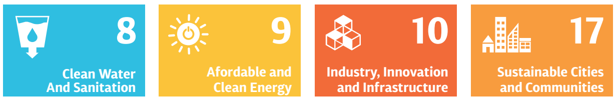
Businesses should respect and promote human rights

Businesses are required to operate in a manner that respects and upholds the inherent dignity and rights of all individuals affected by their activities. Respect for human rights extends across employees, workers in the value chain, customers, and communities, and must be embedded into governance systems, policies, and operational practices. Alignment with applicable laws, national values, and internationally recognised human rights principles is essential to responsible and sustainable business conduct.

ELGi's Approach: Upholding Human Dignity Across Operations and the Value Chain

At Elgi Equipments Limited, respect for human rights forms an integral part of the Company's ethical framework and governance philosophy. ELGi is committed to conducting its business in a manner that upholds fundamental human rights, including dignity, equality, non discrimination, and fair treatment, in line with applicable legal and regulatory requirements.

The Company embeds human rights considerations into its policies, codes, and operational practices, including employee conduct standards and value chain expectations. ELGi promotes a workplace culture grounded in respect, fairness, and inclusion, while extending responsible practices across its business relationships. Through this approach, the Company seeks to prevent adverse human rights impacts and reinforce trust with its stakeholders while supporting sustainable and responsible growth.

Interlinkage with identified material topic	Stakeholders
• Human rights, • Diversity & Inclusion	Employees, contract workforce, suppliers' workforce, communities
	Sustainable Development Goals
	

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 2025-2026			FY 2024-2025##		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	1004	1004	100%	894	851	95%
Other than permanent#	87	0	0%	59	0	0%
Total Employees	1091	1004	92%	953	851	89%

Workers						
Permanent	**428**	428	100%	**447**	447	100%
Other than permanent#	**821**	0	0%	**669**	0	0%
Total Workers	**1249**	**428**	**34%**	1116	**447**	**40%**

The employee and worker disclosure for FY 2024-25 has been restated to include both permanent and non-permanent employees and workers. In the previous reporting period, contractual employees and workers were classified under the "Other than Permanent" category and were not fully reflected within the overall workforce composition. To ensure consistency and comparability across reporting periods, workforce data has now been aligned to include all categories of employees and workers.

**Human Rights training is mandatorily conducted and ensured for all relevant stakeholders on a biennial basis, in line with our compliance requirements.*

#The Company has evaluated the applicability of training hours on Human Rights across employee categories. At present, this metric is not applicable for contract staff and certain segments of the workforce; however, mechanisms for future tracking are under consideration.

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

Category	FY 2025-2026					FY 2024-2025				
	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	919	-	-	919	100%	826	-	-	826	100%
Female	85	-	-	85	100%	68	-	-	68	100%
Other than permanent										
Male	59	-	-	59	100%	37	-	-	37	100%
Female	28	-	-	28	100%	22	-	-	22	100%
Workers										
Permanent										
Male	400	-	-	400	100%	419	-	-	419	100%
Female	28	-	-	28	100%	28	-	-	28	100%
Other than permanent										
Male	693	-	-	659	100%	572	-	-	572	100%
Female	128	-	-	100	100%	97	-	-	97	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#	Number	Median remuneration/salary/ wages of respective category
Board of Directors (BoD)	6	26,95,000	1	12,60,000
Key Managerial Personnel	2	2,05,58,408	NA	NA
Employees other than BoD and KMP	915	13,83,996	85	13,25,004
Workers	400	9,16,452	28	3,87,852

#Median remuneration has been computed for employees on rolls as of 31st March of the reporting period, ensuring alignment with employee headcount disclosed under BRSR.

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

	FY 2025-2026	FY 2024-2025
Gross wages paid to females as % of total wages	7.33%	5.00%

Note:

1. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-26 indicators in the table above.

2. For the calculation of gross wages paid to females and total wages, payments to both permanent and other than permanent employees and workers have been considered in FY 2025-2026. However, the Company reported only gross wages paid to permanent employees and permanent workers for FY 2024-25. To this extent, the values reported are not comparable between FY 2025-2026 and FY 2024-2025.

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)

The responsibility for addressing human rights impacts or issues is undertaken through cross functional collaboration involving the Human Resources function, which focuses on embedding human rights principles within employees, and the Operations function, which is responsible for extending these principles to the Company's suppliers and service providers. Overall oversight and guidance are provided by the Legal function, supported by external consultants, where required.

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

The Company has established internal mechanisms under its Whistle Blower Policy to address grievances related to human rights. Stakeholders may raise concerns or complaints with the Chief Human Resources Officer, Director–Operations, or the Internal Auditor. The Company is committed to reviewing, investigating, and addressing grievances in a timely manner, implementing corrective actions where necessary, monitoring progress, and communicating outcomes to stakeholders in accordance with the timelines specified under the Whistle Blower Policy and applicable laws.

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

	FY 2025-2026			FY 2024-2025#		
	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	1	–	Resolved	3	–	Resolved
Discrimination at workplace	–	–	–	–	–	–
Child Labour	–	–	–	–	–	–
Forced Labour/ Involuntary Labour	–	–	–	–	–	–
Wages	–	–	–	–	–	–
Other human rights related issues	–	–	–	–	–	–

#During FY 2024–25, only permanent employees and workers have been considered.

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

	FY 2025-2026	FY 2024-2025
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	3
Complaints on POSH as a % of female employees/workers	0.38%	3.53%
Complaints on POSH upheld	0	0

1. For FY 2025–26, the average female headcount was used in the computation includes permanent and non-permanent employees and workers, whereas for FY 2024–25, the closing headcount of permanent employees and permanent workers were considered. The values for FY 2024-2025 are recomputed considering average headcount of permanent employees and permanent workers only. To this extent, the values are not comparable between FY 2025-2026 and FY 2024-2025.
2. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-26 indicators in the table above.

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

ELGi has clear and well defined mechanisms in place to ensure that employees who raise concerns related to discrimination or harassment are protected from any form of retaliation or adverse impact. The Company follows a strict non retaliation approach, ensures confidentiality of complaints, and provides safe, formal channels such as the Internal Complaints Committee (ICC) and grievance/whistle blower mechanisms for raising issues. During the inquiry process, suitable interim safeguards, such as changes in reporting relationships, work arrangements, or other protective measures, may be put in place to support the complainant. ELGi also ensures that no unfair impact is caused to the complainant's performance evaluation, role, or career progression due to the complaint. Any retaliation, intimidation, or breach of confidentiality is treated seriously and addressed through disciplinary action, reinforcing the Company's commitment to a respectful, fair, and safe work environment for all.

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

Yes. Human rights requirements are integrated in the business agreements through the Supplier Code of Conduct, which forms an integral part of all procurement and supplier contracts.

10. Assessments of the year

	% of your plants and offices that were assessed (by entity* or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

**The assessment was done by entity and is based on internal compliance monitoring processes, policy implementation reviews, and adherence to statutory requirements across all plants and offices during the reporting period.*

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

No significant findings identified.

Leadership Indicators

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

   While no specific human rights grievances or complaints were reported during the year, the Company has proactively strengthened its business processes to prevent potential human rights concerns. As part of this preventive approach, ELGi has reinforced mandatory training programs such as the Code of Conduct and Creating a Respectful Workplace across employee categories. These programs are periodically refreshed and have been integrated into onboarding and annual compliance learning cycles to enhance awareness, early identification, and appropriate escalation of human rights-related issues. The grievance redressal and ethics reporting mechanisms are also periodically reviewed to ensure accessibility, confidentiality, and non retaliation, thereby strengthening the Company's readiness to address any future human rights concerns effectively.

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

   Human Rights considerations is guided by the Company's Human Rights Policy and aligned with internationally recognised standards, including the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The scope of due diligence covers employees and workers across all operations and is implemented through adherence to statutory labour and employment laws, policy implementation, internal compliance monitoring, management oversight, and accessible grievance and whistle blower mechanisms. While no standalone human rights due diligence audit was conducted during the reporting period, the Company continues to monitor, prevent, and address potential human rights risks through ongoing governance and awareness processes.

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?**

   The Company ensures full accessibility and necessary accommodations for differently abled employees, ensuring an inclusive and supportive workplace.

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	While a formal value chain assessment was not undertaken during the reporting year, the Company has commenced steps toward assessing the performance of its value chain partners as part of its ongoing improvement initiatives.
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.**

   While a formal assessment as referred to in Question 4 was not undertaken during the reporting period, ELGi maintains a Supplier Code of Conduct which sets out clear expectations on ethical conduct, statutory compliance, labour practices, health and safety, and environmental responsibility. As a corrective and preventive measure, adherence to the Supplier Code of Conduct is communicated to all relevant suppliers and forms a key baseline requirement for engagement.

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

Environmental stewardship is fundamental to long-term business resilience and responsible growth. This principle emphasises the need for businesses to conduct operations in a manner that minimises adverse environmental impacts while proactively addressing key environmental challenges. Organisations are expected to adopt resource-efficient practices, prevent pollution, mitigate climate change impacts, conserve biodiversity, and ensure responsible management of energy, water, emissions, and waste in a systematic and transparent manner.

Driving Efficient, Low-Impact Industrial Solutions for a Sustainable Future

Elgi Equipments Limited recognises environmental protection as an integral part of its business strategy and product philosophy. As a global manufacturer of energy efficient air compressor solutions, ELGi focuses on reducing the environmental footprint across the product lifecycle—from responsible sourcing and manufacturing to customer use-phase efficiency.

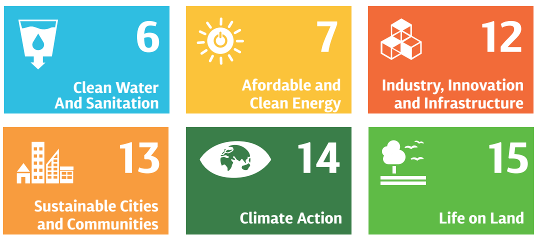
The Company continuously invests in energy efficient technologies, lean manufacturing practices, and process optimisation to minimise emissions, resource consumption, and waste generation across its operations. ELGi actively monitors and manages key environmental parameters such as electricity usage, water consumption, waste segregation, and air emissions at its manufacturing locations.

ELGi's environmental management framework is guided by applicable regulations and internationally recognised standards, with a strong emphasis on pollution prevention, resource efficiency, and compliance assurance. Through sustainable product design, increased adoption of oil free and high efficiency compressors, and focused initiatives on waste reduction and recycling, ELGi supports its customers in lowering their operational emissions while contributing to broader climate and environmental goals.

By integrating sustainability into operational controls, capital investments, and product innovation, ELGi remains committed to protecting natural resources, reducing environmental risks, and enabling a more energy efficient and sustainable industrial ecosystem.

An Integrated Approach to Sustainable Growth

Interlinkage with identified material topic	Stakeholders
• Climate change action, • Water Management, • Waste Management • Energy Management • Product Circularity and Remanufacturing	Communities, regulators, employees, customers, investors **Sustainable Development Goals**



Essential Indicators

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

Parameter	FY 2025-2026	FY 2024-2025
From renewable sources (in GJ)		
Total electricity consumption (A)	36,810	23,092
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**36,810**	**23,092**

Parameter	FY 2025-2026	FY 2024-2025
From non-renewable sources (in GJ)		
Total electricity consumption (D)	27,428	36,330
Total fuel consumption (E)	23,678	21,338
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**51,106**	**57,668**
Total energy consumed (A+B+C+D+E+F)	**87,916**	**80,760**
Energy intensity per rupee of turnover (Total energy consumed in GJ/Revenue from operations in million rupees)	3.75	3.88
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed in GJ/Revenue from operations adjusted for PPP in million USD)	76.32	80.16
Energy intensity in terms of physical output	1.85	1.96

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:

1. Yes, an independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.
2. For calculating revenue-adjusted Purchasing Power Parity (PPP), the conversion factor of @20.34 INR/USD as per IMF website (Source: https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/SAU/IND) has been considered. The PPP for FY 2024-2025 was considered @20.66 INR/USD.
3. For 'intensity per rupee of turnover', total revenue from operations has been considered as turnover as per Audited Standalone Financial Statements.
4. For physical output, intensity metrics are calculated by dividing total annual energy consumption by total number of products manufactured. "Intensity in terms of physical output for FY 2024-2025 has been restated to ensure consistency with the methodology followed in the current financial year."
5. Percentage of energy consumed through renewable sources with respect to the total energy consumed is 42% in FY 2025-26 as compared to 29% in FY 2024-25.

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.**

   Not applicable

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

Parameter	FY 2025-2026	FY 2024-2025
Water withdrawal by source (in kiloliters)		
(i) Surface water (Rainwater ponds)	6,055	2,870
(ii) Groundwater	18,696	21,658
(iii) Third party water (Municipal water & bottled water)	21,934	23,294
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	46,685	47,822

Parameter	FY 2025-2026	FY 2024-2025
Total volume of water consumption (in kiloliters)	46,088	47,822
Water intensity per rupee of turnover (Total water consumption in kiloliters/Revenue from operations in million rupees)	1.97	2.30
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption in kiloliters/Revenue from operations adjusted for PPP in million USD)	40.01	47.51
Water intensity in terms of physical output	0.97	1.16

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

1. Yes, an independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.
2. Water consumption is calculated as the difference between water withdrawal and water discharge. It includes water consumed for domestic, gardening and process.
3. Water consumption for offices are estimated by multiplying the average seated headcount by the stipulated per head per working day consumption in litres based on Central Ground water Authority guidelines (https://cgwb.gov.in/cgwbpnm/public/uploads/documents/1767356717630008751file.pdf).
4. For calculating revenue-adjusted Purchasing Power Parity (PPP), conversion factor of @20.34 INR/USD as per IMF website (Source: https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/SAU/IND) has been considered. The PPP for FY 2024-2025 was considered @20.66 INR/USD.
5. For 'intensity per rupee of turnover', total revenue from operations has been considered as turnover as per Audited Standalone Financial Statements.
6. For physical output, intensity metrics are calculated by dividing total annual water consumption by the total number of products manufactured. "Intensity in terms of physical output for FY 2024-2025 has been restated to ensure consistency with the methodology followed in the current financial year."

4. Provide the following details related to water discharged:

Parameter	FY 2025-2026	FY 2024-2025#
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	-	-

Parameter	FY 2025-2026	FY 2024-2025#
Water discharge by destination and level of treatment (in kilo liters)		
(iv) Sent to third parties		-
– No treatment	597.24*	0*
With treatment – please specify level of treatment	-	-
(v) Others		
– No treatment	-	-
With treatment – Tertiary treatment	-	-
Total water discharged (in kilo liters)	597.24	0

#Water discharge figures for FY 2024–2025 have been restated to reflect actual operations, as ELGi reuses all treated water exclusively for on site gardening within factory boundaries and does not discharge water outside its facilities.
** Waste water generated at office locations is domestic in nature and is discharged to municipal sewer systems. Discharge data for the previous year is not reported due to limited availability of data, and hence a reliable estimation methodology was not applied; the current year establishes a standardized approach to ensure consistent and auditable reporting.*

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

Yes. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.

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

   Yes. The entity has implemented a Zero Liquid Discharge (ZLD) mechanism across all its manufacturing locations. During the current year, no waste water is discharged outside the plant boundaries. All water used in operations is collected, treated through STP/ETP systems up to the tertiary treatment level, and reused within the factory premises, primarily for gardening and other non potable applications. This approach ensures complete containment, treatment, and internal reuse of water, thereby achieving effective Zero Liquid Discharge in line with actual operational practices across the covered sites.

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

Parameter	Please specify unit##	FY 2025-2026	FY 2024-2025
NOx	Tonne	0.86	0.95
SOx	Tonne	0.70	0.91
Particulate matter (PM2.5)	Tonne	13.68	20.85
Particulate matter (PM10)	Tonne	NA	NA
Persistent organic pollutants (POP)	Tonne	NA	NA
Volatile organic compounds (VOC)	Tonne	NA*	0.70
Hazardous air pollutants (HAP)	Tonne	NA	NA

##Please note that the reporting approach has been revised from intensity based (tonne per million of sales) to absolute values (tonnes).
***VOC values could not be quantified as absolute values were not established in the test report; however, the observed levels are within regulatory limits.**

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 independent assurance has been carried out for this parameter.

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

Parameter	Unit	FY 2025-2026	FY 2024-2025
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	*Metric tons of CO2 equivalent*	2,364	1,456
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	*Metric tons of CO2 equivalent*	5,412	7,340
Total Scope 1 and Scope 2 emissions	*Metric tons of CO2 equivalent*	7,776	8,796
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	*Metric tons of CO2 equivalent/turnover in million rupees*	0.33	0.42
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)	*Metric tons of CO2 equivalent/turnover in million USD*	6.75	8.68
Total Scope 1 and Scope 2 emission intensity in terms of physical output		0.16	0.21

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.

Yes. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.

1. For calculating revenue adjusted Purchasing Power Parity (PPP), conversion factor 20.34 INR/USD as per IMF website (Source: https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/SAU/IND) has been considered. The PPP for FY 2024-2025 was considered 20.66 INR/USD.
2. Intergovernmental Panel on Climate Change (IPCC) 2006 emission factors have been used for fuel consumption (scope 1 emissions),Version 21 of CEA baseline emission factors have been used for grid emission factors (scope 2 emissions) and GHG Protocol IPCC Global Warming Potential values have been used for refrigerants.
3. For 'intensity per rupee of turnover', total revenue from operations has been considered as turnover as per Audited Standalone Financial Statements.
4. For physical output, intensity metrics are calculated by dividing total annual GHG emissions by total number of products manufactured. Intensity in terms of physical output for FY 2024-2025 has been restated to ensure consistency with the methodology followed in the current financial year.

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

Yes. The entity has undertaken and initiated multiple renewable energy, energy efficiency, and fuel-switching projects aimed at reducing greenhouse gas (GHG) emissions across facilities. Key initiatives during the reporting period include:

- **Renewable Energy – Open Access Wind (1 MW)**
  - A **1 MW Open Access (OA) Wind Power Plant** was installed in **Tuticorin District**.
  - **Commissioning was completed,** and **power supply commenced from April 2025,** contributing to reduced Scope 2 emissions through renewable electricity procurement.

- **Renewable Energy – Open Access Solar (2 MW)**
  - Implementation of **2 MW OA Solar Power** has been initiated.
  - **1 MW became operational from February 2026.**
  - The **remaining 1 MW is planned to be received from May 2026**, further increasing renewable energy sourcing and reducing grid electricity-related emissions.
- **Energy Audits & Identification of Reduction Projects**
  - **Carbon footprint reduction** and **energy efficiency opportunities** were identified across all manufacturing plants through **detailed energy audits** conducted in collaboration with **CII/TÜV certified energy auditors**.
  - The audits have enabled plant-wise identification of priority projects for energy performance improvement and emissions reduction.
- **Renewable Scale-up Plans (Plant-wise OA Wind/Solar)**
  - Initiatives are underway to assess and implement **either 1 MW OA Wind Power or 2 MW OA Solar Power for each manufacturing plant**, depending on site feasibility and technical suitability, with the objective of increasing renewable energy penetration across operations.
- **Energy Management System (EMS) Certification**
  - The **Foundry plant achieved Energy Management System certification during FY 2025–26**, strengthening structured monitoring, control, and continuous improvement in energy performance, indirectly supporting emissions reduction outcomes.
- **Grid Infrastructure Enhancement to Reduce DG Usage**
  - Plans are underway to establish a **22 kV dedicated power grid line** to reduce/eliminate reliance on **diesel generator (DG) operations** at the **ACP, Foundry, and New GSC** facilities, leading to reduction in diesel consumption and Scope 1 emissions.
- **Fuel Switching/Electrification of Thermal Processes**
  - At the **Pressure Vessel Division (PVD)**, conversion of **LPG-based ovens to electrical heaters** has been initiated to eliminate fossil fuel usage in the process and reduce direct (Scope 1) emissions.

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

Parameter	**FY 2025-2026**	**FY 2024-2025**
Total Waste generated (in metric tons)		
Plastic waste ***(A)***	61.98	61.34
E-waste ***(B)***	0.68	0.92
Bio-medical waste ***(C)***	0.01	0.00
Construction and demolition waste ***(D)***	1,982.00	-
Battery waste ***(E)***	12.09	9.45
Radioactive waste ***(F)***	-	-
Other Hazardous waste ***(G)***	227.03	184.49
Other Non-hazardous waste generated ***(H)***	3,870.02	3,304.59
Total (A+B + C + D + E + F + G + H)	**6,153.81**	**3560.80**
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.26	0.17
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated in metric tons/Revenue from operations adjusted for PPP in million USD)	5.34	3.54
Waste intensity in terms of physical output	0.13	0.09

Parameter	FY 2025-2026	FY 2024-2025
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	3,619.43	1,726.09
(ii) Re-used	38.70	865.09
(iii) Other recovery operations	-	-
Total	**3,658.13**	**2,591.18**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste		
(i) Incineration	136.75	692.50
(ii) Landfilling	2,356.89	277.12
(iii) Other disposal operations	2.04	-
Total	**2,495.68**	**969.62**

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

Yes. An independent assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-2026 indicators in the table above.

Notes:

1. C&D waste tracking and management were initiated in FY 2025–2026.
2. General waste generation and disposal for warehouses and branch offices is calculated based on seated headcount with the daily average generation of 123.45 gm/head/day as per guidelines provided by the Annual report of Solid Waste Management Rule 2021-2022 by CPCB.
3. For calculating revenue adjusted Purchasing power parity (PPP), the conversion factor @20.34 INR/USD as per IMF website (Source: https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/SAU/IND) has been considered. The PPP for FY 2024-2025 was considered @20.66 INR/USD.
4. For 'intensity per rupee of turnover', total revenue from operations has been considered as turnover as per Audited Standalone Financial Statements.
5. For physical output, intensity metrics are calculated by dividing total annual waste generation by the total number of products manufactured. Intensity in terms of physical output for FY 2024-2025 has been restated to ensure consistency with the methodology followed in the current financial year.
6. Waste is accounted for at the time of disposal and therefore waste recovered and disposed has been considered as waste generated.
7. The method of disposal of waste is as per the certificates received from respective waste traders/handlers/aggregators. Where such certificates are not available, the waste generated is assumed to be disposed through 'other disposal operations'.

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.

At Elgi Equipments Limited, resources and materials used across manufacturing operations are optimally managed to minimise waste generation, supported by the deployment of efficient technologies and operational best practices. The Company's waste management framework prioritises waste reduction, internal utilisation, resource recovery, reuse and recycling, with off site disposal undertaken strictly in compliance with applicable regulatory requirements. All manufacturing locations are ISO 14001 certified, facilitating the implementation of robust and environmentally sound waste management systems. For hazardous waste management, requisite authorisations are duly obtained from the respective State Pollution Control Boards (SPCBs), and all prescribed conditions are fully complied with. ELGi adheres to the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. Efforts are made to maximise internal reuse of waste streams, while recyclable waste is channelled through authorised recyclers and preprocessors for recovery of valuable resources.

The Company has implemented structured waste management practices across its establishments, with a strong focus on resource recovery, reuse, and minimization of environmental impact. Foundry waste sand is recycled and gainfully utilized for applications such as brick making, RCC concrete works, and interlocking blocks, supporting community development initiatives. These measures form part of the Company's commitment to achieve Zero Landfill for foundry waste (Sand Waste) by FY 2026-2027. Across the compressor portfolio, the Company has already limited foundry waste (Sand Waste) sent to landfill to 90.23% and has planned to achieve Zero Waste to Landfill for foundry waste (Sand Waste) by FY 2026-2027 through enhanced recycling and reuse initiatives.

The Company prioritizes reducing the use of hazardous and toxic chemicals in its products and processes through process optimization, material substitution where feasible, and controlled usage. Hazardous wastes generated are segregated, safely stored, and disposed of through authorized recyclers and disposal agencies in compliance with regulatory requirements. Overall, the waste management strategy is aligned with circular economy principles and focuses on minimizing risk, maximizing resource recovery, and reducing environmental impact.

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.
None			

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
The Company does not have any operations or offices in ecologically sensitive areas requiring specific environmental approvals or clearances; hence, this disclosure is 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
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: Compressor Centre Plant, Air Centre Plant and Foundry Plant at Singanallur & Kinathukadavu in Coimbatore district

(ii) Nature of operations: Manufacturing

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2025-2026	FY 2024-2025
Water withdrawal by source (in kilolitres)		
(i) Surface water	6,055	2,870
(ii) Groundwater	15,173	18,987
(iii) Third party water	21,013	23,089
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	**42,241**	**44,946**
Total volume of water consumption (in kilolitres)	**42,241**	**44,946**
Water intensity per rupee of turnover *(Water consumed in kiloliters / turnover in million rupees)*	**1.80**	**2.16**
Water intensity in terms of physical output	0.89	1.09
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	0	0
– No treatment	-	-
– With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	0	0
– No treatment	-	-
– With treatment – please specify level of treatment	-	-
(iii) Into Seawater	0	0
– No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties	0	0
– No treatment	-	-
– With treatment – please specify level of treatment	-	-
(v) Others	0	0
– No treatment	–	–
– With treatment – please specify level of treatment	–	–
Total water discharged (in kilolitres)	**0**	**0**

Note: For physical output, intensity metrics are calculated by dividing total annual water consumption by the total number of products manufactured. "Intensity in terms of physical output for FY 2024-2025 has been restated to ensure consistency with the methodology followed in the current financial year."

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

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

Parameter	Unit	FY 2025-2026	FY 2024-2025
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not measured	Not measured
Total Scope 3 emissions per Crore of turnover		Not measured	Not measured
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		Not measured	Not measured

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

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	Outcome of the initiative
1.	Chiller performance improvements (Aircenter)	Aircenter – Chiller unit: Duct modification in KAPP machine cabin; BTU meters installation; IoT-based chiller monitoring system; IE4 motor installation for primary pump system. Period: May-25 to Dec-25 (Completed). Annual energy saving: 47,720 kWh.	Reduced chiller energy consumption vs FY 2024–25; improved chiller performance per production output (kWh/Air end equivalent); minimized insulation leakage losses; shifted from manual checks to online daily monitoring.
2.	100% energy-efficient hi-bay lighting (Aircenter)	Aircenter – Lighting: Replaced MH fixtures with LED energy-efficient fixtures (105 nos) in machine & assembly shop floor; optimized 50 MH fixtures due to efficient lighting. Period: Nov-24 to Apr-25 (Completed). Annual energy saving: 31,752 kWh.	Reduced electricity consumption through LED replacement and fixture optimization across shopfloor lighting.
3.	IoT DG monitoring + digital diesel flow meters (Aircenter)	Aircenter – DG sets: Implemented IoT DG monitoring system; installed 6 digital diesel flow meters. Period: May-25 to Jan-26 (Completed). Energy saving: NA.	Enabled digital diesel measurement in addition to manual monitoring, improving accuracy and control of diesel usage.
4.	IE4 motor installation in AHU-001 (Aircenter)	Aircenter – AHU: Installed IE4 energy-efficient motor in Air Handling Unit 001 (11 kW motor). Period: Jun-25 to Jul-25 (Completed). Annual energy saving: 2,520 kWh.	Reduced energy consumption of AHU due to higher efficiency motor replacement.

S. No	Initiative undertaken	Details of the initiative	Outcome of the initiative
5.	HVLS fans energy optimization via programmable timer (Aircenter)	Aircenter – RCD machine shop: Installed programmable timer for HVLS fans. Period: Jun-25 to Jun-25 (Completed). Annual energy saving: 2,178 kWh.	Reduced avoidable running hours of HVLS fans through timer-based operation.
6.	Machine energy optimization (Eco 31A & Eco 35) (Aircenter)	Aircenter – RCD: Implemented energy interlock and process optimization for Eco 31A & Eco 35. Period: May-25 to May-25 (Completed). Annual energy saving: 3,267 kWh.	Lowered energy use by interlocking sub-systems and improving process controls.
7.	Mazak machines energy optimization (FJV-1 to FJV-4) (Aircenter)	Aircenter – Casting Bay: Implemented energy interlock for machine subsystems and process optimization for Mazak FJV-1, FJV-2, FJV-3, FJV-4. Period: May-25 to Jun-25 (Completed). Annual energy saving: 44,421 kWh.	Reduced power consumption through subsystem interlocks and optimized machining processes.
8.	LED lighting in RCD & Airend assembly (Aircenter)	Aircenter – Assembly: Installed LED well-glass fittings replacing T5 tube lights in RCD and Airend assembly. Period: Apr-25 to Jun-25 (Completed). Annual energy saving: 11,634 kWh.	Reduced lighting energy demand; enhanced safety by eliminating potential hazards.
9.	Mazak MTV machine energy optimization (Aircenter)	Aircenter – Casting Bay: Implemented energy interlock for subsystems and process optimization for Mazak MTV. Period: Jul-25 to Jul-25 (Completed). Annual energy saving: 1,584 kWh.	Lower energy consumption through subsystem interlocks and improved operating logic.
10.	AC drive provided for Josts stacker (Compressor center)	Compressor center – Railway: Provided AC drive for traction motor (12 VDC drive to 3-phase 16 VAC). Period: Jul-25 to Aug-25 (Completed). Energy saving: NA.	Improved operational efficiency; reduced power consumption and maintenance requirement.
11.	Single blower motor in paint booth (Compressor center)	Compressor center – Railway paint booth: Earlier 2 blowers (25 HP). New setup uses single 12.5 HP motor. Period: Oct-25 to Nov-25 (Completed). Annual energy saving: 25,200 kWh.	Significant reduction in paint booth blower energy demand by shifting from twin-blower to single-blower configuration.
12.	Harmonic panel connected to MV panel (Compressor center)	Compressor center – Powerhouse: Harmonic panel connected to MV panel to improve power quality, reduce losses and extend equipment life. Period: Jun-25 to Jul-25 (Completed).	Enhanced energy efficiency through lower losses; improved power quality; protected transformers/motors/cables.
13.	Replace 110 kW MG set with 50 kW MG set (Dryer line) (Compressor center)	Compressor center – Dryer assembly line: Installed 50 kW MG set to eliminate 110 kW MG set operation. Period: Dec-25 to Jan-26 (Completed).	Reduced energy consumption by downsizing MG set and lowering no-load/magnetizing losses.
14.	Automatic diesel filling system (dual float sensor) (Compressor center)	Compressor center – Maintenance: Installed automatic diesel filling system (dual float sensor). Period: Apr-25 to May-25 (Completed).	Eliminated manual diesel filling operation and reduced risk of diesel overflow.

S. No	Initiative undertaken	Details of the initiative	Outcome of the initiative
15.	Synchronizing 160 kW & 250 kW MG sets (Compressor center)	Compressor center – Lepsac: Synchronized 160 kW and 250 kW MG sets to eliminate DG set 400 kVA operation. Period: Jul-25 to Aug-25 (Completed).	Reduced dependency on DG set and lowered diesel consumption.
16.	High bay LED replacement (Compressor center)	Compressor center – All departments: Replaced 250 W mercury vapour high bay fittings with 200 W LED (36 nos). Period: Jul-25 to Dec-25 (Completed). Annual energy saving: 2,268 kWh.	Reduced lighting load through wattage reduction and LED adoption across shopfloor.
17.	Zero-loss auto drain valves for compressors (Foundry)	Foundry – Compressor: Installed 4 zero-loss auto drain valves replacing timer-based drains. Period: Jul-25 to Sep-25 (Completed). Annual energy saving: 480 kWh.	Reduced compressed air losses and saved compressor energy by draining only when required.
18.	Sand cooler water line modification (Foundry)	Foundry – Reclamation plant: Sand cooler water line modification improved efficiency; reduced waiting time by ~10 min/day. Period: May-25 to Jul-25 (Completed). Annual energy saving: 1,920 kWh.	Improved operational efficiency and reduced avoidable equipment runtime.
19.	Air line bypass for night shift shutdown (Foundry)	Foundry – Core shop: Added air line bypass circuit enabling shutdown during night shift. Period: Jul-25 to Sep-25 (Completed). Annual energy saving: 240 kWh.	Reduced compressor energy consumption by avoiding pressurization during off-hours.
20.	Heat radiation reduction at mould drying oven doors (Foundry)	Foundry – Mould drying oven: Reduced heat radiation at side doors. LPG reduced by 0.2 kg/hr. Period: Oct-25 to Dec-25 (Completed). Annual energy saving: 13,200 kWh.	Lowered LPG fuel consumption by improving thermal containment and reducing heat loss.
21.	Reclamation cooler pipeline modification (Foundry)	Foundry – Mechanical reclamation: Increased capacity from 8 TPH to 12 TPH. Period: May-25 to Jul-25 (Completed). Annual energy saving: 6,000 kWh.	Reduced operating hours and energy use while improving throughput capacity.
22.	Wet scrubber damper motor system correction + VFD optimization (Foundry)	Foundry – Furnace wet scrubber: Corrected damper motor system; reduced 45 kW motor frequency from 50 Hz to 35 Hz. Period: Jul-25 to Sep-25 (Completed). Annual energy saving: 2,400 kWh.	Lowered motor power consumption through VFD-based speed reduction.
23.	BLDC fans replacing induction fans (Foundry)	Foundry – Shopfloor: Installed 3 BLDC fans replacing 250 W induction fans. Period: Dec-25 to Feb-26 (Completed). Annual energy saving: 720 kWh.	Reduced fan energy consumption through BLDC technology.
24.	VFD on shot blasting dust collector (Foundry)	Foundry – Shotblasting: Installed VFD; 15 kW motor frequency reduced during door opening. Period: Jun-25 to Oct-25 (Completed). Annual energy saving: 960 kWh.	Reduced electricity consumption by lowering motor speed during low-demand periods.
25.	Booster timing reduction in pneumatic sand transport (Foundry)	Foundry – Reclamation plant: Reduced booster timing from 45 sec to 30 sec per cycle. Period: Jul-25 to Oct-25 (Completed). Annual energy saving: 2,400 kWh.	Reduced pneumatic transport time and compressor runtime, lowering energy consumption.
26.	Auto ON/OFF control for cooling tower fan (Thermal reclamation) (Foundry)	Foundry – Thermal reclamation cooling tower fan: Implemented auto ON/OFF; eliminated idle running. Period: Dec-25 to Feb-26 (Completed). Annual energy saving: 1,280 kWh.	Cut idle fan running and reduced electricity use through automated control.

S. No	Initiative undertaken	Details of the initiative	Outcome of the initiative
27.	Auto ON/OFF control for reclamation tower cooling tower fan (Foundry)	Foundry – Mechanical reclamation cooling tower fan: Auto ON/OFF installed. Period: Dec-25 to Feb-26 (Completed). Annual energy saving: 4,320 kWh.	Reduced idle runtime and improved energy efficiency of cooling tower operation.
28.	LED lights in canteen (Foundry)	Foundry – Canteen: Installed LED lights replacing 56 W tubes. Period: Apr-25 to Jun-25 (Completed). Annual energy saving: 360 kWh.	Reduced lighting load and electricity consumption through LED retrofit.

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

   Yes. Elgi Equipments Limited has a robust Business Continuity and Disaster Management framework embedded within its enterprise risk management system. The Company proactively identifies and mitigates risks related to operations, supply chains, information technology, health & safety, climate-related events, geopolitical developments, and trade policy changes that may disrupt business continuity. Key controls include alternate sourcing strategies, IT system safeguards, emergency response protocols, employee safety measures, and insurance coverage aligned with business requirements. ELGi has engaged a leading insurance solutions provider to assess global coverage and implement risk mitigation measures through a centrally controlled global master insurance program. The effectiveness of these measures is periodically reviewed by senior management and the Board to enhance operational resilience and preparedness for unforeseen 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?**

   While a formal value chain assessment was not undertaken during the reporting year, the Company has commenced steps toward assessing the performance of its value chain partners as part of its ongoing improvement initiatives.

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

   While a formal value chain assessment was not undertaken during the reporting year, the Company has commenced steps toward assessing the performance of its value chain partners as part of its ongoing improvement initiatives.

8. **How many Green Credits have been generated or procured:**

   a. **By the listed entity**

   We have not generated or purchased any green credit during the FY 2025-26

   b. **By the top ten (in terms of value of purchases and sales, respectively) value chain partners**

   Not monitored

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

Businesses are expected to engage with governments, regulators, and industry bodies in an ethical, lawful, and transparent manner. Such engagement should aim to contribute constructively to policy formulation, address industry wide challenges, and advocate for regulations that promote sustainable development, innovation, and stakeholder welfare, while maintaining clear accountability and avoiding conflicts of interest.

Enabling Responsible Industry Dialogue and Transparent Policy Engagement

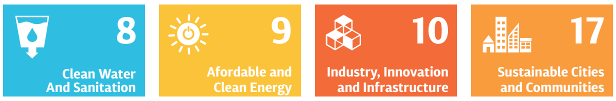
Elgi Equipments Limited recognises the importance of responsible participation in public and regulatory policy discourse, particularly in areas impacting industrial efficiency, energy use, environmental protection, occupational health and safety, and manufacturing excellence. The Company engages with policymakers, regulatory authorities, and industry associations in a transparent and ethical manner, with the objective of contributing technical insights and practical perspectives relevant to the engineering and manufacturing sector.

ELGi's policy engagement is primarily undertaken through industry forums, recognised trade bodies, and consultative platforms, focusing on standards development, sectoral best practices, and regulatory improvements aligned with national and global sustainability objectives. The Company does not engage in lobbying activities that are inconsistent with applicable laws or its internal code of conduct, and all interactions are guided by principles of integrity, accountability, and compliance.

Through collaborative engagement, ELGi aims to support the development of progressive, balanced policies that encourage energy efficiency, responsible manufacturing, skills development, and innovation, while safeguarding societal and environmental interests. This approach ensures that ELGi's participation in the policy ecosystem remains aligned with long term value creation and the broader public good.

Interlinkage with identified material topic	Stakeholders
• Transparency • Accountability • Social Responsibility	Regulators, Government

Sustainable Development Goals



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 Sri Lanka 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. No adverse orders relating to anti-competitive conduct of India or other competition regulators during the reporting period; hence, no corrective action was required.

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
During the reporting year, the entity did not advocate any public policy positions. However, the entity provided technical inputs as part of Government-led standard/specification consultations for railway air compressor requirements through RDSO (Reasoned document on draft specification).					

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Sustainable businesses play an important role in fostering inclusive growth and equitable development. By working in partnership with government, civil society and local communities, businesses are expected to contribute to the socio economic development of disadvantaged, vulnerable and marginalised sections of society.

ELGi's Approach: Driving Inclusive Growth through Responsible Operations and Community Development

Elgi Equipments Limited recognises its responsibility to contribute to inclusive growth and equitable development in the communities where it operates. As a manufacturing led organisation with a global footprint, ELGi integrates inclusive growth considerations into its business operations, workforce practices and community focused initiatives.

ELGi's community development efforts are guided by its Corporate Social Responsibility (CSR) Policy and are aligned with national development priorities. The Company undertakes CSR initiatives aimed at improving access to education, healthcare, skill development and livelihood opportunities, particularly for underserved and vulnerable communities. These initiatives are implemented through structured programmes and partnerships with implementing agencies to ensure effective outreach and measurable impact.

In addition to CSR activities, ELGi promotes inclusive growth through responsible employment practices. The Company emphasises local hiring, workforce skill enhancement and safe working conditions at its manufacturing locations, thereby contributing to local economic development. Training and capability building programmes are implemented to enhance employability and long term career progression for employees and contract workers.

ELGi also engages with local stakeholders, including community representatives and authorities, to identify community needs and design context specific interventions. The Company endeavours to ensure that its operations and value creation processes do not adversely impact local communities and that opportunities for shared value creation are pursued wherever feasible.

Through these efforts, ELGi aims to contribute to balanced socio economic development, strengthen community resilience and support inclusive growth in a manner consistent with its values and the expectations under Principle 8 of the BRSR framework.

Interlinkage with identified material topic	Stakeholders
• Social Responsibility	Communities, NGOs, local administration, employees
	Sustainable Development Goals

1 Clean Water And Sanitation | 3 Afordable and Clean Energy | 4 Industry, Innovation and Infrastructure | 8 Sustainable Cities and Communities | 10 Climate Action | 11 Life on Land | 17 Economic Growth

Essential Indicators

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

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not applicable, as there were no projects that require SIA as per applicable laws					

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)
	Not Applicable					

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

Community members can submit grievances through the Company's Whistle-blower mechanism. Information on the process is provided in the Whistle-blower Policy, which is accessible on the Company's website and the TELGI. app portal. The TELGI App may be downloaded via a web browser or by scanning the QR code available on the website/portal. The platform enables individuals to report incidents securely, with the option to remain anonymous. Users may also upload supporting materials, including documents or recordings, to substantiate their grievances prior to submission.

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

Parameter	FY 2025-2026	FY 2024-2025
Directly sourced from MSMEs/small producers	48.30%	46.72%
Directly from within India	87.65%	87.27%

1. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-26 indicators in the table above.
2. As per the industry standards released by SEBI, total purchases include all types of procurement such as raw material, spares, services, and capex procurement items made by the company.
3. The data in the above table for financial year 2024-25 has been restated to ensure consistency with the methodology followed in the current financial year.

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 2025-2026	FY 2024-2025
Rural	-	-
Semi-urban	0.46%	0.45%
Urban	1.12 %	0.32%
Metropolitan	98.38%	99.19%

1. The employee and worker disclosure for FY 2024–25 has been restated (in accordance with the RBI classification) to include both permanent and non-permanent employees and workers. In the previous reporting period, contractual employees and workers were classified under the "Other than Permanent" category and were not fully reflected within the overall workforce composition. To ensure consistency and comparability across reporting periods, workforce data has now been aligned to include all categories of employees and workers.
2. For FY 2025-2026 and FY 2024-25, wages paid to employees/workers employed outside India contributing to 0.04% of total salaries and wages, has not been considered in the above classification.
3. An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the FY 2025-26 indicators in the table above.

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		

#The Company does not undertake CSR programs in aspirational districts. CSR initiatives are predominantly concentrated in Tamil Nadu, and no material expansion into aspirational districts is envisaged in the near term.

3. a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)**

Not Available

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

ELGi currently does not classify any of its suppliers as being from marginalized or vulnerable groups.

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

Not Applicable

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
Not applicable as no intellectual property owned or developed which is based on traditional knowledge				

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
The company is not involved in any dispute wherein usage of traditional knowledge is involved.		

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Projects	No. of persons benefited from CSR Projects 2025-2026*	% of beneficiaries from vulnerable and marginalized groups
1	**Education:** ELGI School	1,228	-
2	**Sports:** Training to promote Paralympic sports and Olympic sports	-	-
3	**Promotion of Sports**	1	-
4	**Health Care:** Cankids Kidscan	-	-
5	**Health Care:** Coimbatore Cancer Foundation		-
6	**Education:** Amrit Centre for special needs	-	-
7	**Education Sponsorship:** Rotary Club of Coimbatore West	-	-
8	**Environment:** Ecological Conservation Projects	Not determinable	-

**Beneficiary numbers are not consistently available across programs due to limitations in data availability and the nature of certain interventions, where quantification is challenging. Disclosures have been made to the extent feasible based on currently available and verifiable information. Going forward we will implement the methodologies to track the beneficiaries number.*

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

Businesses are responsible for providing safe, reliable and high quality products and services that minimise adverse impacts on consumers, society and the environment. They are also expected to ensure transparent, accurate and complete information on products and services to enable informed decision making, fair competition and long term customer trust.

Customer Centricity: Enabling Reliable and Responsible Compressed Air Solutions

Customer centricity is central to Elgi Equipments Limited's business philosophy. As a global manufacturer of air compressors and compressed air solutions, ELGi focuses on delivering products and services that are safe, energy efficient, reliable and aligned with customer operating requirements across diverse industries.

ELGi integrates customer requirements at every stage of the product lifecycle, from design and engineering to manufacturing, testing, installation and after sales support. Product design and development processes emphasise performance reliability, energy efficiency, noise reduction and compliance with applicable safety and quality standards, ensuring responsible use across industrial, commercial and infrastructure applications.

The Company provides transparent and accurate product information, including technical specifications, operating manuals, safety instructions and maintenance guidance, enabling customers to make informed decisions and operate equipment safely and efficiently. Continuous engagement with customers through service networks, feedback mechanisms and digital platforms supports timely resolution of concerns and ongoing product improvements.

ELGi's after sales service framework focuses on uptime assurance, preventive maintenance and quick response through trained service teams and authorised partners. Customer grievances and service requests are tracked through defined escalation mechanisms to ensure prompt and effective resolution.

In parallel, ELGi promotes responsible consumption by offering energy efficient compressor technologies, system optimisation solutions and advisory support that help customers reduce energy consumption, operating costs and environmental footprint during the use phase of the equipment.

Through these measures, ELGi seeks to build long term relationships based on trust, product reliability and responsible business conduct, while continuously enhancing customer value across global markets.

Interlinkage with identified material topic	Stakeholders
• *Customer Centricity* • *Confidentiality* • *Product Stewardship*	Customers, end-users, channel partners, regulators **Sustainable Development Goals** 3 Clean Water And Sanitation; 9 Affordable and Clean Energy; 12 Industry, Innovation and Infrastructure; 16 Sustainable Cities and Communities

Essential Indicators

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

   ELGi has a strong customer grievance mechanism. We maintain an integrated online and offline customer care system to receive and resolve consumer complaints promptly. Customers can reach our dedicated support team via a toll-free helpline (1800-203-3544), email (customercare@elgi.com), or by filling out an online enquiry form on our official website. This superior customer care system allows us to log and track each service request in real time, ensuring on-time responses and resolution. Our customer care operates six days a week (Mon–Sat, 8 AM to 9:30 PM) to promptly address queries and feedback. We also have an escalation process with clear timelines and benchmarks to guarantee that all customer complaints are resolved to the customer's satisfaction.

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

ELGi acknowledges the importance of providing customers with adequate environmental, health, and safety information associated with its products, including guidance on safe and responsible usage, and end-of-life handling (recycling and/or safe disposal). At present, such information and product guidance are provided across applicable product lines and are aligned to the parameters indicated above. During the next financial year, ELGi intends to implement a formalized mechanism to extend and integrate these disclosures and labelling requirements across its railway product lines as well.

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product	82.71%
Safe and responsible usage	82.71%
Recycling and/or safe disposal	82.71%

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

	FY 2025-2026			FY 2024-2025		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	–		–	–		–
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

** Currently, customer interactions (complaints, requests, and other feedback) are not formally classified, and hence not reported. We are now implementing a structured classification framework to enable clear segregation, systematic tracking, and consistent reporting going forward.*

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

	Number	Reasons for recall
Voluntary recalls	–	
Forced recalls	–	

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

Elgi Equipments Limited has established a framework to address cyber security and data privacy risks. The Company has:

- A documented Information Security Policy, which is available internally on the Company's intranet and defines controls, responsibilities, and governance mechanisms for managing information security and cyber risks.
- A publicly available Privacy Policy, which outlines the Company's approach to collection, use, storage, and protection of personal data in accordance with applicable laws and best practices.

Web link (Privacy Policy):
https://www.elgi.com/in/privacy-policy/

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 –** Not applicable

Note: An independent limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the 'Percentage of data breaches involving personally identifiable information of customers' above for FY 2025-26.

Leadership Indicators

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

   Information on Elgi Equipments Limited's products and services is accessible through the following channels:
   Official Website:

   - The Company's website provides comprehensive information on all of its product ranges, including product specifications, applications, features, and technical details.
     Web link: https://www.elgi.com/eu/air-compressor-products/
   - Digital Product Catalogues and Brochures:
     Product brochures, technical datasheets, and application notes are available for download through the Company's website.
   - Authorized Dealers and Distributor Network:
     Detailed product information and guidance are also made available through ELGi's authorized dealers and distributors across regions.
   - Customer Support and Sales Touchpoints:
     Customers can obtain product related information through ELGi's customer support channels and direct sales interactions.

   Detailed technical specifications are also shared to customers while submitting techno-commercial proposals.

   - The company also publishes information on different social media platforms – Linkedin, Facebook.
   - Periodically product launch/introductions are also shared via press meets/articles in magazines.

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

   Elgi Equipments Limited undertakes multiple measures to inform and educate customers on the safe and responsible use of its products across the product lifecycle (installation, commissioning, operation, maintenance, and end-of-life). Key initiatives include:

   1) Comprehensive product documentation (physical + digital)

   - All products are supported with operating manuals, installation guides, and maintenance instructions that outline safe operating practices, do's and don'ts, hazard precautions, and recommended maintenance schedules.
   - Documentation is made available in print and/or digital formats, enabling easy access for operators, technicians, and maintenance personnel.

   2) Standardised pictography, safety decals and symbols (on-product warnings)

   - ELGi uses standardised safety decals and pictograms to communicate hazards and safe practices in a clear and universally understandable manner, supporting usage even where language proficiency may vary.

- The Company follows ISO 3864 principles for safety colour and signage design and ISO 7010 for safety symbols/ icons displayed on compressors and relevant touchpoints.
- These pictograms and decals highlight hazards, mandatory actions (e.g., PPE), prohibited actions, and warning information at the point of use.

3) QR-code enabled access to safety information and guidance (where applicable)

- Where deployed, QR codes on product labels, documentation, or packaging direct users to digital resources such as:
  - operating manuals and quick-start guides,
  - safety instructions and checklists,
  - installation/commissioning guidance, and
  - troubleshooting and best-practice usage information.
- This enables real-time access to updated guidance and reduces dependence on physical documents alone.

4) Brochures, catalogues and product literature (pre-purchase and usage-stage education)

- ELGi communicates safe and responsible usage practices through product brochures, catalogues, technical datasheets, and application notes, which include:
  - key operating parameters and safe operating envelopes,
  - recommended usage conditions, and
  - maintenance and efficiency best practices.
- Such literature is disseminated through sales teams, authorised dealers, and digital channels to ensure consistent messaging.

5) Training, demonstrations and commissioning support

- Customers receive on-site demonstrations, installation support, commissioning guidance, and operational training delivered by ELGi service engineers and/or authorised channel partners.
- Training focuses on safe operation, risk controls, correct operating practices, preventive maintenance, and appropriate responses to abnormal conditions.

6) Digital channels and ongoing user communication

- Product specifications, safety guidance, application details, and usage best practices are available through:
  - the official website,
  - digital brochures, and
  - technical datasheets/product pages.
- Where relevant, updates and advisories may be shared to reinforce safe practices and maintenance requirements.

7) After-sales service and periodic engagement

- ELGi and its distributors, service and maintenance teams engage with customers through scheduled servicing, audits/health checks, troubleshooting visits, and preventive maintenance support, reinforcing correct usage practices and safety compliance during the operational phase.

8) Customer support, grievance and feedback mechanisms obtained through ELGi and distributor networks

- Dedicated customer support channels enable users to raise queries, seek clarifications, and report safety concerns.
- Feedback received is used to strengthen product design, documentation, labelling (including pictography), training content, and customer communication, supporting continual improvement.

Outcome intent: Through these measures, ELGi aims to promote safe operation, improve user awareness, reduce misuse-related risks, and strengthen product stewardship across the lifecycle.

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

Not applicable.

ELGi is primarily a manufacturing company supplying industrial air compressors and related equipment. It does not provide continuous or essential public services (such as utilities, telecom, transport, water, electricity, healthcare, or financial services) where service disruption would directly impact consumer access to essential needs.

Air compressors are capital goods/products, not essential services delivered on a continuous basis. Hence, this disclosure is not directly applicable in the strict sense intended under BRSR.

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)

Yes, Elgi Equipments Limited provides product information beyond local legal requirements to improve customer awareness, support safe and responsible use, and ensure optimal performance across the product lifecycle.

Products carry durable metallic nameplates (e.g., CE-aligned) with key equipment and compliance details, while packaging (where applicable) includes logistics and identification information to support traceability and safe handling. ELGi also issues comprehensive manuals and guides covering safe operation, precautions, and maintenance, and uses standardised safety decals/pictograms aligned with ISO 3864 and ISO 7010 for clear hazard communication. Additional technical information is shared through brochures, datasheets, and digital channels (including QR-enabled access where deployed), helping customers quickly find manuals, safety instructions, best practices, and troubleshooting support.

Independent Practitioner's Limited Assurance Report on Identified Sustainability Information in Elgi Equipments Limited's Business Responsibility and Sustainability Report pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Elgi Equipments Limited

We have undertaken to perform a limited assurance engagement for Elgi Equipments Limited (the "Company") vide our Engagement Letter dated November 20, 2025, in respect of the agreed Sustainability Information referred to in "Identified Sustainability Information" paragraph below (the "Identified Sustainability Information") in accordance with the Criteria stated in the "Criteria" paragraph below. The Identified Sustainability Information is included in the Business Responsibility and Sustainability Report ("BRSR") section in the Annual Report of the Company for the financial year ended March 31, 2026, pursuant to the requirement of Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "LODR Regulations").

This engagement was conducted by a team comprising assurance practitioners and engineer/ environment expert.

Identified Sustainability Information

The Identified Sustainability Information for the financial year ended March 31, 2026, is summarised in Appendix 1 to this report.

Our limited assurance engagement was only with respect to such Identified Sustainability Information included in the BRSR of the Company for the financial year ended March 31, 2026. We have not performed any procedures with respect to prior periods or any other elements included in the BRSR, and therefore, do not express any on thereon

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is the "BRSR Core", which is a subset of the BRSR, consisting of a set of Key Performance Indicators ("KPIs")/ metrics under nine Environmental, Social and Governance ("ESG") attributes, as per the format of BRSR Core specified in Annexure 17A read with the format of BRSR and the guidance note given in Annexure 16 and 17, respectively, of the Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, and the 'Industry Standards on Reporting of BRSR Core' issued by the Securities and Exchange Board of India ("SEBI") vide circular SEBI/HO/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024 (collectively referred to as the "SEBI Circulars").

Management's Responsibilities

The Management of the Company is responsible for determining the Reporting Boundary of the BRSR, and for selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable laws and regulations including the SEBI Circulars related to reporting on the Identified Sustainability Information, identification of key aspects, engagement with stakeholders, and content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation, and maintenance of internal control relevant to the preparation of the BRSR, and the measurement of Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error. The Management and the Board of Directors of the Company are also responsible for overseeing the Company's compliance with the requirements of the LODR Regulations and the SEBI Circulars in relation to the BRSR Core.

Inherent Limitations in preparing the Identified Sustainability Information

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants ("IESBA Code"), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Price Waterhouse Chartered Accountants LLP (the "Firm") applies Standard on Quality Control 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements", the International Standard on Quality Management ("ISQM") 1 "Quality Management for Firms that perform Audits or Reviews of Financials Statements, or Other Assurance or Related Services Engagements" and ISQM 2 "Engagement Quality reviews", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained.

We conducted our engagement in accordance with the Standard on Sustainability Assurance Engagements ("SSAE") 3000, "Assurance Engagements on Sustainability Information" and the Standard on Assurance Engagements ("SAE") 3410, "Assurance Engagements on Greenhouse Gas Statements", both issued by the Sustainability Reporting Standards Board of the ICAI, and the International Standard on Assurance Engagement ("ISAE") 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements", both issued by the International Auditing and Assurance Standards Board (collectively referred to as "the Standards").

These Standards require that we plan and perform our engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement. A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Sustainability Information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement, and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures referred above, we:

- Obtained an understanding of the Identified Sustainability Information and related disclosures.
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and/or measurements of the selected information.
- Obtained an understanding of the Company's organisation structure, including functions such as Sustainability, Environment, Social and Governance, Human Resource, etc., and those with responsibility for managing the Company's BRSR.
- Obtained an understanding and evaluated the design of the key systems, processes and controls for managing, recording and reporting on the Identified Sustainability Information including the sites to be covered.
- Based on the above understanding and the risks that the selected information may be materially misstated, determined the nature, timing and extent of our procedures.
- Performed substantive testing on a sample basis of the Identified Sustainability Information at the corporate office, and in relation to a sample of sites, to verify that data had been appropriately measured, recorded, collated and reported.
- Assessed the records and performed testing including recalculation of sample data to establish an assurance trail.
- Assessed the level of adherence to the Criteria, the reporting framework followed by the Company in preparing the BRSR.
- Performed procedures, on a test basis, to assess whether the information reported in the BRSR in respect of the Identified Sustainability Information is inconsistent with the underlying source data and supporting documentation.
- Agreed to the audited financial statements and the trial balance for the financial year ended March 31, 2026 for the data which will flow from the audited financial statements and/ or the trial balance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Identified Sustainability Information have been prepared, in all material respects, in accordance with the Criteria.

Exclusions

Our limited assurance scope excludes the following and, therefore, we do not express a conclusion on the same:

- The operating effectiveness of controls.
- Operations of the Company other than the Identified Sustainability Information listed in Appendix 1 to this report.
- Aspects of the BRSR and data/ information (qualitative or quantitative) included in the BRSR other than the Identified Sustainability Information.
- Data and information outside the defined reporting period, i.e., the financial year ended March 31, 2026.
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company and testing or assessing any forward-looking assertions and/ or data.

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information summarised in Appendix 1 to this report and included in the BRSR, for the financial year ended March 31, 2026, are not prepared, in all material respects, in accordance with the Criteria specified in the "Criteria" section of our report.

Other Matter

The BRSR of the Company includes corresponding information pertaining to the prior financial year ended March 31, 2025, which was not subject to assurance and is as furnished by the Management of the Company.

Restriction on Use

Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

This report has been issued at the request of the Board of Directors of the Company to whom it is addressed, solely to enable them to comply with the requirements of the SEBI Circulars and LODR Regulations on reporting the Company's sustainability performance and activities, and for publishing the same as a part of the BRSR Report forming part of the Company's Annual Report and will be published on the Company's website. Our report should not be used for any other purpose or by any person other than the addressee of our report. Price Waterhouse Chartered Accountants LLP does not accept or assume any liability or any duty of care for any other purpose or to any person other than the Company.

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

Place: Chennai
Date: July 7, 2026

Arun Kumar R
Partner
Membership Number: 211867
UDIN: 26211867NPATDS1859

Appendix 1

Identified Sustainability Information (BRSR Core Indicators)

S. No.	Principle and indicator reference*	Attribute	Parameters (key performance indicators) assured
1	Principle 6 - E7	Green-house gas (GHG) footprint	1. Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) 2. Total Scope 2 emissions (Break-up of the GHG (CO2e) into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) 3. GHG Emission Intensity (Scope 1 +2)
2	Principle 6 - E3 and E4	Water footprint	1. Total water consumption 2. Water consumption intensity 3. Water Discharge by destination and levels of Treatment
3	Principle 6 - E1	Energy footprint	1. Total Energy Consumed 2. % of energy consumed from renewable sources 3. Energy intensity
4	Principle 6 - E9	Embracing circularity-details related to waste management by the entity	1. Total waste generated a) Plastic waste (A) b) E-waste (B) c) Bio-medical waste (C) d) Construction and demolition waste (D) e) Battery waste (E) f) Radioactive waste (F) g) Other Hazardous waste. Please specify, if any. (G) h) Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector) i) Total waste generated (A + B + C + D + E + F + G + H) 2. Waste intensity 3. Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations 4. For each category of waste generated, total waste disposed by nature of disposal method

S. No.	Principle and indicator reference*	Attribute	Parameters (key performance indicators) assured
5	Principle 3 - E1(C) Principle 3 - E11	Enhancing employee wellbeing and Safety	1. Spending on measures towards well-being of employees and workers- cost incurred as a % of total revenue of the company 2. Details of safety-related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites)
6	Principle 5 - E3(b) Principle 5 - E7	Enabling Gender Diversity in Business	1. Gross wages paid to females as a % of wages paid 2. Complaints on POSH
7	Principle 8 - E4 Principle 8 - E5	Enabling Inclusive Development	1. Input material sourced from following sources as % of total purchases –Directly sourced from MSMEs/ small producers and from within India 2. Job creation in smaller towns- wages paid to people employed in smaller towns (permanent or non-permanent/on contract) as % of total wage cost
8	Principle 9 - E7 Principle 1 - E8	Fairness in Engaging with Customers and Suppliers	1. Instances involving loss/ breach of data of customers as a percentage of total data breaches or cyber security events 2. Number of days of accounts payable
9	Principle 1 - E9	Open-ness of business	1. Concentration of purchases & sales done with trading houses, dealers, and related parties 2. Loans and advances & investments with related parties

** E refers to Essential indicators.*

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