ELGi

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Expertise, Excellence and Expansion

Geared towards Global Market Leadership

Annual Report 2021-22

ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

Sixty Second Annual General Meeting

Board of Directors

Non-Executive Directors

Mr. N. Mohan Nambiar
Dr. T. Balaji Naidu
(Retired w.e.f. January 21, 2022)
Mr. B. Vijayakumar
Mr. Sudarsan Varadaraj
Dr. Ganesh Devaraj
Mr. M. Ramprasad
Mr. Harjeet Singh Wahan
Ms. Aruna Thangaraj

Managing Director

Mr. Jairam Varadaraj

Executive Director

Mr. Anvar Jay Varadaraj

Chief Financial Officer

Mr. Jayakanthan R

Company Secretary

Mr. Ragunathan K
(Resigned with effect from August 2, 2021)
Mr. S Prakash
(Appointed with effect from August 3, 2021)

Statutory Auditors

Price Waterhouse Chartered Accountants LLP,
Chartered Accountants

Secretarial Auditor

MDS & Associates,
Company Secretaries

Cost Auditor

STR & Associates, Cost Accountants

Bankers

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

Registered Office

ELGI Industrial Complex III, Trichy Road
Singanallur, Coimbatore – 641 005
Phone: 91-422-2589555
Fax: 91-422-2573697
Website: www.elgi.com
E-mail: investor@elgi.com

Registrar & Share Transfer Agents

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

Date of AGM: **August 12, 2022** | Day: **Friday** | Time: **4.15 P.M.**

Book Closure dates: **August 6, 2022 to August 12, 2022** (both days inclusive)

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FORWARD-LOOKING STATEMENT

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

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

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

Year at a glance

Consolidated Financial Statements

(₹ in Million, except per equity share data)

Particulars	2021-22	2020-21
Income		
Revenue from operations	25,247	19,240
Other income	550	235
Total income	**25,797**	**19,475**
Expenditure		
Cost of materials consumed	11,504	7,380
Purchases of stock-in-trade	3,169	2,590
(Increase) / decrease in inventories	(1,102)	306
Staff cost	4,839	4,117
Finance cost	111	135
Depreciation and amortisation expenses	745	743
Other expenditure	3,914	2,691
Total expenditure	**23,180**	**17,962**
Profit / Loss		
Profit before tax	2,617	1,513
Less: Tax expenses	846	502
Add: Share of profit from joint ventures	13	14
Net Profit	**1,784**	**1,025**
Others		
Paid up Equity share capital	317	317
Reserves and surplus	10,008	8,382
Capital expenditure	405	312
Cash flow from operations	686	2,400
Basic EPS (in ₹)	5.64	3.24
Dividend per share (in ₹)	1.15*	0.80
Number of shareholders	47,184	27,648
Number of employees	2,162	2,142

* proposed dividend

25,247
Revenue

1,784
Net profit

Notice of the Sixty Second Annual General Meeting

NOTICE is hereby given that the Sixty Second Annual General Meeting of Elgi Equipments Limited will be held on **Friday, August 12, 2022 at 4:15 p.m. (IST)** through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt:

    a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Board of Directors and the Auditors thereon; and

    b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of Auditors thereon.

2. To declare dividend for the financial year ended March 31, 2022.

3. To appoint a Director in place of Mr. Sudarsan Varadaraj (DIN: 00133533), who retires by rotation and being eligible, offers himself for re-appointment.

4. **To re-appoint Statutory Auditors and to fix their remuneration and in this regard pass the following resolution as an Ordinary Resolution.**

    "RESOLVED that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N/N500016), Chennai be and is hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years to hold office from the conclusion of this sixty second annual general meeting until the conclusion of the sixty seventh annual general meeting of the Company to be held in the year 2027, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business:

5. **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 all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, as amended from time to time, STR & Associates, Cost Accountants, (Firm Registration No.000029) who were appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023 on a remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) (exclusive of applicable taxes and out of pocket expenses), be and is hereby ratified and confirmed.

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

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

    "RESOLVED that in partial modification of the resolution passed by the members at the fifty ninth Annual General Meeting of the Company held on August 2, 2019 and pursuant to Section 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, the consent of the members of the Company be and is hereby accorded for modification of the date of expiry of the second term of Mr. N Mohan Nambiar (DIN: 00003660) as Independent Director of the Company to April 10, 2024, being the day he attains 75 years of age.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised 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."

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020, read with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020, December 31, 2020, January 13, 2021 and May 5, 2022 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide their circulars dated May 12, 2020, January 15, 2021 and May 13, 2022 (collectively referred to as "SEBI Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedures mentioned below.

2. The explanatory statement pursuant to Section 102(1) of the Act with respect to the special business as set out in the Notice is annexed hereto. Also, necessary explanatory statement in accordance with Regulation 36(5) of SEBI Listing Regulations as required for Item No. 4 of the Notice is also annexed hereto.

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 for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

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 scrutinizerelgiequip@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its Registrar and Share Transfer Agents ("RTA") at enotices@linkintime.co.in.

5. Pursuant to the provisions of Section 91 of the Act, and Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 6, 2022 to Friday, August 12, 2022 (both days inclusive).

6. Dividend as recommended by the Board of Directors, if declared at the AGM will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Friday, August 5, 2022.

7. Members are advised to utilize the National Electronic Clearing System ("NECS") for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing NECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.elgi.com and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the RTA.

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

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

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

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

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

9. The Securities and Exchange Board of India ("SEBI") 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. Necessary prior intimation in this regard was provided to the shareholders.

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

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

    a. the change in the 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.

12. 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.

13. 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.

14. 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.

15. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.

16. 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. S. Prakash, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

17. **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.

18. In compliance with MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2021-22 is being sent only through electronic mode to those Members whose email address is registered with the Company/Depositories. Members may note that the Notice and Annual Report for the financial year 2021-22 will also be available on the Company's website www.elgi.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Ltd at www.bseindia.com and www.nseindia.com respectively, and on the website of Link Intime India Private Limited at instavote.linkintime.co.in. Members can attend and participate in the AGM through VC/OAVM facility only.

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

20. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. Detailed communication regarding the prescribed TDS rates for various categories, conditions for Nil/preferential TDS and details/documents required thereof are being sent to the members. Members are requested to submit the documents as stated in the communication online by clicking on the following link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before August 5, 2022

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

22. SEBI has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or RTA.

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

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

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

26. 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.

27. 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. A copy of the same will be provided to the members on request.

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

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

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

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

Voting Through Electronic Means

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

(i) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as on Friday, July 15, 2022, may refer to this Notice of the AGM, posted on Company's website www.elgi.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

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

(iii) The voting period begins on Tuesday, August 9, 2022 at 9.00 A.M. (IST) and ends on Thursday, August 11, 2022 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 (record date) of Friday, August 5, 2022 may cast their vote electronically. The e-voting module shall be disabled by LIIPL for voting thereafter.

The instructions for members for voting electronically are as under: -

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post June 9, 2021.

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

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

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	• Users who have opted for CDSL Easi/Easiest facility, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. • After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider (ESP) name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration • Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders (holding securities in demat mode) & login through their depository participants	• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. • Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in ➔ Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details: - **A. User ID:** Shareholders/members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company. **B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (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/members 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). ➔ Click "confirm" (Your password is now generated). 2. Click on 'Login' under **'SHARE HOLDER'** tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'**. 4. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon. 5. E-voting page will appear. 6. 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). 7. 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.

Institutional shareholders:

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

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, who have forgotten the password:

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on **'Submit'**.
- In case shareholders/members is having valid email address, Password will be sent to his/her registered e-mail address.
- Shareholders/members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.

- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

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

- Shareholders/members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned 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".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/members holding securities in demat mode have any technical issues related to login through Depository i.e., NSDL/CDSL, they may contact the respective helpdesk given below:

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 toll free no.: 1800 1020 990 and 1800 22 44 30
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 022- 23058738 or 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/members holding securities in physical mode/Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at https://instavote.linkintime.co.in, under **Help** section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000. **InstaVote Support Desk Link Intime India Private Limited**

Process for those shareholders whose email address is not registered with the Company/Depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

1. For physical shareholders – please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to coimbatore@linkintime.co.in.
2. For Demat shareholders – Members are requested to update their email address with the depository participants by following the procedure advised by them and then follow the instructions as detailed above to login for e-voting.

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

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

- **Shareholders/Members will be provided with InstaMeet facility wherein Shareholders/Member shall register their details and attend the Annual General Meeting as under:**

  a. Open the internet browser and launch the URL for InstaMeet https://instameet.linkintime.co.in and register with your following details: DP ID/Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID/Client ID or Beneficiary ID or Folio Number registered with the Company

  b. PAN: Enter your 10-digit Permanent Account Number (PAN) (members who have not updated their PAN with the Depository Participant or Company shall use the sequence number provided to you, if applicable)

  c. Enter your Mobile No.

  d. Enter your Email ID, as recorded with your DP/Company.

  e. Click "Go to Meeting"

Note:

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

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

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

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

InstaMeet Support Desk
Link Intime India Private Limited

Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:

- Shareholders/Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investor@elgi.com on or before August 8, 2022.
- Shareholders/Members, who would like to ask questions, may send their questions in advance mentioning their name, demat account number/folio number, email ID & mobile number at investor@elgi.com. The same will be replied by the Company suitably.

Note:

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

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

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

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

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

Note:

Shareholders/Members, who will be present in the AGM through InstaMeet facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

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

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

InstaMeet Support Desk
Link Intime India Private Limited

I. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, August 5, 2022.

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

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

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

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

As required under Section 102 of Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the businesses mentioned under Item Nos. 4 to 6 of the accompanying Notice.

Item No. 4

This explanatory statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), however, the same is strictly not required as per Section 102 of the Act.

The Members of the Company at their fifty seventh Annual General Meeting held on July 28, 2017 had appointed Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as the Statutory Auditors of the Company for a period of five years till the conclusion of the sixty second Annual General Meeting ("AGM") of the Company. As such, their tenure as Statutory Auditors expires at this AGM.

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the present Statutory Auditors of the Company are eligible for re-appointment for a further term of five years from the conclusion of this AGM. Accordingly, based on the recommendation of the Audit Committee, the Board of Directors of the Company have recommended the re-appointment of Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/ N500016) as Statutory Auditors of the Company for a further period of five consecutive years from the conclusion of the ensuing AGM till the conclusion of sixty seventh AGM to be held in the year 2027 at a remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors.

Price Waterhouse Chartered Accountants LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

Price Waterhouse Chartered Accountants LLP, having a Firm Registration No. 012754N/N500016, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India and audits various companies listed on stock exchanges in India.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution set out at Item No. 4 of the Notice.

Item No. 5

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of STR & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2022-23 for a fee of ₹ 3,00,000/- (exclusive of applicable taxes and out of pocket expenses), for conducting the audit of the cost accounting records of the Company and for issuing an audit report on cost accounting records maintained by the Company.

Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, requires the Board to appoint an individual, who is a Cost Accountant or a firm of Cost Accountants, as Cost Auditors of the Company on such remuneration as may be determined by the Board of Directors subject to the ratification by the shareholders at the General Meeting.

The Board recommends the resolution set forth for the approval/ratification of the Members.

None of the 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 Notice.

Item No.6

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into force on April 1, 2014, Mr. N Mohan Nambiar (DIN: 00003660), who was born on April 11, 1949, was appointed as an Independent Director for a first term of 5 consecutive years with effect from September 25, 2014 till the conclusion of the fifty ninth Annual General Meeting ("AGM"). Accordingly, at the fifty ninth AGM held on August 2, 2019, Mr. N Mohan Nambiar was re-appointed by the shareholders for a second term from August 2, 2019 until April 10, 2023, the day he attains 75 years of age. Mr. N Mohan Nambiar completes the age of 75 years on April 11, 2024 and by inadvertence, the resolution passed by the shareholders at the fifty ninth AGM specified that the tenure of Mr. N Mohan Nambiar ends on April 10, 2023 instead of April 10, 2024.

The Nomination and Remuneration Committee and the Board of Directors have recommended the modification of the date of expiry of the tenure of Mr. N Mohan Nambiar as an Independent Director of the Company as stated above. The Board recommends the resolution as set out in Item No. 6 of the Notice for the approval of the members.

A copy of the draft of the revised Appointment Letter to be issued to Mr. N Mohan Nambiar Independent Director, containing the terms and conditions of such appointment, would be available to Members for inspection at the Registered Office of the Company during the normal business hours on any business day without payment of fee. The disclosures as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are furnished and form a part of this Notice.

Except Mr. N Mohan Nambiar, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 6 of the Notice.

By order of the Board
For Elgi Equipments Limited

Place: Coimbatore
Date: May 13, 2022

S Prakash
Company Secretary

Annexure

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

Name	Mr. Sudarsan Varadaraj	Mr. N Mohan Nambiar
Director Identification Number	00133533	00003660
Date of Birth and Age	January 22, 1958; 64 years	April 11, 1949; 73 Years
Nationality	Indian	Indian
Date of appointment on the Board	November 18, 1993	February 16, 1983
Qualification	B.E. in Mechanical Engineering; Master's degree in Mechanical Engineering in Stanford University.	BA (Eco)
Experience/Expertise in functional areas	Has 40 years of experience in the field of machine building, rubber and allied industry.	More than 45 years of experience as an industrialist.
Number of Board meetings attended during the year	4/5	5/5
Directorships held in other companies as on the date of the Notice	i. Elgi Rubber Company Limited, Chairman and Managing Director ii. Super Spinning Mills Limited iii. Kovilpatti Lakshmi Roller Flour Mills Limited iv. Elgi Ultra Industries Limited v. LRG Technologies Limited vi. Festo India Private Limited vii. Tyre Point Private Limited viii. Elgi Rubber Company Limited, Kenya ix. Elgi Rubber Company Limited, Srilanka x. Elgi Rubber Company LLC, USA, Manager xi. Rubber Resources BV, The Netherlands xii. Elgi Rubber Company Holdings BV, The Netherlands xiii. Elgi Rubber Company BV, The Netherlands xiv. Rubber Compound Holland BV, The Netherlands xv. Borrachas e Equipamentos Elgi Ltda, Brasil xvi. Pincott International Pty Limited, Australia xvii. LRG Technologia Ltda, Brasil	The Palani Andawar Mills Private Limited
Chairman/Member of the Committees of the Board of the other companies in which he is a Director as on the date of the Notice	i. Elgi Rubber Company Limited a. Stakeholders Relationship Committee b. Corporate Social Responsibility Committee* c. Finance and Administrative Committee* ii. Super Spinning Mills Limited a. Nomination and Remuneration Committee iii. Kovilpatti Lakshmi Roller Flour Mills Limited a. Audit Committee b. Nomination and Remuneration Committee c. Corporate Social Responsibility Committee d. Finance and Administrative Committee e. Stakeholders Relationship Committee	-
Terms and conditions of appointment /re-appointment	Liable to retire by rotation	Modification of term of second term of appointment

* Chairman

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

Management Discussion and Analysis

Introduction

FY'22 marked a return to a new normal for ELGi. We are grateful to the team members who collaborated to deliver strong results amidst challenging COVID and macroeconomic conditions. We delivered sales and profitability as per the Annual Business Plan (ABP) goals and we are well placed to achieve the committed results set forth in our five-year Strategic Business Plan (SBP). As a note, the ABP refers to the goals in the immediate year of discussion, while the SBP refers to the goals in the five-year forecasted period. For more detail on SBP, refer to the MDA from the annual report of FY'20 in the "Investors" section of our website: https://www.elgi.com/in/financials/. In FY'21, we committed to the following targets in FY'25-26:

1. Revenue – ₹ 30,000 Mn
2. EBITDA – 16%
3. ROCE – 30%

Each year, based on prior results and macroeconomic conditions, we aim to revisit the SBP targets. Based on FY'22 results, we are revising the targets in FY'25-26 as below:

1. Revenue – ₹ 33,750 Mn
2. EBITDA – 16%
3. ROCE – 30%

The Management Discussion and Analysis (MDA) report will focus on how we achieved our results in FY'22 with special focus on our strategic initiatives within our priority regions along with FY'23 outlook.

FY'22 Performance Overview

In FY'22, we registered sales of ₹ 25,247 Mn at 10.9% EBITDA. We were in line with net debt and working capital targets. The results validated our investment in the strategic business planning process, commenced in FY'20. Buoyed by strong global demand, the teams drove sales by focusing resources on the strategic initiatives in target markets. While strong volumes helped drive overall profitability, we struggled to maintain margins across regions as we did not roll out strategic price increases to keep pace with cost increases. We anticipate ongoing challenges with cost increases and intend to institute processes to anticipate cost increases and plan commensurate price increases and other measures to maintain our margins. During the year, we invested significantly in strategic inventory to overcome challenging global supply chain conditions. Focused efforts to keep accounts receivables at healthy levels helped manage the working capital. Coupled with profits for the year, we maintained the net-debt nearly at the same level as previous year.

India Review

India enjoyed a strong start to FY'22 owing to demand for critical oxygen generation systems from hospitals during the second COVID wave. Our teams worked with challenging deadlines and supply constraints to deliver machines for life saving needs. With strong industrial demand, we continued to grow market share across all sectors. Our Go-to-Market initiatives coupled with lead management process helped us in converting business from new customers. In oil free segment, we continued to gain new customers with our AB series oil free range which offers class zero oil free air with the simplicity, reliability, and cost efficiency of our lubricated range. We continued to expand oil free market share owing to consistent investment in talent, service support and go-to-market initiatives.

Portables business continued its strong performance with growth across construction and mining segments and we remain bullish for FY'23 owing to planned infrastructure investments. Within the Waterwell segment, while demand was soft, we are well positioned for success in FY'23 owing to brand refresh and the launch of our PG1250 machine offering best in class performance. Our direct drive piston compressor range and the Go-to-market initiatives to improve reach continues to help us gain share in a highly commoditized category. Relaxed COVID restrictions drove demand for locomotives and thus we enjoyed growth in railway segment. We faced unprecedented input cost increases across segments, and we didn't execute timely price increases thus eroding contribution margins. However, we are reviewing the processes to anticipate and execute strategic price increases to avoid margin erosion.

South Asia, Middle East, & Africa

Middle East and Africa were behind sales projections but grew significantly from the prior year as markets opened with easing COVID restrictions. In the UAE, we focused on driving brand awareness as part of our direct approach to the market. Our increased focus on Saudi Arabia and South Africa will help the region grow significantly. In South Asia, we grew sales in Bangladesh owing to strong demand and our focus on building brand awareness within key sectors such as textiles.

North America

ELGi North America enjoyed strong demand across sectors through FY'22. ELGi Industrial, our OEM business which supplies ELGi industrial compressed air products to channel partners across the USA, registered strong sales and market share growth. We continued to expand national distribution with focus on the largest industrial markets. Currently, we have five joint venture partners exclusively representing the ELGi brand in key markets including Dallas, Houston, Seattle, Kansas, and Los Angeles. Our joint ventures offer strong alignment with our goals to rapidly expand our installed base of air compressors. Our Industrial team supports joint ventures in administrative and operational areas allowing our joint venture partners to focus on business generation and customer service. We continue to strengthen the premium positioning of our products by offering responsive customer support, leading warranty programs, class leading reliability, and best in class lead times.

We grew sales at Pattons, our distribution business covering North Carolina, South Carolina, Georgia, Virginia, and Alabama. In FY'22, we invested in leadership, sales, and service talent with the goals of improving the business' structural profitability and setting up the foundations for expanding sales and market share. FY'22 was challenging for Michigan Air Solutions (MAS), our distribution business serving Detroit area, due to strict COVID lockdowns. However, we continued to invest in MAS by setting up a new location for Detroit operations and are confident about achieving our goals in FY'23.

While Pattons Medical enjoyed tailwinds from strong healthcare investment in the USA, we achieved record sales from systematic awareness generation, and geographic expansion into untapped regions within the USA. At ELGi Portable Compressors, we distribute the Rotair range of portable air compressors to channel partners and regional and national rental providers.

We focused on building our team and establishing basic distribution in priority markets. We performed ahead of sales estimates owing to strong demand, attractive lead times, and strategic allocation of resources to the largest markets.

While ELGi North America registered strong sales, we struggled to maintain margins as we did not enact sufficient strategic price increases when confronted with increases in material cost and freight. Despite inflation concerns, we expect strong demand during the first half of FY'23 and learning from FY'22, we will focus on maintaining our margins with proactive pricing and general cost review.

Europe

ELGi Europe and Rotair delivered sales and profitability ahead of our expectations in FY'22. In industrial business, which supplies ELGi's industrial range to channel partners in our target regions, strong sales derived from continued expansion of distribution network. Specifically, the sales team established new channel partners in focus countries, and we are tracking ahead of our distribution expansion plans. Like our approach in ELGi North America, we position the ELGi brand and our products as premium offerings in the category with best-in-class reliability, performance, and customer service. In Italy and France, ELGi's most mature markets in Europe, we focused on addressing distribution gaps and enhancing the quality of distribution. In relatively newer markets such as the UK and Sweden, our sales teams focused on introducing the ELGi brand and our product range to potential channel partners. In both mature and new markets, we gained traction owing to our products' reliability, low cost of ownership, best in class warranty, and responsive customer service. As with North America and India, we fell short of maintaining the margins owing to conservative responses to steep cost increases. For FY'23, we expect continued margin challenges from increasing costs and volatile freight. We are working on processes to better anticipate cost increases to execute measures to maintain margins. we will focus on maintaining the profitability while achieving our sales goals.

Rotair business performed ahead of projections across the portable compressor, breaker, and Rampicar businesses. The Rotair range of portable compressors conform to the most stringent emission standards and thus serve as our lead products for markets such as Europe and North America. We tracked ahead of the sales forecasts owing to strong demand from ELGi North

America. The Rotair team overcame challenging COVID conditions to offer best in class lead times, which helped us gain new channel partners and customers. From a product perspective, our products offer class leading fuel efficiency and reliability, and we are focusing on increasing the energy efficiency and expanding the product range to address more applications.

Australia and Southeast Asia

Revenue and profitability were lower than the plan for the year. In Australia, our largest market in the region, extended COVID lockdowns hampered business activity. Our lead distribution business, Pulford bore the brunt of the business disruption with lower revenue and profitability compared to the year prior. However, strong demand in the last quarter provide optimism for FY'23. Beyond Pulford, we increased the sales to our independent channel partners in Australia and New Zealand through active partnership and winning key customers. Brand awareness about ELGi continues to improve. Despite revenue and cost challenges, our teams managed margins reasonably well and outlook is positive for FY'23.

Severe lockdowns hampered our performance in our key markets: Malaysia, Thailand, and Indonesia. In FY'22, we focused on establishing the foundations for growth in these markets such as onboarding key talent, identifying strong channel partners, and creating go to market plans for success.

ATS ELGi

ATS ELGi overcame COVID restrictions, supply challenges, and volatility in the automotive segment to register sales and profitability ahead of the expectations. ATS' strategic business plan is focused on identifying and growing future proof product and segments. The team exercised cost prudence and executed strategic price increases across product segments to maintain profitability.

ELGi Sauer

ELGi Sauer achieved our sales and profit goals for FY'22. After COVID driven delays, we broke ground for new facility on the outskirts of Coimbatore. The new facility will help alleviate space constraints in Singanallur facility for compressor assembly, while adding capacity for ELGi Sauer. We enter FY'23 with a strong book of orders.

Strategic Enablers

Our strategy's success hinges on the health of our enablers or supporting activities and functions. In this section, we will highlight progress in our enablers which will support our aspirations in FY'23 and beyond.

Leadership and Collaboration

In FY'22, we on boarded external leadership talent across functions such as HR, Operations, and Finance. We will continue to invest in external leadership as we groom leaders internally. COVID kicked off increased frequency of collaborative leadership review of sales and cash. We intend to continue these reviews as they allow us to react quickly to market conditions.

Talent Management

The HR leadership kicked off a global talent initiative to define capabilities for success and ensure we have the right people in the right roles. Our team also initiated a culture survey, which has yielded insights for us to work on our culture as a critical enabler for our business.

The number of permanent employees on the rolls of the Company is 1,272.

Operations and Supply Chain

We could not have achieved the results without the record setting performance of the operations team. Amidst restrictive work conditions and raw material supply constraints, we fulfilled the regions' demand expectations consistently. However, sales would have been even stronger globally based on strong demand and order intake if we anticipated raw material supply and freight volatility. Going into FY'23, we are planning strategic inventory in focus regions to ensure best in class lead times for the customers.

New Products and Technology

The product management team is focused on prioritizing global new product needs based on their revenue potential and internal capabilities. For existing products, the product management and technology functions collaborate to ensure ongoing projects to improve performance, energy efficiency, and reliability. In FY'22, globally, we continued to expand the range of our lubricated and oil free compressor range gaining access to more market opportunities. We also kicked off projects to develop our accessories and aftermarket range. We continued to expand production from the motor plant and are supplying ELGI motor equipped compressors globally in a phased manner. ELGi motors offer improved reliability and energy efficiency at competitive cost. Finally, we made significant progress on cost reduction project and are on track to realise the cost target goals in FY'23.

Brand

We aim for the ELGi brand to be a powerful experience for the stakeholders and thus the team members are the most important representatives of the ELGi brand. COVID has driven the team members to leverage digital channels to engage the customers with the ELGi brand. Over the past year, we established dedicated platforms for regions such as North America and Europe. Globally, we restarted our participation in select industry events to allow potential partners and customers to experience the products in person.

Environmental Social and Governance (ESG)

While we have historically invested significantly in CSR initiatives such as the ELGi school and have practised responsible manufacturing practices, we recognized the need to improve ESG reporting practices to be in line with global standards. Thus, in FY'22 we kicked off an initiative to establish best in class ESG reporting. In addition, we identified specific areas for further investment akin to the ELGi school. Our philosophy will be to focus on and invest disproportionately in a few initiatives that are highly aligned to our stakeholders and our aspirations.

Non-Core Assets

The first year of COVID indicated the importance of building the strategic reserves by reviewing the non-core assets. Accordingly, in FY'22, we sold real estate in select locations to add to our reserves. We will continue to review the non-core assets as sources for capital as per the needs of the SBP.

FY'23 Outlook

In FY'22, while strong global demand served as tailwind, our deliberate deployment of resources into the strategic initiatives drove the target achievement. The SBP process is an important tool to prioritize the resources to achieve our goals independent of macroeconomic conditions. We are grateful to the team members for having participated in planning process and executing the initiatives to great success. While we remain optimistic, inflation and political unrest could soften demand in FY'23. The teams are well prepared with products and growth initiatives to achieve our FY'23 revenue targets. However, our primary focus will be to grow profitably amidst cost volatility. We expect costs to increase and for freight to remain volatile. We will invest in processes to anticipate and intelligently predict the consequences of such margin depleting phenomena to execute mitigating measures.

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

S.No	Ratios	Formula	2021-22	2020-21	Change
1	Operating profit margin %	Gross profit / Total Income	13.47%	12.28%	9.67%
2	Net Profit margin %	Net Profit / Total Income	6.92%	5.26%	31.51%
3	Return on net worth	Profit After Tax / Average Networth	20.17%	12.51%	61.24%
4	Debtors turnover ratio	Revenue from Operations / Average Trade Receivables	5.76	5.12	12.31%
5	Inventory turnover ratio	Revenue from Operations / Average Inventory	6.07	5.58	8.96%
6	Current ratio	Current Assets / Current Liabilities	1.65	1.51	9.27%
7	Interest coverage ratio	(Finance Cost + Profit before Tax) / Finance Cost	24.55	12.22	100.87%
8	Debt equity ratio	Long Term Debt / Networth	0.06	0.09	(40.00)%

Improvement in profitability ratios was primarily due to increase in profit driven by growth in sales volume. Improvement in Interest component and Debt/Equity ratios could be achieved because of higher turnover, the resultant increase in profits and also because of reduction in long term borrowings across the group.

Board's Report

Dear Shareholders,

Your Directors hereby present the sixty second Annual Report of Elgi Equipments Limited ("Elgi / the Company") along with the audited financial statements for the year ended March 31, 2022.

Financial Results

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

(₹. in Millions)

Particulars	2021 - 22	2020 - 21
Profit before depreciation, exceptional items & tax	2,881.11	1,755.21
Less: Depreciation and amortisation expenses	367.68	353.29
- Exceptional items	–	–
Profit Before Tax	2513.43	1,401.92
Less: Income tax expense	619.92	351.02
Net Profit	1,893.51	1,050.90
Add: Opening balance in retained earnings	6,247.48	5,184.71
Less: Dividend paid during the year	253.28	–
- Transfer to general reserve	–	–
Add: Remeasurement of post-employment benefit obligation, net of tax	17.38	9.74
Transfer to retained earnings of gain on FVOCI equity instruments	–	2.13
Transfer to retained earnings of gain on sale of Treasury shares, net of tax	50.98	–
Closing balance in P&L account	**7,956.07**	**6,247.48**

Review of Business Operations

The Company realised an operating revenue of ₹ 15,825.90 Million as against ₹ 11,001.70 Million in 2020-21. 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, 2022.

Share Capital

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

Transfer to reserves

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹ 1,893.51 million of the current profits has been carried forward under the head retained earnings.

Dividend

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Dividend Distribution Policy of the Company is hosted in the Company's website at https://www.elgi.com/in/wp-content/uploads/2020/02/Dividend-Policy.pdf.

For the financial year 2021-22, in line with the Dividend Distribution Policy, the Board of Directors at their meeting held on May 13, 2022, has recommended a dividend of ₹ 1.15/- per share (115%) on the paid-up share capital of 31,69,09,016 equity shares. Subject to the approval of shareholders, an amount of ₹ 364.45 million will be paid as dividend after deducting applicable taxes (Previous Year ₹ 253.28 Million).

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

In terms of Sections 124 and 125 of the Companies Act, 2013, ("Act") unclaimed or unpaid dividend relating to the financial year 2014-15 is due for remittance to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

Further, pursuant to Section 124(6) of the Act, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 47,316 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 2021-22 as required under Section 92(3) of the Act is available on the website of the Company and can be accessed on the Company's website at the link "https://www.elgi.com/in/financials/".

Board Meetings held during the year

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

Committees

As on March 31, 2022, the Company has Audit Committee, Nomination and Remuneration Committee, Compensation Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. Detailed note on the composition of the Board and its Committees are provided in the Corporate Governance Report attached to this Report.

Statement on compliance with Secretarial Standards

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

Directors' Responsibility Statement

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

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

b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

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

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

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

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

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

Declaration of Independent Directors

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

Remuneration policy of the Company

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The Remuneration policy is annexed herewith as **Annexure A** to this report. The Remuneration policy of the Company can be accessed on the Company's website at the link https://www.elgi.com/in/wp-content/uploads/2019/05/RemunerationPolicy.pdf.

Comments on Auditors' Report

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

Mr. M. D. Selvaraj, MDS & Associates, Secretarial Auditor in his report has stated that in one instance, the Company has not complied with the provisions of Regulation 29 of SEBI Listing Regulations for which the stock exchanges have imposed a fine. The Company has since paid the fines imposed. The management will ensure that there are no such instances going forward.

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

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

Particulars of contracts or arrangements with Related Parties

All transactions entered into with related parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year 2021-22 were in the ordinary course of business and on an arm's length pricing basis.

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

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been hosted on the Company's website at https://www.elgi.com/in/wp-content/uploads/2019/05/Related-PartyTransactions-Policy.pdf.

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

Material Changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year as on March 31, 2022 and the date of this report.

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

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

Risk management

Pursuant to the requirement of Regulation 21 of the SEBI Listing Regulations, the Company has constituted a Risk Management Committee ("RMC"), consisting of Board members and senior 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 corporate level as also separately for each subsidiary.

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

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

S.No.	Risk Category	Risk Summary	Risk Response /Mitigation actions/Position
1	Compliance Risks	The company's business is subject to legal and regulatory requirements globally; non-compliance could result in severe consequences	The Company has improved the compliance process to be more efficient and effective in place of the current intranet based solution. The Company has implemented a professional software tool to monitor compliance on a global basis.
			Proof of compliance is either being collected or reported by the compliance owners every quarter end. The status is reported to the Audit committee and Board during their quarterly meetings.
			The process of revisiting the checklist for various entities in rotation is being continued. Further, whenever there is a new entity created in a new geography, we engage a law firm to get the compliance list created within the first year of incorporation.
2	Human Resource Risks	Recruiting and retaining strong talent is key to achieving the Company's aspirations; any gaps in these efforts could impact the achievement of revenue and profitability targets.	The talent acquisition process is getting further strengthened. We have involved global leadership in the new leadership hiring process. We now use outcome based Job Description for all key roles. The competency behaviour model designed by a leading agancy is used in key hiring. The global functional leadership is actively engaged in key regional hiring.
			On the other hand, the Company is also investing well in the Talent development model. The functional head for Organisation development and Talent Management along with Chief Human Resource Officer are driving the talent agenda for the Company. The Company has engaged a leading consultant to help its talent management initiative. The project titled "Integration of Talent" was kick started in early September 2021. The objective being "grow talent pool for global success".
			Besides the Company's continued focus on understanding market compensation, the Company has also made a significant change in the annual compensation revision process. The Company has moved to a decentralized compensation decision mechanism (instead of HR managing this centrally). The businesses and functions have been given autonomy to recommend and decide on compensation increases for their teams, basis broad corporate guidelines. The intent is to bring ownership in the managers for their people, drive and reward performance. This is also an important enabler to the talent management program, as the Company's managers become more aware and start investing in their human resources at a strategic level.
3	Economic & Market Risks	Our global operations are subject to economic and market risks in the geographies we operate in.	The pandemic has, over the last 18 months, offered the opportunity to test this dimension. The timing and impact of the pandemic varied across global regions. The Company's geographically diversified presence helped it to deliver decent financial performance. The Company was able to leverage and cross deploy resources to manage shifting demands.
			The risk mitigation efforts, supported through serving broad range of industry segments, is serving the company well. As the pandemic's effects became widespread, certain sectors had greater demand for compressors. During the second wave, the need for compressors to generate oxygen became a national need and the company served this demand well by prioritizing the requirement in national interest.

Risk management plan implementation (Continued...)

S.No.	Risk Category	Risk Summary	Risk Response /Mitigation actions/Position
4	Growth Risks	Acquisitions, joint ventures and investments could be unsuccessful or consume management time and resources, which could adversely affect our operating results	The Company has not made any acquisitions during the year. As a standard practice, detailed due diligence is performed with the help of external experts in the legal, financial and tax areas to fully understand and factor the risks in both making a decision on the deals as well as arriving at the acquisition price. Integration is given adequate weightage whenever there is an acquisition and handled sensitively.
5	Strategic Risks	Business continuity could be severely affected due to natural disasters or unexpected events like COVID 19 pandemic	Insurance policies commensurate with business requirements have been taken by the Company. These policies are periodically reviewed to strengthen the scope as required.
			The Company has responded swiftly and effectively by managing its costs and cash flows to largely overcome the sales compression caused by COVID-19. The Company has a disaster management plan in place and continues to refine it regularly to meet the changing requirements.
			The Company also managed its sales and operations very effectively during both the Covid waves across different geographies, as a result of which, the impact on the business was minimal.
6	Supply Chain Risks	Disruptions in supplies due to concentration of manufacturing facilities in a single location and reliance on one or few suppliers present risks to business stability	The Company continues to explore responses to manufacturing concentration including strategic stocking in various parts of India and rest of the world in the short to mid-term and is planning to have assembly operations in global regions in the mid to long-term.
			The Company has rolled out a new initiative "Cost Optimisation in Operations" (COSMOS) by engaging an expert consultant. The objective is nearly self-explanatory. The focus is on optimizing material cost and Other variable costs. As a part of this initiative, the supplier base is being critically reviewed and augmented as required.
			The supplier base has been widened gradually and dependence on particular suppliers and geographies is also being reduced. Work on developing a global network of suppliers is a continuous activity.
			The Company will continue to carry out strategic, selective backward integration such that manufacture of most critical parts are moved in-house.
			The Company hopes to get some vital inputs from project COSMOS.
7	Information Technology Risks	Cyber security risks could disrupt the company's technology systems, infrastructure, and networks. Gaps in data protection could result in non-compliance of applicable regulations	Reliability is continuously enhanced by adopting and moving critical systems systematically to the Cloud. Up-to-date technology is deployed to ensure that Emails are scanned and quarantined if risks are detected. Multi-factor authentication has been implemented for minimizing cyber risks due to password hacks.
			The Company is moving to cloud in a phased manner, and in this connection, has already moved Product Lifecycle Management (PLM) on Amazon Web Services (AWS) during this year FY 2021-22 as the Company upgraded its PLM.
			Multi-factor authentication has been implemented, including for Virtual Private Network (VPN) to minimizing cyber risks due to password hacks.
			The Company is evaluating implementation of EDR (End Point Detection and Response system) in a phased manner.
			Security Information and Event Management (SIEM) solution implementation has begun and is being systematically extended to all critical on-premise platforms.

Risk management plan implementation (Continued...)

S.No.	Risk Category	Risk Summary	Risk Response /Mitigation actions/Position
			PAM (Privileged Access Management) for exerting control over the elevated access and permissions for users, accounts, processes, and systems across an IT environment are also being implemented. The Company has planned to pursue ISO 27001 certification also.
			IT security audits are performed annually to assess the vulnerabilities in the existing systems. The Company is exploring the possibility to move to half-yearly audit besides deploying intelligent security monitoring tools. Global Data privacy policy to comply with General Data Protection Requirements (GDPR) of Europe and other applicable privacy laws in various jurisdictions is also in the pipeline.
			The Company is moving into Quarterly Vulnerability Assessment and Penetration Testing (VAPT) audit. After a VAPT review in June'21, another review is currently in progress
8	Financial Risks	Exchange rate fluctuations in the various currencies that company deals in could adversely affect the company's financial performance	To minimize fluctuation risks, the Company has a strong hedging process and has a policy in place, besides leveraging the natural hedge that is available. The Company also continuously monitors the exchange rates relevant for its geographies and takes suitable actions to offset adverse changes by adjusting selling prices and costs.
			During the year, the Company has not had any major impact.
			The Company continues to work with its bankers to understand the regulatory changes in the banking system with reference to managing exchange risks and leverage them suitably.
			This is a continuous process and our good relationship with the financing banks help us get timely advice on this front.
9	Environmental Risks	Global climate change and related regulations can negatively impact our business	The Company will focus more on Electric Powered Screw Air Compressors (EPSAC) and Oil Free Screw Air Compressors (OFSAC) for its future growth, gradually reducing the dependence on Diesel Powered Screw Air Compressors (DPSAC) in its overall portfolio. Environmental factors and regulatory changes taking place globally are closely monitored to effect appropriate actions to align the Company's products with these requirements.
			The Company is embarking on a major Environmental, Social & Governance (ESG) initiative, not only to satisfy regulatory requirements that come into force from FY 2022-23 but also as a sincere corporate citizen looking to contribute to a better environment for all. In this connection, the company' will focus on the "E" portion of ESG more emphatically. We have formed a team of cross functional leaders with passion for ESG who have started work on this. We are engaging with a leading consultant partner to help us in this journey.
			The Company's operations are constantly upgraded to adopt green manufacturing practices.
10	Strategic Risks	The Company's large dependence on India makes it susceptible to the economic fortunes of a single geography	The Company believes that the revenue mix is now well spread across geographies so as to reduce dependence on India.
			The Company's strategic plan for the mid-term and the strategic initiatives are aligned to this goal to diversify the revenue mix.

Corporate Social Responsibility Initiatives

The brief outline of the Corporate Social Responsibility ("CSR") Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out as **Annexure D** to this report in the format prescribed in the Companies (CSR Policy) Rules, 2014. For other details regarding the CSR Committee, refer to the Corporate Governance Report, which is a part of this report. The policy is available on the website of the Company.

Performance Evaluation of the Board, it Committees and the Directors

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

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

The Board of Directors have evaluated the Independent Directors during the year 2021-22 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

Directors and Key Managerial Personnel

Dr. T Balaji Naidu, Director retired from the Company on January 21, 2022. Mr. Anvar Jay Varadaraj was appointed as an Executive Director of the Company with effect from August 2, 2021 subject to the approval of the Central Government. During the year under review, the Company has received the approval of the Central Government for the said appointment. Mr. Sudarsan Varadaraj, Director retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The resolutions seeking approval of the Members for the re-appointment of Mr. Sudarsan Varadaraj as Director have been incorporated in the Notice to the AGM of the Company along with brief details about him.

Mr. Ragunathan K resigned as the Company Secretary and Compliance Officer of the Company with effect from August 2, 2021. Mr. S Prakash was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 3, 2021.

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

Subsidiaries, Joint Ventures and Associate Companies

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

The Company has 25 subsidiaries and 8 joint ventures/ associate entities. The statement pursuant to Section 129(3) of the Act, containing the salient features of the financial statements of subsidiary Companies, in Form AOC-1 forms part of this Annual report. Elgi Compressors (M) SDN. BHD, Malaysia a wholly owned subsidiary of the Company was incorporated during the year. During the year under review, Gentex Air Solutions LLC, USA, a joint venture company was formed. Elgi Equipments (Zhejiang) Limited was closed during the year.

Elgi Compressors USA Inc., Elgi Compressors Europe S.R.L, Rotair SPA and Patton's Inc. are the material subsidiaries of the Company based on the financials for the year ended March 31, 2022. The Board has approved a policy for determining material subsidiaries, which has been uploaded on the Company's website viz. www.elgi.com.

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

Deposits

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2022.

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

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

Internal Control Systems and their Adequacy

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

Statutory Auditors

Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016) Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of five years at the fifty seventh AGM of the Company held on July 28, 2017. The Audit Committee and the Board has approved the re-appointment of Price Waterhouse Chartered Accountants, LLP for the second term of five (5) years i.e., from the conclusion of the sixty second AGM till the conclusion of the sixty seventh AGM.

The necessary resolution seeking approval of the Members for their re-appointment has been incorporated in the Notice to the AGM of the Company along with brief details about them.

Secretarial Auditors

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

As per Regulation 24 A of the SEBI Listing Regulations, the Company carried out Secretarial Audit of its material unlisted subsidiary ATS Elgi Limited also through MDS & Associates, Company Secretaries in Practice. The report of the Secretarial Audit of ATS Elgi Limited is annexed.

Cost Auditors

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed STR & Associates, Cost Accountants, Trichy (Firm Registration No.: 000029), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended March 31, 2022. The audit is in progress and report will be filed with the Ministry of Corporate Affairs within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditors for the financial year 2022-23 is placed before the shareholders for ratification/ approval.

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

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

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

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

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

Human Resources and Industrial Relations

The Company continues to enjoy cordial relationship with its employees at all levels. The total strength of employees as on March 31, 2022 was 2,162 (including subsidiaries).

Particulars of Employees

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

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

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employee Stock Option Plan 2019 to enable the Company and its subsidiaries to attract, retain and reward appropriate human talent in its employment and to create a sense of ownership and participation amongst the employees. The Compensation Committee administers and monitors the Employees' Stock Option Plan of the Company through the Elgi Equipments Limited Employee Stock Option Trust. The Compensation Committee has during the year under review issued 4,74,300 options at a grant price of ₹ 225/- per option to the eligible employees of the Company. No options were granted to the Directors.

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

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

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

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee. During the year under review, there were no cases received/filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Business Responsibility Report

Pursuant to Regulation 34 of SEBI Listing Regulations, read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015. The business responsibility report is annexed as **Annexure H** to this report.

Corporate Governance

A report on corporate governance is annexed to and forms part of this report. The Company has complied with the conditions relating to corporate governance as stipulated in SEBI Listing Regulations.

Vigil Mechanism/Whistle Blower Policy

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

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

The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were no complaints under this policy. The Whistle Blower policy is available on the website of the Company at the following address 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

	Jairam Varadaraj	**N. Mohan Nambiar**
Place : Coimbatore	Managing Director	Director
Date : May 13, 2022	DIN: 00003361	DIN: 00003660

Annexure A

Remuneration Policy

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

1. Background

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

"Board" means the Board of Directors of the Company

"Company" means Elgi Equipments Limited, India

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

"Employees" means all other Employees of the Company

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

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

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

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

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

2. Objective

The objectives of this policy are:

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

(b) Encourage people to perform to their highest level of competence;

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

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

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

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

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

3. Contract

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

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

4. Forms of Remuneration

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

4.1 Fixed Remuneration

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

4.2 Performance Based Remuneration

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

4.3 Equity Based Remuneration

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

4.4 Joining Bonuses and Termination payments

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

4.5 Employees Entitlements

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

5. Review

5.1 Performance Appraisal

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

5.2 Board

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

5.3 Nomination and Remuneration Committee

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

5.4 Monitoring the Policy

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

6. Disclosure & Deviation

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

Annexure B

Form No. AOC-2

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

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

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

Not Applicable

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

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

For and on behalf of the Board

	Jairam Varadaraj	**N. Mohan Nambiar**
Place: Coimbatore	Managing Director	Director
Date: May 13, 2022	DIN: 00003361	DIN: 00003660

Annexure C

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

[Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

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

Consequently, the Company has seen a positive impact by way of reduction in " Power to Sale ratio" from 1.26 % to 1.08 % for all manufacturing plants in ELGi

Various Energy management programs (EnMPs) were executed by identifying the energy gaps and opportunities by using a systematic approach to analyse the energy consumption pattern through IoT for On line monitoring system. The following are the measures to optimize the energy:

i. As a part of green manufacturing initiative, Installation of Solar power plant of 4MW capacity is under progress. It is aimed to increase share ratio of renewable energy from 12% to 40% of total energy consumption in all manufacturing plants by the end of 2022.

ii. Airend manufacturing energy reduced from 339 kWh/Airend equivalent to 319 kWh/Airend by EnMP (Energy Management Programs) in Air compressor plant (ACP) as mentioned below:

- Profile grinding machines were connected with water chillers instead of individual chiller units,
- Energy efficient motors (IE2 to IE3) are installed in Oberlin filter for Thread grinding machines
- Energy efficient lighting in machines shop ,assembly lines and office area.

iii. Energy study has been completed for replacing energy efficient blowers and motors in all Air handling units (AHU). 35% of energy saving is expected from this initiative.

iv. At foundry, we saved 21 kWh per ton of castings by implementing energy management programs in energy efficient lightings.

v. It is aimed to reduce HSD consumption of 60Hz with various voltage testing compressors by implementing Motor Generators with the capacities of 160 KW and 250 KW in the assembly lines.

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

vii. Cool coating was done in technology top flooring to improve the performance of Package air-conditioner units.

viii. Fan motors of 25 HP capacity in cooling towers were replaced with energy efficient motors (IE3)

ix. Capacity of Air compressor was optimized through energy audit in motor division. Air compressor replaced from 37 KW to 11 KW at motor plant

x. Energy efficient lightings were executed in assembly lines, Pressure vessel division and Motor division.

xi. Executed Energy management Programme in Test booth operated with blowers (Total capacity: 59 KW) was optimized by installing VFD with programmable control operation.

xii. Eliminated the water consumption for paint booth operation by executed environmental management program in foundry plant by replacing wet type paint booth with Dry paint booth.

xiii. Programmable timers were installed for optimizing operating hours in Laddle preheater, core drying oven and water pump as a part of energy management programs.

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

At present, the Company's wind mill generators contribute 12% of the total energy consumption

III Capital investment on energy conservation equipment

Rs 50 Lakhs was spent during the year for installing Motor-Generator Sets.

B. Technology Absorption:

I Efforts made towards technology absorption

- OTA (Over The Air) software updation into controller which will reduce the quality concerns
- Installation of a switch less human interface for control panels – capacitive touch interface

- Introduced a dynamic password for secured interface with compressor controller

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

This year focus is on energy efficiency as all ways, the work is also extend to expanding the range and incorporation of region specific features to handle challenging environmental factors and associated needs which we believe this will attract many more global customers and enhances our strength for marching towards our aspiration.

The following are the activities towards this.

- Designed and developed an energy efficient oil flooded version of EG75 premium compressor models for all countries
- Designed and developed an energy efficient oil flooded version from EG11, EG15, EG18, EG22, EG26, EG30 & EG37 - 200V for USA region.
- Design and developed an energy efficient oil flooded version in 11, 15, 18, 22, 30, 37, 45 kW with permanent magnet synchronous motor, intelligent thermal management system and advanced Neuron IV control system.
- Designed and developed integrated heat recovery system in oil flooded version in 55, 75, 90, 110, 132, 160, 200 & 250 kW suitable for all countries.
- Designed and developed:
    - Extended pressure variant of 115psi.g in EN2.2, EN3.7, EN4, EN5.5, EN7, EN11, EN15, EN18, EN22, EN30 & EN37 for US region 460V.
    - Extended pressure variant of 115psi.g in EG11, EG15, EG18, EG22, EG30, EG37, EG45, EG55, EG75, EG90, EG110, EG160, EG200 & EG250 for US region 460V
- Designed and developed an improved version of energy efficient oil flooded air cooled & water cooled compressor EG90, EG110, EG132 & EG160 models for all countries
- Designed and released:
    - Extended pressure variant of 10bar.g/145psi.g in oil free air cooled screw air compressors OF55A to OF110A, OF145A, OF170A, OF210A to OF300A models for all countries.
    - Extended pressure variant of 10bar.g/145psi.g in oil free water cooled screw air compressors OF90, OF110, OF145, OF170, OF210 to OF300, OF400 & OF450 models for all countries
- Released extended power variant of low pressure model oil free water cooled screw air compressors OF145L, OF200L, OF210L, OF265L & OF275L models for India & Europe regions
- Designed and developed an energy efficient and improved version of oil free water cooled air compressor OF90, OF110, OF132, OF145 & OF160 for all countries.
- Designed and developed an cost efficient oil free disrupted screw air compressor AB55 & AB75 kW (Split design) for all countries
- Designed and tested intelligent thermal valve (ITV) for oil flooded compressor version from EG15 to EG45, enhances the oil life and compressor efficiencies.
- Designed & developed electronic (Neuron IV) controller for EPSAC, OFSAC & OFD compressor packages to monitor and control function of compressors. Also, it enhances the compressor user interface through touch screen
- Designed and developed IoT (AiR~ALERT) Industry 4.0 initiative for remote monitoring of compressors thereby reducing compressor down time and improving utilization efficiency
- Designed and developed MPV150 (Minimum pressure valve) and adopted in compressor packages with capacity between 11 to 22 kW for India, Europe & USA markets
- Designed and developed DCV 3” (Discharge check valve) and adopted in compressor packages.
- Designed and developed EIV102s valve to suit EV series oil flooded screw air compressors.
- Designed and developed single stage PG430-100 & PG330-100 diesel engine driven rotary air compressors for construction & mining application.
- Designed and developed single stage PG575-225-diesel engine driven rotary air compressors for 4.5”DTH water well drilling applications.
- Designed and developed single stage PG575-225-diesel engine driven rotary air compressors for 6.5” & 4.5”DTH construction & mining applications.
- Designed and developed single stage PG850-150 diesel engine driven rotary air compressors for sandblasting & piping cleaning applications to Middle East market.

- Designed and developed a reciprocating direct drive oil lubricated compressors (Simplex-3, 5&7.5HP, Duplex-10&15HP) for Europe markets
- Designed and developed a reciprocating direct drive oil lubricated railway compressors (RR 10 100 & RR 15 100) for Metro/EMU & DMU braking applications.
- Several other projects meeting global requirements are at the verge of completion and will be effective from first to second quarter in the coming year.

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

NIL

IV Expenditure incurred on Research & Development:

(₹ in Million)

Expenditure on R&D	2021-22	2020-21
Capital	19.25	33.83
Revenue	309.10	364.21
Total	328.35	398.04
R&D Expenditure as a percentage on turnover	2.07%	3.6%

C. Foreign Exchange Earnings and Outgo

Earnings in foreign currency and expenditure incurred in foreign currency amounts to ₹3,474.76 mn and ₹2,334.72 mn respectively.

For and on behalf of the Board

Place : Coimbatore
Date : May 13, 2022

Jairam Varadaraj
Managing Director
DIN: 00003361

N. Mohan Nambiar
Director
DIN: 00003660

Annexure D

Annual Report on Corporate Social Responsibility (CSR) Activities

01. Brief outline on CSR Policy of the Company

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

Composition of CSR Committee

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

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

* Retired on January 21, 2022

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

Composition of the CSR Committee: "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/

03. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:

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

04. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

There is no amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and hence disclosure under this clause is not applicable to the Company.

05. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL

06. Average Net Profit of the Company as per Section 135(5): ₹ 1,260.54 Million

07. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 25.21 Million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 25.21 Million

08. (a) CSR amount spent or unspent for the financial year:

Amount (in ₹)

Total amount spent for the Financial Year (in ₹)	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	Date of transfer	Name of the Fund	Amount	Date of transfer
11,50,000	2,40,60,000	April 29, 2022	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in current financial year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of implementation – Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District						Name	CSR registration number
1	Education	i	Yes	Coimbatore, Tamilnadu		FY 2023-24	2,40,60,000	-	2,40,60,000	No	LRG Foundation	CSR00002582

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

The details of the CSR amount spent against other than ongoing projects for the financial year under review are given in the succeeding page.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
				Location of the project				Mode of implementation - Through implementing agency	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	State	District	Amount spent for the project (in ₹)	Mode of implementation – Direct (Yes/No)	Name	CSR registration number
1.	Coimbatore Marathon	Promoting health care including preventive health care	Yes	Tamil Nadu	Coimbatore	8,50,000	No	Coimbatore Cancer Foundation	CSR00002518
2.	Improving the livelihoods of differently abled children	Promoting special education and employment enhancing vocation skills among differently abled and livelihood enhancement projects	Yes	Tamil Nadu	Coimbatore	3,00,000	No	Amrit Center for Special Needs	CSR 00011048
	Total					**11,50,000**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 11,50,000/-

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	2,52,10,000
(ii)	Total amount spent for the Financial Year	11,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

09. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable

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

For and on behalf of the Board

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

N. Mohan Nambiar
Director
DIN: 00003660

Place: Coimbatore
Date: May 13, 2022

Annexure E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[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

I 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 me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31st March 2022,** 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.

I 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 2022 according to the provisions of:

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

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

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

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

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

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

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

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

   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client

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

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

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

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

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

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

(i) The Company has not given prior intimation to the Stock Exchange(s) regarding the consideration of recommendation of dividend by the Board of Directors of the Company at their meeting held on 21st May 2021 as required under Regulation 29(1) & 29(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Subsequently, BSE Limited and the National Stock Exchange of India Limited vide their respective letters dated 14th June 2021 imposed a fine of ₹ 11,800/- (inclusive of GST) each on the Company for non-compliance with the said provisions. The fines have since been paid by the Company.

I 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 (Issue and Listing of Debt Securities) Regulations, 2008

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

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

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

I 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.

I 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.

I 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 auditor and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I 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.

I further report that during the period under review, the Compensation Committee at their meeting held on 3rd August 2021 has, in accordance with the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 and SEBI (Share Based Employee Benefits and Sweat

Equity) Regulations, 2021, granted 4,74,300 options to the employees of the Company and its subsidiaries.

Other than the above, there were no instances of

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

Place : Coimbatore
Date : May 13, 2022

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000286080
Peer Review No. 985/2020

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

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I 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. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

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

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

5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the management. My 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.

Place : Coimbatore
Date : May 13, 2022

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000286080
Peer Review No. 985/2020

ATS Elgi Limited

Secretarial Audit Report of ATS Elgi Limited

Form No. MR-3
Secretarial Audit Report
For the financial year ended 31st March, 2021

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

To

The Members,
ATS ELGI LIMITED
(CIN: U34300TZ2007PLC014125)
Kurichy Private Industrial Estate,
Kurichy, Coimbatore – 641021.

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

Based on my verification of **M/s. ATS ELGI 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2022 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.

I 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 2022 according to the provisions of:

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

ii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder

iii) Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

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

I further report that, during the year under review, there were no actions/events in pursuance of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

I further report that, the Company being an unlisted company, the following Acts/Rules/Regulations are not applicable to the Company during the year under review:

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

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

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except Regulation 24A

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

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

iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

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

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

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

viii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

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

x. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018

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

I 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.

I 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.

I 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 have been subject to review by statutory financial auditor and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I 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 applicable laws, rules, regulations and guidelines.

I further report that during the period under review, 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 in pursuant to Section 180 of the Companies Act, 2013.
- Merger/Amalgamation/Reconstruction etc.
- Foreign technical collaborations

M D SELVARAJ
MDS & Associates, Company Secretaries
FCS No.: 960; C P No.: 411 UDIN: F000960D000285970
Peer Review No. 985/2020

Place : Coimbatore
Date : May 11, 2022

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

To **'Annexure A'**

The Members,
ATS ELGI LIMITED
(CIN: U34300TZ2007PLC014125)
Kurichy Private Industrial Estate,
Kurichy, Coimbatore – 641021.

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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, regulations and standards is the responsibility of management. My 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.

M D SELVARAJ
MDS & Associates, Company Secretaries
FCS No.: 960; C P No.: 411 UDIN: F000960D000285970
Peer Review No. 985/2020

Place : Coimbatore
Date : May 11, 2022

Annexure F

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

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

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

S.No.	Name of Director	Ratio to median remuneration	% increase in remuneration in the financial year
1.	Mr. Jairam Varadaraj (Managing Director)	24.33	16.27
2	Mr. Sudarsan Varadaraj (Director)	0.16	(33.33)
3	Mr. M Ramprasad (Director)	0.59	(22.81)
4	Dr. Ganesh Devaraj (Director)	0.59	4.76
5	Mr. B Vijayakumar (Director)	0.15	(31.25)
6	Mr. N Mohan Nambiar (Director)	0.40	(28.57)
7	Ms.Aruna Thangaraj (Director)	0.58	19.44
8	Mr. Harjeet Singh Wahan (Director)	2.33	16.78
9	Mr. Anvar Jay Varadaraj (Executive Director)[$]	3.15	NA
10	Mr. Jayakanthan R (CFO)	18.08	11.03
11	Mr. S Prakash* (CS)	NA	NA
12	Mr. Ragunathan K [#] (CS)	NA	NA

[$] Appointed as an Executive Director wef August 2, 2021 and hence comparable figures have not been provided;
* Appointed wef August 3, 2021 and hence comparable figures have not been provided;
[#] Comparable figures have not been provided as Mr. Ragunathan K resigned wef August 2, 2021.

b) The median remuneration for the year 2021-22 is ₹ 7,46,827/-

c) The percentage increase in the median remuneration of employees in the financial year: 5.87 %

d) The number of permanent employees on the rolls of Company: 1,272 (excluding subsidiaries)

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

Average increase in remuneration is 5.87% for Employees and Managerial Personnel.

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

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

For and on behalf of the Board

	Jairam Varadaraj	**N. Mohan Nambiar**
Place : Coimbatore	Managing Director	Director
Date : May 13, 2022	DIN: 00003361	DIN: 00003660

Annexure G

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

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

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

2. **Material Changes in the Scheme:**

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

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

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

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

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

S. No.	Particulars	Details
a.	Date of shareholders' approval	31.01.2020
b.	Total number of options approved under ESOP	31,69,090 (1% of paid-up capital)
c.	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.
d.	Exercise price or pricing formula	a. The Company had granted options at a grant price of ₹ 200.05 per equity share during the financial year 2019-20. During the financial year 2020-21, the Company issued bonus shares to its shareholders in the ratio of 1:1 and the benefit of the bonus issue was passed on to the eligible employees in terms of the ESOP scheme, resulting in the grant price being modified to ₹ 100.03/- The total number of options is 3,07,600. b. The Company had granted 4,74,300 options at a grant price of ₹ 225/- per equity share during the financial year 2021-22.
e.	Maximum term of options granted	The maximum term of options granted will be for a period of 3 years.
f.	Source of shares	Secondary Acquisition
g.	Variation in terms of options	There has been no variation in the terms of the options during the year, except to reckon for the bonus issue.

ii. Method used to account for ESOP:

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

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

Not applicable as Fair value method is followed.

iv. Option movement during the year

Particulars	Details
Number of options outstanding at the beginning of the period	3,07,600
Number of options granted during the year	4,74,300
Number of options forfeited/lapsed during the year	Nil
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	Nil
Loan repaid by the Trust during the year from exercise price received	Nil
Number of options outstanding at the end of the year	7,81,900
Number of options exercisable at the end of the year	Nil

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

Exercise price for options granted during the year: ₹ 225/-.

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

S. No.	Name of the Employee	Designation	Number of options granted	Exercise Price (₹)	Date of Vesting
1	Jayakanthan R	Chief Financial Officer	69,000	225.00	03-08-2024
2	Ambat Rajesh Premchandran	Director – ISAAME	25,400	225.00	03-08-2024
3	Ramesh Ponnuswami	Executive Director – OSEA	51,800	225.00	03-08-2024
4	Ajit Singh	Director – PMMO	13,100	225.00	03-08-2024
5	Venu Madhav K	Director – Technology	66,300	225.00	03-08-2024
6	Sriram S	Director – Operations	43,800	225.00	03-08-2024
7	Sebi Chacko	Chief Human Resource Officer	24,300	225.00	03-08-2024
8	Chris Ringsltetter	President – Europe	42,500	225.00	03-08-2024
9	David Jon Puck	President – Americas	1,38,100	225.00	03-08-2024
	TOTAL		**4,74,300**		

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

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

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

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

i. Share Price: ₹ 225.00 (share price as on the grant date)

ii. Exercise Price: ₹ 225.00

iii. Expected Volatility: 30.45% (expected volatility was computed by computing the standard deviation of returns on share prices, for a term equal to the residual maturity of the option)

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

v. Expected Dividends: The dividend yield of 0.82% is determined based on the latest declared dividend of ₹ 0.80 per share.

vi. Risk free Interest Rate: 5.48%

b. The method used and the assumptions made to incorporate the effects of expected early exercise.

None.

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

Expected Volatility: 30.45% (expected volatility was computed by computing the standard deviation of returns on share prices, for a term equal to the residual maturity of the option)

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

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

5. Details related to Trust

i. General information on all schemes

S. No.	Particulars	Details
1	Name of the Trust	Elgi Equipments Limited Employee Stock Option Trust
2	Details of the Trustee(s)	Mr. B. Balakrishnan and Mr. M. Ramakrishnan
3	Amount of loan disbursed by Company during the year	₹ 7,00,00,000/-
4	Amount of loan outstanding (repayable to Company) as at the end of the year	₹ 11,44,01,000/-
5	Amount of loan, if any, taken from any other source for which Company/any Company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

ii. Brief details of transactions in shares by the Trust

S. No.	Particulars	Details	
a.	Number of shares held at the beginning of the year	3,70,000	
b.	Number of shares acquired during the year through (i) primary issuance	Nil	
	(ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Number of shares acquired from the market:	2,32,500
		% of paid-up equity capital as	0.073%
		Weighted average cost of acquisition per share	₹ 295.49
c.	Number of shares transferred to the employees/sold along with the purpose thereof	Nil	
d.	Number of shares held at the end of the year	6,02,500	

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

Number of Shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	0.116
Acquired during the year	0.073
Sold during the year	Nil
Transferred to the employees during the year	Nil
Held at the end of the year	0.189

For and on behalf of the Board

Place: Coimbatore
Date: May 13, 2022

Jairam Varadaraj
Managing Director
DIN: 00003361

N. Mohan Nambiar
Director
DIN: 00003660

Annexure H

Business Responsibility Report

The Business Responsibility ("BR") disclosures in this Report illustrate ELGi's efforts towards creating enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (hereinafter "NVG-SEE") released by the Ministry of Corporate Affairs and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI Listing Regulations"). This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG.

Section A: General information about the Company

1.	Corporate Identity Number (CIN):	L29120TZ1960PLC000351
2.	Name of the Company:	ELGI EQUIPMENTS LIMITED
3.	Registered address:	Elgi Industrial Complex iii, Trichy Road, Singanallur, Coimbatore -641 005
4.	Website:	www.elgi.com
5.	E-mail id:	investor@elgi.com
6.	Financial year reported:	2021-2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	2813 – Manufacture of compressors
8.	Three key products/services manufactured (as in balance sheet):	Compressors
9.	Total number of locations where business activity is undertaken:	26 Locations
	Number of international locations (5 major):	Major locations 2021-22 Italy, Belgium, Middle-East, USA & Indonesia
	Number of national locations:	11 Locations (Jaipur, Delhi, Ahmedabad, Pune, Mumbai, Hyderabad, Chennai, Bangalore, Cochin, Tiruchengode, Coimbatore)
10.	Markets served by the Company:	Pan India across all states in India International locations to be given here

Section B: Financial details of the Company (Standalone)

1.	Paid up capital:	₹ 31,69,09,016
2.	Total turnover:	₹ 15,825.90 Million
3.	Total profit after taxes:	₹ 1,893.51 Million
4.	Total spending on corporate social responsibility (CSR) as percentage of PAT:	2%
5.	List of activities in which expenditure in 4 above has been incurred:	The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule VII of the Companies Act, 2013. Please refer CSR report annexed to the Board's Report

Section C: Other details

1. Does the Company have any subsidiary Company/Companies? Yes, the Company has the following subsidiaries:

   The Company has 25 Subsidiaries and 8 Associates/Joint Ventures as on March 31, 2022.

2. Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).

   The subsidiaries of the Company participate in BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

   The Company encourages its suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

Section D: BR information

1. Details of director/directors responsible for BR implementation of the BR policy/policies:

   a. Details of director/directors responsible for BR implementation of the BR policy/policies:
   The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee as on the March 31, 2022 are as follows:

S.No.	Name of the Director	Category
1	Mr. Jairam Varadaraj	Managing Director, Non-Independent
2	Mr. B Vijayakumar	Independent Director
3	Ms. Aruna Thangaraj	Independent Director

   b. Details of BR head

S.No.	Particulars	Details
1	DIN Number (if Applicable)	00003361
2	Name	Mr. Jairam Varadaraj
3	Designation	Managing Director
4	Telephone Number	0422-2589555
5	E-mail id	investor@elgi.com

2. Principle-wise (as per NVGs) BR policy/policies:

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 Business ethics	Business should conduct and govern themselves with ethics, transparency and accountability
P2 Product responsibility	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3 Wellbeing of employees	Businesses should promote the well-being of all employees
P4 Stakeholder engagement	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5 Human rights	Businesses should respect and promote human rights
P6 Environment	Business should respect, protect and make efforts to restore the environment

P7 Public policy	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8 CSR	Businesses should support inclusive growth and equitable development
P9 Customer relations	Businesses should engage with and provide value to their customers and consumers in a responsible manner

2.(a) Details of compliance (reply in Y/N)

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	N	N	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	N	N	Y	N	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	N	N	Y	N	Y	N
		The policies are in line with international standards and practices such as ISO 9001: 2015 , ISO 14001: 2015, ISO 45001: 2018, ISO 50001: 2018. , ISO 22000: 2018 and ISO/TS 22163: 2017								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate board director?	Y	N	Y	N	N	N	N	Y	N (But it has been signed by the appropriate owner)
5.	Does the Company have a specified committee of the board/director/official to oversee the implementation of the policy?	Y	N	Y	N	N	N	N	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.elgi.com Not all policies may be available in this link in due course access to all policies will be provided								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	N	N	Y	N	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	N	N	Y	N	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	N	N	Y	N	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

2.(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (tick up to 2 options)

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles				The Company has understood the principles but does not have a policy yet in place	The Company has understood the principles but does not have a policy yet in place		The Company has understood the principles but does not have a policy yet in place		
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles				The Company has an unwritten policy of respecting the interests of and be responsive towards all stakeholders, Especially those who are disadvantaged, vulnerable and Marginalized. The Company does not discriminate Between Stakeholders.	The Company is not in a position to adequately put these policies in place.		The Company is not at a stage where it finds itself in a position to formulate and implement this policy.		
3.	The Company does not have financial or manpower resources available for the task				The Company does not find a need to have a written policy. Hence, it has not assessed manpower resources for the task.	Since the Company does not find a need to have this policy, it has not assessed manpower resources for the task.		Since the Company does not find a need to have this policy, it has not assessed manpower resources for the task.		
4.	It is planned to be done within next 6 months				NO	NO		NO		
5.	It is planned to be done within the next 1 year				NO	NO		NO		
6.	Any other reason (please specify)				None	None		None		

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.

There is no defined frequency. Assessment is an ongoing exercise and is an inherent part of corporate management.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes the BR Report annually. For 2021-22, the Company has also released a brief sustainability report.

Section E: Principle-wise performance

Principle 1: Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

ELGi holds the highest standards of integrity and behaviour, ensuring compliance and adherence to the law and internal regulations. ELGi has zero tolerance for corruption and violations of the principles of fair competition. Suppliers have to sign a code of conduct before transacting with the Company that they will not engage in unethical behaviour and will not bribe or attempt to bribe Company officials. The policy will be extended to subsidiaries and joint ventures.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There were no complaints from the Shareholders and Customers on ethics, transparency or accountability during the financial year 2021-22. It is of utmost importance for the Company to ensure that its stakeholders' concerns are resolved expeditiously.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- 3 to 4% improvement in energy efficiency has been achieved in compressors through design changes. The Company has developed and launched several models incorporating these improvements. ELGi has also expanded the range of oil free compressors.
- The Company has worked on improving consumable life that will render performance, life and environmental benefits. It also released products with heat recovery systems to recover the waste heat from compressor and used in auxiliary applications to save energy.
- The Company released PG1250 a diesel-powered compressor for water well drilling. The compressor is employed with a patented control system that gives significant fuel savings and benefits to environment.
- The Company also released products with an optional outdoor protection kits that will enable its products to work consistently under stretched environmental conditions with compromising on performance and reliability.
- ELGi launched OFD (Oil-free disrupted) compressors which potentially will replace traditional oil free compressors with a significant improvement in efficiency and lower initial cost. This product meets the requirement of sensitive applications like pharmaceuticals, food and beverages and electronics. The Company has also expanded its range of OFD compressors.
- The Company indigenously developed and manufactured motors that deliver higher efficiency at lower cost. These motors are used in ELGi's compressors now.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

The Company is not capturing resource use as of now. But the Company is working towards capturing details for energy and raw material alone.

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The below savings apply to old and new products put together. the Company does not have a method to capture details separately for old and new products yet.

a. Energy Consumption/-For Manufacturing Air End (17 - 18 : 433 Kwh/Air end) (18 - 19 :386 Kwh/Air end) (19 – 20 : 375 Kwh/Air end)

b. Water Consumption/man (17 - 18 : 90 Lts/Man) (18 - 19 : 85 Lts/Man) (19 – 20 : 82 Lts/Man)

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The usage of new products (compressors) with 3% energy efficiency will normally result in a corresponding 3% reduction in energy consumption at consumers' sites. In Oil Free Disrupted (OFD) compressors, the amount of oil used is one fifth of its equivalent earlier models and the efficiency will reduce the amount of electricity consumed and consequently the cost to the customers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced

sustainably? Also, provide details thereof, in about 50 words or so.

Yes. The Company has suppliers on board ranging from Micro, Small & Medium Enterprises (MSME) to large domestic and Multi-National Companies. The Company possesses a commodity specific sustainable sourcing plan. There are suppliers on board for more than two decades located within Coimbatore region itself, due to ELGi's "Sustainable Sourcing Plan". The Company supports many MSME's.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes, please see answer to 3 above. On ELGI designed parts, the primary source planning is done only within Coimbatore based suppliers.

The Company works with suppliers very closely and technically supports them to establish manufacturing capabilities and capacity. The Company conducts supplier quality improvement programs, continuous improvement program and training on KANBAN systems thereby enabling its MSME suppliers to move to the next level.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5% ,10%, >10%). Also, provide details thereof, in about 50 words or so.

   UPS batteries used in the Air center Plant machines are re-utilized at ELGi School lab. The Company generates minimal quantities of hazardous waste, electronic waste, oil waste, used batteries and foundry fine sand and all of these are disposed of in accordance with prevailing pollution control law.

   300 Tons of waste sand have been converted as a solid block for construction purpose year 2020-21

Principle 3: Businesses should promote the well-being of all employees.

1. Please indicate the total number of employees: 2,162
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 650
3. Please indicate the number of permanent women employees: 165
4. Please indicate the number of permanent employees with disabilities: 2
5. Do you have an employee association that is recognized by management: There are no formal associations but the management engages with employee committees on a continuous basis.
6. What percentage of your permanent employees is members of this recognized employee association? Not applicable.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. - NIL
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent employees: 60%

(b) Permanent women employees: 88%

(c) Casual/temporary/contractual employees: 89%

(d) Employees with disabilities: 67% (3 employees)

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

ELGi firmly believes that business sustainability is possible only by taking along all stakeholders, internal as well as external. The Company has mapped its key stakeholders and engages with them in a fruitful dialogue through various mechanisms and practices. ELGi seeks timely feedback and response through both formal and informal channels of communication to ensure that stakeholders are updated. The Company has well established processes for identifying and engaging with stakeholder groups.

1. Has the Company mapped its internal and external stakeholders? Yes/No

   Yes.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

ELGi has identified the disadvantaged and marginalized stakeholders amongst its employees and vendors.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

All stakeholders are treated on an equal footing. Though no special initiatives have been taken towards disadvantaged, marginalised and vulnerable stakeholders, the Company believes that an initiative directed against such stakeholders is not very relevant under current circumstances. The Company has however, been procuring components from micro and small enterprises. The Company is sensitive to and has been promptly attending to their needs, believes in and has always paid all its vendors in time. Differently abled employees are given additional attention as required.

Principle 5: Businesses should respect and promote human rights

The Company does not have a standalone Human Rights policy. However aspects of human rights such as child labour, occupational safety, non-discrimination are covered by its various Human Resources policies. ELGi's Code of Conduct demonstrates its commitment towards the preservation of human rights across the value chain. The Company has grievance redressal mechanism in place to deal with issues related to discrimination, retaliation and harassment. These policies cover ELGi and its subsidiaries.

There have been no complaints received and disposed regarding violation of human rights during the year 2021-22.

1. Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?

   The Company proposes to gradually extend its policy to other stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   None

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to principle 6 cover only the Company or extends to the group/Joint Ventures/suppliers/contractors/NGOs/others.

Health, Safety and Environment policy, Energy policy apply to the Company, its suppliers and contractors.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has specific initiatives to address climate change and global warming. Energy conservation measures are an on going exercise and annually, the initiatives are spelt out in the Company's annual report. Going forward, the Company has set for itself an internal target of reducing carbon emissions, that are in any case very minimal, by 10% every year. The Company also owns 250 KW - 5 windmills that have contributed to minimizing the impact of global warming and climate change. It contributes 15% of the total energy.

All the manufacturing plants are certified for ISO 14001:2015 Standard (Environment Management System), ISO 14024:2018 (Green product certification), ISO 45001:2018 Standards (Safety Management System), ISO 50001:2011 (Energy Management System) with TUV Nord.

The Company has also utilized the foundry waste sand and converted it into solid blocks. ELGi manufactured and used 60,000 solid blocks for internal civil construction purposes.

The Company has also replaced the conventional air conditioners in a phased manner with air conditioners having environment friendly gas.

Conservation of energy and optimization of High Speed Diesel are some of the initiatives to optimize the Co2 emission.

As a part of the ISO 45001:2018 initiative, we use Poka yoke, Administrative controls and usage of PPE in each stage in order to minimize/eliminate the risk in each manufacturing process. The Company is ensuring that there is no safety incidents in all the manufacturing plants.

To reduce the High Speed Diesel consumption, the Company initiated a 250 KVA MG Set (Mechanical Generator) for testing the compressor products of various volts and various Hertz for different countries. All the CNC and SPM machines have been equipped with IoT energy concept. On-line energy monitoring system at the Air center plant and remote operations of Power House are implemented to optimize energy consumption during the Non-operating days. These initiatives have been carried out as a part of ISO 50001:2018:

As part of the product development policy, the Company is working towards ensuring that all its products are in top three positions in terms of lower energy consumption and in number one position in ensuring the UPTIME of the compressors. All new product developments and the Company's future initiatives are aligned towards this policy.

3. Does the Company identify and assess potential environmental risks? Y/N

   The Company has carried out an Aspect/Impact analysis for the entire manufacturing process which addresses the Significant Aspect and Impact at shop floor. This will be carried out on a continuous basis based on the manufacturing process change.

4. Does the Company have any project related to clean development mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   The Company does not have any project related to clean development mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Initiated 4MW Solar Power for ACP and foundry plants, we will get the renewal power from Oct 22 onwards.

   Energy conservation projects are being undertaken from time to time. Currently no other initiatives are being undertaken.

   The improved efficiency in products and the new OFD compressor will contribute to lower energy consumption and reduce the discharge of oil. This will have significant impact on environmental cleanliness.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes, the Company has implemented an interlock system to highlight this before it reaches the set value for foundry furnace.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

i. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   The Company is member of the Indo Australian Chamber of Commerce, India Asian Srilanka chamber of commerce and industries, Indo German Chamber of Commerce and Industries, Indo Italian Chamber of Commerce and Industries, Indian Chamber of Commerce and Industries, and Confederation of Indian Industry (CII).

ii. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   No

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof

Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which ELGi operates. The Company's CSR Policy is consistent with and meets the compliance requirements of the Companies Act, 2013. The Company's sustainability strategy is based on one main pillar – Education. Details are available in the CSR Report for financial year 2021-22.

2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/ government structures/any other organization?

   Some important programmes are undertaken through registered trusts. Employees are encouraged to volunteer for cause of choice in pre-defined aspects that are aligned to the community development initiatives.

3. Have you done any impact assessment of your initiative?

No formal impact assessment has been done. However, the Company has been supporting a school through two registered trusts. The wards of people living in the vicinity of Vellalore, Coimbatore area where the school is located, are predominantly benefitted. The school, through professional management and with eagle eyed focus on performance and all round development, has been able to achieve 100% pass result in Class 12 exams continuously for the last couple of years. The school is affiliated to the state board.

4. What is your Company's direct contribution to community development projects- amount in INR and the details of the projects undertaken.

The Company is supporting a School with 1500 students through a registered trust in Vellalore, Coimbatore. Company has also contributed for constructing a new school building through the registered trusts. The Company is also extending financial support to Amrit Center for Special Needs and Coimbatore Cancer Foundation. Please refer to the CSR report for 2021-22 of the Company.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes. The Company collects CSR spend reports on a quarterly basis from the Trusts and monitors school activities continuously on a day to day basis. With respect to other projects, the Company monitors regularly by seeking progress reports from time to time.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company has an on-line system of addressing consumer complaints that are attended to promptly. The Company has a strong customer care system in place with clear benchmarked targets for on time and reliable resolution with built escalation process. Since the complaints redressal mechanism is an on-going process, the number of complaints at any given point in time may not convey the correct picture. The Company strives to resolve all complaints to the satisfaction of its customers. For a company of this size, the number of consumer cases are very minimal. There are no consumer cases that have any material impact on the financials of the Company

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N. A./Remarks (additional information)

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

1. Model number	- Yes
2. Operating pressure	- Yes
3. Flow	- Yes
4. Fab no	- Yes
5. Manufacturing year	- Yes
6. Industry standards – Like CE marking	- Yes
In packing	
a) Box dimensions (wherever applicable)	- Yes
b) Weight (wherever applicable)	- Yes
c) Total no. of boxes (wherever applicable)	- Yes
d) Packing slip no. (wherever applicable)	- Yes
e) Customer name	- No

f) Item - Yes

g) Description - Yes

h) MRP (Wherever applicable) - Yes

i) Month/year (Wherever applicable) - Yes

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

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

   None.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company carries out surveys at regular intervals with customers who log into its on-line customer care system.

SUSTAINABILITY REPORT

Sustainability @ELGi

Established in 1960, the Company has evolved into a leading player in the global compressor industry. Through the ebbs and flows of business, the Company has grown stronger than ever before, rooted firmly in its foundational values. As the Company returns to normalcy from the unprecedented circumstances of the COVID-19 pandemic, the responsibility of sustainability stewardship assumes greater significance for the organization.

The Company is sensitive to being a steward of the environment it operates in. The Company implements policies such as Energy Policy and Health, Safety & Environment Policy. Awareness creation among employees, exploring the usage of renewable energy, continual improvement in energy performance by conducting energy audits on a regular basis are among the actions that the Company carries out. At ELGi, our commitment to addressing climate change comprises several low carbon initiatives coupled with a longer-term sustainability roadmap. For one, we have undertaken initiatives focused on reducing the carbon footprint of our manufacturing facilities and offices, together with a clearly defined dedication to building energy-efficient products that enable companies around the globe to reduce their carbon footprint. We have also been committed to the triple bottom line, i.e., remaining #alwaysbetter for the environment and ensuring that our employees, customers, and the community benefit from a healthier, greener ecosystem. Finally, we are looking beyond the traditional linear economy and the current take-make-waste extractive industrial model to weave in circularity across our processes, aiming to redefine growth, focus on positive, society-wide benefits, and design waste out of the system.

Sustainability lies at the heart of the organization's operations and is reflected in the products it manufactures and in its endeavours for all group organizations to grow sustainably. Through its operations, the Company also supports national climate action and sustainable development activities.

Environment @ELGi

The Company is committed to taking climate action by implementing environment friendly measures. Guided by its long-term sustainability roadmap, the Company has undertaken initiatives that focus on lowering the carbon footprint of its manufacturing facilities and offices. The first step in reducing its carbon footprint, was to identify key energy sources and map emissions. Subsequently, strategies were defined and rolled out to manage and reduce emissions. To optimise the system, the Company has replaced conventional energy meters with smart meters that sense load based on amperage. This has resulted in savings of about 1.5 million units of electricity per year.

To reduce dependency on fossil fuels and increase the share of Renewable Energy in the total energy pie, is a critical element of 'Green energy-driven manufacturing. The Company realized its responsibility towards this endeavor, as early as 1994. It set up a system to generate renewable energy through five 250kW windmills. This contributed to approximately 15% of the total power consumed at its manufacturing units. Until 2016, the full power generated through these windmills was consumed by the assembly plant at the headquarters. In 2016, the windmills were allocated for Foundry, Air Compressor Plant, and the assembly plant at headquarters in the ratio 2:2:1.

Further, the Company has adopted several energy efficiency measures to lower energy consumption. Diesel generator sets for running special purpose machines were discontinued and replaced with UPS units that provided power back-ups for 10-15 minutes. Compressed air supplied from the compressor room was being used to conduct preventive maintenance across its manufacturing units. There was always a gap in demand versus supply of compressed air. This issue was addressed by using small portable piston compressors, which were taken directly to the desired location for preventive maintenance exercises. This way, there was no wastage of compressed air, and the Company recognized energy savings running into millions of rupees every year.

Additionally, 90 KW mechanical generator sets were introduced to test products at various voltages and hertz without having to operate the DG sets, which has helped to reduce diesel consumption at the compressor centre. Unutilized machines were also shut off during lunch breaks, adding to the energy and cost savings. Further, the Company aims to contribute to energy efficiency in industries by building efficient compressors that ensure lower Specific Energy Consumption and reduce the overall impact on the environment.

The facilities- Air Compressor Plant (ACP), Foundry, PVD and HO are certified for ISO 14001:2015 Standard (Environment Management System), ISO 45001:2018 Standards (Safety Management System). ACP facility is also certified for ISO 50001:2018 (Energy Management System). This year, the Company is planning to certify the Foundry facility for ISO 50001:2018 (Energy Management System). Additionally, the Company's products are certified for ISO 14024 :2018 (Green Product Certification).

The Air Compressor Plant facility achieved over 24% energy efficiency with the implementation of IoT-enabled energy management systems, resulting in power reductions of around 1.02 megawatts per year and significant savings in annual power spends. The Foundry facility has dust collectors, filters, and wet scrubbers across the factory floor to ensure minimal carbon impact.

The Company is committed to designing and manufacturing energy-efficient compressors that help customers save money on their energy bills. These products not only help customers to lower their energy costs, but also help businesses reduce carbon emissions and subsequently reduce their overall environmental impact. To begin with, the Company produced screw compressors having large premium efficiency airends equipped with in-house developed η-V profile rotors, with 4/5 lobe combinations that rotate in opposing directions. These airends are designed to run at slow speed drawing a volume of air from the atmosphere and compressing it to the required pressure. The unique ELGi airend design reduces pressure losses, offering high volumetric efficiency, resulting in the lowest energy consumption. Apart from that, the Company has also introduced 5 to 10% energy efficiency improvements across its product ranges in recent years. This has resulted in considerable reductions in total energy consumed by its compressors driving critical applications worldwide. ELGi EG Series oil-lubricated screw air compressors are designed with an improved cooling system, efficient air end, larger air filters, and more efficient and durable oil filters thereby improving specific power consumption. One of the researches conducted, revealed that the EG series machine with VFD results in a 34 percent reduction in energy costs when compared with a machine that runs without a VFD. Also, with improvements in the life of the oil filter from 2,000 to 4,000 hours and a reduction in oil capacity, customers gain better cost advantage and lower the environmental impact. Similarly, the ELGi OF Series of oil-free screw air compressor consistently produces oil-free air that meets the ISO8573-1 class '0' air requirements. The OF Series oil-free compressors are built with oil-free air-ends, made in-house with optimized design to provide best-in-class efficiency. The η-V rotor design reduces pressure losses and improves stage efficiencies, resulting in a more effective compressed air system. The rotors and housing are coated with a PTFE-based food-grade PP coating that can withstand temperatures up to 250 degrees Celsius, leading to excellent long-term performance without any efficiency losses. The low-pressure cooling-water heads reduce the amount of energy used by feed water pumps, and smaller cooling water pumps minimize power consumption. ELGi AB series oil-free compressors is a water injected oil-free compressor and a highly efficient alternative to traditional oil-free, dry screw two-stage compressors, delivering high-quality 'Class 0' oil-free compressed air. These compressors discharge air with no microbiological containment, complying with the ISO 8573-7 standards. The FDA has approved the ELGi AB series compressors to be contaminant-free. Today, the AB series oil-free compressors support some of the most critical and sensitive applications that demand a high level of air quality and zero mineral oil residue. The Company's models of portable electric compressors feature a globally patented η-V screw profile airend that ensures maximum energy efficiency and significant savings in energy cost. Highly reliable, durable, and service-friendly electric motors with a smaller footprint design assure low operating and maintenance costs. These compressors also generate lower emissions and noise as opposed to diesel-powered portable compressors.

The Company has Heat Recovery Systems (HRS) in place that enables companies to capture up to 96% of wasted heat generated during the compression process and utilize it to heat air (space) and water for various applications. This, in turn, reduces the need for additional heating systems running on conventional power, reducing CO2 emissions and energy consumption significantly. As a testimony to its services, one of the Company's customers, a paper mill, experienced the benefits of the HRS system, within the first few hours of installation, by way of continuous warm water availability with no external heating. With the implementation of HR 110, the customer could recover a heat load of ~ 89.14 kWh / 0.077 MKcal through the continuous water supply of ~2000 lit/hr at a temperature of ~70°C throughout the year, resulting in annual energy savings of 800~900 tonnes of LP steam and a carbon emission reduction of ~170-190 tonnes of Co2/Yr. To move further, the Company's customer accomplished the targets stipulated by PAT Scheme I and won the prestigious GREENCO award.

The Company looks beyond the traditional linear economy model and aims to bring circularity to the current *Take-Make-Waste* extractive industrial model. Currently, 20-25% of raw materials that are used for manufacturing compressor parts comprise of scrap outsourced, rejected parts, residue from moulds, etc. Emission reduction and circularity efforts extend to waste sand management at the foundry. With the help of mechanical and thermal reclamation units, the Company recovers 96% of the sand utilized in the foundry. Since 2017, dust generated from the foundry is being collected through custom made equipment and converted into solid bricks. It is a matter of pride, that about 200,000 bricks were used to construct the new ELGi School premises, the factory compound wall, and for maintenance work across all of the manufacturing units in Coimbatore.

In addition to reducing waste in the production process, waste management techniques are deployed to manage 36 different types of waste across all manufacturing processes. To dispose of hazardous waste generated at the plants, all waste generated from machining processes is converted into a cake before disposing it through authorized agencies. Some of the hazardous wastes are converted into solid blocks, burnt in cement kilns, and converted to ash.

The Company strives to conserve water and lower water consumption through measures such as rainwater harvesting. Treated process water (coolant water, water for cooling tower application, water used in washrooms) is reused for gardening and to water green belts across manufacturing units.

Boosting biodiversity has also been a part of the Company's strategy to curb GHG emissions, by growing native forests at all factory locations using the Miyawaki technique. With the help of employee volunteering, more than 6,000 diverse tree species have been planted till date.

Social @ELGi

The Company considers its stakeholders to be the Company's largest asset. To create a safe, fair and comfortable workplace, the Company has adopted policies such as Remuneration Policy, Whistle-blower Policy, Codes of Business Conduct and Business Ethics, to name a few. The Company is committed to providing fair, appropriate, and transparent remuneration to all its people.

Employee well-being is fundamental to the Company's business and the Company continuously endeavours to provide a safe and #alwaysbetter lifestyle for its employees. Regular upskilling and safety trainings are a key area of focus. The Company recognizes the impact of women employees across all functions, roles, and levels. Currently women make up about 30% of the sales and marketing workforce, 18% of finance and HR roles and 14% of technology roles. The Company runs a three- year vocational training program where 50% of the participants are women. On completing the training program, graduates join the Company's manufacturing facilities.

The Company has been continually driving its human resources to transform the safety culture into 'Interdependent stage' to achieve the zero injuries across the organization. The Company believes in leading the people into behavioural based safety culture by developing and practicing the various systems to eliminate the hazards and reducing the risks in manufacturing processes thereby integrating the health and safety practices effectively across the organization.

The management tool 'Hazardous identification and Risk assessment' (HIRA) is a systematic process which is applied in every process to identify the hazards and to evaluate the risks in the workplace. Based on the HIRA study, the necessary control measures are implemented to minimize or eliminating the risks.

Near miss reporting system has been established and practised by all the employees including contractors. The near miss incidents have been proactively reported to eliminate the potential safety incidents and catastrophic events. Status of near miss is measured and monitored profoundly to eliminate the hazards in every part of plants and in the manufacturing processes thereby ensuring the safe and healthy working environment which is the Company's key priority. The active participation of all employees in the near miss reporting system reinforces a prominent safety culture in the organization by mitigating unsafe acts. Online reporting structure is also in place for reporting the near miss. The company utilized platforms like WhatsApp for reporting the near miss from every part of the manufacturing processes. Another component of the health and safety management is the Risk Reduction Programs (RRP). RRPs play a vital role in advocating the integration of Safety and Health into the daily management by involving employees to implement the control measures to eliminate the hazards and reducing risk priority number in the risk assessment.

The Company has established a portal called Documented Management System (DMS) that is used extensively for sharing organizational knowledge on procedures, process documents, SOPs, RRPs, HIRAs, Process mapping and work instructions across the organization. Health and safety documents are uploaded and reviewed at regular intervals.

Health and safety performance indicators and the action plans are continuously reviewed at all high level management meetings. It has been included as an agenda in ELGi Management System review (EMS) and the performance progress has been updated by the accountable employees.

Scheduled Safety audit (Daily, Monthly) is also conducted to monitor the system performance in manufacturing processes. Incident prone works are continuously monitored by authorized persons with permit system. Supplier safety audit system is also in place.

Continual control and continuous improvements in Work Place safety and Health and Product safety are achieved through Kaizens and task achieving QC stories. It facilitates the prevention of incidents and ensuring equipment safety as well as employee safety.

The Company is committed to building sustainability for human well-being via supporting causes related to cancer prevention and promoting fitness to ward off lifestyle-related diseases. With this in view, the Company has been sponsoring the Coimbatore Marathon right from 2013. All proceeds from the marathon goes to the Coimbatore Cancer Foundation, augmenting efforts to raise cancer awareness, besides improving cancer patients' and caregivers' health and well-being.

In 2019, the Company established an annual challenge, #whatsyourfinishline, to celebrate the human spirit and to push people into a healthier lifestyle. The past years have time and again demonstrated that health is indeed wealth. Through this initiative, the Company encourages every employee, distributor, customer, supplier, and the community to wear fitness on their sleeves, set fitness and well-being goals and achieve them collectively. Amidst the Covid-19 pandemic, the well-being of employees was prioritized, and health and safety campaigns and other initiatives were rolled out to enable employees and families to manage their health. These actions also enabled the Company to continue to provide essential services and support customers across critical sectors.

Established in 1989, the ELGi Matriculation Higher Secondary School in Coimbatore has enabled hundreds of children from low-income families with access to affordable quality education for the past three decades, helping them realise their dreams. Living up to its vision of "giving back to society by developing good citizens through holistic quality education at subsidised cost," the ELGi School has reached out to communities around Vellalore area in Coimbatore over the years. It has been fulfilling educational needs by offering scholarships to deserving children from low-income backgrounds.

In 2020, the ELGi School moved to a brand-new campus built on four acres with a built-up area of one lakh twenty-seven thousand square feet in Podanur, Coimbatore, India. The new school building is beautifully crafted to provide students with a spacious library, hi-tech computer laboratory, well-equipped laboratories for Physics, Chemistry, Biology, and Math, smart classrooms, a sports academy, and various other amenities. The library provides free access to 13,000 odd books, research journals, audio/visual capabilities, and other up-to-date digital resources with an ample working space to enrich reading habits among students. The school classrooms have been equipped with smart board facilities that enable teaching-learning more interactive and fun. Along with encouraging students to achieve academic excellence, the ELGi School encourages young minds to realize their true potential through advanced training routines under the exceptional guidance of physical education and extracurricular activity coaches.

The Company has always extended a helping hand and strives to be #alwaysbetter internally-as an organization, and for the community it thrives in. The Company renders financial assistance to NGOs and organizations like Amrit Center for Special Needs, Coimbatore Cancer Foundation and Cankids-Kidscan, an NGO involved in holistic treatment of children suffering from cancer. During the pandemic, the Company also supported The International Federation of Red Cross and Red Crescent Societies (IFRC) by providing an air compressor that enhanced the operational capabilities of the organization and helped them to meet the ever rising demands for aid and support.

The Company has also been conducting blood donation campaigns. Employees are highly encouraged to voluntarily donate blood to their colleagues or their loved ones when in need. There is a provision for "Blood Group Search" in the intranet which helps identify employees with a specific blood group along with their contact details. In 2017, the Company joined hands with G Kuppuswamy Naidu Memorial Hospitals, Coimbatore in conducting blood donation camps. This programme continues as the Company employees' annual programme until 2018. This period was marked by 117 units of blood donated by its employees.

The campaign was brought to a pause due to the Covid-19 pandemic and would resume soon after normalcy.

The Company's employees are also encouraged to volunteer for a cause of choice that are aligned with the Company's community development initiatives.

Governance @ELGi

The Company is convinced that for businesses to function sustainably, key stakeholders must be included and carried along in organizations' growth. The Company engages with key stakeholders periodically and seeks their input and response through both formal and informal communication mechanisms, and thus keeps them abreast of its growth and development.

The Company firmly believes in doing things right and that which is right for a good business. Years of experience have shown that good and effective governance translate into the growth of the organization and its stakeholders. The Company is committed to ethical, fair, and lawful business conduct and this is the shared ethos of its Board of Directors, senior management, employees, suppliers, customers, distributors, investors, and society. The Company has a zero-tolerance mechanism for corruption and unfair practices and checks and monitors any violations of the principles of fair competition. Suppliers are required to sign and commit that they will not engage in any unethical behaviour and will not be involved in bribing any Company officials.

The Company believes that a diversified and inclusive workforce brings versatility and varied thought process. The Company has the right mix of independent and non-independent directors thereby not only maintaining balance on the Board but also for providing meaningful contribution that encourage independent thought process at the board level.

The Company has put in place policies that check and govern its operations. (To view the policies, please refer to Sec D: 2a of the BRR or Our Policies | Elgi Equipments Ltd). These policies preserve, protect and sustain the value driven operations of the Company and are formulated in line with international practices and standards such as a ISO 9001:2015, ISO 14001:2015, ISO45001:2018, ISO50001:2018. Further, each policy has been duly communicated to all relevant internal and external stakeholders. ELGi also has an effective Grievance Redressal mechanism to deal with issues pertaining to violation of any policies. The Company has also appointed PwC as its statutory auditor to increase the quality of audits significantly.

Conclusion

The Company has reiterated its commitment to holistic sustainable growth by disclosing its ESG performance according to established global standards. The Company's maiden sustainability report will be published in July-August 2022 and will contain details of the Company's sustainability progress and outlook.

Report on Corporate Governance

I. Company's Philosophy on Code of Governance

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

Your Company is in compliance with the requirements of the Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ("SEBI Listing Regulations").

Your Company ensures adequate, timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. The prescribed standards of accounting, financial and non-financial disclosure are disseminated in an equal, timely and cost efficient manner enabling access to relevant information by users.

II. Board of Directors

i. As on March 31, 2022 the Board comprised of nine Directors. Of the nine directors, seven (77.78%) are non-executive directors and five (55.56%) are independent directors including a woman director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 ("Act"), read with the relevant rules made thereunder.

ii. The number of Directorships, Committee memberships/chairmanships of all Directors is within the respective limits prescribed under the Act and SEBI Listing Regulations. Necessary disclosures regarding Board and Committee positions in other public companies as on March 31, 2022 have been made by all the Directors of the Company.

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

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

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

vi. The Board met 5 (five) times during the financial year on May 21, 2021, June 18, 2021, August 3, 2021, November 8, 2021 and February 10, 2022. The necessary quorum was present for all the meetings.

vii. The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other public companies as on March 31, 2022 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships/ memberships of Board committees shall include only Audit Committee and Stakeholders' Relationship Committee as per Regulation 26(1)(b) of the SEBI Listing Regulations.

Name of the Director	Category	Number of Board meetings during the year 2021-22	Whether attended last AGM held on August 2, 2021	Number of Directorships in other public companies		Number of Committee Positions held in other public companies		Directorship in other listed companies
		Held/ Attended		Chairman	Director	Chairman	Member	
Mr. Jairam Varadaraj (DIN: 00003361)	Managing Director, Promoter	5/5	Yes	1	8	1	5	i. Precot Limited, ID ii. Elgi Rubber Company Limited, Non ID iii. Thermax Limited, ID iv. Magna Electro Castings Limited, ID
Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive Promoter	5/4	Yes	1	5	–	3	i. Kovilpatti Lakshmi Roller Flour Mills Limited, ID ii. Super Spinning Mills Limited, ID iii. Elgi Rubber Company Limited, Executive Chairman & Managing Director
Dr. T. Balaji Naidu* (DIN: 00002755)	Non-Executive Promoter	5/4	No	Not applicable				
Mr. B. Vijayakumar (DIN: 00015583)	Non-Executive Independent	5/3	No	1	1	–	1	i. L G Balakrishnan & Bros Limited, Chairman & Managing Director
Mr. N. Mohan Nambiar (DIN: 00003660)	Non-Executive Independent	5/5	Yes	–	–	–	–	–
Mr. M. Ramprasad (DIN: 00004275)	Non-Executive Independent	5/4	Yes	–	–	–	–	–

Dr. Ganesh Devaraj (DIN: 00005238)	Non-Executive Independent	5/5	Yes	–	–	–	–	–
Mr. Harjeet Singh Wahan (DIN: 00003358)	Non-Executive Non-Independent	5/5	Yes	–	–	–	–	–
Ms. Aruna Thangaraj (DIN: 07444726)	Non-Executive Independent	5/5	Yes	–	1	–	–	–
Mr. Anvar Jay Varadaraj (DIN: 07273942)	Executive Promoter	5/5	No	–	1	–	–	–

* Retired on January 21, 2022; ID - Independent Director

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

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

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

xi. During the year 2021-22, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company.

xii. Details of equity shares of the Company held by the non-executive Directors as on March 31, 2022 are given below:

Name	**Category**	**Number of Equity Shares**
Mr. M. Ramprasad	Independent, Non-Executive	16,000
Mr. B. Vijayakumar	Independent, Non-Executive	1,00,000
Mr. Sudarsan Varadaraj	Non-Independent, Non-Executive	2,83,572
Mr. Harjeet Singh Wahan	Non-Independent, Non-Executive	20,000

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

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

xv. During the year, the Compensation Committee has issued 4,74,300 options to the eligible employees of the Company. None of the Directors were issued ESOPs.

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

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

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

xviii. During the year, the Independent Directors of the Company met on May 21, 2021, without the attendance of Non-Independent Directors and members of Management. The Independent Directors *inter-alia* reviewed the performance of the non-independent directors, Board as a whole and Chairman of the Company, on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. The Independent Directors were satisfied with all the above.

III. Committees of the Board

A. Audit Committee

i) The Board has constituted a qualified Audit Committee in compliance with Section 177 of the Act, read with Regulation 18 of SEBI Listing Regulations. All the members of the Committee are Independent Directors including the Chairman except Mr. Harjeet Singh Wahan, who is a non-executive non-independent director. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, etc.

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

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

iii) During the year under review, the Committee met four times on May 20, 2021, August 3, 2021, November 8, 2021 and February 10, 2022. The gap between two meetings did not exceed one hundred and twenty days. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

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

iv) The Chairman of the Audit Committee attended the Annual General Meeting held on August 2, 2021.

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

B. Nomination and Remuneration Committee

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

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

iii) The Composition of the NRC and the attendance of each member of the Committee are given below.

Name	Category	Number of Meetings during the year	
		Held	**Attended**
Dr. Ganesh Devaraj, Chairman	Independent, Non-Executive	2	2
Mr. M. Ramprasad, Member	Independent, Non-Executive	2	2
Mr. N Mohan Nambiar, Member	Independent, Non-Executive	2	1

iv) The Chairman of the NRC attended the Annual General Meeting held on August 2, 2021.

v) This Committee would look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the Committee had met two times on May 20, 2021 and August 3, 2021.

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

vii) The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at https://www.elgi.com/in/wp-content/uploads/2019/05/Remuneration-Policy.pdf.

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

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

C. Stakeholders Relationship Committee

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

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

iii) Five SRC meetings were held during the year. The dates on which the said meetings were held are June 30, 2021, August 6, 2021, August 13, 2021, September 9, 2021 and September 17, 2021. The necessary quorum was present for all the meetings. The composition of the SRC and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Mr. N. Mohan Nambiar, Chairman	Independent, Non-Executive	5	5
Mr. Jairam Varadaraj, Member	Non-Independent, Executive	5	2
Dr. T Balaji Naidu, Member*	Non-Independent, Non-Executive	5	5
Mr. Sudarsan Varadaraj, Member$	Non-Independent, Non-Executive	5	-

** Retired on January 21, 2022*

$ Appointed on March 28, 2022

iv) The Chairman of the SRC had attended the Annual General Meeting of the Company held on August 2, 2021.

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

vi) The total number of complaints received and replied to the satisfaction of shareholders during the year ended on March 31, 2022 was two. There were no outstanding complaints as on March 31, 2022.

vii) The SRC has a sub-committee viz., "Committee of Directors" to manage all routine shares related issues. The members of the SRC are the members of the Committee of Directors. No sitting fee is paid to the members of the Committee of Directors. The Committee of Directors meets as and when required. During the year the Committee has met 6 (six) times.

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

D. Risk Management Committee

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

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

iii) The Committee met thrice during the year on May 20, 2021, November 8, 2021 and December 14, 2021. The necessary quorum was present for all the meetings. The gap between two meetings did not exceed one hundred and eighty days. The composition of the RMC and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Ms. Aruna Thangaraj, Chairperson	Independent, Non-Executive	3	2
Mr. Harjeet Singh Wahan, Member	Non-Independent, Non-Executive	3	3
Mr. Jairam Varadaraj, Member	Non-Independent, Executive	3	3
Mr. R Jayakanthan, Member	Chief Financial Officer	3	3

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

v) The Company has implemented multiple levels of security for all incoming emails against possible cyber-threats. Internal processes are continuously monitored to adhere to the ISMS (Information Security Management System) standards. Periodic assessment of IT systems are conducted by external auditors based on which potential vulnerabilities are identified and patched. End-points are protected with industry standard solutions and periodically updated to counter latest threat vectors. Network traffic is controlled and regulated by Firewall and VPN technologies. The Company also implemented advanced security controls and threat analytics by leveraging industry-leading technologies to help identify and mitigate internal and external threats to the organization.

E. Corporate Social Responsibility Committee

i) In compliance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility (“CSR”) Committee comprising of Mr. Jairam Varadaraj, Mr. B. Vijayakumar, Dr. T Balaji Naidu and Ms. Aruna Thangaraj.

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

iii) The Committee met twice during the year on May 21, 2021 and November 8, 2021. The necessary quorum was present for all the meetings. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year	
		Held	Attended
Mr. Jairam Varadaraj, Chairman	Non-Independent, Executive	2	2
Mr. B. Vijayakumar, Member	Independent, Non-Executive	2	1
Dr. T Balaji Naidu, Member*	Non-Independent, Non-Executive	2	2
Ms. Aruna Thangaraj, Member	Independent, Non-Executive	2	2

* Retired on January 21, 2022

F. Compensation Committee

i) The Board of Directors have constituted a Compensation Committee in accordance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 for dealing with matters relating to the implementation of the Elgi Equipments Limited Employee Stock Option Plan 2019.

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

iii) The Committee met once during the year on August 3, 2021. The necessary quorum was present for all the meetings. The composition of Committee and the details of meetings attended by its members are given below:

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

IV. Remuneration of Directors

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

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

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

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

v) Details of the remuneration to the Directors:

(a) Details of the remuneration for Non-Executive Directors for the year ended March 31, 2022

S.No.	Name of the Director	Sitting Fees (₹)	Consultancy Fees (₹)	Total (₹)
1	Mr. Anvar Jay Varadaraj $	90,000	–	90,000
2	Ms. Aruna Thangaraj	4,30,000	–	4,30,000
3	Mr. B. Vijayakumar	1,10,000	–	1,10,000
4	Dr. Ganesh Devaraj	4,40,000	–	4,40,000
5	Mr. Harjeet Singh Wahan	3,60,000	13,80,000	17,40,000
6	Mr. M. Ramprasad	4,40,000	–	4,40,000
7	Mr. N. Mohan Nambiar	3,00,000	–	3,00,000
8	Mr. Sudarsan Varadaraj	1,20,000	–	1,20,000
9	Dr. T. Balaji Naidu*	1,60,000	–	1,60,000
	Total	**24,50,000**	**13,80,000**	**38,30,000**

* Retired on January 21, 2022

$ Appointed as an Executive Director with effect from August 3, 2021. Sitting Fees paid during the tenure as non-executive director.

(b) Details of Remuneration for the Executive Directors for the year ended March 31, 2022

Amount in ₹

S.No.	Particulars of Remuneration	Mr. Jairam Varadaraj, Managing Director	Mr. Anvar Jay Varadaraj, Executive Director
1	Gross salary:		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,73,67,446	19,61,008
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	49,840	–
2	Employee Stock Option	–	–
3	Others - Retirement benefits	7,50,000	3,01,984
	Total	**1,81,67,286**	**22,62,992**

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.

There are no stock options issued to the directors of the Company.

V. General Body Meetings

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

Year	Date	Time	Venue	Special Resolutions passed, if any
2020-21	August 2, 2021	4.30 p.m.	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	a) Approval for payment of consultancy fees to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company for rendering services in the nature of business process consulting with effect from April 1, 2021 to March 31, 2022.
				b) Approval for selling or disposing of the property of Pattons Inc, USA a material subsidiary of the Company pursuant to Regulation 24(6) of SEBI Listing Regulations.
2019-20	August 14, 2020	3.30 p.m.	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	a) Approval for payment of consultancy fees to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company for rendering services in the nature of business process consulting with effect from April 1, 2020 to March 31, 2021.
				b) Re-appointment of Mr. Jairam Varadaraj as the Managing Director of the Company for a further period of 5 years with effect from April 1, 2021.
2018-19	August 2, 2019	3.30 p.m.	ARDRA, No. 9, North Huzur Road (Near Codissia Building) Coimbatore – 641 018	a) Re-appointment of Mr. M. Ramprasad (DIN: 00004275) as an Independent Director of the Company for a second term of 5 consecutive years with effect from August 2, 2019.
				b) Re-appointment of Dr. Ganesh Devaraj (DIN: 00005238) as an Independent Director of the Company for a second term of 5 consecutive years with effect from August 2, 2019.
				c) Re-appointment of Mr. B. Vijayakumar (DIN: 00015583) as an Independent Director of the Company for a second term of 5 consecutive years with effect from August 2, 2019.
				d) Re-appointment of Mr. N. Mohan Nambiar (DIN: 00003660) as an Independent Director of the Company for a second term of with effect from August 2, 2019 to April 10, 2023.
				e) Approval for payment of consultancy fees to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company with effect from April 1, 2019 to March 31, 2020.

ii) Extra Ordinary General Meeting:

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

iii) Postal Ballots

No Postal Ballot was conducted during the financial year 2021-22. None of the businesses proposed to be transacted at the ensuing AGM require passing a resolution through postal ballot.

VI. Means of Communication

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

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

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

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

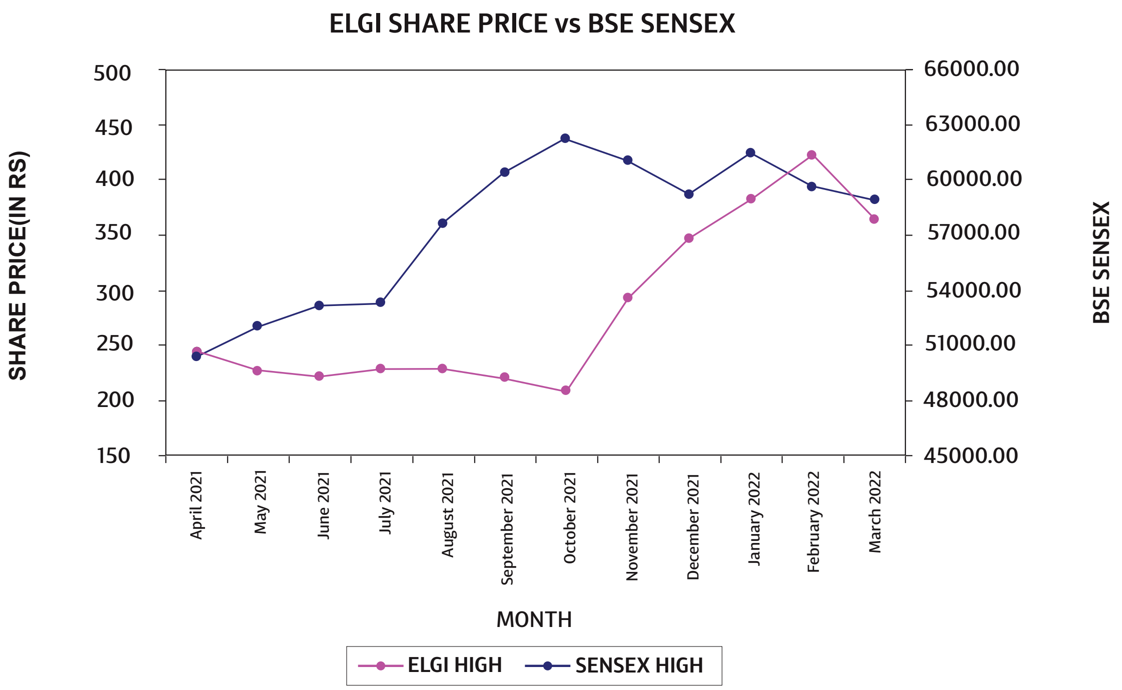
VII. General shareholder information

a)	Sixty Second Annual General Meeting	
	Day, Date and Time	Friday, August 12, 2022 at 4:15 P.M. (IST)
	Venue	Video Conferencing or other Audio Visual means
b)	Financial Year	April 1, 2021 to March 31, 2022
c)	Book closure dates	August 6, 2022 to August 12, 2022 (both days inclusive)
d)	Dividend Payment dates	Before September 10, 2022
e)	Listing of Equity Shares	BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 National Stock Exchange of India Ltd. ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
	Listing Fee	Annual listing fee for the financial year 2021-22 paid to the Stock Exchanges.
	Depository Fee	Annual custody fee for the financial year 2021-22 paid to the Depositories.
	Corporate Identity Number	L29120TZ1960PLC000351
f)	Stock Code	
	i) Trading Symbol at	BSE : 522074 NSE : ELGI EQUIP
	ii) Demat ISIN in NSDL & CDSL	Equity Shares : INE285A01027

G) Stock Price Data:

	BSE				NSE			
	Share Price		Sensex Points		Share Price		CNX Nifty Points	
Month	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Apr-21	244.00	186.75	50375.77	47204.50	243.00	188.00	17559.80	15671.45
May-21	226.50	202.00	52013.22	48028.07	226.90	195.20	17794.60	16203.25
Jun-21	221.15	202.00	53126.73	51450.58	221.50	202.20	18350.95	16836.80
Jul-21	228.20	203.00	53290.81	51802.73	228.00	203.15	17639.50	16410.20
Aug-21	228.35	191.60	57625.26	52804.08	228.80	191.30	18210.15	16782.40
Sep-21	219.95	195.20	60412.32	57263.90	220.00	195.00	18604.45	17452.90
Oct-21	208.35	195.30	62245.43	58551.14	208.55	195.10	17947.65	17055.05
Nov-21	292.45	196.95	61036.56	56382.93	292.10	198.35	17153.50	15834.65
Dec-21	347.00	263.70	59203.37	55132.68	347.00	263.00	15962.25	15513.45
Jan-22	382.45	300.65	61475.15	56409.63	382.70	300.15	15915.65	15450.90
Feb-22	422.70	321.00	59618.51	54383.20	422.30	320.00	15606.35	14416.25
Mar-22	363.95	269.05	58890.92	52260.82	364.30	268.85	15044.35	14151.40

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



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

I) Registrar and Share Transfer Agents

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

J) Share Transfer System

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. The Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from April 1, 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Committee of Directors generally meets as and when required.

K) Details of Unclaimed Shares Suspense Account

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on April 1, 2021	405	4,60,876
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	6	9,910
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	6	9,910
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act*	30	2,561
Aggregate number of shareholders and the outstanding shares in the shares suspense account lying as on March 31, 2022	**369**	**4,48,405**

* The voting rights on the shares outstanding in the suspense account as on March 31, 2022 shall remain frozen till the rightful owner of such shares claim the shares.

Details of Shares transferred to IEPF Authority during 2021-22

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). In pursuance to the said rules, 47,316 shares were transferred to IEPF Authority during 2021-22. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2022 shall remain frozen till the rightful owner of such shares claims the shares.

L) Shareholding pattern as on March 31, 2022

Category	Number of Shares	% to Total
Promoters	9,92,62,202	31.322
Foreign Portfolio Investors	8,31,65,276	26.243
Mutual Funds	1,45,42,580	4.589
Alternate Investment Funds	43,32,095	1.367
Financial Institutions/ Banks	4,140	0.001
Insurance Companies	15,929	0.005
Bodies Corporate	3,70,74,950	11.699
Non-Resident Indians	26,42,526	0.834
Unclaimed Shares	4,48,405	0.141
Clearing Members	85,779	0.027
Employees	3,09,443	0.098
Public	7,44,13,191	23.481
NBFC Registered with RBI	10,000	0.003
Employee Benefit Trust	6,02,500	0.190
Total	**31,69,09,016**	**100.00**

(ii) Distribution of Shareholding as on March 31, 2022

Category	Number of holders	% to holders	Number of shares	% to total shares
Upto 5000	45,911	97.302	1,15,12,041	3.63
5001 to 10000	503	1.066	37,05,638	1.17
10001 to 20000	277	0.587	40,43,394	1.28
20001 to 30000	144	0.305	35,44,127	1.12
30001 to 40000	66	0.140	23,57,662	0.74
40001 to 50000	32	0.068	14,87,742	0.47
50001 to 100000	86	0.182	62,53,211	1.97
100001 & above	165	0.350	28,40,05,201	89.62
Total	**47,184**	**100.000**	**31,69,09,016**	**100.00**

M) Dematerialization of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.09% of the Company's equity share capital are dematerialised as on March 31, 2022. Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

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

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

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

Not applicable

P) Plant locations

i) Elgi Industrial Complex Trichy Road, Singanallur, Coimbatore, Tamil Nadu – 641 005

ii) SF No 221/1,2,3A,4,5,222/1B,2,223/1,2,225/1,2,226/1,2C Kothavadi Road, Kodangipalayam Village Singarampalayam (Post), Kinathukadavu Taluk, Coimbatore, Tamil Nadu – 642109

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

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

Q) Address for Correspondence

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

R) Credit Rating:

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

VIII. Disclosures:

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

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

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

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

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

   i) Quarterly results are being sent to each household of shareholders.

   ii) The Internal Auditor directly reports to the Chairman of the Audit Committee.

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

f) The Company has framed a Material Subsidiaries Policy and the same is placed on the Company's website and the web link for the same is https://www.elgi.com/in/wp-content/uploads/2019/05/Policy-for-Material-Subsidiaries.pdf.

g) The Company has framed a Related Party Transaction Policy and the same is placed on the Company's website and the web link for the same is https://www.elgi.com/in/wp-content/uploads/2019/05/Related-Party-Transactions-Policy.pdf.

h) During the financial year ended March 31, 2022, the Company did not engage in commodity hedging activities.

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

j) The Company has obtained a certificate from a company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

k) 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.

l) 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.

m) Price Waterhouse & Co Chartered Accountants LLP is the statutory auditors of the Company. The Company and its Material Indian Subsidiary ATS Elgi Limited (material subsidiary based on financials for the year ended March 31, 2021) have paid a sum of ₹ 60,00,000/- plus out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm / entity of which the statutory auditor is a part for the services rendered by them.

n) As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2021-22, no complaints were received by the Committee. As such, there are no complaints pending as at the end of the financial year.

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

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

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

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

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

t) The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors in its meeting held on May 13, 2022 as required under the SEBI Listing Regulations. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

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

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

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

x) Subsidiary companies:

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

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

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

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

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

e) Your Company has not sold/disposed/ leased any of its assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during the current reporting financial year.

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

g) Elgi Compressors USA Inc.,Elgi Compressors Europe S.R.L, Rotair SPA and Patton's Inc. are the material subsidiaries of the Company based on the financials for the year ended March 31, 2022

h) Your Company has appointed an independent director on the Board of the unlisted material subsidiary.

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

This is to confirm that for the financial year ended March 31, 2022 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Jairam Varadaraj
Managing Director
DIN:00003361

Place : Coimbatore
Date : May 13, 2022

Certificate on Corporate Governance for the year ended March 31, 2022

To

The Members of M/s. Elgi Equipments Limited

Dear Sir,

I have examined the compliance conditions of Corporate Governance by M/s. Elgi Equipments Limited ("the Company") for the financial year ended 31st March 2022 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My 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 my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I 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 2022.

I 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.

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000286135
Peer Review No. 985/2020

Place: Coimbatore
Date: May 13, 2022

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

I 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 me 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 my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960D000286157
Peer Review No. 985/2020

Place: Coimbatore
Date: May 13, 2022

Group Performance for Ten Years

(₹ In Million)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue from operations	25,247	19,240	18,294	18,635	16,222	14,381	14,660	13,621	14,081	12,101
Total income	25,797	19,475	18,426	18,731	16,336	14,501	14,751	13,945	14,172	12,263
Total expenditure	22,324	17,084	16,935	16,717	14,488	12,989	13,453	12,737	13,088	11,106
PBDIT	3,473	2,392	1,491	2,014	1,848	1,513	1,299	1,208	1,084	1,157
Depreciation and amortisation	745	743	652	511	438	446	436	366	262	182
Finance cost	111	135	155	90	60	78	122	158	97	45
Profit before tax	2,617	1,513	683	1,413	1,350	989	741	684	725	931
Less: Income tax	846	503	270	404	413	264	244	203	269	329
Share of profit from joint ventures	13	14	12	22	16	16	13	–	–	–
Profit after tax	1,784	1,025	426	1,031	953	740	509	481	455	602
Dividend (%)	115	80	165	130	120	100	100	100	100	100
Capital employed	11,245	9,624	10,289	8,860	8,462	7,530	7,164	7,449	7,332	6,482
Net worth	10,325	8,699	7,690	7,709	6,889	6,069	5,462	4,934	4,636	4,336
Long term borrowings	578	812	1,027	763	603	966	1,391	1,688	2,145	2,198
Net block incl. capital WIP	5,607	5,761	6,039	5,099	4,469	4,445	4,526	4,643	4,772	3,726
Investments	108	85	49	75	91	102	60	148	149	149
Current assets	13,335	11,333	8,968	8,244	7,760	6,354	6,198	6,706	6,484	6,332
Current liabilities	8,060	7,485	6,303	5,209	4,962	3,931	4,079	4,728	4,696	3,823
Net working capital	5,275	3,848	2,666	3,034	2,798	2,424	2,119	1,978	1,788	2,509
Total assets	**19,649**	**17,667**	**15,551**	**13,855**	**12,589**	**11,163**	**11,208**	**11,668**	**11,758**	**10,549**

Analysis of Performance

RATIO CATEGORY / Ratio	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Operational performance								
Material Consumption ratio (%)	54.11	53.73	53.99	55.71	56.75	55.43	55.94	56.03
Personnel expenses (%)	19.30	21.53	22.27	18.41	17.64	18.66	18.42	19.16
Other Expenses ratio (%)	15.60	14.07	16.97	16.19	15.24	16.41	17.16	18.52
Interest component ratio (%)	0.44	0.70	0.86	0.49	0.37	0.57	0.88	1.21
Depreciation component ratio (%)	2.97	3.89	3.59	2.76	2.75	3.28	3.13	2.80
Tax component ratio (%)	3.28	2.58	1.47	2.16	2.53	1.82	1.66	1.48
Other Income / Total Income (%)	2.77	1.79	1.31	1.18	1.35	1.52	1.08	1.19
Sales per employee (₹ in million)	11.65	8.72	8.18	8.77	7.90	6.78	7.00	6.50
Financial structuring								
Long Term to Debt Equity Ratio	0.06	0.09	0.13	0.10	0.09	0.16	0.25	0.34
Net Working Capital / Total Assets	0.46	0.38	0.29	0.35	0.37	0.34	0.31	0.29
Investments / Total Assets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Inventory / Current Assets	0.36	0.30	0.38	0.34	0.35	0.36	0.36	0.40
Trade Receivables/ Current Assets	0.35	0.35	0.39	0.45	0.44	0.38	0.41	0.36
Liquidity								
Current Ratio	1.65	1.51	1.42	1.58	1.56	1.62	1.52	1.42
Liquidity Ratio	1.06	1.06	0.88	1.05	1.01	1.04	0.97	0.86
Efficiency								
Current Assets Turnover Ratio (CATR)	2.03	1.88	2.11	2.31	2.26	2.17	2.08	1.98
Average Current Assets - no. of days	179	194	173	158	162	168	176	185
Average Inventory - No. of days								
RM & Components	43	46	43	41	43	47	50	57
WIP	4	5	4	3	5	7	6	7
Finished Goods	33	36	35	28	29	29	32	33
Trade Receivables turnover ratio (DTR)	5.76	5.12	5.09	5.21	5.50	5.69	5.83	5.57
Trade Receivables - no of days of net sales	63	71	72	70	66	64	63	66
Trade Creditors' Turnover Ratio (TCTR)	4.93	4.13	4.43	4.48	4.92	4.35	4.36	4.10
Trade Creditors - no of days	74	88	82	81	74	84	84	89
Capital Turnover Ratio	2.40	**1.92**	1.90	2.14	1.99	1.85	1.91	1.77
Net Fixed Assets Turnover Ratio (NFATR)	4.46	3.26	3.29	3.89	3.60	3.05	3.08	3.09
Profitability								
PBITDA Profit Margin (%)	13.47	12.28	8.10	10.75	11.48	10.43	9.10	7.17
PBIT Margin (%)	10.58	8.46	4.56	8.02	8.80	7.35	6.15	4.51
Pre-tax Profit Margin (%)	10.15	7.77	3.71	7.54	8.43	6.82	5.11	4.98
Net Profit Margin (%)	6.92	5.26	2.31	5.50	5.83	5.10	3.45	3.51
Post Tax Margin from Operations (%)	5.63	4.53	1.90	5.19	5.48	4.79	3.21	1.94
ROCE (%)	26.28	16.70	8.89	17.61	17.83	14.73	13.42	11.40

Analysis of Performance (Continued)

RATIO CATEGORY / Ratio	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Shareholder's earnings								
RONW (%)	20.17	12.51	5.53	14.12	14.71	12.83	9.64	5.38
Earnings Per Share (current equity) (₹)	5.63	3.24	2.69	6.51	6.02	4.67	3.22	3.04
Dividend Per Shares (Rs) - (Refer note No.3)	1.15	0.80	1.65	1.30	1.20	1.00	1.00	1.00
Dividend Payout Ratio (%)	20.41	24.74	61.42	19.99	19.96	21.41	31.11	32.94
Price Earnings Ratio (current equity)	56.18	60.64	62.51	38.95	45.67	45.29	40.23	51.57
Dividend Yield (%)	0.36	0.41	0.98	0.51	0.44	0.47	0.77	0.64
Dividend to Net Worth Ratio (%)	3.53	2.91	3.40	2.67	2.76	2.61	2.90	3.21
Book Value per share (₹)	32.58	27.45	48.57	48.69	43.51	38.33	34.50	31.14

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 ₹ 1.15/- per share (115%) for the year ended March 31, 2022.

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, 2022, 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 financial statements, including a summary of significant accounting policies and other explanatory information in which are included the financial information of two joint operations.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of investment in subsidiaries and joint ventures (Refer Note 6 to the standalone financial statements) As at March 31, 2022, the Company has equity investments of Rs. 1,705.90 million in its subsidiaries and joint ventures (including Limited Liability Partnership). The Company reviews the carrying value of these investments at each reporting period. Where considered necessary, the Company performs a detailed assessment as required under Ind AS 36. We considered the assessment of carrying value of investments as a key audit matter, considering its significance to the standalone financial statements, and where applicable, the judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures included the following: ● Understood and performed procedures to assess the design and tested the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of investments. ● Obtained the audited financial statements of the subsidiaries and joint ventures and tested the Company's assessment with regard to key financial indicators including net worth of those respective subsidiaries and joint ventures with the carrying value of the investments made in those entities. ● In relation to a subsidiary where future cash flow projections were prepared, evaluated the reasonableness of these projections by checking the mathematical accuracy, discussing with the management to understand the assumptions involved, and our knowledge and understanding of the current business conditions. Evaluated, along with the auditors' experts, the key assumptions such as discount rate and growth rate used in the preparation of the cash flow projections. ● Read the subsidiaries and joint ventures financial statements and auditors' report and discussed with the auditors of the subsidiary companies in relation to the work performed by them on the subsidiary Company financial statements including any impairment evaluation carried out by them at the subsidiary level. ● We evaluated the adequacy of the disclosures made in the standalone financial statements. Based on above procedures performed, the management's assessment of carrying value of investments in subsidiaries and joint ventures was reasonable.

Other Information

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

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the standalone financial statements

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

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

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

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

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

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operations to express an opinion on the Standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Company of which we are the independent auditors. For the joint operations included in the standalone financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

13. We did not audit the financial statements of two joint operations included in the standalone financial statements of the Company, which constitute Company's share of total assets of Rs. 130.87 million and net assets of Rs 124.40 million as at March 31, 2022, total revenue of Rs. nil, total net profit of Rs. 55.37 million, total comprehensive income of Rs. 55.37 million and net cash inflows amounting to Rs. 0.81 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the standalone financial statements (including other information) to the extent they have been derived from such standalone financial statements is based solely on the report of such other auditors.

    Our opinion is not modified in respect of above matter.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on April 01, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

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

(g) With respect to the other matters to be included in the 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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 43 to the standalone financial statements;

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

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

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

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

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

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

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

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 22213126AIYEZF6509

Place: Coimbatore
Date: May 13, 2022

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the standalone financial statements for the year ended March 31, 2022

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, 2022 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 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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, 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, 2022, 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 issued by the Institute of Chartered Accountants of India.

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 22213126AIYEZF6509

Place: Coimbatore
Date: May 13, 2022

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the standalone financial statements as of and for the year ended March 31, 2022

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

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

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

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

Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc. are held in the name of the Company per the confirmation received by the banker as on the balance sheet date. Refer Note 3(a)(iv) of the standalone financial statements.

(d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed statements with such banks, which are not in agreement with the unaudited books of account as set out below (Also refer Note 47 (i) to the financial statements

Name of the Bank/ Financial Institution	Aggregate working capital limits sanctioned	Nature of Current Asset offered as Security	Quarter ended	Amount disclosed as per quarterly statement	Amount as per books of account	Difference*
-HSBC Bank	375.00	Inventory and Book debts	June 30, 2021	4,724.24	4,712.30	11.94
-Central Bank of India	235.00					
-State Bank of India	300.00					
-HSBC Bank	375.00		September 30, 2021	5,390.96	5,345.24	45.72
-Central Bank of India	235.00					
-State Bank of India	300.00					
-HSBC Bank	375.00		December 31, 2021	5,656.14	5,517.32	138.82
-Central Bank of India	235.00					
-State Bank of India	300.00					

*The differences are primarily in the nature of non-consideration of general ledger adjustments such as unadjusted credits, and cut off adjustments which have a decreasing effect on the statement submitted, that are partially offset by non-consideration of inventory goods in transit, loose tools, spares, provisions (inventory and book debts) and overhead valuation adjustments.

iii. (a) The Company has made investments in one company and one financial institution, granted unsecured loans to 192 other parties (loans to employees) and stood guarantee to one Company. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees to subsidiaries, and to parties other than subsidiaries, joint ventures and associates are as per the table given below. Also refer Note 7, 16 and 41 to the financial statements:

	Guarantees (in Rs. millions)	Loans (in Rs. millions)
Aggregate amount granted/provided during the year		
-Subsidiaries	1,207.44	-
-Others	-	81.50
Balance outstanding as at balance sheet date in respect of the above case (including the balances outstanding as at the beginning of the year)		
-Subsidiaries	4,753.97	534.25
-Others	-	91.60

(b) In respect of the aforesaid investments/ guarantees/loans the terms and conditions under which such loans were granted/investments were made/guarantees provided are not prejudicial to the Company's interest.

(c) In respect of the loan to one subsidiary, the schedule of repayment of principal and payment of interest has been stipulated. However, in the absence of any amount falling due during the year, the situation for commenting on the regularity of repayment of principal and payment of interest does not arise.

In respect of loans to another subsidiary and other parties (loans to employees), the schedule of repayment of principal and payment of interest has been stipulated and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

With respect to other loan relating to a wholly owned subsidiary amounting to INR 55.35 million (fully provided for) which was liquidated during the year and has been written off in the current year.

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

(e) There were no loans /advances in nature of loans which fell due during the year and were renewed/ extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/ advances in nature of loan.

(f) The loans/advances in nature of loans granted during the year, had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. The company has not granted any loans/advances in the nature of loans during the year to promoters/ related parties.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

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

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii.(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including sales tax, income tax, service tax, duty of customs, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 43 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Rs. Millions)*	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	2.57	FY 2011-12	Additional Commissioner
Finance Act, 1994	Service Tax	3.57	FY 2007-08 to FY 2012-13	Customs, Excise, Service Tax Appellate Tribunal
The Central Sales Tax, Act, 1956	Central Sales Tax	-	FY 2012-13 to FY 2014-15	Sales Tax Appellate Tribunal, Coimbatore
The Central Sales Tax Act, 1956	Central Sales Tax	-	FY 2004-05, 2011-12 and 2015-16	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	0.77	2004-05 and 2017-18	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	0.13	2008-09 and 2011-12	Joint Commissioner (ST) (Appeals)
Tamil Nadu Value Added Tax Act, 2006	VAT	6.93	2013-14	Honourable High Court of Madras
Income Tax Act, 1961	Income Tax	-	FY: 2010-11, 2012-13, 2015-16, 2016-17	Commissioner of Income Tax (Appeals)

*Net of amount paid under protest amounting to INR 273.70 million

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix.(a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. (Also refer Note 23 to the financial statements)

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv.(a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

xiv.(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

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

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

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

(d) Based on the information and explanations provided by the management of the Company, the Group has two CICs as part of the Group as detailed in note 19(v). We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 51 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing project/(s) to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also refer Note 36(b) to the financial statements)

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 22213126AIYEZF6509

Place: Coimbatore
Date: May 13, 2022

Standalone Financial Statements

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Balance Sheet as at March 31, 2022

Particulars	Notes	March 31, 2022	March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3(a)	1,875.82	1,972.37
Right of use assets	3(b)	20.66	27.78
Capital work-in-progress	3(a)	65.23	40.18
Investment properties	4	54.64	55.04
Goodwill	5	1.23	1.23
Other intangible assets	5	40.47	53.06
Financial assets			
(i) Investments	6	1,813.81	1,777.28
(ii) Loans	7	602.55	565.81
(iii) Other financial assets	8	32.00	34.83
Deferred tax assets (net)	22	66.77	29.16
Other non-current assets	10	75.44	54.32
Total non-current assets		**4,648.62**	**4,611.06**
Current assets			
Inventories	11	1,715.80	1,385.84
Financial assets			
(i) Trade receivables	12	4,244.51	3,301.57
(ii) Cash and cash equivalents	13	556.31	742.78
(iii) Bank balances other than (ii) above	14	627.41	859.06
(iv) Deposits with financial institutions	15	400.00	305.00
(v) Loans	16	23.30	59.81
(vi) Other financial assets	17	130.21	103.95
Other current assets	18	268.87	327.20
Total current assets		**7,966.41**	**7,085.21**
Total assets		**12,615.03**	**11,696.27**
Equity and liabilities			
Equity			
Equity share capital	19	316.91	316.91
Other equity	20	9,524.31	7,840.29
Total equity		**9,841.22**	**8,157.20**

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Balance Sheet as at March 31, 2022 (Continued...)

Particulars	Notes	March 31, 2022	March 31, 2021
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	16.67	23.81
Provisions	21	69.59	52.64
Total non-current liabilities		**86.26**	**76.45**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	-	1,013.84
(ii) Lease liabilities	3(b)	6.66	6.32
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		395.27	432.80
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,522.71	1,371.73
(iv) Other financial liabilities	25	282.57	252.39
Provisions	26	141.98	114.41
Current tax liabilities (Net)	9	158.91	139.09
Other current liabilities	27	179.45	132.04
Total current liabilities		**2,687.55**	**3,462.62**
Total liabilities		**2,773.81**	**3,539.07**
Total equity and liabilities		**12,615.03**	**11,696.27**

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	March 31, 2022	March 31, 2021
Revenue from operations	28	15,825.90	11,001.70
Other income	29	456.80	240.60
Total Income		**16,282.70**	**11,242.30**
Expenses			
Cost of materials consumed	30	8,430.29	5,330.47
Purchases of stock-in-trade	31	1,311.33	944.19
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(248.84)	114.08
Employee benefits expenses	33	1,696.11	1,563.13
Finance costs	34	16.43	36.80
Depreciation and amortisation expenses	35	367.68	353.29
Other expenses	36	2,196.27	1,498.42
Total expenses		**13,769.27**	**9,840.38**
Profit before tax		**2,513.43**	**1,401.92**
Income tax expense	37		
-Current tax		657.53	361.55
-Deferred tax		(37.61)	(10.53)
Profit for the year		**1,893.51**	**1,050.90**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	20 (h)	23.09	37.59
Remeasurement of post-employment benefit obligations	20 (f)	23.22	13.02
Income tax relating to these items	20 (f)	(5.84)	(3.28)
Other comprehensive income for the year, net of tax		**40.47**	**47.33**
Total comprehensive income for the year		**1,933.98**	**1,098.23**

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Statement of Profit and Loss for the year ended March 31, 2022 (Continued...)

Particulars	Notes	March 31, 2022	March 31, 2021
Earnings per equity share	46		
Nominal value of the shares		1.00	1.00
(1) Basic		5.99	3.32
(2) Diluted		5.98	3.32

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Statement of Changes in Equity

i) Equity Share Capital

Particulars	Notes	Amounts
Balance as at April 1, 2020	19	**158.45**
Issue of bonus shares (refer note 19 (iii))		158.46
Balance as at March 31, 2021	19	**316.91**
Changes in equity share capital during the year		–
Balance as at March 31, 2022		**316.91**

ii) Other equity

		Reserve and Surplus								Other reserve		
Description	Notes	Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	Total equity
Balance at April 01, 2020		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**0.21**	**5,184.71**	**6,910.39**	**31.35**	**31.35**	**6,941.74**
Profit for the year	20	–	–	–	–	–	–	1,050.90	1,050.90	–	–	1,050.90
Other comprehensive income	20	–	–	–	–	–	–	9.74	9.74	37.59	37.59	47.33
Total comprehensive income for the year		–	–	–	–	–	–	**1,060.64**	**1,060.64**	**37.59**	**37.59**	**1,098.23**
Transactions with owners in their capacity as owners:												
Purchase of shares for ESOP scheme	20	–	–	–	–	(44.04)	–	–	(44.04)	–	–	(44.04)
Issue of bonus shares (refer note 19(iii))	20	–	–	(158.45)	–	–	–	–	(158.45)	–	–	(158.45)
Employee stock option expense	20	–	–	–	–	–	2.81	–	2.81	–	–	2.81
Transfer of gain on FVOCI equity instruments	20	–	–	–	–	–	–	**2.13**	2.13	**(2.13)**	**(2.13)**	–
Balance as at March 31, 2021		**181.41**	**5.49**	**250.92**	**1,140.60**	**(55.44)**	**3.02**	**6,247.48**	**7,773.48**	**66.81**	**66.81**	**7,840.29**

Standalone Financial Statements as at and for the year ended March 31, 2022

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

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

Description	Notes	Reserve and Surplus								Other reserve		Total equity
		Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI – Equity instruments	Total	
Balance at April 01, 2021		**181.41**	**5.49**	**250.92**	**1,140.60**	**(55.44)**	**3.02**	**6,247.48**	**7,773.48**	**66.81**	**66.81**	**7,840.29**
Profit for the year	20	–	–	–	–	–	–	1,893.51	1,893.51	–	–	1,893.51
Other comprehensive income	20	–	–	–	–	–	–	17.38	17.38	23.09	23.09	40.47
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,910.89**	**1,910.89**	**23.09**	**23.09**	**1,933.98**
Transactions with owners in their capacity as owners:												
Purchase of shares for ESOP scheme	20	–	–	–	–	(68.70)	–	–	(68.70)	–	–	(68.70)
Sale of treasury stock	20	–	–	–	–	11.40	–	50.98	62.38	–	–	62.38
Employee stock option expense	20	–	–	–	–	–	9.64	–	9.64	–	–	9.64
Dividend paid	20	–	–	–	–	–	–	(253.28)	(253.28)	–	–	(253.28)
Balance as at March 31, 2022		**181.41**	**5.49**	**250.92**	**1,140.60**	**(112.74)**	**12.66**	**7,956.07**	**9,434.41**	**89.90**	**89.90**	**9,524.31**

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Statement of Cash Flows

Particulars	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Profit before income tax	**2,513.43**	**1,401.92**
Adjustments for :		
Depreciation and amortisation expense	367.68	353.29
Provision for bad and doubtful debts	12.63	23.27
Gain on disposal of property, plant and equipment	(38.49)	(0.18)
Rental income from Investment property (net of expenses)	(18.31)	(10.81)
Dividend and interest income classified as investing cash flows	(173.62)	(102.67)
Net unrealised exchange differences	(51.93)	(21.65)
Finance costs	16.43	36.80
Financial guarantee commission	-	(4.45)
Non-cash employee share based payments	6.16	1.60
Write back of provision made for loan to subsidiary	-	(18.21)
Change in operating assets and liabilities		
Increase in trade receivables	(906.67)	(807.55)
Increase in inventories	(329.96)	(83.83)
Increase in trade payables	109.31	520.15
(Increase)/decrease in other financial assets	(11.03)	10.59
Decrease in other current assets	58.33	15.31
Increase/(decrease) in provisions	67.74	(2.83)
Increase in other financial liabilities	25.99	30.91
Increase in other current liabilities	47.41	8.52
Cash generated from operations	**1,695.10**	**1,350.18**
Income taxes paid (net of refund)	(647.37)	(191.42)
Net cash inflow from operating activities	**1,047.73**	**1,158.76**

Standalone Financial Statements as at and for the year ended March 31, 2022

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

Standalone Statement of Cash Flows (Continued...)

Particulars	March 31, 2022	March 31, 2021
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(294.25)	(161.48)
Investments in subsidiaries	(17.89)	(4.51)
Proceeds from buy-back of FVOCI equity instruments	–	2.35
Subscription to rights issue of FVOCI equity instruments	–	(0.81)
Investment/(redemption) in/of deposits with Banks/Financial institutions	136.65	(579.81)
Rental income from Investment property (net of expenses)	18.31	10.81
Repayment of loans from subsidiaries	9.65	112.79
Loans recovered from employees (net)	8.34	23.58
Proceeds from sale of property, plant and equipment	40.38	0.86
Dividends received	74.41	10.48
Interest received	83.69	60.56
Net cash inflow/(outflow) from investing activities	**59.29**	**(525.18)**
Cash flows from financing activities		
Net Short term Loans (repaid to)/borrowed from banks	(1,013.84)	38.84
Payment of lease liabilities	(6.26)	(6.81)
Purchase of shares for ESOP scheme	(68.70)	(44.04)
Proceeds from sale of treasury stock	66.20	–
Dividends paid to company's shareholders	(253.52)	(1.93)
Interest paid	(17.37)	(38.36)
Net cash outflow from financing activities	**(1,293.49)**	**(52.30)**
Net (decrease)/increase in cash and cash equivalents	**(186.47)**	**581.28**
Cash and cash equivalents at the beginning of the financial year	**742.78**	**161.50**
Cash and cash equivalents at end of the year*	**556.31**	**742.78**

* includes restricted cash and cash equivalents in relation to balance in unclaimed dividend account (refer note 13).

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. This financial statement has been approved by the Board of Directors in their meeting held on May 13, 2022.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

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

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

c) share based payments.

(iii) New and amended standards adopted by the Company

The Company has applied following amendments to Ind AS for the first time in their annual reporting period commencing April 01, 2021:

1. Extension of COVID-19 related concessions amendments to Ind AS 116

2. Interest rate benchmark reform - amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

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

(iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(b) Accounting for Joint Operations

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 49.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Managing Director (MD) of the company has been identified as the chief operating decision maker of the Company. He assesses the financial performance and position of the Company and makes strategic decisions. The business activities of the Company comprise of manufacturing and sale of compressors. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

(d) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such 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. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

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 gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.

(e) Revenue Recognition

Revenue is recognised when a customer obtains control of a promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the company applies the below five step process before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the Contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Sale of products: The Company manufactures and sells a range of air compressors and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the product have been shipped from the Company's warehouse to the specific location in case of domestic sales, and when a bill of lading is generated in case of exports, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Where the company sells goods and also has transportation obligation, and where the control of the goods get transferred, the sale of goods and transportation is treated as separate performance obligation.

The Company's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision. Refer note no 26.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services: The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs. In case of transportation revenue, the Company recovers cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the Company splits the transaction price into Sale of product and Sale of services. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

(iii) Duty drawback: Income from duty drawback is recognised on an accrual basis.

(iv) Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

(f) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grant is recognised either as other income or adjusted against expenses depending upon the nature of the grant and the same is followed consistently.

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

As a lessee

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for the use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases of real estate for which the Company is the lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Elgi equipments limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, such as term, country, currency and security.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

The Company did not need to make any adjustments to the accounting for the assets held as lessor as a result of adopting the new standard.

(i) Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method. The Company also elects to apply the optional test (the concentration test) which permits a simplified assessment of whether an acquired set of activities and assets is not a business on each transaction basis.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred over (b) the net fair value of the identifiable assets acquired and liabilities assumed. Acquisition related costs are expensed as incurred.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets (including investments) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

(l) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(m) Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and he estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset 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 gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.

b) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expense). Interest income from these financial assets is included in other income using the effective interest rate method.

c) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/(expense) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company measures all equity investments at fair value, except for investments forming part of interest in subsidiaries and joint ventures, which are measured at cost. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

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.

(o) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investment. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Derivatives that are not designated as hedges:

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/(expense).

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(q) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools, Jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Useful Life (years)

Asset	As adopted by Company	As per Schedule II
Roads	10	5
Tools, Jigs & Fixture, Patterns, Moulds & Dies	5-8	15

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/(expense).

(r) Investment Properties

"Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

(s) Intangible assets

(i) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in the circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to cash generating unit which is expected to benefit from business combination in which the goodwill arose.

(ii) Other intangible assets

The intangible assets include computer software and drawings which are recorded at the cost of acquisition and are amortised using the straight-line method over a period of five years or their legal/useful life whichever is less.

(t) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

(u) Trade and other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(x) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(y) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liabilities in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund and superannuation fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and 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.

(z) Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(ac) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

a) the profit attributable to owners of the Company

b) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 46).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(ad) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – **Note 26(a)**

Estimation of provision for warranty claims – **Note 26**

Estimation of impairment of investments in subsidiaries and joint ventures – **Note 6**

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, 2022

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

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

Particulars	Land	Building	Plant & Machinery*	Office equipment*	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Capital Work in Progress
Year ended March 31, 2021									
Gross carrying amount									
Opening gross carrying amount	233.57	1,049.11	2,278.16	167.36	118.84	3.86	16.30	**3,867.20**	35.99
Additions	-	7.14	93.64	8.64	0.88	-	-	**110.30**	114.49
Disposal	-	(0.06)	(0.17)	(0.90)	(2.51)	-	-	**(3.64)**	-
Transfers	-	-	-	-	-	-	-	-	(110.30)
Adjustments**	-	0.33	20.69	0.97	1.46	0.10	-	**23.55**	-
Closing gross carrying amount	**233.57**	**1,056.52**	**2,392.32**	**176.07**	**118.67**	**3.96**	**16.30**	**3,997.41**	**40.18**
Accumulated depreciation									
Opening accumulated depreciation	-	518.67	936.39	107.54	98.62	1.86	14.19	**1,677.27**	-
For the year	-	78.30	214.89	24.45	8.31	0.46	0.77	**327.18**	-
Disposal	-	(0.02)	(0.15)	(0.84)	(1.95)	-	-	**(2.96)**	-
Adjustments**	-	0.33	20.69	2.87	(0.44)	0.10	-	**23.55**	-
Closing accumulated depreciation	**-**	**597.28**	**1,171.82**	**134.02**	**104.54**	**2.42**	**14.96**	**2,025.04**	**-**
Net carrying amount	**233.57**	**459.24**	**1,220.50**	**42.05**	**14.13**	**1.54**	**1.34**	**1,972.37**	**40.18**
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	233.57	1,056.52	2,392.32	176.07	118.67	3.96	16.30	**3,997.41**	40.18
Additions	-	4.97	186.26	52.74	3.25	-	-	**247.22**	272.27
Disposal	(0.04)	(4.62)	-	(1.37)	(0.60)	-	-	**(6.63)**	-
Transfers	-	-	-	-	-	-	-	-	(247.22)
Closing gross carrying amount	**233.53**	**1,056.87**	**2,578.58**	**227.44**	**121.32**	**3.96**	**16.30**	**4,238.00**	**65.23**
Accumulated depreciation									
Opening accumulated depreciation	-	597.28	1,171.82	134.02	104.54	2.42	14.96	**2,025.04**	-
For the year	-	67.96	241.04	26.09	5.86	0.44	0.49	**341.88**	-
Disposal	-	(2.77)	-	(1.37)	(0.60)	-	-	**(4.74)**	-
Closing accumulated depreciation	**-**	**662.47**	**1,412.86**	**158.74**	**109.80**	**2.86**	**15.45**	**2,362.18**	**-**
Net carrying amount	**233.53**	**394.40**	**1,165.72**	**68.70**	**11.52**	**1.10**	**0.85**	**1,875.82**	**65.23**

* Computers and allied accessories have been reclassified from Plant & Machinery to Office equipments.

** Disposals of property, plant & equipment which have been carried at Deemed cost from the date of transition to Ind AS (April 01, 2015), which were reduced from the Gross carrying amount at original cost are now reduced at Deemed cost with the corresponding change in Accumulated depreciation. There is no change in the net carrying amount of assets.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

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

Notes

i) Property, plant and equipment pledged as security

Refer note 47 for information on property, plant and equipment pledged as security by the company.

ii) Contractual obligations

Refer to note 44(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

iv) Title deeds of immovable properties not held in name of the company

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3(a) and 4 to the financial statements, are held in the name of the company.

The title to the properties in Arasur Village are held in the name of the Company as per the title deeds. In these properties, a portion in SF No-100/1 was incorrectly claimed by an individual and a connected litigation filed by him was dismissed in the Company's favour. The Company has now initiated action for removing the Individual's name from the sub registrar's records.

v) Capital work-in-progress

Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

a) Ageing of Capital work-in-progress

Particulars	Amounts in Capital work-in-progress for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2022					
(i) Projects in Progress	34.36	5.41	13.87	11.59	**65.23**
Year ended March 31, 2021					
(i) Projects in Progress	7.51	21.08	11.59	-	**40.18**

(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, 2022					
(i) Projects in Progress					
Self-constructed Machine	44.54	-	-	-	**44.54**
Year ended March 31, 2021					
(i) Projects in Progress					
Self-constructed Machine	-	24.51	-	-	**24.51**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

3(b) Leases

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

The Company leases various offices and warehouses. Rental contracts are typically made for fixed periods of 3 months to 8 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

Right of use assets

	March 31, 2022			March 31, 2021		
Particulars	Land	Building	Total	Land	Building	Total
Gross carrying amount	2.60	37.41	40.01	2.60	38.56	41.16
Accumulated depreciation	(0.31)	(19.04)	(19.35)	(0.21)	(13.17)	(13.38)
Net carrying amount	**2.29**	**18.37**	**20.66**	**2.39**	**25.39**	**27.78**

Disposals to the gross carrying amount of right of use assets are ₹ 1.15 million (March 31, 2021: ₹ 6.12 million).

Lease Liabilities

Particulars	March 31, 2022	March 31, 2021
Current	6.66	6.32
Non-Current	16.67	23.81
	23.33	**30.13**
Reconciliation:		
Opening balance	**30.13**	**40.86**
Less: Termination of lease contracts	(0.54)	(3.92)
Less: Payment of lease liabilities	(6.26)	(6.81)
Closing balance	**23.33**	**30.13**

ii) Amounts recognised in the statement of profit and loss

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

Depreciation of Right of use assets		
Land	0.10	0.11
Buildings	6.47	7.35
	6.57	**7.46**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

3(b) Leases (Continued...)

Particulars	March 31, 2022	March 31, 2021
Interest expense (included in finance cost)	2.41	2.89
Expenses relating to short term leases (included in Other expenses)	13.87	15.39

(iii) Cash outflow

The total cash outflow for leases is ₹ 22.54 million and ₹ 25.09 million for the year ended March 31, 2022 and March 31, 2021, respectively.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the Company and not by respective lessor.

(v) Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4 Investment properties

	March 31, 2022			March 31, 2021		
Particulars	Land	Buildings	Total	Land	Buildings	Total
Gross carrying amount						
Opening gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Additions	-	-	-	-	-	-
Closing gross carrying amount	**46.25**	**12.53**	**58.78**	**46.25**	**12.53**	**58.78**
Accumulated depreciation						
Opening accumulated depreciation	-	3.74	3.74	-	3.29	3.29
Depreciation charge	-	0.40	0.40	-	0.45	0.45
Closing accumulated depreciation	**-**	**4.14**	**4.14**	**-**	**3.74**	**3.74**
Net carrying amount	**46.25**	**8.39**	**54.64**	**46.25**	**8.79**	**55.04**

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

Particulars	March 31, 2022	March 31, 2021
Rental income	19.36	11.86
Direct operating expenses from property that generated rental income	(1.05)	(1.05)
Profit from investment properties before depreciation	**18.31**	**10.81**
Depreciation	(0.40)	(0.45)
Profit from investment property	**17.91**	**10.36**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

4 Investment properties (Continued...)

(ii) Fair value

	March 31, 2022			March 31, 2021		
Particulars	Land	Buildings	Total	Land	Buildings	Total
Investment property	650.81	204.67	**855.48**	493.12	8.79	**501.91**

Estimation of fair value

a) For the year ended March 31, 2022, the Company obtained independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- Discounted cash flow projections based on reliable estimates of future cash flows,
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by "S. Pichaiya & associates", who is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

b) For the year ended March 31, 2021, the fair values of investment properties were determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2. Guideline values were revised by the Government of Tamil Nadu with effect from June 9, 2017.

(iii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

Minimum lease payments receivable on leases of investment properties are as follows:

Particulars	March 31, 2022	March 31, 2021
Within 1 year	5.89	11.36
Between 1 and 2 years	5.89	5.89
Between 2 and 3 years	-	5.89
	11.78	**23.14**

(iv) Investment properties pledged as security

Refer note 47 for information on property, plant and equipment pledged as security by the company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

5 Intangible assets and Goodwill

Particulars	Computer software	Drawings	Total intangible assets	Goodwill
Year ended March 31, 2021				
Gross carrying amount				
Opening gross carrying amount	86.60	24.75	**111.35**	1.23
Additions	18.28	–	**18.28**	–
Disposal	–	–	–	–
Closing gross carrying amount	**104.88**	**24.75**	**129.63**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	54.64	3.73	**58.37**	–
For the year	13.26	4.94	**18.20**	–
Disposal	–	–	–	–
Closing accumulated depreciation	**67.90**	**8.67**	**76.57**	**–**
Net carrying amount	**36.98**	**16.08**	**53.06**	**1.23**
Year ended March 31, 2022				
Gross carrying amount				
Opening gross carrying amount	104.88	24.75	**129.63**	1.23
Additions	6.24	–	**6.24**	–
Disposal	–	–	–	–
Closing gross carrying amount	**111.12**	**24.75**	**135.87**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	67.90	8.67	**76.57**	–
For the year	13.89	4.94	**18.83**	–
Disposal	–	–	–	–
Closing accumulated depreciation	**81.79**	**13.61**	**95.40**	**–**
Net carrying amount	**29.33**	**11.14**	**40.47**	**1.23**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Non current investments

Particulars	No. of Shares	Face Value Per Share	March 31, 2022	March 31, 2021
(i) Investments in equity instruments (fully paid-up) (Unquoted) *At cost*				
Investment In Subsidiaries (wholly owned)				
ATS Elgi Limited	90,000	₹ 10/-	180.90	180.90
Elgi Gulf-FZE	1,50,000	AED 1/-	1.78	1.78
Elgi Equipments (Zhejiang) Limited	-	-	-	485.85
Less: Impairment	-	-	-	(485.85)
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	3,56,440	BRL 1/-	-	-
Elgi Equipments Australia Pty Limited	100	-	0.01	0.01
Elgi Compressors Italy S.R.L.	25,55,000	€ 1/-	292.64	292.64
Elgi Compressors Europe S.R.L.	50,000	€ 1/-	4.51	8.96
Elgi Compressors USA Inc. (common stock without par value)	1,000	-	1,057.76	1,057.76
PT Elgi Equipments Indonesia	99.71%	-	19.00	19.00
Ergo Design Private Limited	10,000	₹ 10/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited	10,91,500	₹ 10/-	125.61	125.61
Elgi Compressors (M) SDN. BHD	10,00,100	RM 1/-	17.89	-
Industrial Air Compressors Pty Ltd	120	AUD 1/-	0.01	0.01
Investment In Joint Ventures				
ELGI Sauer Compressors Ltd [Share 26%]	168,994	₹ 10/-	1.69	1.69
(ii) Investment In Limited Liability Partnership *At cost*				
Industrial Air Solutions LLP	-	-	4.00	4.00

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

6 Financial assets – Non current investments (Continued...)

Particulars	No. of Shares	Face Value Per Share	March 31, 2022	March 31, 2021
(iii) Investment in Equity Instruments (fully paid-up) (Quoted) *At Fair Value through Other Comprehensive Income*				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.48	0.34
State Bank of India	3,600	₹ 1/-	1.78	1.31
HDFC Bank Limited	5,000	₹ 1/-	7.35	7.47
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	28.66	29.99
Magna Electro Castings Ltd	66,454	₹ 10/-	13.27	11.41
Rajshree Sugars & Chemicals Ltd	2,29,000	₹ 10/-	7.53	3.90
Pricol Ltd	1,21,172	₹ 1/-	15.76	8.49
L.G.Balakrishnan & Bros.Ltd.	4,992	₹ 10/-	2.68	1.53
LGB Forge Limited	18,720	₹ 1/-	0.20	0.07
Elgi Rubber Company Limited	7,63,700	₹ 1/-	30.20	20.31
(iv) Investment in Equity Instruments (fully paid-up) (Unquoted) *At Fair Value through Other Comprehensive Income*				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	₹ 50/-	-*	-*
Total			**1,813.81**	**1,777.28**

* amounts are below the rounding off norm adopted by the Company.

	March 31, 2022	March 31, 2021
Aggregate amount of quoted investments and market value thereof	107.91	84.82
Aggregate amount of unquoted investments	1,705.90	1,692.46
Aggregate amount of impairment in the value of investments	-	485.85

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.

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, 2022

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

7 Loans (Non-current)

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loans to subsidiary (refer note 41 & 50)	534.25	515.39
Loans to employees	68.30	50.42
	602.55	**565.81**

Disclosure required as per Section 186

The company has advanced loans to its subsidiary-Elgi Compressors USA Inc. to fund the business acquisition and additional working capital requirements.The loans are repayable by March 31, 2025 and carry interest rates which are at par with the prevailing market rates.

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

Loans to specified persons

		March 31, 2022		March 31, 2021	
Type of Borrower	Repayment terms	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Related Parties *	Repayable by March 31, 2025	534.25	85.36%	525.68	84.03%

* Non-current and current portion of loans to subsidiary

8 Other financial assets (Non-current)

Particulars	March 31, 2022	March 31, 2021
Security deposits	32.00	34.83
	32.00	**34.83**

9 Current tax assets/(Current tax liabilities)

Opening balance	(139.09)	34.32
Add: Tax paid (net of refund received)- refer note below	647.37	191.42
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings.	(3.82)	-
Less: Current tax payable for the year	(663.37)	(364.83)
Net Current tax assets/(Current tax liabilities)	**(158.91)**	**(139.09)**

Note: Tax paid for the year ended March 31, 2022 is net of refund received during the year amounting to ₹ Nil (March 31, 2021: ₹ 182.43 million).

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

10 Other non-current assets

Particulars	March 31, 2022	March 31, 2021
Capital advances	75.44	54.32
	75.44	**54.32**

11 Inventories

(a) Raw materials and components*	984.71	910.56
(b) Work-in-progress	113.35	65.50
(c) Finished goods	418.45	246.71
(d) Stock-in-trade*	117.86	99.60
(e) Stores and spares (including packing materials)*	43.06	31.04
(f) Loose tools*	38.37	32.43
	1,715.80	**1,385.84**

* Include goods in-transit ₹ 80.38 million and ₹ 123.26 million as on March 31, 2022 and March 31, 2021, respectively.

Note: Raw materials, Work-in-progress and Finished goods include R&D inventory also.

12 Trade receivables

Unsecured, considered good	4,244.51	3,301.57
Unsecured, credit impaired	59.72	54.76
	4,304.23	**3,356.33**
Less: Allowance for doubtful debts (expected credit loss allowance)	(59.72)	(54.76)
	4,244.51	**3,301.57**

Ageing of trade receivables:

Particulars	Not due (including Retention Money)	Outstanding for following periods from the due date					Allowance for doubtful debts	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2022								
Undisputed trade receivables - considered good	3,946.15	254.36	28.30	15.59	0.01	0.10	-	4,244.51
Undisputed trade receivables - credit impaired	25.19	-	0.65	1.07	2.24	17.92	(47.07)	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	12.65	(12.65)	-
Total trade receivables	**3,971.34**	**254.36**	**28.95**	**16.66**	**2.25**	**30.67**	**(59.72)**	**4,244.51**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

12 Trade receivables (Continued...)

Particulars	Not due (including Retention Money)	Outstanding for following periods from the due date					Allowance for doubtful debts	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2021								
Undisputed trade receivables – considered good	3,119.52	150.03	17.92	14.10	–	–	–	3,301.57
Undisputed trade receivables – credit impaired	16.81	–	–	0.78	10.66	14.52	(42.77)	–
Disputed trade receivables – considered good	–	–	–	–	–	–	–	–
Disputed trade receivables – credit impaired	–	–	–	–	1.87	10.12	(11.99)	–
Total trade receivables	**3,136.33**	**150.03**	17.92	**14.88**	**12.53**	**24.62**	**(54.76)**	**3,301.57**

Note: The trade receivables of the Company do not contain a significant financing component and accordingly, the Company has adopted the simplified approach under Ind AS 109 for recognition of impairment losses on trade receivables. Consequently, the disclosure of trade receivables into "Trade receivables which have significant increase in credit risk" have not been given since it is not relevant to the Company. Also, for receivables from related parties refer note 41.

13 Cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
(a) Cash on hand	0.01	0.01
(b) Funds in transit	30.95	–
(c) Balance with banks		
- In current accounts	83.96	40.18
- In EEFC accounts	41.40	– *
- In deposit accounts (with original maturity of 3 months or less)	392.64	695.00
- In unclaimed dividend account**	7.35	7.59
	556.31	**742.78**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* Amount is below the rounding off norm adopted by the Company.

** Earmarked for payment of unclaimed dividend.

14 Other bank balances

In deposit accounts (with original maturity period of more than 3 months but remaining maturity less than 12 months)*	627.41	859.06
	627.41	**859.06**

*Includes margin money deposit of ₹ 249.16 million and ₹ 242.86 million as at March 31, 2022 and March 31, 2021, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

15 Deposits with financial institutions

Particulars	March 31, 2022	March 31, 2021
Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	400.00	305.00
	400.00	**305.00**

16 Loans (Current)

Loans considered good – Unsecured		
Loan to subsidiaries (refer note 41 & 50)*	–	10.29
Loan to employees	23.30	49.52
	23.30	**59.81**
Loans – credit impaired		
Loan to subsidiaries (refer note 41 & 50)*	–	55.35
	23.30	**115.16**
Loss allowance	–	(55.35)
	23.30	**59.81**

* For loans to specified persons refer note 7.

17 Other financial assets

Derivatives not designated as hedges		
Foreign exchange forward contract	17.00	24.57
Others		
Interest accrued	65.14	49.62
Others	48.07	29.76
	130.21	**103.95**

18 Other current assets

Income/refund receivable	39.38	50.34
Prepaid expenses	118.17	76.48
Balance with Government authorities	18.73	53.34
Rent advances	7.24	8.44
Advance to suppliers	49.55	96.64
Others	35.80	41.96
	268.87	**327.20**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

19 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of Rs. 1 each		
At April 1, 2020	**300.00**	**300.00**
Increase during the year	20.00	20.00
At March 31, 2021	**320.00**	**320.00**
Increase during the year	-	-
At March 31, 2022	**320.00**	**320.00**

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of Rs. 1 each		
At April 1, 2020	**158.45**	**158.45**
Issue of bonus shares (refer (iii) below)	158.46	158.46
At March 31, 2021	**316.91**	**316.91**
Increase during the year	-	-
At March 31, 2022	**316.91**	**316.91**

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2022, the amount of Final dividend per share recognised as distributions to equity shareholders is ₹ 0.80 per share (March 31, 2021 ₹ Nil).

(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:

	Number of shares (in millions)	
Particulars	**March 31, 2022**	March 31, 2021
Equity shares allotted as fully paid up bonus shares by capitalizing a part of the securities premium during the year ended March 31, 2021	-	158.46

On September 28, 2020, the Company allotted bonus equity shares of ₹ 1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

19 Equity share capital (Continued...)

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

Particulars	March 31, 2022		March 31, 2021	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited	53,386,780	16.85%	51,928,780	16.39%
SBI Small Cap Fund	14,074,088	4.44%	25,879,428	8.17%
Mr. Jairam Varadaraj	28,221,616	8.91%	29,933,216	9.45%
Pari Washington India Master Fund, Ltd.	26,033,001	8.21%	26,419,723	8.34%
Gagandeep Credit Capital Pvt. Limited	16,305,150	5.15%	16,305,150	5.15%

(v) Details of shareholding of promoters

Promoter Name	March 31, 2022		March 31, 2021		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Jairam Varadaraj	28,221,616	8.91	29,933,216	9.45	(0.54)
Anvar Jay Varadaraj	1,925,248	0.61	1,925,248	0.61	–
Varun Jay Varadaraj	1,916,684	0.60	1,916,684	0.60	–
Maya Jay Varadaraj	19,16,648	0.60	1,916,648	0.60	–
Sudarsan Varadaraj	283,572	0.09	83,572	0.03	0.06
Vanitha Mohan	136,440	0.04	115,440	0.04	0.01
Uday Balaji	128,020	0.04	128,020	0.04	–
Gayathri Balaji	81,226	0.03	48,226	0.02	0.01
Harsha Varadaraj	80,000	0.03	80,000	0.03	–
Varshini Varadaraj	80,000	0.03	80,000	0.03	–
T Balaji	68,500	0.02	68,500	0.02	–
Viren Mohan	39,960	0.01	39,960	0.01	–
Vinay Balaji	22,376	0.01	22,376	0.01	–
L.G. Varadarajulu	–	–	400	–*	–
Dark Horse Portfolio Investment Private Limited**	53,386,780	16.85	51,928,780	16.39	0.46
Elgi Ultra Industries Limited**	10,310,972	3.25	12,158,732	3.84	(0.58)
Elgi Rubber Company Limited	664,160	0.21	664,160	0.21	–
	99,262,202	**31.33**	**101,109,962**	**31.93**	**(0.58)**

* Amount is the below the rounding off norm adopted by the Company.

** 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, 2022

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

20 Other equity

Particulars	March 31, 2022	March 31, 2021
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	250.92
Statutory reserve	5.49	5.49
General reserve	1,140.60	1,140.60
Share options outstanding account	12.66	3.02
Retained earnings	7,956.07	6,247.48
Treasury stock	(112.74)	(55.44)
Other reserves		
FVOCI – Equity instruments	89.90	66.81
	9,524.31	**7,840.29**

a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**181.41**	**181.41**

b) Securities Premium		
Opening balance	250.92	409.37
Additions during the year	–	–
Issue of bonus shares (refer note 19 (iii))	–	(158.45)
Closing balance	**250.92**	**250.92**

c) Statutory reserve		
Opening balance	5.49	5.49
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**5.49**	**5.49**

d) General reserve		
Opening balance	1,140.60	1,140.60
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**1,140.60**	**1,140.60**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

20 Other equity (Continued...)

Particulars	March 31, 2022	March 31, 2021
e) Share options outstanding account		
Opening balance	3.02	0.21
Employee stock option expense	9.64	2.81
Closing balance	**12.66**	**3.02**
f) Retained earnings		
Opening balance	6,247.48	5,184.71
Net profit for the year	1,893.51	1,050.90
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	17.38	9.74
-Transfer to retained earnings of gain on FVOCI equity instruments	-	2.13
-Transfer to retained earnings of gain on sale of Treasury shares	54.80	-
-Income tax on gain on sale of Treasury shares	(3.82)	-
Appropriations:		
Dividend on equity shares	(253.28)	–
Closing balance	**7,956.07**	**6,247.48**
g) Treasury stock		
Opening balance	(55.44)	(11.40)
Sale of treasury stock	11.40	–
Purchase of shares for ESOP scheme	(68.70)	(44.04)
Closing balance	**(112.74)**	**(55.44)**
h) Other Reserves		
FVOCI - Equity instruments		
Opening balance	66.81	31.35
Change in fair value of FVOCI equity instruments	23.09	37.59
Transfer of gain on FVOCI equity instruments	–	(2.13)
Closing balance	**89.90**	**66.81**

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

20 Other equity (Continued...)

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 its Joint operation and Elgi Equipments Limited Employee Stock Option Trust as given below:

Particulars	No. of Shares	Amount
As at March 31, 2021		
L.G. Balakrishnan & Bros (Joint Operation)	228,064	11.40
Elgi Equipments Limited Employee Stock Option Trust	370,000	44.04
	598,064	**55.44**
As at March 31, 2022		
L.G. Balakrishnan & Bros (Joint Operation)	-	-
Elgi Equipments Limited Employee Stock Option Trust	602,500	112.74
	602,500	**112.74**

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

FVOCI Equity investments

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21 Provisions (Non-current)

Particulars	March 31, 2022	March 31, 2021
Provision for compensated absences (Refer note 26(a))	69.59	52.64
	69.59	**52.64**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

22 Deferred tax (asset)/liabilities (net)

Particulars	March 31, 2022		March 31, 2021	
	Deferred tax (asset)	Deferred tax liabilities	Deferred tax (asset)	Deferred tax liabilities
Depreciation	-	2.87	-	26.21
Right of use assets	-	5.20	-	6.99
Provision for compensated absences	(22.71)	-	(17.05)	-
Provision for warranty	(30.18)	-	(22.38)	-
Allowance for doubtful debts	(15.03)	-	(13.78)	-
Lease liabilities	(5.87)	-	(7.58)	-
Foreign exchange forward contracts	-	4.28	-	6.18
VRS	(5.85)	-	(7.95)	-
Other timing differences	-	0.52	-	0.20
	(79.64)	**12.87**	**(68.74)**	**39.58**
Net deferred tax (asset)/liabilities	**(66.77)**		**(29.16)**	

Movements in deferred tax (assets)/liabilities

Particulars	Depreciation	Provision for compensated absences	Provision for warranty	Allowance for doubtful debts	Right of use assets	Lease liabilities	Foreign exchange forward contracts	VRS	Other timing differences	Total
At April 01, 2020	**46.23**	**(20.34)**	**(21.87)**	**(8.80)**	**9.85**	**(10.28)**	**(11.93)**	**(1.15)**	**(0.34)**	**(18.63)**
Charged/(credited):										
- to profit or loss	(20.02)	3.29	(0.51)	(4.98)	(2.86)	2.70	18.11	(6.80)	0.54	**(10.53)**
- to other comprehensive income	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	**26.21**	**(17.05)**	**(22.38)**	**(13.78)**	**6.99**	**(7.58)**	**6.18**	**(7.95)**	**0.20**	**(29.16)**
Charged/(credited):										
- to profit or loss	(23.34)	(5.66)	(7.80)	(1.25)	(1.79)	1.71	(1.90)	2.10	0.32	**(37.61)**
- to other comprehensive income	-	-	-	-	-	-	-	-	-	-
At March 31, 2022	**2.87**	**(22.71)**	**(30.18)**	**(15.03)**	**5.20**	**(5.87)**	**4.28**	**(5.85)**	**0.52**	**(66.77)**

23 Borrowings (Current)

Particulars	March 31, 2022	March 31, 2021
Packing credit loans		
Unsecured		
- from Banks	-	1,005.00
Bills discounted		
Unsecured		
- from Banks	-	8.84
	-	**1,013.84**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

23 Borrowings (Current) (Continued...)

a) The packing credit loans from Bank are repayable within 180 days from the date of borrowing. The borrowings carry an interest rate at six months Repo rate plus agreed spread after reduction of eligible interest subsidy under Interest Equalisation Scheme of Reserve Bank of India.

b) There are no defaults in the repayments of above borrowings during the year. Also refer note 47 for undrawn facilities secured by charges on assets.

c) The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

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

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	March 31, 2022	March 31, 2021
Current borrowings (refer note 23)	-	1,013.84
Interest accrued and due on borrowings (refer note 25)	-	0.94
Lease liabilities (refer note 3(b))	23.33	30.13
Cash and cash equivalents (refer note 13)	(556.31)	(742.78)
Deposits with banks and financial institutions (refer note 14 and 15)	(1,027.41)	(1,164.06)
	(1,560.39)	**(861.93)**

Reconciliation:		
Opening net debt/(net cash)	**(861.93)**	**272.61**
Cash flows	(690.72)	(1,122.25)
Termination of Lease Contracts	(0.54)	(3.92)
Cash outflows relating to payment of lease liabilities	(6.26)	(6.81)
Interest expense	16.43	36.80
Interest paid	(17.37)	(38.36)
Closing net debt/(net cash)	**(1,560.39)**	**(861.93)**

24 Trade payables

Due to micro enterprises and small enterprises (refer note 45)	395.27	432.80
Due to creditors other than micro enterprises and small enterprises	1,522.71	1,371.73
	1,917.98	**1,804.53**

Note: Trade payable to related parties- refer note-41

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

24 Trade payables (Continued...)

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, 2022							
Undisputed							
Outstanding dues to micro and small enterprises	389.34	-	-	-	-	5.93	**395.27**
Outstanding dues to others	1,031.34	152.10	4.57	6.81	19.16	308.73	**1,522.71**
Total trade payables	**1,420.68**	**152.10**	**4.57**	**6.81**	**19.16**	**314.66**	**1,917.98**
As at March 31, 2021							
Undisputed							
Outstanding dues to micro and small enterprises	426.62	0.31	-	-	-	5.87	**432.80**
Outstanding dues to others	826.44	145.18	8.78	2.14	18.65	370.54	**1,371.73**
Total trade payables	**1,253.06**	**145.49**	**8.78**	**2.14**	**18.65**	**376.41**	**1,804.53**

25 Other financial liabilities

Particulars	March 31, 2022	March 31, 2021
Other financial liabilities		
Interest accrued and due on borrowings	-	0.94
Unclaimed dividends	7.35	7.59
Dealer deposits	22.30	22.20
Employee benefit expenses payable*	223.50	198.43
Capital creditors	19.35	13.98
Others	10.07	9.25
	282.57	**252.39**

* includes compensation payable under Voluntary Retirement Scheme amounting to ₹ Nil and ₹ 35.49 million as at March 31, 2022 and March 31, 2021, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

26 Provisions

Particulars	March 31, 2022	March 31, 2021
Provision for warranty	119.91	88.91
Provision for compensated absences (refer note 26(a))	20.98	15.09
Provision for gratuity (refer note 26(a))	1.09	10.41
	141.98	**114.41**

(i) Information about individual provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Provision for Warranty

Particulars	March 31, 2022	March 31, 2021
Opening	**88.91**	**86.91**
Additional provisions recognised	119.91	88.91
Amounts used during the year	(88.91)	(86.91)
Closing	**119.91**	**88.91**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

26(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave and sick leave.

a) The total provision for compensated absences amounts to ₹ 79.07 million and ₹ 67.73 million for March 31, 2022 & March 31, 2021 respectively.

The provision amount of ₹ 18.85 million (March 31, 2021: ₹ 15.09 million) is presented as current, since the company expects to settle the full amount of current leave obligation in the next 12 months.

The above Total provision includes sick leave provision amounts to ₹ 11.51 million for year ended March 31, 2022.

The provision amount of ₹ 2.13 million is presented as current, calculated based on expected availment by the employees within next 12 months.

Particulars	March 31, 2022	March 31, 2021
Leave obligations not expected to be settled within next 12 months for earned leave and sick leave	78.97	52.64

(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 ₹ 85.43 million (March 31, 2021 - ₹ 85.36 million).

(iii) Post-employment benefit obligations - Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the company makes contribution to recognised fund in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(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, 2020	**268.69**	**247.04**	**21.65**
Current service cost	22.49	–	22.49
Past service cost	–	–	–
Interest expense/income	17.63	16.92	0.71
Total amount recognised in profit or loss	**40.12**	**16.92**	**23.20**
Remeasurements			
(Gain)/loss from change in demographic assumptions	–	–	–
(Gain)/loss from change in financial assumptions	6.96	(1.99)	8.95
Experience (gains)/losses	(19.71)	2.26	(21.97)
Total amount recognised in other comprehensive income	**(12.75)**	**0.27**	**(13.02)**
Employer contributions	–	21.42	(21.42)
Benefit payments	(19.00)	(19.00)	–
March 31, 2021	**277.06**	**266.65**	**10.41**
April 01, 2021	**277.06**	**266.65**	**10.41**
Current service cost	22.28	–	22.28
Past service cost	–	–	–
Interest expense/income	18.64	16.71	1.93
Total amount recognised in profit or loss	**40.92**	**16.71**	**24.21**
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0.18)	–	(0.18)
(Gain)/loss from change in financial assumptions	(7.73)	(1.04)	(6.69)
Experience (gains)/losses	(14.01)	2.34	(16.35)
Total amount recognised in other comprehensive income	**(21.92)**	**1.30**	**(23.22)**
Employer contributions	–	10.31	(10.31)
Benefit payments	(22.71)	(22.71)	–
March 31, 2022	**273.35**	**272.26**	**1.09**

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

Particulars	March 31, 2022	March 31, 2021
Present value of funded obligations	273.35	277.06
Fair value of plan assets	272.26	266.65
Deficit of funded plan	**1.09**	**10.41**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(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, 2022	March 31, 2021
Discount Rate	6.90%	6.40%
Rate of increase in compensation levels	6.50%	6.50%
Attrition Rate	8.00%	6.00%

(v) Sensitivity Analysis

A. Discount Rate + 50 BP	7.40%	6.90%
Defined Benefit Obligation [PVO]	266.38	268.42
B. Discount Rate - 50 BP	6.40%	5.90%
Defined Benefit Obligation [PVO]	281.44	286.25
C. Salary Escalation Rate +50 BP	7.00%	7.00%
Defined Benefit Obligation [PVO]	280.21	284.95
D. Salary Escalation Rate -50 BP	6.00%	6.00%
Defined Benefit Obligation [PVO]	267.48	269.56

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2022	March 31, 2021
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The Company operates the Gratuity Plan through Elgi Equipments Gratuity Fund, which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

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

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 7.75 years (March 31, 2021 – 9.43 years).

The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2022	March 31, 2021
Within next 12 months (next annual reporting period)	55.88	49.89
Between 1 to 2 years	33.07	30.17
Between 2 to 5 years	120.40	95.60
Beyond 5 years	180.27	199.56
	389.62	**375.22**

27 Other current liabilities

Contract liabilities	143.06	99.60
Statutory payable	34.89	30.94
Rental advances received	1.50	1.50
	179.45	**132.04**

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 contracts with customers

The Company derives following types of revenue:		
– Sale of products	15,055.74	10,556.08
– Sale of services	635.01	353.19
Other operating revenues	135.15	92.43
	15,825.90	**11,001.70**

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, 2022	March 31, 2021
India	11,614.00	8,516.43
Outside India	4,211.90	2,485.27
	15,825.90	**11,001.70**

Revenue recognised for the year ended March 31, 2022 from opening balance of contract liabilities is ₹ 78.19 million (March 31, 2021: ₹ 56.63 million)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

29 Other Income

Particulars	March 31, 2022	March 31, 2021
Interest income – Bank Deposits	61.19	59.76
Interest income – Others	38.02	32.43
Financial guarantee commission	8.22	4.45
Dividend income*	74.41	10.48
Profit on sale of assets	38.49	0.44
Share of profit from partnership firm	5.00	4.00
Rental receipts	25.44	19.17
Provision no longer required written back	–	18.21
Net gain on foreign currency transaction and translation (other than considered as finance cost)	161.45	75.55
Miscellaneous income (net)	44.58	16.11
	456.80	**240.60**

* All dividends from equity investments designated at FVOCI and from investments in subsidiaries and joint venture designated at cost 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*	895.20	676.29
Purchases	8,512.22	5,549.38
	9,407.42	**6,225.67**
Less:		
Inventory of materials at the end of the year*	977.13	895.20
	8,430.29	**5,330.47**

*excluding R & D inventory.

31 Purchases of stock-in-trade

Oil	327.17	237.63
Others	984.16	706.56
	1,311.33	**944.19**

32 Changes in inventory

Opening inventory*		
– Finished goods	228.86	269.78
– Work-in-progress	52.48	98.66
– Stock-in-trade	99.60	126.58
Closing inventory*		
– Finished goods	402.66	228.86
– Work-in-progress	109.26	52.48
– Stock-in-trade	117.86	99.60
	(248.84)	**114.08**

*excluding R & D inventory.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

33 Employee benefit expenses

Particulars	March 31, 2022	March 31, 2021
Salaries, wages and bonus	1,463.43	1,313.06
Contribution to Provident fund & Superannuation scheme	85.43	85.36
Gratuity (refer note 26(a))	24.21	23.20
Employee stock option expense (refer note 42)	6.16	1.60
Voluntary Retirement scheme (VRS)	1.47	36.85
Staff welfare expenses	115.41	103.06
	1,696.11	**1,563.13**

Note: For managerial remuneration refer note 41.

34 Finance costs

Interest expenses-related to lease liabilities	2.41	2.89
Interest expenses-on other financing arrangements	14.02	33.91
	16.43	**36.80**

35 Depreciation and amortisation expense

Depreciation of property, plant and equipment	341.88	327.18
Depreciation on investment properties	0.40	0.45
Depreciation of right of use assets	6.57	7.46
Amortisation of intangible assets	18.83	18.20
	367.68	**353.29**

36 Other expenses

Packing & forwarding	200.31	136.01
Consumption of stores	91.65	60.98
Tools consumed	69.54	45.68
Commission	116.14	75.58
Repairs and maintenance		
Building	35.72	26.14
Plant and machinery	67.70	41.87
Others	26.17	22.97
Communication expenses	11.07	12.55
Power and fuel	171.06	133.30
Transport charges	552.83	290.89
Travelling & conveyance	94.62	53.36
Insurance	18.70	15.82
Advertisement & publicity	29.51	26.84
Printing and stationery	10.14	6.93
Research & Development material cost (refer note 48)	52.78	67.60

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

36 Other expenses (Continued...)

Particulars	March 31, 2022	March 31, 2021
After sales expenses	183.69	125.47
Factory expenses	20.84	15.02
Rates and taxes	9.71	7.89
Payment to the auditors (refer note 36(a) below)	5.25	5.25
Subscription & membership	6.58	5.32
CSR expenses (refer note 36(b) below)	25.21	23.73
Donation	0.17	–
Rent	13.87	15.39
Legal and consultancy charges	152.60	99.51
Contract staffing	116.08	73.28
Director's sitting fees	2.41	2.86
Bank charges	10.69	8.55
Assets condemned & written off	–	0.26
Bad debts written off & Provision for doubtful advances and debts	12.63	23.27
Miscellaneous expenses	88.60	76.10
	2,196.27	**1,498.42**

36(a) Details of payment to auditors

Payment to auditors		
– audit fees	3.65	3.65
– limited review	1.05	1.05
– other services	0.30	0.30
– reimbursement of out of pocket expenses	0.25	0.25
	5.25	**5.25**

36(b) Corporate Social responsibility expenditure

Contribution to LRG Foundation	–	23.00
Contribution to Others	1.15	0.73
Accrual towards unspent obligations in relation to ongoing projects (refer note below)	24.06	–
	25.21	**23.73**
Amount required to be spent as per Section 135 of the Companies Act, 2013	25.21	23.73
Amount spent during the year on		
(i) Construction/acquisition of asset	–	–
(ii) On purposes other than (i) above	1.15	23.73

Note: The Company did not have any unspent balance as at April 01, 2021. For the year ended March 31, 2022, the Company has unspent amounts relating to ongoing CSR projects under section 135(6) amounting to ₹ 24.06 million which has been transferred to 'Unspent CSR Bank account' within 30 days from the end of the financial year.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

37 Income tax expense

Particulars	March 31, 2022	March 31, 2021
(a) Income tax expense		
Current tax		
Current tax on profits for the year	657.53	361.55
Total current tax expense	**657.53**	**361.55**
Deferred tax		
Decrease/ (increase) in deferred tax assets	(10.90)	6.17
(Decrease)/ increase in deferred tax liabilities	(26.71)	(16.70)
Total deferred tax expense/(benefit)	**(37.61)**	**(10.53)**
Income tax expense	**619.92**	**351.02**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	2,513.43	1,401.92
Tax at the Indian tax rate of 25.168% (2020-2021 - 25.168%)	**632.58**	**352.84**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Provision no longer required written back	-	(4.58)
Dividend income received and redistributed-deduction u/s 80M	(18.74)	-
Corporate social responsibility expenditure	6.39	3.02
Deduction u/s 24 of IT Act (Income from house property)	(1.35)	(1.33)
Share of profit from Partnerhip firms exempt u/s 10(2A)	(1.26)	(1.01)
Others	2.30	2.08
Income tax expense	**619.92**	**351.02**

(c) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
– Equity instruments*	-	107.91	-	-	84.82	-
Loans	-	-	625.85	-	-	625.62
Trade receivables	-	-	4,244.51	-	-	3,301.57
Cash and other bank balances	-	-	1,183.72	-	-	1,601.84
Deposits with financial institutions	-	-	400.00	-	-	305.00
Derivative financial assets	17.00	-	-	24.57	-	-
Security deposits	-	-	32.00	-	-	34.83
Others	-	-	113.21	-	-	79.38
Total financial assets	**17.00**	**107.91**	**6,599.29**	**24.57**	**84.82**	**5,948.24**
Financial liabilities						
Borrowings	-	-	-	-	-	1,013.84
Trade payables	-	-	1,917.98	-	-	1,804.53
Dealer deposits	-	-	22.30	-	-	22.20
Employee benefit expenses payable	-	-	223.50	-	-	198.43
Capital creditors	-	-	19.35	-	-	13.98
Others	-	-	17.42	-	-	17.78
Total financial liabilities	**-**	**-**	**2,200.55**	**-**	**-**	**3,070.76**

* excluding investments in subsidiaries and joint ventures.

The equity securities which are not held for trading, the Company has made an irrecovable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Company considers this to be more relevant.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

38 Fair value measurements (Continued...)

Financial assets and liabilities measured at fair value-recurring fair value measurements

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges:					
Foreign exchange forward contracts	17	-	17.00	-	17.00
Financial Investments at *FVOCI:*					
Quoted equity investments	6	107.91	-	-	107.91
Unquoted equity investments	6	-	-	- *	-
Total financial assets		**107.91**	**17.00**	-	**124.91**

* amounts are below the rounding off norm adopted by the Company.

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

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to subsidiaries	7	-	-	534.25	534.25
Loans to employees	7, 16	-	-	91.60	91.60
Security deposits	8	-	-	32.00	32.00
Total financial assets		-	-	**657.85**	**657.85**

Financial assets and liabilities measured at fair value-recurring fair value measurements

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges:					
Foreign exchange forward contracts	17	-	24.57	-	24.57
Financial Investments at FVOCI:					
Quoted equity investments	6	84.82	-	-	84.82
Unquoted equity investments	6	-	-	- *	-
Total financial liabilities		**84.82**	**24.57**	-	**109.39**

* amounts are below the rounding off norm adopted by the Company.

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

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to subsidiaries	7	-	-	515.39	515.39
Loans to employees	7, 16	-	-	99.94	99.94
Security deposits	8	-	-	34.83	34.83
Total financial assets		-	-	**650.16**	**650.16**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

38 Fair value measurements (Continued...)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

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, 2022		March 31, 2021	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans				
Loan to Subsidiaries	534.25	534.25	515.39	515.39
Loans to employees	91.60	91.60	99.94	99.94
Security deposits	32.00	32.00	34.83	34.83
Total financial assets	**657.85**	**657.85**	**650.16**	**650.16**

The carrying amounts of trade receivables, trade payables, dealer deposits, cash and bank balances, deposits with financial institutions, current loans to subsidiaries, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for non-current 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. The security deposits are payable on demand and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposit with financial institutions, trade receivables, loan to subsidiaries, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of Bank/ Financial institutions deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

The company's risk management is carried out by a central treasury department under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

For banks and financial institutions, only high rated banks/institutions are accepted.

The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security

For some trade receivables, the Company may obtain security in form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement. However, the Company has not obtained any such securities for its trade receivables outstanding at the reporting date.

(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:

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

			Basis for recognition of expected credit loss provision		
Internal rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

For the years ended March 31, 2022 and March 31, 2021

a) Expected credit loss for loans, security deposits and investments

The estimated gross carrying amount at default is ₹ Nil (March 31, 2021: ₹ 541.20 million) for Investments and loans and deposits. There is no expected credit loss recognised for the year ended March 31, 2022 and March 31, 2021.

b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the Company based on the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

(iv) Reconciliation of loss allowance provision - Trade receivables

Loss allowance on April 1, 2020	**35.04**
Changes in loss allowance	19.72
Loss allowance on March 31, 2021	**54.76**
Changes in loss allowance	4.96
Loss allowance on March 31, 2022	**59.72**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

(b) Liquidity risk

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

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2022	March 31, 2021
Floating rate		
Expiring within one year (including other facilities)	3,092.55	2,055.82

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, 2022						
Non-derivatives						
Lease liabilities	1.61	1.65	3.40	7.30	9.37	23.33
Trade payables	1,917.98	-	-	-	-	1,917.98
Other financial liabilities	282.57	-	-	-	-	282.57
Total non-derivative liabilities	**2,202.16**	**1.65**	**3.40**	**7.30**	**9.37**	**2,223.88**
Financial guarantees & Standby Letter of Credits	454.68	-	151.56	838.50	2,675.62	4,120.36

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2021						
Non-derivatives						
Borrowings	623.84	390.00	-	-	-	1,013.84
Lease liabilities	1.53	1.56	3.23	6.92	16.89	30.13
Trade payables	1,804.53	-	-	-	-	1,804.53
Other financial liabilities	252.39	-	-	-	-	252.39
Total non-derivative liabilities	**2,682.29**	**391.56**	**3.23**	**6.92**	**16.89**	**3,100.89**
Financial guarantees & Standby Letter of Credits	365.55	-	36.56	146.22	2,758.46	3,306.79

(c) Market risk
(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The risk is managed by the Company by entering into Forward Contracts.

(Amounts in million in respective currencies)

Particulars	Financial assets				Financial liabilities	
	Trade receivables	Loans	Cash and Cash equivalents	Net exposure (assets)	Trade payables	Net exposure (liabilities)
March 31, 2022						
USD	15.00	7.78	0.55	**23.33**	1.30	**1.30**
EUR	10.60	-	-	**10.60**	0.51	**0.51**
AUD	3.10	-	-	**3.10**	0.35	**0.35**
BRL	6.59	-	-	**6.59**	0.21	**0.21**
RMB	-	-	-	-	4.14	**4.14**
March 31, 2021						
USD	10.69	7.45	-*	**18.14**	0.52	**0.52**
EUR	6.27	-	-	**6.27**	0.53	**0.53**
AUD	2.40	-	-	**2.40**	-	-
BRL	2.70	-	-	**2.70**	-	-
RMB	-	-	-	-	11.67	**11.67**

* amounts are below the rounding off norm adopted by the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(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, 2022	March 31, 2021
USD sensitivity		
INR/USD increases by 5%	62.46	48.20
INR/USD decreases by 5%	(62.46)	(48.20)
EURO sensitivity		
INR/EURO increases by 5%	31.66	18.42
INR/EURO decreases by 5%	(31.66)	(18.42)
AUD sensitivity		
INR/AUD increases by 5%	5.83	4.99
INR/AUD decreases by 5%	(5.83)	(4.99)
BRL sensitivity		
INR/BRL increases by 5%	3.81	1.31
INR/BRL decreases by 5%	(3.81)	(1.31)
RMB sensitivity		
INR/RMB increases by 5%	(1.85)	(4.87)
INR/RMB decreases by 5%	1.85	4.87

* amount in bracket represents losses.

(ii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2022	March 31, 2021
NSE Nifty 50 – increase 5%	5.40	4.24
NSE Nifty 50 – decrease 5%	(5.40)	(4.24)

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

40 Capital management

(a) Risk management

The company's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings and lease liabilities net of cash and cash equivalents and deposits with banks and financial institutions) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as follows:

Particulars	March 31, 2022	March 31, 2021
Net debt (refer note 23)	-	-
Total equity	9,841.22	8,157.20
Net debt to equity ratio	**-**	-

(i) Loan covenants

The company has complied with all the loan covenants throughout the reporting period.

(b) Dividends

Particulars	March 31, 2022	March 31, 2021
(i) Equity shares		
Final dividend recognised for the year ended March 31, 2021	253.33	–
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2021, directors had recommended the payment of a final dividend of ₹ 0.80 per fully paid equity share. As at March 31, 2021 this proposed dividend was subject to the approval of shareholders in the annual general meeting.	-	253.53
Subsequent to the year end, the directors have recommended the payment of a final dividend of ₹ 1.15 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	364.45	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

41 Related party transactions

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

(i) Where control exists:

Subsidiaries

Name of entity	Place of business	Ownership interest held by the Company March 31, 2022 %	Ownership interest held by the Company March 31, 2021 %	Principal Activities
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	-*	100	Trading of air compressors
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	Assembly and 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 France SAS	France	100	100	Marketing of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions	USA	100	100	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

41 Related party transactions (Continued...)

Name of entity	Place of business	Ownership interest held by the Company March 31, 2022 %	Ownership interest held by the Company March 31, 2021 %	Principal Activities
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

* closed 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)
	G3 Industrial Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan (Refer note 26 (a))	Elgi Equipments Gratuity Fund
	Elgi Equipments Superannuation Fund
Employee stock option plan	Elgi Equipments Limited Employees Stock Option Trust
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Limited
	Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Limited
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Limited [with effect from August 02, 2021]
	Mr. Ragunathan K, Company Secretary [till August 02, 2021]
	Mr. Prakash S, Company Secretary [with effect from August 03, 2021]
	<u>Non-Executive Directors</u> Mr. N. Mohan Nambiar
	Dr. T.Balaji Naidu [till January 21, 2022]
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Mrs. Aruna Thangaraj

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

41 Related party transactions (Continued...)

Other companies/firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Limited
	Elgi Ultra Limited
	Ellargi & Co
	Elgi Rubber Company Limited
	LGB Forge Limited
	Pricol Travels Limited
	Festo Controls Private Limited
	Magna Electro Castings Limited
	LGB Fuel Systems Private Limited
	AGT Electronics Limited
	Super Transports Private Limited
	Elgi Automotive Services Private Limited

Details of Joint Ventures

The Company has 26% interest in Joint venture called Elgi Sauer Compressors Limited which was set up as company together with JP Sauer & Sohn Maschinenbau GMBH in India, to sell compressors and their parts along with rendering engineering services.

The Company has 50% share in Industrial Air Solutions LLP which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr. Michael Keim for a share of 50% each. The joint venture is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Compressed Air Solutions of Texas, LLC, with Mr.Bryan Becker for a share of 50% each. The joint venture is a distributor of products for compressed air systems mainly in the state of Texas.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called PLA Holding Company, LLC, with Mr. Jeffery Brandon Todd for a share of 50% each. The joint venture was formed in the state of North Carolina. PLA Holding Company, LLC, wholly owns Pattons of California, LLC, a California company which is a distributor of products for compressed air systems mainly in the state of California.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called G3 Industrial Solutions, LLC, with Mr.Chad Gooding and Mr.Luke Johnson for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Kansas city and Missouri.

In July 2021, 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 Industries Limited to earn rental income.

The company has 80% interest in a Joint arrangement called Elgi Services which was set up as partnership firm in India together with Elgi Ultra Industries Limited.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Purchase of goods	42.25	79.04	27.45	14.52	-	-
Sale of goods	2,970.95	1,673.79	327.09	240.11	-	-
Receiving services	7.01	6.47	14.87	9.74	-	-
Providing services	276.58	109.14	10.73	10.02	-	-
Repayment of Loans						
- Given to related parties	10.44	128.74	-	-	-	-
Interest						
- Received from related parties	26.23	26.64	0.66	-	-	-
Reimbursement of expenses						
- To related parties	75.61	66.81	2.38	2.38	-	-
- By related parties	16.10	15.43	1.01	0.41	-	-
Financial guarantee commission received	8.22	4.45	-	-	-	-
Investments	17.89	8.96	-	-	-	-
Proceeds from buy back of FVOCI Equity instruments	-	-	-	2.37	-	-
Dividend						
- Received from related parties	58.50	-	20.65	14.22	-	-
- Paid to related parties	-	-	10.88	-	-	-
Key management personnel compensation*						
Short-term employee benefits	-	-	-	-	37.53	33.14
Other long-term benefits	-	-	-	-	2.28	1.88

*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 ₹ 18.17 million and to the Executive Director amounting to ₹ 2.26 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, 2022

(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:

	Subsidiaries		Joint Venture & Others	
Description	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Payable at the end of the year	85.11	67.58	3.64	6.50
Total payables to related parties	**85.11**	**67.58**	**3.64**	**6.50**
Trade receivable at the end of the year	2,123.90	1,368.85	47.78	35.23
Other receivables at the end of the year	30.61	2.38	1.68	7.33
Loans receivable at the end of the year	534.25	581.03	-	-
Interest accrued on the loans at the end of the year	55.68	30.56	-	-
Total receivables from related parties	**2,744.44**	**1,982.82**	**49.46**	**42.56**

An allowance of ₹ Nil million as at March 31, 2022 (March 31, 2021: ₹ 55.35 million) has been recognised in respect of loans to related parties and an allowance of ₹ Nil million as at March 31, 2022 (March 31, 2021: ₹ 0.73 million) has been recognised in respect of Interest accrued on loans to 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

41A Details of material transactions with related parties

(i) Transactions during the year

Particulars	Subsidiaries		Joint ventures & Others	
	2021-22	2020-21	2021-22	2020-21
Purchase of goods				
ATS Elgi Limited	34.16	68.81	-	-
Elgi Rubber Company Limited	-	-	11.35	1.80
LGB Forge Limited	-	-	12.77	9.53
Sale of goods				
Elgi Gulf FZE	270.73	178.90	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	187.73	62.92	-	-
Elgi Equipments Australia Pty Limited	266.97	229.12	-	-
Rotair SPA	406.03	618.76	-	-
Elgi Compressors USA Inc.	1,050.80	556.32	-	-
PT Elgi Equipments Indonesia	44.86	25.59	-	-
Elgi Compressors Europe SRL	726.58	-	-	-
Industrial Air Solutions LLP	-	-	316.52	231.83
LGB Forge Limited	-	-	6.57	3.71
Elgi Sauer Compressors Limited	-	-	3.63	4.55
Receiving services				
Ergo Design Private Limited	6.60	5.91	-	-
Elgi Ultra Limited	-	-	4.83	4.56
AGT Electronics Limited	-	-	7.07	4.32
Providing services				
ATS Elgi Limited	25.40	24.65	-	-
Elgi Gulf FZE	12.35	5.65	-	-
Elgi Equipments Australia Pty Limited	38.17	17.65	-	-
Rotair SPA	30.96	22.15	-	-
Elgi Compressors USA Inc.	106.60	34.36	-	-
PT Elgi Equipments Indonesia	3.03	4.29	-	-
Elgi Compressors Europe SRL	60.02	-	-	-
Elgi Sauer Compressors Limited	-	-	3.83	4.29
Elgi Ultra Limited	-	-	4.20	4.20

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(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	
	2021-22	2020-21	2021-22	2020-21
Repayment of Loans-Given to related party				
Elgi Compressors Italy S.R.L	10.44	-	-	-
Elgi Equipments Australia Pty Limited	-	110.53	-	-
Elgi Equipments (Zhejiang) Limited	-	18.21	-	-
Interest-Received from related party				
Elgi Equipments Australia Pty Limited	-	3.54	-	-
Elgi Compressors USA Inc.	26.15	22.94	-	-
Elgi Compressors Italy S.R.L	0.08	0.17	-	-
Industrial Air Solutions LLP	-	-	0.66	0.08
Financial guarantee commission received				
Elgi Compressors Europe SRL	8.22	4.45	-	-
Investments				
Elgi Compressors Europe S.R.L*	-	8.96	-	-
Elgi Compressors (M) SDN. BHD.	17.89	-	-	-
Dividends-Received from related party				
ATS Elgi Limited	58.50	-	-	-
Elgi Sauer Compressors Limited	-	-	15.50	10.22
Industrial Air Solutions LLP	-	-	5.00	4.00

*In Sep, 2020, the Company has entered into Share transfer agreements separately with its subsidiary Elgi Compressors Italy S.R.L for ₹ 4.46 million and its subsidiary Rotair SPA for ₹ 0.05 million to acquire 100% of the Equity shares of Elgi Compressors Europe S.R.L (Belgium) thereby making it wholly owned subsidiary of the Company. Further, the total investment value also includes the fair value of corporate guarantee provided to the subsidiary amounting to ₹ 4.45 million.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(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	
	2021-22	2020-21	2021-22	2020-21
Payables at the end of the year				
Elgi Compressors USA Inc.	34.35	21.85	-	-
Elgi Gulf FZE	8.30	21.12	-	-
Elgi Equipments Australia Pty Limited	23.50	5.50	-	-
Elgi Compressors Europe S.R.L	9.40	2.48	-	-
ATS Elgi Limited	0.00	11.98	-	-
Trade Receivable at the end of the year				
Elgi Compressors USA Inc.	753.61	467.51	-	-
Elgi Gulf FZE	181.90	173.14	-	-
Industrial Air Solutions LLP	-	-	43.65	33.17
Rotair SPA	133.18	532.09	-	-
Elgi Equipments Australia Pty Limited	175.28	132.42	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	105.43	33.69	-	-
Elgi Compressors Europe S.R.L	750.19	2.31	-	-
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	534.25	515.39	-	-
Elgi Equipments (Zhejiang) Limited	-	55.35	-	-
Elgi Compressors Italy S.R.L	-	10.29	-	-
Interest accrued on the loans at the end of the year				
Elgi Compressors USA Inc.	55.68	29.54	-	-
Elgi Equipments (Zhejiang) Limited	-	0.73	-	-
Elgi Compressors Italy S.R.L	-	0.29	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

42 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and the shareholders by way of postal ballot on January 31, 2020. The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market.

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the company and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2022		March 31, 2021	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	100.03	3,07,600	200.05	1,60,600
Granted during the year (on August 03, 2021)	225.00	4,74,300	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	200.05	6,800
Adjustment for Bonus issue (refer note 19 (iii))	-	-	(100.03)	1,53,800
Closing balance	**175.83**	**7,81,900**	100.03	3,07,600
Vested and exercisable		-		-

Share options outstanding at the end of the year March 31, 2022 and March 31, 2021:

Grant date	Expiry date	March 31, 2022		March 31, 2021	
		Exercise price (₹)	Share Options	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	3,07,600	**100.03**	**3,07,600**
August 3, 2021	September 16, 2024	225.00	4,74,300	-	-

a) Grant 1 (307,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2022 and March 31, 2021 is 1.18 years and 2.18 years, respectively.

b) Grant 2 (474,300 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2022 is 2.46 years.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

42 Share based payments (Continued...)

(i) Fair value of options granted

a) Grant 1 (307,600 Shares) dated March 06, 2020:

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹ 27.71 per option after allotment of bonus shares. The fair value of these options before bonus issue were ₹ 55.42. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 200.05

c) Grant date: March 06, 2020

d) Expiry date: June 05, 2023

e) Share price at grant date: ₹ 201.65

f) Expected price volatility of the company's shares: 30.45%

g) Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹ 1.65 per share)

h) Risk-free interest rate: 5.48%

The expected volatility is calculated using market data for stock prices of ELGI. (Source: Bloomberg)

b) Grant 2 (474,300 Shares) dated August 03, 2021:

The fair value at grant date of options granted during the year ended March 31, 2022 is ₹ 65.29 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2022 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 225

c) Grant date: August 03, 2021

d) Expiry date: September 16, 2024

e) Share price at grant date: ₹ 212.50

f) Expected price volatility of the company's shares: 40.41%

g) Expected dividend yield: 0.38% (determined based on latest dividend declared at ₹ 0.80 per share)

h) Risk-free interest rate: 4.98%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

42 Share based payments (Continued...)

(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, 2022 and March 31, 2021 is:

Particulars	March 31, 2022	March 31, 2021
Employee stock option expense	9.64	2.81
Less: Amount recovered from subsidiaries	(3.48)	(1.21)
Net expense carried to statement of profit and loss (refer note 33)	**6.16**	**1.60**

43 Contingent liabilities and contingent assets

Contingent liabilities

(a) Claims against the Company not acknowledged as debts

(i) The company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹ 16.08 million and ₹ 54.42 million as on March 31, 2022 and March 31, 2021 respectively. The company has deposited ₹ 2.24 million and ₹ 44.08 million against the above mentioned disputes as on March 31, 2022 and March 31, 2021, respectively.

The Company has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

(ii) The Company had deposited a sum of ₹ 18.80 million with Railways department of the Government of India in respect of a Road Under Bridge (RUB) project undertaken by the Railways near the Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the Company has to bear the full cost or only the differential cost. The Company received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. The Company filed an appeal against this order before the Division bench and was able to get the stay of the order of the single judge. As the Company is reasonably confident of defending the case successfully to a large extent, no provision has been made in the books of account yet.

(iii) The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

44 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account	166.26	119.16

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	March 31, 2022	March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	389.33	426.93
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	5.94	5.87
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	61.36	126.70
Interest paid (other than Section 16 of MSMED Act) to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for the payments already made.	0.08	1.66
Further interest remaining due and payable for earlier years.	5.87	4.21

The information has been given in respect of vendors to the extent they could be identified as “Micro and Small enterprises” on the basis of information available with the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

46 Earnings per share

Particulars	March 31, 2022	March 31, 2021
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	5.99	3.32
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	5.98	3.32
(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	1,893.51	1,050.90
Diluted earnings per share		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	1,893.51	1,050.90
- used in calculating diluted earnings per share	1,893.51	1,050.90
Profit attributable to equity holders of the company used in calculating basic earnings per share	1,893.51	1,050.90
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.31**	**316.48**
Adjustments for calculation of diluted earnings per share:	0.19	-*
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.50**	**316.48**

* As at March 31, 2021, there is no dilution to the Basic Earnings per share as the potential equity shares are anti-dilutive in nature.

47 Assets pledged as security

Particulars	March 31, 2022	March 31, 2021
Current		
(a) Charge on entire Stocks and Receivables, both present and future	5,960.31	4,687.41
(b) Charge on specific land, building & machinery	1,201.31	1,296.98
(c) Cash Margin	249.16	242.86
	7,410.78	**6,227.25**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

47 Assets pledged as security (Continued...)

(i) Borrowing secured against current assets

The Company has working capital limits from banks and financial institutions received on the basis of security of current assets as given below,

Quarter ended/ Name of the Bank	Aggregate working capital limits sanctioned	Nature of current asset offered as security	Amount disclosed as per quarterly statement	Amount as per books of accounts	Difference*
June 30, 2021		Inventory & Book debts	4,724.24	4,712.30	11.94
- HSBC Bank	375				
- Central Bank of India	235				
- State Bank of India	300				
September 30, 2021			5,390.96	5,345.24	45.72
- HSBC Bank	375				
- Central Bank of India	235				
- State Bank of India	300				
December 31, 2021			5,656.14	5,517.32	138.82
- HSBC Bank	375				
- Central Bank of India	235				
- State Bank of India	300				

*The differences are primarily due to non-consideration of general ledger adjustments such as customer advances, other unadjusted credits and cut off adjustments which have a decreasing effect on the balances reported. This is partially offset by non-consideration of goods in transit, loose tools, spares, provisions for both inventory and book debts and overhead valuation adjustments.

(ii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or 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(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

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

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

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

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

48 Details of R & D expenses

Particulars	March 31, 2022	March 31, 2021
(i) Capital	19.25	33.83
(ii) Salaries & Wages	224.16	273.49
(iii) R&D Materials	52.78	67.60
(iv) Maintenance	0.56	0.30
(v) Other expenses	31.60	22.82
	328.35	**398.04**

49 Joint Operations

The Company has two joint operations as detailed in note-41

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

(i) The following share of assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Non-current assets				
Property, plant and equipment	112.45	112.21	0.43	0.43
Financial assets				
(i) Investments	-	11.40	-	-
Total non-current assets	**112.45**	**123.61**	**0.43**	**0.43**
Current assets				
(i) Cash and cash equivalents	2.27	1.46	0.01	0.01
(ii) Other financial assets	0.05	0.05	-	-
Current Tax Assets (Net)	0.38	0.41	-	-
Other current assets	0.28	0.71	-	-
Total current assets	**2.98**	**2.63**	**0.01**	**0.01**
Total Assets	**115.43**	**126.24**	**0.44**	**0.44**
Current liabilities				
Financial liabilities				
(i) Trade payables	0.06	0.11	0.04	0.04
Other current liabilities	-	0.01	-	-
Total current liabilities	**0.06**	**0.12**	**0.04**	**0.04**
Partners current account	**(8.63)**	**2.12**	**-**	**-**
Net Assets	**124.00**	**124.00**	**0.40**	**0.40**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

49 Joint Operations (Continued...)

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

	L.G. Balakrishnan & Bros.		Elgi Services	
Particulars	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investment	124.00	124.00	0.40	0.40
Treasury Stock	-	(11.40)	-	-
Inter-Company assets & liabilities	(7.32)	2.12	0.04	0.04
	116.68	114.72	**0.44**	**0.44**

(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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue & other income	61.60*	0.11	-	-
Expenses:				
Other expenses	0.38	0.37	-	-
Current tax expense	6.29	0.08	-	-
Profit/(loss) after tax	**54.93**	**(0.34)**	**-**	**-**

* includes gain on sale of treasury shares amounting to ₹ 54.80 million recognised directly in retained earnings. Also refer note 19(f).

50 Disclosures Pursuant To Securities And Exchange Board Of India (Listing Obligation And Disclosures Requirements) Regulations, 2015 And Section 186 Of The Companies Act, 2013

Particulars	March 31, 2022	March 31, 2021
(a) Loans and advances to subsidiaries		
Elgi Australia Pty Ltd-Australia		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	98.38
Elgi Equipments (Zhejiang) Limited-China		
Balance as at the year end	-	55.35
Maximum amount outstanding at any time during the year	55.35	73.56
Elgi Compressors USA Inc.-USA		
Balance as at the year end	534.25	515.39
Maximum amount outstanding at any time during the year	534.25	533.06
Elgi Compressors Italy S.R.L-Italy		
Balance as at the year end	-	10.29
Maximum amount outstanding at any time during the year	10.29	10.71

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

50 Disclosures Pursuant To Securities And Exchange Board Of India (Listing Obligation And Disclosures Requirements) Regulations, 2015 And Section 186 Of The Companies Act, 2013 (Continued...)

Particulars	March 31, 2022	March 31, 2021
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	1,076.08	1,257.41
Industrial Air Compressors Pty Ltd-Australia	1,631.94	1,647.45
Elgi Compressors Europe S.R.L-Belgium	2,012.41	857.52
Elgi Compressors France SAS	33.54	-
(c) Standby Letter of Credits (SBLC) to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	-	182.76

Nature & purpose of loans and guarantees:

(i) The Company has advanced loan and provided guarantee to its subsidiaries-Elgi Compressors USA Inc. and Industrial Air Compressors Pty Ltd. to fund the business acquisition and additional working capital requirements. The guarantees provided to Elgi Compressors Europe S.R.L-Belgium is for the purpose of meeting working capital requirements and Elgi Compressors France SAS is for incurring capital expenditure.

(ii) The loans carry interest rates which are at par with the prevailing market rates. These loans are repayable as follows, Elgi Compressors USA Inc. - USA - repayable within March 31, 2025

51 Ratios

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance %	Reasons
Current ratio	Current assets	Current liabilities	2.96	2.05	45%	Increase in working capital due to increase in Revenue
Debt-Equity ratio	Total debt	Shareholders equity	-	0.12	(100%)	Closure of all packing credit loans
Debt service coverage ratio	Earnings available for debt service	Total debt service*	111.47	36.73	204%	Increase in earnings
Return on equity	Net profit	Average shareholders equity	21.04%	13.78%	53%	Increase in earnings

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

51 Ratios (Continued...)

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance %	Reasons
Inventory turnover ratio	Sale of products	Average inventory	9.71	7.85	24%	-
Trade receivables turnover ratio	Revenue	Average trade receivable	4.19	3.75	12%	-
Trade payables turnover ratio	Purchases	Average trade payable	5.28	4.19	26%	Lower purchases towards the end of the year as compared to the previous year and higher overall purchases in the current year
Net capital turnover ratio	Revenue	Working capital	3.00	3.04	(1%)	-
Net profit ratio	Net profit	Revenue	11.96%	9.55%	25%	-
Return on capital employed	Earnings before interest and taxes	Capital employed	25.65%	17.57%	46%	Increase in earnings
Return on investment						
- Unquoted	Income generated from investments	Time weighted average investments	4.65%	0.84%	454%	Increase in dividend receipt from Subsidiary
- Quoted	Income generated from investments	Time weighted average investments	24.40%	56.66%	(57%)	In line with Index.
- Fixed income from deposits with Banks and Financial institutions	Income generated from investments	Time weighted average investments	3.73%	4.66%	(20%)	-

*excludes repayments of Working capital loans.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

52 Impact of COVID-19 Pandemic:

The spread of COVID-19 impacted businesses around the globe from March 2020 onwards. The situation is constantly evolving and Governments in certain states imposed various restrictions during the previous year and also during certain parts of the current year. The restrictions are being relaxed globally with growing rate of vaccination.

As at March 31, 2022, the Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, plant and equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that were are no material adjustments required in the standalone financials results.

The Company will continue to monitor any material changes to the future economic conditions.

53 Compliance with approved scheme(s) of arrangements:

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

54 Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

55 Previous year figures have been regrouped/reclassified to conform to current year's classification.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Independent Auditors' Report

To the Members of Elgi Equipments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Elgi Equipments Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its joint operations and its joint ventures (refer Note 42 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its joint operations and joint ventures as at March 31, 2022, of 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, its joint operations and 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 ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 18 to 20 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit Matter
Assessment of carrying value of goodwill arising on consolidation of subsidiaries as per Ind AS 36 The Group has a goodwill balance of Rs. 479.21 million, as at March 31, 2022 (Refer Note 5) relating to subsidiaries in Italy and Belgium which has been recomputed and allocated consequent to internal restructuring. The testing of impairment of Goodwill is being carried out with respect to Elgi Italy S.R.L and Elgi Compressors Europe S.R.L which are considered to be separate Cash Generating Units (CGUs). For the year ended March 31, 2022, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: • Calculating the recoverable amount for the CGU using a discounted cash flow model (DCF model); and • Comparing the recoverable amount to the respective carrying amount of assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the financial statements, and where applicable, judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures in relation to assessment of carrying value of goodwill relating to the CGUs, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill. • Together with auditors' valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: a. Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance, discussions with the subsidiary auditors and our knowledge and understanding of current business conditions. b. Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company. c. Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the Management. • Evaluating the sufficiency of disclosures made in the consolidated financial statements. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

5. The following Key Audit Matter is included in the Memorandum of work performed dated May 12, 2022, issued by an independent auditor of Elgi Compressors USA Inc., a subsidiary of the Holding Company reproduced by us as under:

   'Auditing of assessment of potential for goodwill impairment. For the year ended March 31, 2022, the Company performed both a qualitative and quantitative goodwill impairment analysis. The quantitative analysis was performed using a discounted cash flow model both at a consolidated level and at reporting unit levels. The preparation of discounted cash flows required assumptions for projections of future cash flows. The Company projected future cash flows over a period of five years with a terminal value growth rate applied in determining a terminal value. This was considered to be a Key Audit Matter due to its significance to the financial statements and the degree of management judgment involved in performing the discounted cash flow analysis.

   Our audit procedures included discussing with management and understanding the projections, comparing the previous year projections to the results of operations for the year ended March 31, 2022, and reviewing supporting documentation of potential real estate sales. Based on the procedures performed, we found that management's conclusion of no goodwill impairment to be correct.'

6. The following Key Audit Matter is included in the Memorandum of work performed dated May 4, 2022, issued by an independent auditor of Industrial Air Compressors Pty Limited, a subsidiary of the Holding Company reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill as per Ind AS 36 (refer Note 3 of the group reporting package) Industrial Air compressors Pty Limited in its consolidated financial Statement, has a goodwill balance of AUD 4.96 million as at March 31, 2022 relating to acquisition of F.R. Pulford & Sons and its subsidiary Advanced Air Compressors Pty Ltd. For the year ended March 31, 2022, the management performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: a. Calculating the recoverable amount for the cash generating unit (CGU) to which the goodwill has been allocated using a discounted cash flow model (DCF); and b. Comparing the recoverable amount of the respective carrying amount of assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the consolidated financial statements, and where applicable, the management judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures in relation to the assessment of carrying value of goodwill included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual goodwill impairment assessment. • Evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: o Evaluating the reasonableness of the cash flow projections by comparing to the approved budgets, previous year performance and our knowledge and understanding of current business conditions. o Determining a range of acceptable discount rates and terminal growth rates, with reference to comparable companies and other relevant external data and comparing this range to the discount rates and terminal growth rates adopted by the management. o Performing sensitivity 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. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

Other Information

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Report on Corporate Governance, but does not include the Consolidated financial statements and our auditors' report thereon.

8. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

9. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraphs 18, 19 and 20 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

10. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its joint operations and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint ventures 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 Directors of the Holding Company, as aforesaid.

11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to 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 operations and 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, its joint operations and 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, its joint operations and 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.

15. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. We did not audit the financial statements of two joint operations included in the standalone financial statements of the Company, which constitute Company's share of total assets of Rs. 130.87 million and net assets of Rs 124.40 million as at March 31, 2022, total revenue of Rs. nil, total net profit after tax of Rs. 55.37 million, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 55.37 million and net cash inflows amounting to Rs. 0.81 million for the year then ended. These financial statements and other financial information have been audited by other auditors

whose reports have been furnished to us, and our opinion on the standalone financial statements (including other information) to the extent they have been derived from such standalone financial statements is based solely on the report of such other auditors.

19. We did not audit the consolidated / standalone financial statements/financial information of 13 subsidiaries (including their relevant step-down subsidiaries and joint ventures), whose financial statements/ financial information reflect total assets of Rs. 11,591.89 million and net assets of Rs. 1,851.59 million as at March 31, 2022, total revenue of Rs. 12,221.70 million, total net loss after tax of Rs. 15.01 million, and total comprehensive income (comprising of loss and other comprehensive income) of Rs. 83.86 million and net cash inflows amounting to Rs. 66.61 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax of Rs. 37.61 million and total comprehensive income (comprising of profit and other comprehensive income) of Rs. 38.02 million for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of two joint ventures respectively, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

20. Of the above, the financial statements of two subsidiaries, located outside India, included in the consolidated financial statements, which constitute total assets of Rs. 1,007.49 million and net assets of Rs. 910.71 million as at March 31, 2022, total revenue of Rs. 94.95 million, net profit after tax of Rs.33.96 million, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 36.31 million and net cash flows amounting to Rs. 5.74 million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in their country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

21. The consolidated financial statements includes the unaudited financial statements of one subsidiary (liquidated on July 5, 2021), whose financial statements reflect total assets of Rs. nil and net assets of Rs. nil as at March 31, 2022, total revenue of Rs. nil, total net loss after tax of Rs. nil, and total comprehensive loss of Rs. nil for the year ended March 31, 2022, and cash flows (net) of Rs. (0.09) million for the year from April 1, 2021 to March 31, 2022, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

22. As required by paragraph 3(xxi) of the Companies (Auditors' Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the financial statements of five companies which are included in these Consolidated Financial Statements.

    This report does not contain a statement on the matter specified in paragraph 3(xxi) of 'the Companies (Auditors' Report) Order, 2020' ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act as, in our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to fifteen companies included in these Consolidated Financial Statements.

23. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on April 01, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and of its joint venture incorporated in India, none of the directors of the Group companies and of its joint venture company incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture company incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture company – Refer Note 44 to the consolidated financial statements.

        ii. The Group and its joint venture company did not have any long-term contracts including derivative contracts as at March 31, 2022 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 and its subsidiary companies, and its joint venture incorporated in India.

        iv. (a) The respective Managements of the Company, its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Managements of the Company, its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Also refer note 46(ii) to the consolidated financial statements); and

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

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

24. The Group and its joint venture incorporated in India has paid 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
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 22213126AIYHLT6880

Place: Coimbatore
Date: May 13, 2022

Annexure A to Independent Auditors' Report

Referred to in paragraph 23(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the consolidated financial statements for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of the Holding company, its subsidiary companies and a joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and joint venture company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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 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 Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies, and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 22213126AIYHLT6880

Place: Coimbatore
Date: May 13, 2022

Consolidated Financial Statements

Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2022

Particulars	Notes	March 31, 2022	March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3 (a)	2,454.19	2,577.27
Right of use assets	3 (b)	600.05	624.62
Capital work-in-progress	3 (a)	68.16	41.23
Investment properties	4	167.96	168.01
Goodwill	5	1,914.66	1,879.12
Other intangible assets	5	395.52	470.98
Intangible assets under development	5(i)	6.50	–
Investments accounted for using the equity method	42	200.96	152.65
Financial assets			
(i) Investments	6	107.99	85.02
(ii) Loans	7	77.34	54.29
(iii) Other financial assets	8	57.70	61.31
Deferred tax assets (Net)	27 (c)	174.70	145.62
Non-current tax assets (Net)	27 (b)	8.16	19.71
Other non-current assets	9	80.18	54.32
Total non-current assets		**6,314.07**	**6,334.15**
Current Assets			
Inventories	10	4,830.56	3,426.93
Financial assets			
(i) Trade receivables	11	4,718.82	3,997.32
(ii) Cash and cash equivalents	12	1,170.74	1,278.19
(iii) Bank balances other than (ii) above	13	1,027.72	1,342.70
(iv) Deposits with financial institutions	14	585.00	430.00
(v) Loans	15	28.82	60.13
(vi) Other financial assets	16	67.58	95.93
Assets held for sale	17	231.71	223.54
Other current assets	18	674.14	478.21
Total current assets		**13,335.09**	**11,332.95**
Total assets		**19,649.16**	**17,667.10**
Equity and Liabilities			
Equity			
Equity share capital	19	316.91	316.91
Other equity	20	10,008.22	8,381.95
Total equity		**10,325.13**	**8,698.86**

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Consolidated Balance Sheet as at March 31, 2022 (Continued...)

Particulars	Notes	March 31, 2022	March 31, 2021
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	21 (a)	577.99	811.60
(ii) Lease liabilities	3 (b)	478.60	504.20
(iii) Other financial liabilities	22	5.76	26.46
Provisions	23	141.89	120.15
Deferred tax liabilities (Net)	27 (c)	59.46	20.78
Total non-current liabilities		**1,263.70**	**1,483.19**
Current Liabilities			
Financial liabilities			
(i) Borrowings	21 (b)	3,136.97	3,171.97
(ii) Lease liabilities	3 (b)	164.64	159.41
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		447.40	482.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,739.21	2,406.54
(iv) Other financial liabilities	25	760.93	631.89
Provisions	26	159.05	132.41
Current tax liabilities (Net)	27 (b)	259.07	198.70
Other current liabilities	28	393.06	301.43
Total current liabilities		**8,060.33**	**7,485.05**
Total liabilities		**9,324.03**	**8,968.24**
Total equity and liabilities		**19,649.16**	**17,667.10**

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	March 31, 2022	March 31, 2021
Revenue from operations	29	25,247.06	19,240.50
Other income	30	549.74	234.98
Total income		**25,796.80**	**19,475.48**
Expenses			
Cost of materials consumed	31	11,503.51	7,380.19
Purchases of stock-in-trade	32	3,169.39	2,589.11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	(1,102.61)	306.40
Employee benefits expenses	34	4,839.47	4,117.42
Finance costs	35	111.11	134.83
Depreciation and amortisation expenses	36	744.93	743.38
Other expenses	37	3,913.87	2,690.81
Total expenses		**23,179.67**	**17,962.14**
Profit before share of net profits of investments accounted for using equity method and tax		**2,617.13**	**1,513.34**
Share of profit of joint ventures accounted for using equity method		13.18	14.16
Profit before tax		**2,630.31**	**1,527.50**
Income tax expense	27 (a)		
–Current tax		846.57	515.57
–Deferred tax		(0.54)	(12.92)
Profit for the year		**1,784.28**	**1,024.85**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	20 (h)	23.09	37.59
Remeasurement of post-employment benefit obligations	20 (f)	22.86	13.78
Income tax relating to these items	20 (f)	(5.73)	(3.46)
Share of other comprehensive income of joint ventures accounted for using equity method	20 (f)	0.27	(0.43)
Items that will be reclassified to profit or loss			
Changes in fair value of interest rate swap	20 (h)	26.50	12.60
Deferred tax relating to above	20 (h)	(7.95)	(3.78)
Changes in foreign currency translation reserve	20 (h)	13.38	(31.00)
Other comprehensive income for the year, net of tax		**72.42**	**25.30**
Total comprehensive income for the year		**1,856.70**	**1,050.15**

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2022 (Continued...)

Particulars	Notes	March 31, 2022	March 31, 2021
Earnings per equity share for profit attributable to the owners of Elgi Equipments limited	48	-	-
Nominal value of the shares		1.00	1.00
(1) Basic		5.64	3.24
(2) Diluted		5.64	3.24

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Consolidated Financial Statements as at and for the year ended March 31, 2022

(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 1, 2020	19	**158.45**
Issue of bonus shares (refer note 19 (iii))		158.46
Balance as at March 31, 2021	19	**316.91**
Changes in equity share capital during the year		–
Balance as at March 31, 2022		**316.91**

ii) Other Equity

		Attributable to the owners of Elgi Equipments Limited												
		Reserve and Surplus								Other reserve				
Description	**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 equity**
Balance as at April 01, 2020		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**0.21**	**5,465.25**	**7,212.95**	**31.36**	**(29.63)**	**316.80**	**318.53**	**7,531.48**
Profit for the year	20	–	–	–	–	–	–	1,024.85	1,024.85	–	–	–	–	1,024.85
Other comprehensive income	20	–	–	–	–	–	–	10.32	10.32	37.59	8.82	(31.00)	15.41	25.73
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	(0.43)	(0.43)	–	–	–	–	(0.43)
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,034.74**	**1,034.74**	**37.59**	**8.82**	**(31.00)**	**15.41**	**1,050.15**
Transactions with owners in their capacity as owners:														
Purchase of shares for ESOP scheme	20	–	–	–	–	(44.04)	–	–	(44.04)	–	–	–	–	(44.04)
Issue of bonus shares (refer note 19 (iii))	20	–	–	(158.45)	–	–	–	–	(158.45)	–	–	–	–	(158.45)
Employee stock option expense	20	–	–	–	–	–	2.81	–	2.81	–	–	–	–	2.81
Transfer of gain on FVOCI equity instruments	20	–	–	–	–	–	–	2.13	2.13	(2.13)	–	–	(2.13)	–
Balance as at March 31, 2021		**181.41**	**5.49**	**250.92**	**1,162.63**	**(55.44)**	**3.02**	**6,502.12**	**8,050.14**	**66.82**	**(20.81)**	**285.80**	**331.81**	**8,381.95**

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

		Attributable to the owners of Elgi Equipments Limited													
		Reserve and Surplus								Other reserve					
Description	**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 equity**
Balance at April 01, 2021		**181.41**	**5.49**	**250.92**	**1,162.63**	**(55.44)**	**3.02**	**6,502.12**	**8,050.14**	**66.82**	**(20.81)**	**285.80**	**331.81**	**8,381.95**
Profit for the year	20	–	–	–	–	–	–	1,784.28	1,784.28	–	–	–	–	1,784.28
Other comprehensive income	20	–	–	–	–	–	–	17.13	17.13	23.09	18.55	13.38	55.02	72.15
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	0.27	0.27	–	–	–	–	0.27
Total Comprehensive Income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,801.68**	**1,801.68**	**23.09**	**18.55**	**13.38**	**55.02**	**1,856.70**
Transactions with owners in their capacity as owners:														
Purchase of shares for ESOP scheme	20	–	–	–	–	(68.70)	–	–	(68.70)	–	–	–	–	(68.70)
Sale of Treasury shares	20	–	–	–	–	11.40	–	50.98	62.38	–	–	–	–	62.38
Dividend paid	20	–	–	–	–	–	–	(252.94)	(252.94)	–	–	–	–	(252.94)
Employee stock option expense	20	–	–	–	–	–	9.64	–	9.64	–	–	–	–	9.64
Loss recognised on loss of control over subsidiary	20	–	–	–	–	–	–	–	–	–	–	19.18	19.18	19.18
Balance as at March 31, 2022		**181.41**	**5.49**	**250.92**	**1,162.63**	**(112.74)**	**12.66**	**8,101.84**	**9,602.21**	**89.91**	**(2.26)**	**318.36**	**406.01**	**10,008.22**

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

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Consolidated Statement of Cash Flows

Particulars	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Profit before tax	**2,630.31**	**1,527.50**
Adjustments for		
Depreciation and amortisation expense	744.93	743.38
Bad debts and allowance for doubtful debts	21.39	34.46
Gain on disposal of property, plant and equipment	(155.52)	(3.95)
Share of profits of associates and joint ventures	(13.18)	(14.16)
Rental income from Investment property (net of expenses)	(12.75)	(4.85)
Net unrealised exchange differences	(41.30)	(61.49)
Loss recognised on loss of control over subsidiary	19.18	–
Non-cash employee share based payments	9.64	2.81
Dividend and interest income classified as investing cash flows	(104.28)	(93.77)
Finance costs	111.11	134.83
Change in operating assets and liabilities		
Increase in trade receivables	(742.89)	(564.16)
(Increase)/decrease in inventories	(1,403.63)	7.37
Increase in trade payables	297.37	801.32
Decrease in other financial assets	12.60	7.30
(Increase)/decrease in other current assets	(195.93)	30.30
Increase in provisions	71.24	5.79
Increase in other financial liabilities	129.90	120.99
Increase in other current liabilities	91.63	13.82
Cash generated from operations	**1,469.82**	**2,687.49**
Income taxes paid (net of refund)	(784.20)	(287.08)
Net cash inflow from operating activities	**685.62**	**2,400.41**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(405.36)	(311.68)
Payments for settlement of contingent consideration in relation to acquisition of business	–	(73.49)
Investment in Joint ventures	(55.36)	(77.73)
Loans recovered from employees (net)	8.26	29.98
Proceeds from buy-back of FVOCI equity instruments	–	2.35
Subscription to rights issue of FVOCI equity instruments	–	(0.81)
Proceeds from sale of property, plant and equipment	162.19	23.61
Rental income from Investment property (net of expenses)	12.75	4.85
Dividends received on equity instruments	0.50	0.25

Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Consolidated Statement of Cash Flows (Continued...)

Particulars	March 31, 2022	March 31, 2021
Cash flows from investing activities (continued...)		
Dividends received from associate and joint venture	20.50	14.22
Redemption of/(Investments) in Deposits with Banks/Financial institutions	159.98	(785.65)
Interest received	115.57	78.97
Net cash inflow/(outflow) from investing activities	**19.03**	**(1,095.13)**
Cash flows from financing activities		
Interest paid	(107.20)	(133.40)
Purchase of shares for ESOP scheme	(68.70)	(44.04)
Proceeds from sale of treasury shares	66.20	–
Proceeds from Long term borrowings from banks	–	125.82
Repayment of Long term borrowings to banks	(268.57)	(304.29)
Net Short term loans (repaid to)/borrowed from Banks	(2.26)	12.85
Payment of lease liabilities	(178.39)	(137.20)
Dividends paid to company's shareholders	(253.18)	(1.93)
Net cash outflow from financing activities	**(812.10)**	**(482.19)**
Net (decrease)/increase in cash and cash equivalents	**(107.45)**	**823.09**
Cash and cash equivalents at the beginning of the financial year	**1,278.19**	**455.10**
Cash and cash equivalents at end of the year*	**1,170.74**	**1,278.19**
Non-cash financing and investing activities		
-Acquisition of right-of-use assets	**159.30**	**361.35**

* includes restricted cash and cash equivalents in relation to balance in unclaimed dividend account (refer note 12).

The above Consolidated statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. Along with its subsidiaries, Elgi Equipments Limited is engaged in manufacture, trading of air compressors and automotive garage equipments and also providing related after sales services. Elgi Equipments limited together with its subsidiaries is herein after referred as 'the Group' The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The Consolidated Financial Statement has been approved by the Board of Directors in their meeting held on May 13, 2022.

(ii) Historical cost convention

The financial statements are prepared on a historical cost basis, except for the following:

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

b) defined benefit plans—plan assets measured at fair value and

c) share based payments.

(iii) New and amended standards adopted by the group

The group has applied following amendments to Ind AS for the first time in their annual reporting period commencing April 01, 2021:

1. Extension of COVID-19 related concessions–amendments to Ind AS 116
2. Interest rate benchmark reform–amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

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

(iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

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

(v) Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the group has changed the classification/presentation of current maturities of long-term borrowings. The current maturities of long-term borrowings has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Significant accounting policies (Continued...)

The group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

(in Millions)

Balance sheet (extract)	March 31, 2021 (previously reported)	Increase/ (decrease)	March 31, 2021 (restated)
Current borrowings	2884.01	287.96	3171.97
Other financial liabilities (current)	919.85	(287.96)	631.89

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Managing Director (MD) of the company has been identified as the chief operating decision maker of Elgi Equipments Limited who assesses the financial performance and position of the Company and makes strategic decisions. Refer note 41 for segment information presented.

(c) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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. Elgi Equipments Limited 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Significant accounting policies (Continued...)

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(j) below.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Elgi Equipment Limited's functional and presentation currency.

(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. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

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. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss account as a part of fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as at FVOCI are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions) and
- All resulting foreign exchange differences are recognised in other comprehensive income.

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as a part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The results and financial position of foreign operation which have a functional currency similar to the group are translated using the same principle enumerated in Note (d)(ii) above.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Significant accounting policies (Continued...)

(e) Revenue recognition

Revenue is recognised when a customer obtains control of promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the group applies the below five step process before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations and
- Recognise the revenue as each performance obligation is satisfied.

(i) Sale of products:

The group manufactures and sells a range of air compressors, automotive equipments and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the products have been shipped from the warehouse to the specific location in case of domestic sales and when a bill of lading is generated in case of exports, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision has lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Where the group sells goods and also has transportation obligation and where the control of the goods get transferred, the sale of goods and transportation is treated as separate performance obligation.

The group's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision. See note no 26.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services:

The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the group's performance as the group performs. In case of transportation revenue, the group recovers actual 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. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

(iii) Duty drawback: Income from duty drawback is recognised on accrual basis.

(iv) Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

(v) Rent: Rental Income is recognised on accrual basis in accordance with terms of respective rent agreements.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grant is recognised either as other income or adjusted against expenses depending upon the nature of the grant and the same is followed consistently.

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Significant accounting policies (Continued...)

(g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

As a lessor

Lease income from operating leases where the group is a lessor is recognised in other income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

As a lessee

Leases are recognised as right of use assets and corresponding liabilities at the date at which the leased asset are available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases of real estate for which the group is the lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as single lease component.

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

Significant accounting policies (Continued...)

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method. The group also elects to apply the optional test (the concentration test) which permits a simplified assessment of whether an acquired set of activities and assets is not a business on each transaction basis.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

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

Significant accounting policies (Continued...)

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other facilities availed from Bank are shown within borrowings in current liabilities in the balance sheet.

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

(l) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(m) Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

Significant accounting policies (Continued...)

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 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 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 gains/ (losses). 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 gains/ (losses) 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, except for investments forming part of interest in subsidiaries and joint ventures, which are measured at cost. 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.

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Significant accounting policies (Continued...)

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 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) Dividend income

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.

(o) 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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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Significant accounting policies (Continued...)

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 gains/(losses).

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.

(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).

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(q) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools, jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

	Useful Life (years)	
Asset	**As adopted by group**	**As per Schedule II**
Roads	10	5
Tools, Jigs & Fixture, Patterns, Moulds & Dies	5-8	15

In relation to Elgi Compressors USA, Inc, the depreciation is recorded on the straight-line basis and written down value method over the estimated useful lives of 3 to 7 years for machinery and equipment, office furniture and

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Significant accounting policies (Continued...)

fixtures and automobiles, over the life of the lease for leasehold improvements and 20 years for buildings. In Rotair SPA, the depreciation is recorded on the straight line method over the estimated useful lives of 10 years for light weight constructions classified under buildings, over 33 years for other buildings and over 4 to 10 years for other tangible assets.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/(expense).

(r) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

(s) Goodwill and Other Intangible assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The intangible assets includes technical know-how, customer relationships, brand, non-compete fees and computer software which are recorded at the cost of acquisition and are amortized over a period of their legal/useful life as below,

	Useful Life (years)		
	Elgi USA Compressors Inc.	**Industrial Air Compressors Pty Ltd**	**Elgi Equipments Ltd & Others**
Computer softwares	-	5	5
Drawings	-	-	5
Customer relationships	8-10	15	-
Brand names	20	5	-
Non-compete	5	3	3

(t) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads.

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Significant accounting policies (Continued...)

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

(u) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

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.

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(x) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the 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.

(y) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees'

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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Significant accounting policies (Continued...)

services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liability in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(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,

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Significant accounting policies (Continued...)

sales growth targets and remaining an employee of the entity over a specified time period) and

- Including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(z) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) 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.

(ac) 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.

(ad) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of goodwill impairment – **Note 5**

Estimation of provision for warranty claims – **Note 26**

Estimation of defined benefit obligations and other employee terminal benefits – **Note 26(a)**

Estimation of current tax expense and payable – **Note 27**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

Particulars	Land	Building	Plant & Machinery*	Office equipment*	Furniture and fixtures	Vehicle	Canteen equipments	Total	Capital work in progress
Year ended March 31, 2021									
Gross carrying amount									
Opening gross carrying amount	598.89	1,384.25	2,760.92	46.57	218.93	55.24	31.48	**5,096.28**	37.21
Additions	–	9.51	122.20	12.22	58.65	7.41	27.26	**237.25**	241.27
Disposal	–	(1.04)	(19.72)	(3.25)	(8.51)	(3.82)	(5.86)	**(42.20)**	–
Exchange difference	(6.48)	(1.56)	3.63	0.56	(0.98)	6.05	(0.74)	**0.48**	–
Transfers to Assets held for sale	(183.78)	(61.07)	–	–	–	–	–	**(244.85)**	–
Transfers	(1.28)	–	–	–	–	–	–	**(1.28)**	(237.25)
Adjustment**	–	(7.77)	(169.65)	158.12	(4.92)	4.81	(1.30)	**(20.71)**	–
Closing gross carrying amount	**407.35**	**1,322.32**	**2,697.38**	**214.22**	**263.17**	**69.69**	**50.84**	**5,024.97**	**41.23**
Accumulated depreciation									
Opening accumulated depreciation	–	608.73	1214.70	34.11	164.23	23.62	25.65	**2,071.04**	–
For the year	–	96.47	265.35	31.94	24.80	15.73	5.26	**439.55**	–
Disposal	–	(0.16)	(6.50)	(0.87)	(6.15)	(3.03)	(5.61)	**(22.32)**	–
Exchange difference	–	(1.03)	3.75	(0.18)	(0.96)	0.25	(0.38)	**1.45**	–
Transfers to Assets held for sale	–	(21.31)	–	–	–	–	–	**(21.31)**	–
Adjustment**	–	(6.32)	(110.04)	99.98	(9.25)	4.29	0.63	**(20.71)**	–
Closing accumulated depreciation	**–**	**676.38**	**1,367.26**	**164.98**	**172.67**	**40.86**	**25.55**	**2,447.70**	**–**
Net carrying amount	**407.35**	**645.94**	**1,330.12**	**49.24**	**90.50**	**28.83**	**25.29**	**2,577.27**	**41.23**
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	407.35	1,322.32	2,697.38	214.22	263.17	69.69	50.84	**5,024.97**	41.23
Additions	–	15.25	206.51	69.37	16.57	14.58	1.17	**323.45**	350.38
Disposal	(0.04)	(10.61)	(14.76)	(1.48)	(0.68)	(6.89)	–	**(34.46)**	–
Exchange difference	0.46	0.23	1.72	0.35	3.84	2.13	1.28	**10.01**	–
Transfers	–	–	–	–	–	–	–	**–**	(323.45)
Closing gross carrying amount	**407.77**	**1,327.19**	**2,890.85**	**282.46**	**282.90**	**79.51**	**53.29**	**5,323.97**	**68.16**
Accumulated depreciation									
Opening accumulated depreciation	–	676.38	1,367.26	164.98	172.67	40.86	25.55	**2,447.70**	–
For the year	–	80.71	313.16	5.76	28.53	9.58	7.18	**444.92**	–
Disposal	–	(8.44)	(11.12)	(1.48)	(0.64)	(6.23)	–	**(27.91)**	–
Exchange difference	–	0.53	0.49	0.30	1.95	1.29	0.51	**5.07**	–
Closing accumulated depreciation	**–**	**749.18**	**1,669.79**	**169.56**	**202.51**	**45.50**	**33.24**	**2,869.78**	**–**
Net carrying amount	**407.77**	**578.01**	**1,221.06**	**112.90**	**80.39**	**34.01**	**20.05**	**2,454.19**	**68.16**

*Computers and allied accessories has been reclassified from Plant & Machinery to Office equipments.

** Disposals of property, plant & equipment which have been carried at Deemed cost from the date of transition to Ind AS (April 01, 2015), which were reduced from the Gross carrying amount at original cost are now reduced at Deemed cost with the corresponding change in Accumulated depreciation. This adjustment includes exchange differences also. There is no change in the net carrying amount of assets.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

Notes

i) Property, plant and equipment pledged as security

Refer Note 46 for information on property, plant and equipment pledged as security by the group.

ii) Contractual obligations

Refer to note 45 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

iv) Assets given under operating lease

Reconciliation of gross and net carrying amount of assets given under lease as at March 31, 2022 and March 31, 2021 is given as follows:

Particulars	Plant & Machinery	
	March 31, 2022	March 31, 2021
Gross carrying amount	10.68	12.06
Accumulated depreciation	(3.61)	(3.78)
Net carrying amount	**7.07**	**8.28**

v) Capital work-in-progress

Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

a) Ageing of Capital work-in-progress

Particulars	Amounts in Capital work-in-progress for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2022					
(i) Projects in Progress	37.29	5.41	13.87	11.59	68.16
Year ended March 31, 2021					
(i) Projects in Progress	8.56	21.08	11.59	–	**41.23**

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

Particulars	To be completed in				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2022					
(i) Projects in Progress					
Self-constructed Machine	44.54	–	–	–	**44.54**
Year ended March 31, 2021					
(i) Projects in Progress					
Self-constructed Machine	–	24.51	–	–	**24.51**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

3(b) Leases

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

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 months to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

a) Right of use assets

Particulars	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Total
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount	**379.28**	**3.64**	**2.85**	**2.66**	**194.55**	**582.98**
Additions (non-cash in nature)	323.51	-	0.09	1.00	36.75	**361.35**
Disposal	(32.41)	-	-	(0.95)	(3.08)	**(36.44)**
Exchange difference	12.27	(0.12)	0.60	(0.09)	(3.52)	**9.14**
Closing gross carrying amount	**682.65**	**3.52**	**3.54**	**2.62**	**224.70**	**917.03**
Accumulated depreciation						
Opening accumulated depreciation	**76.73**	**1.16**	**0.77**	**2.08**	**79.92**	**160.66**
For the year	119.41	0.64	1.06	0.99	42.62	**164.72**
Disposal	(29.11)	-	-	(0.95)	(2.98)	**(33.04)**
Exchange difference	2.57	(0.05)	0.20	(0.07)	(2.58)	**0.07**
Closing accumulated depreciation	169.60	1.75	2.03	2.05	116.98	**292.41**
Net carrying amount	**513.05**	**1.77**	**1.51**	**0.57**	**107.72**	**624.62**
Year ended March 31, 2022						
Gross carrying amount						
Opening gross carrying amount	**682.65**	**3.52**	**3.54**	**2.62**	**224.70**	**917.03**
Additions (non-cash in nature)	81.77	4.33	0.47	-	72.73	**159.30**
Disposal	(28.80)	-	-	-	(44.47)	**(73.27)**
Exchange difference	20.79	0.21	0.09	0.10	2.80	**23.99**
Closing gross carrying amount	**756.41**	**8.06**	**4.10**	**2.72**	**255.76**	**1,027.05**
Accumulated depreciation						
Opening accumulated depreciation	**169.60**	**1.75**	**2.03**	**2.05**	**116.98**	**292.41**
For the year	131.31	1.52	1.02	0.31	47.86	**182.02**
Disposal	(18.19)	-	-	-	(38.37)	**(56.56)**
Exchange difference	7.05	0.09	0.08	0.08	1.83	**9.13**
Closing accumulated depreciation	**289.77**	**3.36**	**3.13**	**2.44**	**128.30**	**427.00**
Net carrying amount	**466.64**	**4.70**	**0.97**	**0.28**	**127.46**	**600.05**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

3(b) Leases (Continued...)

b) Lease liabilities

Particulars	March 31, 2022	March 31, 2021
Current	164.64	159.41
Non-Current	478.60	504.20
	643.24	**663.61**
Reconciliation:		
Opening balance	**663.61**	**439.51**
Add: New leases recognised during the year (non-cash in nature)	159.30	361.35
Less: Termination of lease contracts	(16.71)	(3.92)
Less: Repayment of leases liabilities	(178.39)	(137.20)
Add/Less: Exchange difference	15.43	3.87
Closing balance	**643.24**	**663.61**

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, 2022	March 31, 2021
Depreciation of Right of use assets	36		
Building		131.31	119.41
Plant & Machinery		1.52	0.64
Office equipment		1.02	1.06
Furniture and Fixtures		0.31	0.99
Vehicle		47.86	42.62
		182.02	**164.72**
Included in Finance costs	35		
Interest expense		27.57	27.90
Included in other expenses	37		
Expenses relating to short term leases (included in Other expenses)		47.74	59.79
		75.31	**87.69**

(iii) Cash outflow

The total cash outflow for leases is ₹ 253.7 million and ₹ 224.89 million for the year ended March 31, 2022 and March 31, 2021, respectively.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the group and not by respective lessor.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

3(b) Leases (Continued...)

(v) Critical judgements in determining lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4 Investment Properties

	March 31, 2022			March 31, 2021		
Particulars	**Land**	**Building**	**Total**	**Land**	**Building**	**Total**
Gross carrying amount						
Opening gross carrying amount	163.55	4.99	168.54	162.27	4.99	167.26
Additions	–	–	–	–	–	–
Transfers	–	–	–	1.28	–	1.28
Closing gross carrying amount	**163.55**	**4.99**	**168.54**	**163.55**	**4.99**	**168.54**
Accumulated depreciation						
Opening accumulated depreciation	–	0.53	0.53	–	0.48	0.48
Depreciation charge	–	0.05	0.05	–	0.05	0.05
Closing accumulated depreciation	–	**0.58**	**0.58**	–	**0.53**	**0.53**
Net carrying amount	**163.55**	**4.41**	**167.96**	**163.55**	**4.46**	**168.01**

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

Particulars	**March 31, 2022**	**March 31, 2021**
Rental income	13.47	5.57
Direct operating expenses from property that generated rental income	(0.72)	(0.72)
Profit from investment properties before depreciation	**12.75**	**4.85**
Depreciation	(0.05)	(0.05)
Profit from investment property	**12.70**	**4.80**

(ii) Fair value

	March 31, 2022			March 31, 2021		
Particulars	**Land**	**Building**	**Total**	**Land**	**Building**	**Total**
Investment property	582.96	58.83	**641.79**	522.19	4.46	**526.65**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

4 Investment Properties (Continued...)

Estimation of fair value

The fair values of investment properties have been determined as follows:

a) For the year ended March 31, 2022, 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.

b) For the year ended March 31, 2021, the fair values of investment properties were determined as below,

(i) for the investment property purchased during the year, the transaction price has been considered as the fair value, considering the shorter time period between date of acquisition of the asset and the reporting date.

(ii) for others, the fair values of investment properties and have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2. The Guideline values were revised by the Government of Tamil Nadu with effect from June 9, 2017.

Investment properties pledged as security

Refer note 46 for information on property, plant and equipment pledged as security by the group.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

5 Intangible assets and Goodwill

Particulars	Computer software	Drawings	Customer relationships	Brand names	Non-compete fees	Total intangible assets	Goodwill
Year ended March 31, 2021							
Gross Carrying Amount							
Opening gross carrying amount	133.71	24.75	340.62	115.37	123.63	738.08	1,855.26
Additions	41.72	–	–	–	–	41.72	–
Disposal	(0.22)	–	–	–	–	(0.22)	–
Exchange differences	2.18	–	13.83	24.14	22.41	62.56	23.86
Closing gross carrying amount	177.39	24.75	354.45	139.51	146.04	842.14	1,879.12
Accumulated amortisation							
Opening accumulated amortisation	73.62	3.73	28.19	38.51	61.95	206.00	–
For the year	24.69	4.94	37.85	26.96	44.62	139.06	–
Disposal	(0.20)	–	–	–	–	(0.20)	–
Exchange differences	1.25	–	1.75	9.04	14.26	26.30	–
Closing accumulated amortisation	99.36	8.67	67.79	74.51	120.83	371.16	–
Closing net carrying amount	78.03	16.08	286.66	65.00	25.21	470.98	1,879.12
Year ended March 31, 2022							
Gross Carrying Amount							
Opening gross carrying amount	177.39	24.75	354.45	139.51	146.04	842.14	1,879.12
Additions	27.99	–	–	–	–	27.99	–
Disposal	–	–	–	–	–	–	–
Exchange differences	2.39	–	13.80	2.97	3.28	22.45	35.54
Closing gross carrying amount	207.77	24.75	368.25	142.48	149.32	892.58	1,914.66
Accumulated amortisation							
Opening accumulated amortisation	99.36	8.67	67.79	74.51	120.83	371.16	–
For the year	27.29	4.94	40.77	27.56	17.38	117.94	–
Disposal	–	–	–	–	–	–	–
Exchange differences	(0.66)	–	2.93	2.51	3.18	7.96	–
Closing accumulated amortisation	125.99	13.61	111.49	104.58	141.39	497.06	–
Closing net carrying amount	81.78	11.14	256.77	37.90	7.93	395.52	1,914.66

i) Intangible assets under development

Intangible assets under development includes Technical Know how under development.

a) Ageing of Intangible assets under development

Particulars	Amounts in Intangible assets under development for				
	Less than one year	1- 2 years	2- 3 years	More than 3 years	Total
Year ended March 31, 2022 (i) Projects in Progress*	6.50	–	–	–	6.50
Year ended March 31, 2021 (i) Projects in Progress	–	–	–	–	–

*The completion schedule is not overdue and the cost has not exceeded compared to its original plan.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

5 Intangible assets and Goodwill (Continued...)

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each Cash generating unit (CGU):

A CGU level summary of the goodwill allocation is presented below.

	Italy	Belgium	USA			Australia	India	
Particulars	Portables business	EPSAC business	Elgi USA Compressor business	Michigan business	Portables business	Pulford business	Others	Total
March 31, 2022	**144.88**	**334.33**	**920.24**	**177.32**	**55.38**	**281.28**	**1.23**	**1,914.66**
March 31, 2021	489.58		887.82	171.06	53.43	275.51	1.72	1,879.12

During the financial year ended March 31, 2022, the Company, as part of its restructuring activities in Europe, formed a subsidiary company in Italy by name "Elgi Compressors Southern Europe SRL" to take over the Electric Powered Screw Air Compressors(EPSAC) business from Rotair SPA. The new company which was initially formed under Rotair SPA was later transferred to Elgi Compressors Europe SRL which manages the group's EPSAC business for the entire Europe region. Consequently, Goodwill that pertains to acquisition of Rotair SPA, which is recognised in the Consolidated financial statements of the Elgi group is now allocated between Portables business managed by Rotair SPA and the EPSAC business managed by Elgi Compressors Europe SRL based on the fair value of those businesses and are being monitored at the Group level.

(iii) Significant estimate:

Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. 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:

	Italy	Belgium	USA			Australia
Particulars	Portables business	EPSAC business	Elgi USA Compressor business	Michigan business	Portables business	Pulford business
March 31, 2022						
Long term growth rate (%)	2.00	2.00	3.00	3.00	3.00	2.50
Post-tax discount rate (%)	10.50	9.50	10.50	22.20	21.80	10.00
March 31, 2021						
Long term growth rate (%)	2.00		3.00	3.00	3.00	2.50
Post-tax discount rate (%)	10.00		10.50	22.20	21.80	10.00

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

5 Intangible assets and Goodwill (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 – non-current investments

Particulars	No. of Shares	Face Value Per Share	March 31, 2022	March 31, 2021
(i) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.48	0.34
State Bank of India	3,600	₹ 1/-	1.78	1.31
HDFC Bank Limited	5,000	₹ 1/-	7.35	7.47
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	28.66	29.99
Magna Electro Castings Ltd	66,454	₹ 10/-	13.27	11.41
Rajshree Sugars & Chemicals Ltd	2,29,000	₹ 10/-	7.53	3.90
Pricol Ltd	1,21,172	₹ 1/-	15.76	8.49
L.G.Balakrishnan & Bros.Ltd	4,992	₹ 10/-	2.68	1.53
LGB Forge Limited	18,720	₹ 1/-	0.20	0.07
Elgi Rubber Company Limited	7,63,700	₹ 1/-	30.20	20.31
Insurance Australia Group Limited	258	AUD 1/-	0.06	0.07

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

6 Financial assets – non-current investments (Continued...)

Particulars	No. of Shares	Face Value Per Share	March 31, 2022	March 31, 2021
(ii) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	₹ 50/-	–*	–*
Marol Co-operative Industrial Estate Limited	1,053	₹ 100/-	–	0.11
B.C.C. Caraglio	258	Euro 1/-	0.02	0.02
Total			**107.99**	**85.02**
* amounts are below the rounding off norm adopted by the group.				
Aggregate amount of quoted investments and market value thereof			107.97	84.89
Aggregate amount of unquoted investments			0.02	0.13
Aggregate amount of impairment in the value of investments			–	–

7 Loans (Non-current)

Particulars	March 31, 2022	March 31, 2021
Loans considered good - Unsecured		
Loans to employees	77.34	54.29
	77.34	**54.29**

8 Other financial assets (Non-current)

Security deposits	57.70	61.31
	57.70	**61.31**

9 Other non-current assets

Capital advances	80.18	54.32
	80.18	**54.32**

10 Inventories

Particulars	March 31, 2022	March 31, 2021
(a) Raw materials and components*	1,689.58	1,392.05
(b) Work-in-progress	324.42	216.84

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

10 Inventories (Continued...)

Particulars	March 31, 2022	March 31, 2021
(c) Finished goods	2,377.33	1,426.51
(d) Stock-in-trade*	356.29	323.06
(e) Stores and spares and packing materials	43.16	33.82
(f) Loose tools	39.78	34.65
	4,830.56	**3,426.93**

* Include goods in-transit ₹ 128.04 million and ₹ 152.18 million as on March 31, 2022 and March 31, 2021, respectively.

Note: Raw materials, Work in progress and Finished goods include R&D inventory.

11 Trade receivables

Unsecured, considered good	4,718.82	3,997.32
Unsecured, considered doubtful	100.25	89.23
	4,819.07	**4,086.55**
Less: Allowance for doubtful debts(expected credit loss allowance)	(100.25)	(89.23)
	4,718.82	**3,997.32**

Ageing of trade receivables:

Particulars	Not due (includes Retention Money)	Outstanding for following periods from the due date					Allowance for doubtful debts	Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
As at March 31, 2022								
Undisputed trade receivables – considered good	3,571.16	1,061.72	56.38	22.70	2.18	4.68	–	4,718.82
Undisputed trade receivables – credit impaired	25.19	–	0.65	1.07	2.25	47.16	(76.32)	–
Disputed trade receivables – considered good	–	–	–	–	–	–	–	–
Disputed trade receivables – credit impaired	–	–	–	–	3.11	20.82	(23.93)	–
Total trade receivables	**3,596.35**	**1,061.72**	**57.03**	**23.77**	**7.54**	**72.66**	**(100.25)**	**4,718.82**
As at March 31, 2021								
Undisputed trade receivables – considered good	3,164.86	760.12	39.46	29.64	3.04	0.20	–	3,997.32
Undisputed trade receivables – credit impaired	16.82	–	0.02	1.14	21.22	29.48	(68.68)	–
Disputed trade receivables – considered good	–	–	–	–	–	–	–	–
Disputed trade receivables – credit impaired	–	0.19	0.18	–	4.91	15.27	(20.55)	–
Total trade receivables	**3,386.14**	**586.53**	**6.74**	**14.68**	**3.03**	**0.20**	**(89.23)**	**3,997.32**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

11 Trade receivables (Continued...)

Note: The trade receivables of the Company do not contain a significant financing component and accordingly, the Company has adopted the simplified approach under Ind AS 109 for recognition of impairment losses on trade receivables. Consequently, the disclosure of trade receivables into "Trade receivables which have significant increase in credit risk" have not been given since it is not relevant to the Company. Also, for receivables from related parties refer note 43.

12 Cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
(a) Cash on hand	2.20	1.17
(b) Funds in transit	30.95	–
(c) Balance with banks		
- In current accounts	586.84	558.32
- In EEFC accounts	41.35	–*
- In deposit accounts (with original maturity of 3 months or less)	502.05	711.11
- Balance in unclaimed dividend account**	7.35	7.59
	1,170.74	**1,278.19**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* amount is below the rounding off norm adopted by the Company.

** Earmarked for payment of unclaimed dividend.

13 Other bank balances

In deposit accounts (with original maturity period of more than 3 months but remaining maturity less of than 12 months)*	1,027.72	1,342.70
	1,027.72	**1,342.70**

*Includes margin money deposit of ₹ 249.23 million and ₹ 242.86 million as at March 31, 2022 and March 31, 2021, respectively.

14 Deposits with financial institutions

Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	585.00	430.00
	585.00	**430.00**

15 Loans (Current)

Loans considered good - Unsecured		
Loan to employees	28.82	60.13
	28.82	**60.13**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

16 Other financial assets

Particulars	March 31, 2022	March 31, 2021
Derivatives not designated as hedges		
Foreign exchange forward contract	17.00	24.57
Others		
Security deposits	7.78	7.84
Interest accrued	21.97	33.76
Others	20.83	29.76
	67.58	**95.93**

17 Assets held for sale

Land	190.50	183.78
Buildings	41.21	39.76
	231.71	**223.54**

The assets held for sale, owned by the subsidiary Patton's Inc are located at Charlotte, North Carolina, USA. As the subsidiary moved into a leased facility during the year 2020-21, the assets which were used in the subsidiary's compressor business are now being marketed for sale and the subsidiary expects to complete the sale during the year 2022-23. As on March 31, 2022 and March 31, 2021, the assets are measured at carrying amount which is lower than fair value less costs to sell.

18 Other Current assets

Income / refund receivable	42.67	50.49
Prepaid expenses	180.13	148.48
Balance with Government authorities	293.06	91.66
Rent advances	6.59	5.94
Advance to suppliers	112.96	138.38
Others*	38.73	43.26
	674.14	**478.21**

*Includes assets related to Gratuity fund ₹ 2.06 million and ₹ Nil for the year ended March 31, 2022 and March 31, 2021, respectively.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

19 Equity share capital

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
At April 1, 2020	**300.00**	**300.00**
Increase during the year	20.00	20.00
At March 31, 2021	**320.00**	**320.00**
Increase during the year	–	–
At March 31, 2022	**320.00**	**320.00**

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
At April 1, 2020	**158.45**	**158.45**
Issue of bonus shares (refer (iii) below)	158.46	158.46
At March 31, 2021	**316.91**	**316.91**
Increase during the year	–	–
At March 31, 2022	**316.91**	**316.91**

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 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, 2022, the amount of Final dividend per share recognised as distributions to equity shareholders is ₹ 0.80 per share (March 31, 2021 ₹ Nil).

(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	
	March 31, 2022	March 31, 2021
Equity shares allotted as fully paid up bonus shares by capitalizing a part of the securities premium during the year ended March 31, 2021	–	158.46

On September 28, 2020, the Company allotted bonus equity shares of ₹ 1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

19 Equity share capital (Continued...)

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

Particulars	March 31, 2022		March 31, 2021	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Private Limited	5,33,86,780	16.85%	5,19,28,780	16.39%
SBI Small Cap Fund	1,40,74,088	4.44%	2,58,79,428	8.17%
Mr. Jairam Varadaraj	2,82,21,616	8.91%	2,99,33,216	9.45%
Pari Washington India Master Fund, Ltd.	2,60,33,001	8.21%	2,64,19,723	8.34%
Gagandeep Credit Capital Pvt. Limited	1,63,05,150	5.15%	1,63,05,150	5.15%

(v) Details of shareholding of promoters

Promoter Name	March 31, 2022		March 31, 2021		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Jairam Varadaraj	2,82,21,616	8.91	2,99,33,216	9.45	(0.54)
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	2,83,572	0.09	83,572	0.03	0.06
Vanitha Mohan	1,36,440	0.04	1,15,440	0.04	0.01
Uday Balaji	1,28,020	0.04	1,28,020	0.04	-
Gayathri Balaji	81,226	0.03	48,226	0.02	0.01
Harsha Varadaraj	80,000	0.03	80,000	0.03	-
Varshini Varadaraj	80,000	0.03	80,000	0.03	-
T Balaji	68,500	0.02	68,500	0.02	-
Viren Mohan	39,960	0.01	39,960	0.01	-
Vinay Balaji	22,376	0.01	22,376	0.01	-
L.G. Varadarajulu	-	-	400	-*	-
Dark Horse Portfolio Investment Private Limited**	5,33,86,780	16.85	5,19,28,780	16.39	0.46
Elgi Ultra Industries Limited**	1,03,10,972	3.25	1,21,58,732	3.84	(0.58)
Elgi Rubber Company Limited	6,64,160	0.21	6,64,160	0.21	-
Total	**9,92,62,202**	**31.33**	**10,11,09,962**	**31.93**	**(0.58)**

* amount is below the rounding off norm adopted by the group.

** considered as Core investment companies in the group based on the definition specified in 3(1)(v) of the RBI Master directions- Core investment Companies (Reserve Bank) Directions 2016.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

20 Other equity

Particulars	March 31, 2022	March 31, 2021
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	250.92
Statutory reserve	5.49	5.49
General reserve	1,162.63	1,162.63
Treasury stock	(112.74)	(55.44)
Share options outstanding account	12.66	3.02
Retained earnings	8,101.84	6,502.12
Other reserves	406.01	331.80
	10,008.22	**8,381.95**

a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**181.41**	**181.41**

b) Securities premium reserve		
Opening balance	250.92	409.37
Issue of bonus share (refer note 19 (iii))	–	(158.45)
Closing balance	**250.92**	**250.92**

c) Statutory reserve		
Opening balance	5.49	5.49
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**5.49**	**5.49**

d) General reserve		
Opening balance	1,162.63	1,162.63
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**1,162.63**	**1,162.63**

e) Share options outstanding account		
Opening balance	3.02	0.21
Employee stock option expense	9.64	2.81
Closing balance	**12.66**	**3.02**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

20 Other equity (Continued...)

Particulars	March 31, 2022	March 31, 2021
f) Retained earnings		
Opening balance	6,502.12	5,465.25
Net profit for the year	1,784.28	1,024.85
Item of other comprehensive income recognised directly in retained earnings		
– Remeasurement of post-employment benefit obligation, net of tax	17.13	10.32
– Share of other comprehensive income of joint ventures accounted for using the equity method	0.27	(0.43)
–Transfer to retained earnings of gain on FVOCI equity instruments	–	2.13
–Transfer to retained earnings of gain on sale of treasury shares (net of tax)	50.98	–
Appropriations:		
Dividend on equity shares	(252.94)	–
Closing balance	**8,101.84**	**6,502.12**

Particulars	March 31, 2022	March 31, 2021
g) Treasury stock		
Opening balance	(55.44)	(11.40)
Sale of Treasury shares	11.40	–
Purchase of shares for ESOP scheme	(68.70)	(44.04)
Closing balance	**(112.74)**	(55.44)

Particulars	March 31, 2022	March 31, 2021
h) Other reserves		
FVOCI – Equity instruments		
Opening Balance	66.81	31.35
Change in fair value of equity instruments	23.09	37.59
Transfer of gain on FVOCI equity instruments	0.01	(2.13)
Closing balance	**89.91**	**66.81**
Cash flow hedging reserve		
Opening balance	(20.81)	(29.63)
Change in fair value of interest rate swap (net of tax) (refer note 39(C) (ii))	18.55	8.82
Closing balance	**(2.26)**	**(20.81)**
Foreign currency translation reserve		
Opening Balance	285.80	316.80
Movement during the year	13.38	(31.00)
Add/less: Amounts recognized in Profit or loss on loss of control over subsidiary	19.18	–
Closing balance	**318.36**	**285.80**
Total Other reserves	**406.01**	**331.80**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

20 Other equity (Continued...)

Nature and purpose of other reserves

Capital reserve:

Represents the profit of a capital nature which is not available for distribution as dividend.

Securities Premium:

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve:

Represents reserve created for statutory purpose not available for distribution as dividend.

General reserve:

This is available for distribution to shareholders.

Retained earnings:

Group's share of cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve.

Share options outstanding account:

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

Treasury stock:

Represents the purchase value of shares of the Company held by its Joint operation and Elgi Equipments Limited Employee Stock Option Trust as given below:

Particulars	No. of Shares	Amount
As at March 31, 2021		
L.G. Balakrishnan & Bros (Joint Operation)	2,28,064	11.40
Elgi Equipments Limited Employee Stock Option Trust	3,70,000	44.04
	5,98,064	**55.44**
As at March 31, 2022		
L.G. Balakrishnan & Bros (Joint Operation)	–	–
Elgi Equipments Limited Employee Stock Option Trust	6,02,500	112.74
	6,02,500	**112.74**

Cash flow hedging reserve:

The cash flow hedging reserve is used to recognise effective portion of gain or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss account.

FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange Differences arising on translation of the foreign operations are recognised in other comprehensive income as described in the accounting policy and accumulated in a separate reserve within equity.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon rate	March 31, 2022	March 31, 2021
Secured				
Term Loan				
from Banks				
Foreign Currency Loan				
–USD	15 equated quarterly installments starting from June 30, 2021	90 day LIBOR + Agreed Spread	366.63	441.29
–AUD	20 equated quarterly installments starting from Oct 27, 2020	90 day AUD-BBR-BBSW + Agreed Spread	456.27	574.59
Unsecured				
from Banks				
–EURO	15 equated quarterly installments	0.75%	–	77.32
Total non- current borrowings			**822.90**	**1,093.20**
Less: Current maturities of long term debt (Note no- 21(b)-below)			**(244.03)**	**(280.68)**
Less: Interest accrued but not due on borrowings (Note no- 21(b)-below)			**(0.88)**	**(0.92)**
Non- current borrowings			**577.99**	**811.60**

(a) Nature of security:
(i) The term loan of ₹ 366.63 million (USD 4.84 million) as on March 31, 2022 (₹ 441.29 million i.e USD 6.04 million as on March 31, 2021) availed by Elgi Compressors USA Inc from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and backed by a corporate guarantee issued by the Holding Company.

(ii) The term loan of ₹ 456.27 million (AUD 8.05 million) as on March 31, 2022 (₹ 574.59 million i.e AUD 10.35 million as on March 31, 2021) availed by Industrial Air Compressors Pty Limited from Standard Chartered Bank (United Kingdom) is secured by a corporate guarantee issued by the Holding Company with charge created on specific assets of the Holding Company.

Also refer note 46 for value of assets pledged as security.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

21 Borrowings (Continued...)

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon rate	March 31, 2022	March 31, 2021
Secured				
from Banks				
Lines of credit				
–USD	Payable on Demand	30 day LIBOR + Agreed Spread	716.12	749.38
Other facilities				
–EURO	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	1,640.94	745.60
Current maturities of long-term debt			244.03	280.68
Interest accrued but not due on Non-Current borrowings			0.88	0.92
Interest accrued and due on Current borrowings			7.89	5.22
Total (A)			**2,609.86**	**1,781.80**
Unsecured				
from Banks				
Lines of credit				
–EURO	Payable on Demand	0.8 % to 1%	524.69	375.19
Packing Credit				
–INR	Payable within 180 days	REPO rate + Agreed Spread	–	1,005.00
Bills discounted			–	8.84
Interest accrued and due on Current borrowings			2.42	1.14
Total (B)			**527.11**	**1,390.17**
Total current borrowings (A) + (B)			**3,136.97**	**3,171.97**

(a) Nature of security:

(i) The line of credit of ₹ 716.12 million (USD 9.45 million) as on March 31, 2022 (₹ 749.38 million i.e. USD 10.25 million as on March 31, 2021) availed by Elgi Compressors USA Inc. from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and also by a Standby letter of credit (SBLC) backed by margin deposits made by the Holding Company.

(ii) The Other facility of ₹ 1257.75 million (EUR 15 million) as on March 31, 2022 (₹ 745.60 million i.e. EUR 8.70 million as on March 31, 2021) availed by Elgi Compressors Europe SRL from Citi Bank (United Kingdom) and ₹ 383.19 million (EUR 4.57 million) as on March 31, 2022 (₹ Nil as on March 31, 2021) availed from HDFC Bank are secured by a corporate guarantee issued by the Holding Company and a pari passu charge on the specific assets of Holding Company.

Also refer note 46 for value of assets pledged as security.

There are no defaults in the repayments of above borrowings during the current year.

The group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

21 Borrowings (Continued...)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	Note	March 31, 2022	March 31, 2021
Non-current Borrowings (including current maturities and interest accrued)	21(a)	822.90	1,093.20
Current borrowings (including interest accrued)	21(b)	2,892.06	2,890.37
Lease liabilities	3(b)	643.24	663.61
Cash and cash equivalents	12	(1,170.74)	(1,278.19)
Deposits with banks and financial institutions	13,14	(1,612.72)	(1,772.70)
		1,574.74	**1,596.29**
Opening net debt		**1,596.29**	**3,044.65**
Cash flows		(3.40)	(1,774.36)
Acquisitions - Leases		159.30	361.35
Termination of Lease Contracts		(16.71)	(3.92)
Cash flows arising from payment of lease liabilities		(178.39)	(137.20)
Interest expense		111.11	134.83
Interest paid		(107.20)	(133.40)
Translation difference		13.74	104.34
Closing net debt		**1,574.74**	**1,596.29**

22 Other financial liabilities (Non-current)

Derivatives designated as hedges		
Interest rate swap	5.76	26.46
	5.76	**26.46**

23 Provisions (Non-current)

Provision for compensated absences (Refer Note 26(a))	86.80	71.01
Provision for defined benefits (Refer Note 26(a))	55.09	49.14
	141.89	**120.15**

24 Trade payables

Due to micro enterprises and small enterprises	447.40	482.70
Due to creditors other than micro enterprises and small enterprises	2,739.21	2,406.54
	3,186.61	**2,889.24**

Note: For payables to related parties refer note 43.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

24 Trade payables (Continued...)

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, 2022							
Undisputed							
Outstanding dues to micro and small enterprises	439.13	2.34	–	–	–	5.93	447.40
Outstanding dues to others	1,886.58	352.29	4.72	6.96	22.05	466.61	2,739.21
Total trade payables	**2,325.71**	**354.63**	**4.72**	**6.96**	**22.05**	**472.54**	**3,186.61**
As at March 31, 2021							
Undisputed							
Outstanding dues to micro and small enterprises	476.52	0.31	–	–	–	5.87	482.70
Outstanding dues to others	1,632.32	276.89	9.64	3.01	21.73	462.96	2,406.54
Total trade payables	**2,108.84**	**277.20**	**9.64**	**3.01**	**21.73**	**468.83**	**2,889.24**

25 Other financial liabilities (Current)

Particulars	March 31, 2022	March 31, 2021
Derivatives designated as hedges		
Interest rate swap	1.57	7.56
Others		
Unclaimed dividends	7.35	7.59
Dealer deposits	33.08	32.33
Employee benefit expenses payable	684.18	558.43
Capital creditors	19.35	13.98
Others	15.40	12.00
	760.93	**631.89**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

26 Provisions (Current)

Particulars	March 31, 2022	March 31, 2021
Provision for warranty	133.51	101.93
Provision for gratuity (refer note 26(a))	1.09	12.10
Provision for compensated absences (refer note 26(a))	24.45	18.38
	159.05	**132.41**

(i) Information about individual material provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Provision for Warranty		
As at April 1, 2021	101.93	99.97
Additional provisions recognised	133.51	101.93
Amounts used during the year	(101.93)	(99.97)
As at March 31, 2022	**133.51**	**101.93**

26(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the group's liability for earned leave and sick leave.

a) The total provision for compensated absences amounts to ₹ 111.25 million and ₹ 89.39 million for March 31, 2022 & March 31, 2021 respectively.

The provision amount of ₹ 24.45 million (March 31, 2021 ₹ 18.38 million) is presented as current, since the group expects to settle the full amount of current leave obligation in the next 12 months.

The above total provision includes sick leave provision amounting to ₹ 11.51 million for year ended March 31, 2022.

The provision amount of ₹ 2.13 million is presented as current, calculated based on expected availment by the employees within next 12 months.

(ii) Defined contribution plans

Provident Fund:

The group also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

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 ₹ 145.36 million (March 31, 2021–₹ 127.59 million)

(iii) Post-employment benefit obligations - Gratuity

The group provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the group makes contribution to recognised fund in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Balance sheet amounts- Gratuity (India)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2020	**297.18**	**277.68**	**19.50**
Current service cost	26.92	–	26.92
Past service cost	–	–	–
Interest expense/(income)	19.46	18.77	0.69
Total amount recognised in profit or loss	**46.38**	**18.77**	**27.61**
Remeasurements			
(Gain)/loss from change in assumptions	6.96	(1.99)	8.95
Experience (gains)/losses	(20.33)	2.40	(22.73)
Total amount recognised in other comprehensive income	**(13.37)**	**0.41**	**(13.78)**
Employer contributions	–	21.42	(21.42)
Benefit payments	(20.22)	(20.41)	0.19
March 31, 2021	**309.97**	**297.87**	**12.10**
Gratuity liabilities grouped under Current provisions (refer note 26)			**12.10**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2021	**309.97**	**297.87**	**12.10**
Current service cost	26.45	–	26.45
Past service cost	0.85	–	0.85
Interest expense/(income)	19.06	18.43	0.63
Total amount recognised in profit or loss	**46.36**	**18.43**	**27.93**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	–	0.05	(0.05)
(Gain)/loss from change in demographic assumptions	(0.18)	–	(0.18)
(Gain)/loss from change in financial assumptions	(7.73)	(1.04)	(6.69)
Experience (gains)/losses	(13.52)	2.42	(15.94)
Total amount recognised in other comprehensive income	**(21.43)**	**1.43**	**(22.86)**
Employer contributions	–	18.14	(18.14)
Benefit payments	(26.15)	(26.15)	–
March 31, 2022	**308.75**	**309.72**	**(0.97)**
Gratuity assets grouped under Other Current assets (refer note 18)			**2.06**
Gratuity liabilities grouped under Current provisions (refer note 26)			**1.09**

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2022	March 31, 2021
Discount Rate*	6.89%	**6.40%**
Rate of increase in compensation levels*	6.67%	**6.45%**
Attrition Rate*	8.63%	**6.85%**

*represents weighted average rate

(v) Sensitivity Analysis

A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	299.73	300.46
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	316.72	319.99
C. Salary Escalation Rate +50 BP		
Defined Benefit Obligation [PVO]	315.31	318.54
D. Salary Escalation Rate -50 BP		
Defined Benefit Obligation [PVO]	300.99	301.74

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2022	March 31, 2021
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The group operates the India Gratuity Plan through a trust fund which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the group is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.93 years (March 31, 2021 – 9.17 years).

The following payments are expected towards the defined benefit obligation in the future years.

Particulars	March 31, 2022	March 31, 2021
Within next 12 months (next annual reporting period)	60.82	55.74
Between 1 to 2 years	39.64	35.36
Between 2 to 5 years	135.13	111.08
Beyond 5 years	208.52	224.44
Total	**444.11**	**426.62**

(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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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

Balance sheet amounts– other employee terminal benefits (UAE, Italy and Indonesia)

Particulars	UAE	Italy	Indonesia	Total
Balance as at the April 1, 2020	**19.72**	**27.86**	–	**47.58**
Provided during the year	5.31	18.67	3.81	27.79
Paid during the year	(4.82)	(21.54)	–	(26.36)
Exchange difference	(0.43)	0.84	(0.28)	0.13
Balance as at the March 31, 2021	**19.78**	**25.83**	**3.53**	**49.14**
Balance as at the April 1, 2021	**19.78**	**25.83**	**3.53**	**49.14**
Provided during the year	3.31	19.86	2.19	25.36
Paid during the year	(0.89)	(18.86)	–	(19.75)
Exchange difference	0.77	(0.60)	0.17	0.34
Balance as at the March 31, 2022	**22.97**	**26.23**	**5.89**	**55.09**
Provision for defined benefits– Non-Current (refer note 23)				**55.09**

The above plans are unfunded as on March 31, 2022 and March 31, 2021.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2022	March 31, 2021
Funded Plans		
Present value of funded obligations	308.75	309.97
Fair value of plan assets	309.72	297.87
Net Deficit (A)	**(0.96)**	12.10
Unfunded Plans (B)	**55.09**	49.14
Total Deficit (A) + (B)	**54.12**	61.24

27 Income Taxes

(a) Income tax expense

(a) Income tax expense		
Current tax		
Current tax on profits for the year	846.57	515.57
Total current tax expense	**846.57**	515.57
Deferred tax		
Deferred tax expense/(benefit) for the year	(0.54)	(12.92)
Total deferred tax expense/(benefit)	**(0.54)**	(12.92)
Income tax expense	**846.03**	502.65
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	2,630.31	1,527.50
Tax at the Indian tax rate of 25.168% (2020-2021- 25.168%)	**662.00**	384.44

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

27 Income Taxes (Continued...)

Particulars	March 31, 2022	March 31, 2021
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 (net of 80G benefit)	7.02	3.33
-Deduction u/s 24 of IT Act (Income from house property)	(1.35)	(1.33)
-Others	(17.58)	2.08
Deferred tax asset not recognised on accumulated unabsorbed tax losses in overseas subsidiaries	173.76	133.38
Tax impact of EPSAC Business transfer from one entity to another group entity	8.24	-
Non-taxable Government grants	-	(49.61)
Effect of differential overseas tax rate*	13.06	28.66
Others	0.88	1.70
Income tax expense	**846.03**	**502.65**

(c) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts.

***Applicable tax rates in the following subsidiaries that are material are as follows:**		
United Arab Emirates (UAE)	0.00%	0.00%
Australia	30.00%	30.00%
Italy	24.00%	24.00%
Belgium	25.00%	25.00%
United State of America (USA)	26.50%	26.50%

(b) Income Tax Assets/Liabilities

Non-current tax assets (Net)	**8.16**	**19.71**
Current Tax Liabilities (Net)	**259.07**	**198.70**
Net tax asset/ (liability) at the end of the year	**(250.91)**	**(178.99)**
Opening Balance	**(178.99)**	**52.96**
Add: Tax paid (net of refund received)- refer note below	784.20	287.08
Less: Current tax payable for the year	(846.57)	(515.57)
Less: Current tax payable on gain on sale of treasury shares recognised directly in retained earnings	(3.82)	-
Less: Income tax on other comprehensive income	(5.73)	(3.46)
Net Current tax asset/(liability) at the end of the year	**(250.91)**	**(178.99)**

Note: Tax paid for the year ended March 31, 2021 is net of refund received by the Holding Company during the year amounting to ₹ 182.43 million.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

27 Income Taxes (Continued...)

(c) Deferred Tax Asset/Liabilities

Particulars	Deferred Tax Asset (Net)		Deferred Tax Liabilities (Net)	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
Depreciation	3.84	(68.99)	110.60	56.27
Right of use assets	(4.62)	(89.12)	92.78	31.56
Foreign exchange forward contracts	(4.28)	(6.18)	–	–
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	26.99	21.08	–	–
Provision for Warranty	33.33	25.42	–	–
Allowance for doubtful debts	17.14	19.02	(2.70)	–
Lease liabilities	5.77	95.30	(100.39)	(33.45)
VRS	–	7.95	–	–
Other timing differences	13.63	17.52	(14.97)	(33.60)
Accumulated Loss	–	49.51	(25.86)	–
Unrealised Gain in Stock	82.90	74.11	–	–
	174.70	**145.62**	**59.46**	**20.78**

The group has recognised deferred tax assets on carried forward losses of Elgi Compressors USA Inc. The group has concluded that deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and the budgets of the respective subsidiaries. The losses can be carried forward till financial year ending March 31, 2034, for Elgi Compressors USA Inc, as per the local regulations and the group expects to recover the losses.

The gross movement in the deferred income tax account for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	March 31, 2022	March 31, 2021
Net deferred tax (asset)/ liability at the beginning of the year	**(124.84)**	**(120.85)**
(Credits) / charge in profit and loss relating to temporary differences	(0.54)	(12.92)
(Credits) / charge in other comprehensive income relating to temporary differences	7.95	3.78
Translation differences	2.19	5.15
Net deferred tax (asset)/liability at the end of the year	**(115.24)**	**(124.84)**

Tax losses		
Unused accumulated tax losses for which no deferred tax asset has been recognised	1,542.25	851.83
Potential tax benefit at 25%	385.56	212.96

Certain subsidiaries of the group have undistributed earnings, which if distributed, would be subject to tax. An assessable temporary difference exists but, no deferred tax liability has been recognised as the parent entity is able to control the timing of the distribution from the subsidiaries. These subsidiaries are not expected to distribute the dividends out of accumulated earnings in the foreseeable future.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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28 Other current liabilities

Particulars	March 31, 2022	March 31, 2021
Contract liabilities	241.47	192.26
Statutory payable	117.32	85.57
Rental advances received	1.50	1.50
Other liabilities	32.77	22.10
	393.06	**301.43**

29 Revenue from operations

The group derives following types of revenue:		
Revenue from contracts with customers		
Sale of products	23,354.26	17,601.29
Sale of services	1,727.06	1,525.17
Other operating revenues	165.74	114.04
Total	**25,247.06**	**19,240.50**

The group has disaggregated revenue from contracts with customers for the year ended March 31, 2022 and March 31, 2021 by nature of product and geography. The group believes that disaggregation best depicts how the nature and cash flows are effected by industry, market and other economic factors. Refer note 41 Segment information for information related to disaggregation of revenue.

30 Other Income

Interest income – Bank Deposits	91.33	87.05
Interest income – Others	12.45	6.47
Dividend income*	0.50	0.25
Profit on sale of assets	155.52	4.43
Government grants	–	20.10
Rental receipts	18.15	11.95
Net Gain on foreign currency transaction and translation (other than considered as finance cost)	210.03	55.88
Miscellaneous income (net)	61.76	48.85
	549.74	**234.98**

*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*	1,376.69	1,056.52
Purchases	11,803.19	7,700.36
	13,179.88	**8,756.88**
Less:		
Inventory of materials at the end of the year*	1,676.37	1,376.69
	11,503.51	**7,380.19**

*Excluding R & D inventory.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

32 Purchases of stock-in-trade

Particulars	March 31, 2022	March 31, 2021
Oil	327.17	237.63
Others	2,842.22	2,351.48
	3,169.39	**2,589.11**

33 Changes in inventory

Opening inventory*		
-Finished goods	1,408.66	1,651.00
-Work-in-progress	203.83	242.80
-Stock- in-trade	323.06	348.15
Closing inventory*		
-Finished goods	2,367.62	1,408.66
-Work-in-progress	320.33	203.83
-Stock- in-trade	350.21	323.06
	(1,102.61)	**306.40**

*Excluding R & D inventory.

34 Employee benefit expenses

Salaries, wages and bonus*	4,421.43	3,728.51
Contribution to Provident fund & Superannuation scheme	145.36	127.59
Gratuity (Refer note 26(a))	27.93	27.61
Post employment pension benefits (refer note 26(a))	25.36	27.79
Voluntary Retirement scheme (VRS)	-	36.85
Employee stock option expense (refer note 47)	8.83	2.81
Staff welfare expenses	210.56	166.26
	4,839.47	**4,117.42**

*net of Government grants recognised during the year ended March 31, 2021 amounting to ₹ 241.51 million.

35 Finance costs

Interest expenses (relating to lease liabilities)	27.57	27.90
Interest expenses (other financing arrangements)	83.54	106.93
	111.11	**134.83**

36 Depreciation and amortisation expense

Depreciation of property, plant and equipment	444.92	439.55
Depreciation on investment properties	0.05	0.05
Depreciation of right of use assets	182.02	164.72
Amortisation of intangible assets	117.94	139.06
	744.93	**743.38**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

37 Other expenses

Particulars	March 31, 2022	March 31, 2021
Packing & forwarding	325.48	172.68
Consumption of stores	121.35	77.52
Tools consumed	72.97	48.62
Commission	256.74	158.11
Repairs and maintenance		
-Building	43.99	40.37
-Plant and machinery	87.81	55.18
-Others	210.70	171.42
Communication expenses	56.64	49.06
Power and fuel	207.58	166.52
Transport charges	805.72	495.25
Travelling & conveyance	202.38	119.16
Insurance	90.77	86.90
Advertisement & publicity	127.29	87.10
Printing and stationery	30.51	23.28
Research & development material cost	58.02	71.39
After sales expenses	284.05	190.92
Factory expenses	23.32	18.06
Rates and taxes	29.30	26.08
Payment to the auditors (refer 37(a))	6.30	6.30
Subscription & membership	16.89	11.13
CSR expenses	27.87	26.23
Rent	47.74	59.79
Legal and consultancy charges (refer note 47)	445.26	271.86
Contract staffing	142.02	95.77
Directors' sitting fees	2.41	2.86
Bank charges	19.23	14.90
Excise duty	-	2.82
Assets condemned & written off/ loss on sale of assets	-	0.48
Bad debts and allowance for doubtful debts	21.39	34.46
Loss recognised on loss of control over subsidiary	19.18	-
Miscellaneous expenses	130.96	106.59
	3,913.87	**2,690.81**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
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37 (a) Details of payment to auditors

Particulars	March 31, 2022	March 31, 2021
Payment to auditors		
-audit fees	4.65	4.65
-limited review	1.05	1.05
-other services	0.30	0.30
-reimbursement of out of pocket expenses	0.30	0.30
	6.30	**6.30**

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
-Equity instruments*	-	107.99	-	-	85.02	-
Loans	-	-	106.16	-	-	114.42
Trade receivables	-	-	4,718.82	-	-	3,997.32
Cash and other bank balances	-	-	2,198.46	-	-	2,620.89
Deposits with financial institutions	-	-	585.00	-	-	430.00
Derivative financial asset	17.00	-	-	24.57	-	-
Security deposits	-	-	65.48	-	-	69.15
Others	-	-	42.80	-	-	63.52
Total financial assets	**17.00**	**107.99**	**7,716.72**	**24.57**	**85.02**	**7,295.30**
Financial liabilities						
Borrowings	-	-	3,714.96	-	-	3,983.57
Trade payables	-	-	3,186.61	-	-	2,889.24
Dealer deposits	-	-	33.08	-	-	32.33
Derivative financial liabilities	-	7.33	-	-	34.02	-
Employee benefit expenses payable	-	-	684.18	-	-	558.43
Others	-	-	42.10	-	-	33.57
Total financial liabilities	-	**7.33**	**7,660.93**	-	**34.02**	**7,497.14**

*The equity shares which are not held for trading and for which the group has made irrevocable election at initial recognition to recognise the changes in fair value through Other Comprehensive Income (OCI) rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

38 Fair value measurements (Continued...)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges					
Foreign exchange forward contracts	16	-	17.00	-	17.00
Financial Investments at FVOCI:					
Quoted Equity Investments	6	107.97	-	-	107.97
Unquoted Equity Investments	6	-	-	0.02	0.02
Total financial assets		**107.97**	**17.00**	**0.02**	**124.99**
Financial liabilities					
Derivatives designated as hedges					
Interest rate swap	22 , 25	-	7.33	-	7.33
Total financial liabilities		**-**	**7.33**	**-**	**7.33**

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

As at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	7,15	-	-	106.16	106.16
Security deposits	8,16	-	-	65.48	65.48
Total financial assets		-	-	**171.64**	**171.64**
Financial Liabilities					
Borrowings	21 (a)	-	-	822.90	822.90
Total financial liabilities		-	-	**822.90**	**822.90**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives not designated as hedges					
Foreign exchange forward contracts	16	-	24.57	-	24.57
Financial Investments at FVOCI:					
Quoted Equity Investments	6	84.89	-	-	84.89
Unquoted Equity Investments	6	-	-	0.13	0.13
Total financial assets		**84.89**	**24.57**	**0.13**	**109.59**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

38 Fair value measurements (Continued...)

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivatives designated as hedges					
Interest rate swap	22,25	-	34.02	-	34.02
Total financial liabilities		**-**	**34.02**	**-**	**34.02**

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

As at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	7,15	-	-	114.42	114.42
Security deposits	8,16	-	-	69.15	69.15
Total financial assets		**-**	**-**	**183.57**	**183.57**
Financial Liabilities					
Borrowings	21 (a)	-	-	1,093.20	1,093.20
Total financial liabilities		**-**	**-**	**1,093.20**	**1,093.20**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

38 Fair value measurements (Continued...)

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2022		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	106.16	106.16	114.42	114.42
Security deposits	65.48	65.48	69.15	69.15
Total financial assets	**171.64**	**171.64**	**183.57**	**183.57**
Financial Liabilities				
Borrowings	822.90	822.90	1,093.20	1,093.20
Total financial liabilities	**822.90**	**822.90**	**1,093.20**	**1,093.20**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, deposits with financial institutions, current borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature and in the case of borrowings due to fact that they are subject to variable rate of interest.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value. The borrowings carry a variable rate of interest and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current years profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposit with financial institutions, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of bank/ Financial institutions deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk-foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Foreign exchange forward contracts
Market risk- Interest rate	Long term borrowings at Variable rates	Sensitivity analysis	Interest rate swaps
Market risk- security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group's risk management is carried out by a central treasury department under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and hedged item. This will effectively result in recognising interest expense at the fixed interest rate for the hedged floating rate loans.

(A) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed at individual company level. In relation to banks and financial institutions, only high rated banks/ institutions are accepted.

The group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

(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. However, the group has not obtained any such securities for its trade receivables outstanding at the reporting date.

(iii) Impairment of financial assets

The group provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision		
Internal rating	**Category**	**Description of category**	**Investments**	**Loans and deposits**	**Trade receivables**
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.		Asset is written off	

For the years ended March 31, 2022 and March 31, 2021

a) Expected credit loss for loans, security deposits and investments

During the year ended March 31, 2022 and March 31, 2021 the estimated gross carrying amount at default is ₹ Nil.

b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the group based on the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 01, 2020	**55.41**
Changes in loss allowance	33.82
Loss allowance on March 31, 2021	**89.23**
Changes in loss allowance	11.02
Loss allowance on March 31, 2022	**100.25**

(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 had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2022	March 31, 2021
Floating rate		
Expiring within one year (including other facilities)	4,124.96	2,919.24

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2022						
Non-derivatives						
Borrowings	774.83	465.35	1,896.79	281.92	296.07	3,714.96
Lease liabilities	41.16	41.16	82.32	164.64	313.96	643.24
Trade payables	3,186.61	–	–	–	–	3,186.61
Other financial liabilities	759.36	–	–	–	–	759.36
Total non-derivative liabilities	**4,761.96**	**506.51**	**1,979.11**	**446.56**	**610.03**	**8,304.17**
Derivatives (Net settled)	1.57	–	–	–	5.76	7.33
Total derivative liabilities	**1.57**	**–**	**–**	**–**	**5.76**	**7.33**
March 31, 2021						
Non-derivatives						
Borrowings	1,073.83	1,215.22	882.91	236.50	575.11	3,983.57
Lease liabilities	39.85	39.85	79.71	159.41	344.79	663.61
Trade payables	2,889.24	–	–	–	–	2,889.24
Other financial liabilities	624.33	–	–	–	–	624.33
Total non-derivative liabilities	**4,627.25**	**1,255.07**	**962.62**	**395.91**	**919.90**	**8,160.75**
Derivatives (Net settled)	1.89	1.89	3.78	7.56	18.90	34.02
Total derivative liabilities	**1.89**	**1.89**	**3.78**	**7.56**	**18.90**	**34.02**

(c) Market risk

(i) Foreign currency risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, AUD, BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

(Amounts in million in respective currencies)

Particulars	March 31, 2022					March 31, 2021				
	USD	EUR	AUD	BRL	RMB	USD	EUR	AUD	BRL	RMB
Financial assets										
Trade receivables	15.02	13.73	3.10	6.59	-	11.96	6.30	2.40	2.70	-
Loans (including accrued interest)	7.78	-	-	12.90	-	7.45	0.12	-	14.53	-
Cash and Cash equivalent	0.55	-	-	-	-	0.07	-	-	-	-
Net exposure to foreign currency risk (assets)	**23.35**	**13.73**	**3.10**	**19.49**	-	**19.48**	**6.42**	**2.40**	**17.23**	-
Financial liabilities										
Trade payables	1.41	0.60	0.35	0.21	4.14	1.29	0.66	-	-	11.67
Net exposure to foreign currency risk (liabilities)	**1.41**	**0.60**	**0.35**	**0.21**	**4.14**	**1.29**	**0.66**	-	-	**11.67**

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, 2022	March 31, 2021
USD sensitivity		
Functional currency/USD Increases by 5%	62.23	49.75
Functional currency/USD decreases by 5%	(62.23)	(49.75)
EURO sensitivity		
Functional currency/EURO Increases by 5%	41.17	18.49
Functional currency/EURO decreases by 5%	(41.17)	(18.49)
AUD sensitivity		
Functional currency/AUD Increases by 5%	5.83	4.99
Functional currency/AUD decreases by 5%	(5.83)	(4.99)
BRL sensitivity		
Functional currency/BRL Increases by 5%	11.53	3.63
Functional currency/BRL decreases by 5%	(11.53)	(3.63)
RMB sensitivity		
Functional currency/RMB Increases by 5%	(1.85)	(4.87)
Functional currency/RMB decreases by 5%	1.85	4.87

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 long term borrowings with variable rates, which exposes the group to cash flow interest rate risk. During the year ended March 31, 2022 and March 31, 2021, the groups borrowings at variable rate are mainly denominated in USD and AUD.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in the market interest rate.

At the end of the reporting period the group has following variable rate long term borrowings and interest rate swap contracts outstanding,

	March 31, 2022		March 31, 2021	
Particulars	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan - Variable rate borrowings				
-USD	2.00%	366.63	2.00%	441.29
-AUD	1.65%	456.27	1.77%	574.59
Interest rate swap				
-AUD	4.45%	(456.27)	4.45%	(574.59)
		366.63		**441.29**

The analysis for maturities of borrowings is provided in the note no 37 B(ii) above.

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

	Impact on Profit after tax		Impact on other components of equity	
Particulars	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest rate increase by 50 basis points*	(1.35)	(1.62)	(7.36)	(8.76)
Interest rate decrease by 50 basis points*	1.35	1.62	7.36	8.76

*Holding all other variables constant

Impact of Hedging activities

a) Disclosure of effects of hedge accounting of Interest rate swap on financial position:

Particulars	March 31, 2022	March 31, 2021
Type of hedge & risk	Cash Flow Hedge -Interest rate risk	Cash Flow Hedge -Interest rate risk
Nominal Value		
-Assets	456.27	574.59
-Liabilities	-	-
Carrying amount of hedging Instrument		
-Assets	-	-
-Liabilities	7.33	34.02
Maturity Date	August 2018-July 2025	August 2018-July 2025
Hedge ratio	1:1	1:1
Rate	4.45%	4.45%
Change in fair value of hedging instrument (net of tax)	12.54	(3.66)
Change in value of hedging instrument used as basis for recognising hedge effectiveness	(12.54)	3.66

Refer table below in relation to disclosures of effect of hedge accounting on financial performance.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

39 Financial risk management (Continued...)

(b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2022	March 31, 2021
Cash flow hedging reserve		
Opening balance	**(20.81)**	**(29.63)**
Add: Changes in fair value of interest rate swaps	12.54	(3.66)
Less: Amounts of loss reclassified to profit or loss	13.96	16.26
Less: Deferred tax asset relating to above (net)	(7.95)	(3.78)
Closing balance	**(2.26)**	**(20.81)**

(ii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the group's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the group's equity instruments moved in line with the index.

	Impact on other components of equity	
Particulars	March 31, 2022	March 31, 2021
NSE Nifty 50-increase 5%	5.40	4.24
NSE Nifty 50-decrease 5%	(5.40)	(4.24)

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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

40 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings and lease liabilities net of cash and cash equivalents and deposits with Banks and Financial Institutions) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the group is as follows:

Particulars	March 31, 2022	March 31, 2021
Net debt (refer note 21)	1,574.74	1,596.29
Total equity	10,325.13	8,698.86
Net debt to equity ratio	**15.3%**	**18.4%**

(i) Loan covenants

The group has complied with all the loan covenants throughout the reporting period.

(b) Dividends

(i) Equity shares		
Final dividend for the year ended March 31, 2021	253.33	–
(ii) Dividends not recognised at the end of the reporting period		
For the year ended March 31, 2021, directors had recommended the payment of a final dividend of ₹ 0.80 per fully paid equity share. As at March 31, 2021 this proposed dividend was subject to the approval of shareholders in the annual general meeting.	–	253.53
Subsequent to the year end, the directors have recommended the payment of a final dividend of ₹ 1.15 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	364.45	–

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

41 Segment Information

(a) Description of segments and principal activities

The chief operating decision maker (CODM) (i.e. the Managing Director of Elgi Equipments Limited) examines the group's performance from a product perspective and has identified two reportable segments of its business:

(a) Air compressors

(b) Automotive equipments

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2022	March 31, 2021
Air Compressors	23,275.66	17,694.53
Automotive equipments	1,988.60	1,547.32
Less: Inter segment revenue	(17.20)	(1.35)
Income from operations	**25,247.06**	**19,240.50**

(c) Segment profit before tax

Segment profit before tax is measured as the profit before other income, interest expense and share of net profit of joint ventures accounted for using the equity method.

Air Compressors	2,438.84	1,379.09
Automotive equipments	178.25	133.77
Add/(Less): Inter segment profit/(loss)	0.04	0.48
Total	**2,617.13**	**1,513.34**
Share of net profit of joint ventures accounted for using the equity method	13.18	14.16
Total profit before tax	**2,630.31**	**1,527.50**

(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	18,230.32	16,390.70
Automotive equipments	1,428.09	1,290.27
Less: Inter segment assets	(9.25)	(13.87)
Total Segment Assets	**19,649.16**	**17,667.10**

(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	8,923.38	8,615.90
b) Automotive equipments	411.29	367.56
Less: Inter segment liabilities	(10.64)	(15.22)
Total Segment Liabilities	**9,324.03**	**8,968.24**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(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, 2022	March 31, 2021
a) Air Compressors	9,306.94	7,774.80
b) Automotive equipments	1,016.80	922.71
Add: Inter segment capital employed	1.39	1.35
Total Capital employed	**10,325.13**	**8,698.86**

Note:

i) The group has provided the segment information to the extent consistently reviewed by the CODM.
ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.
iii) Previous year segment information have been presented in accordance with current year classification.

(g) Disaggregation of revenue from contracts with customers

Geography	Total revenue (A)	Inter-company revenue (B)	Revenue from external customers (A)+(B)
March 31, 2022			
India	13,553.32	(68.64)	13,484.68
Other regions			
Americas	7,924.36	(2,046.29)	5,878.07
Europe	4,196.93	(1,710.51)	2,486.42
Australia	1,693.30	(462.33)	1,230.97
Others	2,702.47	(535.55)	2,166.92
	30,070.38	**(4,823.32)**	**25,247.06**
March 31, 2021			
India	10,056.26	(89.47)	9,966.79
Other regions			
Americas	5,571.00	(899.06)	4,671.94
Europe	2,407.86	(649.96)	1,757.90
Australia	1,807.91	(382.10)	1,425.81
Others	1,715.35	(297.29)	1,418.06
	21,558.38	**(2,317.88)**	**19,240.50**

(h) The total non-current assets other than financial instruments, investments accounted under equity method and deferred tax assets broken down by location of assets is shown below:

Particulars	March 31, 2022	March 31, 2021
India	2,461.79	2,540.99
Americas	1,821.96	1,839.01
Europe	778.57	760.85
Australia	541.44	598.02
Others	91.62	96.39
Total non-current assets	**5,695.38**	**5,835.26**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(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 March 31, 2022 %	Ownership interest held by the group March 31, 2021 %	Principal Activities
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	-*	100	Trading of air compressors
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	Assembly and 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 France SAS	France	100	100	Marketing of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions LLC	USA	100	100	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

42 Interests in other entities (Continued...)

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

*Closed 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 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 Limited.

The principal place of business of the joint operations is in India.

(i) Significant judgement: classification of joint arrangements

The joint venture 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 entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

(c) Joint Venture

Set out below are the associates and joint ventures of the group as at March 31, 2022 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Principal Place of business	Proportion of the ownership interest	Relationship	Quoted fair value		Carrying amount	
				March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	83.74	73.36
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	9.29	5.92
Evergreen Compressed Air and Vacuum LLC**	USA	50%	Joint venture	*	*	27.35	12.82
PLA Holding Company LLC**	USA	50%	Joint venture	*	*	59.68	45.31
Immaterial joint ventures (iii) below						20.90	15.24
Total equity accounted investments						**200.96**	**152.65**

*Unlisted entity-no quoted price available.
**jointly controlled entity of Elgi Compressors USA Inc.

Elgi Sauer Compressors Limited was set up as a company together with JP Sauer & Sohn Maschinenbau GMBH to sell compressors and their parts along with rendering engineering services.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

42 Interests in other entities (Continued...)

Industrial Air Solutions LLP was set up as Limited liability partnership in India with Mr. Rajeev Sharma.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr.Michael Keim for a share of 50% each. The joint venture is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called Compressed Air Solutions of Texas, LLC, with Mr.Bryan Becker for a share of 50% each. The joint venture is a distributor of products for compressed air systems mainly in the state of Texas.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called PLA Holding Company, LLC, with Mr. Jeffery Brandon Todd for a share of 50% each. The joint venture was formed in the state of North Carolina. PLA Holding Company, LLC, wholly owns Pattons of California, LLC, a California company which is a distributor of products for compressed air systems mainly in the state of California.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has set up a joint venture called G3 Industrial Solutions, LLC, with Mr.Chad Gooding and Mr.Luke Johnson for a share of one third for each. The joint venture is a distributor of products for compressed air systems mainly in the states of Kansas city and Missouri.

In July 2021, 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.

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2022	March 31, 2021
Commitments – joint ventures		
Capital commitments	40.69	-
Contingent liabilities – joint ventures		
Share of joint ventures contingent liabilities in respect of legal matters against the entity and guarantees	23.46	24.63

(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 acqu isition 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Current assets								
Cash and cash equivalents	65.85	153.41	27.90	26.52	3.08	4.13	5.81	25.78
Other assets	331.94	195.86	70.65	44.23	41.34	19.23	92.62	56.13
Total current assets	**397.79**	**349.27**	**98.55**	**70.75**	**44.42**	**23.37**	**98.43**	**81.91**
Total non-current assets *	**60.89**	**57.33**	**12.52**	**14.24**	**9.52**	**10.91**	**38.91**	**33.16**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

42 Interests in other entities (Continued...)

Current liabilities								
Financial liabilities (excluding trade payables)	31.93	35.38	1.90	2.70	1.60	1.35	10.63	**0.05**
Other liabilities	102.61	85.71	56.77	43.18	9.33	6.47	62.16	**60.71**
Total current liabilities	**134.54**	**121.09**	**58.67**	**45.88**	**10.93**	**7.82**	**72.79**	**60.76**
Non-current liabilities								
Employee benefit obligations & Others	1.96	3.26	-	-	6.96	7.53	-	-
Total non-current liabilities	**1.96**	**3.26**	**-**	**-**	**6.96**	**7.53**	**-**	**-**
Net assets	**322.18**	**282.25**	**52.40**	**39.11**	**36.05**	**18.93**	**64.55**	**54.31**

**Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.*

Reconciliation to carrying amounts	**Elgi Sauer Compressors Limited***		**Industrial Air Solutions LLP**		**Evergreen Compressed Air and Vacuum LLC**		**PLA Holding Company LLC**	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Share Capital-Opening	6.50	6.50	8.00	8.00	18.86	18.86	14.62	-
Capital Investments	-	-	-	-	-	-	-	**14.62**
Share Capital-Closing (A)	**6.50**	**6.50**	**8.00**	**8.00**	**18.86**	**18.86**	**14.62**	**14.62**
Share Capital- Class B Interest* (B)	**-**	**-**	**-**	**-**	**21.69**	7.31	**66.69**	43.04
Other Equity-Opening	275.75	237.23	31.11	26.09	(7.24)	**(8.30)**	(3.35)	-
Profit for the year	98.50	79.49	23.97	11.70	2.55	**1.40**	(14.22)	(3.40)
Other comprehensive income**	1.05	(1.64)	-	-	-	-	-	-
Interest on capital	-	-	(0.61)	(0.70)	-	-	-	-
Dividends paid including dividend distribution tax and Partners Drawings	(59.62)	(39.33)	(10.07)	(5.98)	-	-	-	-
Translation difference	-	-	-	-	0.19	(0.34)	0.81	0.05
Other Equity-Closing (C)	**315.68**	**275.75**	**44.40**	**31.11**	**(4.50)**	**(7.24)**	**(16.76)**	**(3.35)**
Closing net assets ((A)+(B)+(C))	**322.18**	**282.25**	**52.40**	**39.11**	**36.05**	**18.93**	**64.55**	**54.31**
Group's share in % **[D]**	26%	26%	50%	50%	50%	50%	50%	50%
Group's share in Share Capital in INR millions (including Class B interest) **[A*D+B]**	1.69	1.69	4.00	4.00	31.12	16.74	74.00	50.35
Group's share in Other Equity in INR millions **[C*D]**	82.08	71.69	22.19	15.55	(2.25)	(3.62)	(8.38)	(1.68)
Unrealised profit in stock	(0.03)	(0.02)	(16.90)	(13.63)	(1.52)	(0.30)	(5.94)	(3.36)
Carrying amount	**83.74**	**73.36**	**9.29**	**5.92**	**27.35**	**12.82**	**59.68**	**45.31**

**Class B shares have certain preferences over the ordinary equity shareholders.*

***Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.*

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

42 Interests in other entities (Continued...)

	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
Summarised statement of profit and loss	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Revenue	442.52	425.13	394.83	302.76	118.49	84.31	183.11	100.80
Interest income	6.38	3.12	0.26	0.14	–	–	–	–
Depreciation and amortisation	1.14	1.15	1.91	(2.04)	1.89	–	0.47	(0.24)
Income tax expense	30.42	27.08	12.88	6.28	–	0.40	–	–
Profit for the year	**98.50**	**79.49**	**23.97**	**11.70**	**2.55**	**1.40**	**(14.22)**	**(3.40)**
Other comprehensive income*	1.05	(1.64)	–	–	–	–	–	–
Total comprehensive income	**99.55**	**77.85**	**23.97**	**11.70**	**2.55**	**1.40**	**(14.22)**	**(3.40)**

**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, 2022**	**March 31, 2021**
Aggregate carrying amount of individually immaterial joint ventures	**20.90**	15.24
Aggregate amounts of group's share of:		
Profit for the year (net of Unrealised profits on stock)	(8.24)	(4.93)
Other comprehensive income	–	–
Total comprehensive income	**(8.24)**	**(4.93)**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

43 Related party transactions

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

(i) Where control exists:

Subsidiaries Interests in subsidiaries are set out in note 42.

(ii) Other related parties with whom transactions have taken place during the year

Joint venture	Elgi Sauer Compressors Limited
	Industrial Air Solutions LLP
	Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	Compressed Air Solutions of Texas, LLC (jointly controlled entity of Elgi Compressors USA Inc.)
	PLA Holding Company LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Patton's Of California LLC. (wholly owned subsidiary of PLA Holding Company LLC.)
	G3 Industrial Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
	Gentex Air Solutions, LLC. (jointly controlled entity of Elgi Compressors USA Inc.)
Post employment benefit plan	Elgi Equipments Gratuity Fund
(Refer note 26(a))	Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Ltd
	Mr. Anvar Jay Varadaraj, Executive Director, Elgi Equipments Ltd [with effect from August 02, 2021]
	Mr. Ragunathan K, Company Secretary [till August 03, 2021]
	Mr. Prakash S, Company Secretary [with effect from August 03, 2021]
	Non-Executive Directors
	Mr. N. Mohan Nambiar
	Dr. T.Balaji Naidu [till January 21, 2022]
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Mrs. Aruna Thangaraj

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

43 Related party transactions (Continued...)

Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited
	Elgi Ultra Industries Limited
	Elgi Ultra Limited
	Ellargi & Co
	Elgi Rubber Company Limited
	LGB Forge Limited
	Pricol Travels Limited
	Festo Controls Private Limited
	Magna Electro Castings Limited
	LGB Fuel Systems Private Limited
	AGT Electronics Limited
	Super Transports Private Limited
	Elgi Automotive Services Private Limited

(b) Particulars of transactions with related parties

Description	Joint Ventures & Others		Key Management Personnel		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Transactions during the year						
Purchase of goods	29.25	15.04	-	-	29.25	15.04
Sale of goods	581.96	331.52	-	-	581.96	331.52
Receiving of services	15.31	11.96	-	-	15.31	11.96
Providing of services	16.86	10.02	-	-	16.86	10.02
Interest received	0.66	-	-	-	0.66	-
Reimbursement of expenses						
To related parties	2.38	2.38	-	-	2.38	2.38
By related parties	1.01	0.41	-	-	1.01	0.41
Investments	55.36	77.73	-	-	55.36	77.73
Proceeds from buy back of FVOCI Equity instruments	-	2.37	-	-	-	2.37
Dividends received	20.65	14.22	-	-	20.65	14.22
Dividends paid	10.88	-	-	-	10.88	-
Key management personnel compensation*						
Short-term employee benefits	-	-	44.90	41.30	44.90	41.30
Other long-term benefits	-	-	2.69	1.88	2.69	1.88

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

43 Related party transactions (Continued...)

*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 ₹ 18.17 million and to Executive Director amounting to ₹ 10.04 million (₹ 2.26 million from Elgi Equipments Limited and ₹ 7.78 million from subsidiary Elgi Compressors USA Inc.) is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

	Joint Ventures & Others		Key Management Personnel		Total	
Description	**2021-22**	2020-21	**2021-22**	2020-21	**2021-22**	2020-21
Balances at year end						
Investments accounted for using the equity method	200.96	152.65	–	–	200.96	152.65
Trade receivable at the end of the year	158.69	69.78	–	–	158.69	69.78
Other receivables at the end of the year	1.68	7.33	–	–	1.68	7.33
Payable at the end of the year	4.14	6.50	–	–	4.14	6.50

(c) Terms and conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

44 Contingent liabilities and contingent assets

Contingent liabilities

(i) The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹ 48.80 million and ₹ 108.48 million in India as on March 31, 2022 and March 31, 2021 respectively. The group has deposited ₹ 4.97 million and ₹ 56.35 million against the above mentioned disputes as on March 31, 2022 and March 31, 2021 respectively.

The group has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

(ii) The group had deposited a sum of ₹ 18.80 million with Railways department of the Government of India in respect of a Road Under Bridge (RUB) project undertaken by the Railways near the Holding Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the Company has to bear the full cost or only the differential cost. The group received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. The group filed an appeal against this order before the Division bench and was able to get the stay of the order of the single judge. As the group is reasonably confident of defending the case successfully to a large extent, no provision has been made in the books of account yet.

(iii) The group has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact.

45 Commitments

Capital commitments

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account	189.38	119.16

46 Assets Pledged as security

(a)	Charge on Assets	8,740.80	6,575.17
(b)	Charge on Property, Plant & equipment	1,522.45	1,543.16
(c)	Cash Margin	249.16	242.86
		10,512.41	**8,361.19**

(i) Borrowing secured against current assets

The Company has working capital limits from banks and financial institutions received on the basis of security of current assets as given below.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

46 Assets Pledged as security (Continued...)

Quarter ended/ Name of the Bank	Aggregate working capital limits sanctioned	Nature of current asset offfered as security	Amount disclosed as per quarterly statement	Amount as per books of accounts	Difference*
June 30, 2021		Inventory & Book debts	4,724.24	4,712.30	11.94
– HSBC Bank	375				
– Central Bank of India	235				
– State Bank of India	300				
September 30, 2021			5,390.96	5,345.24	45.72
– HSBC Bank	375				
– Central Bank of India	235				
– State Bank of India	300				
December 31, 2021			5,656.14	5,517.32	138.82
– HSBC Bank	375				
– Central Bank of India	235				
– State Bank of India	300				

* The differences are primarily due to non-consideration of general ledger adjustments such as customer advances, other unadjusted credits and cut off adjustments which have a decreasing effect on the balances reported. This is partially offset by non-consideration of goods in transit, loose tools, spares, provisions for both inventory and book debts and overhead valuation adjustments.

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 Company (Ultimate Beneficiaries) or

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

The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

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

(b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(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, 2022		March 31, 2021	
Particulars	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	100.03	307,600	200.05	160,600
Granted during the year (on August 03, 2021)	225.00	474,300	–	–
Exercised during the year	–	–	–	–
Forfeited during the year	–	–	200.05	6,800
Adjustment for Bonus issue (refer note 19 (iii))	–	–	(100.03)	153,800
Closing balance	**175.83**	**781,900**	**100.03**	**307,600**
Vested and exercisable	–	–	–	–

Share options outstanding at the end of the year March 31, 2022 and March 31, 2021:

		March 31, 2022		March 31, 2021	
Grant date	Expiry date	Exercise price (₹)	Share Options	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	307,600	100.03	307,600
August 3, 2021	September 16, 2024	225.00	474,300	–	–

(a) Grant 1 (307,600 Shares): The remaining contractual life of options outstanding at the end of the year ended March 31, 2022 and March 31, 2021 is 1.18 years and 2.18 years,respectively.

(b) Grant 2 (474,300 Shares):The remaining contractual life of options outstanding at the end of the year ended March 31, 2022 is 2.46 years.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

47 Share based payments (Continued...)

(i) Fair value of options granted

a) Grant 1 (307,600 Shares) dated March 06, 2020:

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹ 27.71 per option after allotment of bonus shares. The fair value of these options before bonus issue were ₹ 55.42. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 included the following:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 200.05

c) Grant date: March 06, 2020

d) Expiry date: June 05, 2023

e) Share price at grant date: ₹ 201.65

f) Expected price volatility of the company's shares: 30.45%

g) Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹ 1.65 per share)

h) Risk-free interest rate: 5.48%

b) Grant 2 (474,300 Shares) dated August 03, 2021:

The fair value at grant date of options granted during the year ended March 31, 2022 is ₹ 65.29 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2022 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 225

c) Grant date: August 03, 2021

d) Expiry date: September 16, 2024

e) Share price at grant date: ₹ 212.50

f) Expected price volatility of the company's shares: 40.41%

g) Expected dividend yield: 0.38% (determined based on latest dividend declared at ₹ 0.80 per share)

h) Risk-free interest rate: 4.98%

The expected volatility is computed using standard deviation of returns of the share prices, for the term equal to residual maturity of the option life.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

47 Share based payments (Continued...)

Total expense arising from the employee stock options plan recognised in profit or loss as a part of employee benefit expenses for March 31, 2022 and March 31, 2021 is:

Particulars	March 31, 2022	March 31, 2021
Employee stock option expense (refer note 34)	8.83	2.81
Legal & Consultancy charges (refer note 37)	0.81	–
Expense carried to statement of profit and loss	**9.64**	**2.81**

48 Earnings per share

(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	5.64	3.24
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	5.64	3.24
(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	1,784.28	1,024.85
Diluted earnings per share		
Profit attributable to equity holders of the Company		
– used in calculating basic earnings per share	1,784.28	1,024.85
– used in calculating diluted earnings per share	1,784.28	1,024.85
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**1,784.28**	**1,024.85**
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.31**	**316.48**
Adjustments for calculation of diluted earnings per share:	0.19	–*
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	316.50	316.48

*As at March 31, 2021, there is no dilution to the Basic Earnings per share as the potential equity shares are anti-dilutive in nature.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

49 Impact of COVID-19 Pandemic:

The spread of COVID-19 impacted businesses around the globe from March 2020 onwards. The situation is constantly evolving and Governments in certain states/countries imposed various restrictions during the previous year and also during certain parts of the current year. The restrictions are being relaxed globally with growing rate of vaccination.

As at March 31, 2022, the Company, its subsidiaries and jointly controlled entities have made detailed assessment of their liquidity position for the next one year and of the recoverability and carrying values of their assets comprising Property, plant and equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that there are no material adjustments required in the consolidated financial results.

The Company, its subsidiaries and jointly controlled entities will continue to monitor any material changes to the future economic conditions.

50 Additional information required by Schedule III

	Net Asset 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, 2022	95%	9,841.28	106%	1,893.59	56%	40.47	104%	1,934.06
March 31, 2021	94%	8,157.24	103%	1,050.93	187%	47.33	105%	1,098.26
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2022	10%	1,008.10	7%	133.53	0%	(0.33)	7%	133.20
March 31, 2021	11%	933.40	10%	97.74	2%	0.42	9%	98.16
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2022	2%	188.48	4%	75.98	0%	–	4%	75.98
March 31, 2021	1%	112.50	0%	(0.91)	0%	–	0%	(0.91)
Ergo Design Private Limited								
March 31, 2022	0%	4.58	0%	0.85	0%	–	0%	0.85
March 31, 2021	0%	3.73	0%	(0.06)	0%	–	0%	(0.06)
Foreign								
Elgi Equipments (Zhejiang) Limited								
March 31, 2022	0%	–	0%	–	0%	–	0%	–
March 31, 2021	0%	0.09	7%	75.17	(12%)	(2.93)	7%	72.24
Elgi Gulf FZE								
March 31, 2022	0%	(25.74)	0%	0.87	(1%)	(0.92)	0%	(0.05)
March 31, 2021	0%	(25.69)	(7%)	(75.22)	0%	(0.06)	(7%)	(75.28)
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2022	0%	(30.94)	3%	58.63	(14%)	(10.48)	3%	48.15
March 31, 2021	(1%)	(79.09)	2%	15.38	37%	9.46	2%	24.84

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

50 Additional information required by Schedule III (Continued...)

	Net Asset 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 Equipments Australia Pty Limited								
March 31, 2022	1%	87.65	3%	60.34	4%	2.57	3%	62.91
March 31, 2021	0%	24.74	5%	54.19	(14%)	(3.46)	5%	50.73
Elgi Compressors Italy S.R.L								
March 31, 2022	8%	867.02	2%	27.94	(27%)	(19.79)	0%	8.15
March 31, 2021	10%	858.87	10%	103.48	80%	20.20	12%	123.68
Rotair SPA								
March 31, 2022	5%	505.43	10%	179.53	(6%)	(4.42)	9%	175.11
March 31, 2021	4%	378.98	4%	43.75	3%	0.81	4%	44.56
Elgi Compressors Europe S.R.L(Consolidated)								
March 31, 2022	(14%)	(1,419.56)	(33%)	(585.11)	49%	35.20	(30%)	(549.91)
March 31, 2021	(10%)	(869.55)	(52%)	(533.52)	(15%)	(3.86)	(51%)	(537.38)
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2022	15%	1,523.55	8%	147.04	71%	51.14	11%	198.18
March 31, 2021	15%	1,325.37	29%	301.72	(154%)	(38.89)	25%	262.83
PT Elgi Equipments Indonesia								
March 31, 2022	0%	43.69	0%	6.02	3%	2.35	0%	8.37
March 31, 2021	0%	35.32	0%	3.62	13%	3.24	1%	6.86
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2022	0%	91.60	1%	15.05	26%	18.87	2%	33.92
March 31, 2021	0%	57.69	10%	97.86	14%	3.57	10%	101.43
Elgi Compressors (M) SDN.BHD.								
March 31, 2022	0%	15.60	0%	(2.42)	0%	0.13	0%	(2.29)
March 31, 2021	0%	–	0%	–	0%	–	0%	–
Joint Ventures (Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited								
March 31, 2022	1%	83.74	1%	25.61	0%	0.27	1%	25.88
March 31, 2021	1%	73.36	2%	20.67	(2%)	(0.43)	2%	20.24
Industrial Air Solutions LLP								
March 31, 2022	0%	9.29	0%	7.73	0%	–	0%	7.73
March 31, 2021	0%	5.92	1%	5.85	0%	–	1%	5.85
Sub-total								
March 31, 2022	**123%**	**12,793.77**	**102%**	**2,045.18**	**161%**	**115.06**	**114%**	**2,160.24**
March 31, 2021	**124%**	**10,992.88**	**124%**	**1,260.65**	**139%**	**35.40**	**125%**	**1,296.05**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

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

50 Additional information required by Schedule III (Continued...)

	Net Asset 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
Add/(less): Consolidation adjustments and inter-Company eliminations								
March 31, 2022	(23%)	(2,468.64)	(2%)	(260.90)	(61%)	(42.64)	(14%)	(303.54)
March 31, 2021	(24%)	(2,294.02)	(24%)	(235.80)	(39%)	(10.10)	(25%)	(245.90)
Total								
March 31, 2022	**100%**	**10,325.13**	**100%**	**1,784.28**	**100%**	**72.42**	**100%**	**1,856.70**
March 31, 2021	**100%**	**8,698.86**	**100%**	**1,024.85**	**100%**	**25.30**	**100%**	**1,050.15**

Note:

(1) Elgi Equipments limited includes the group's share in the assets and results of L.G. Balakrishnan & Bros. and Elgi Services classified as Joint Operations.

(2) Elgi Compressors USA Inc. includes share of profit or loss of joint ventures - Evergreen Compressed Air and Vacuum LLC,Compressed Air Solutions of Texas LLC, PLA Holding Company LLC, G3 Industrial Solutions LLC and Gentex Air Solutions LLC.

51 The Cost of material consumed and purchase of stock-in-trade has been reclassified for the comparative year due to an inadvertent classification earlier. The above reclassification does not have any impact on the reported profits or segment results for the comparative year.

The details are set out below:

Particulars	March 31, 2021
(a) Cost of materials consumed	
As reported earlier	7,055.28
Add: Reclassified from Purchase of stock-in-trade	324.91
Reclassified and reported in the above results	**7,380.19**
(b) Purchases of stock-in-trade	
As reported earlier	2,914.02
Less: Reclassified to Cost of materials consumed	(324.91)
Reclassified and reported in the above results	**2,589.11**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Millions in INR unless otherwise stated)

52 Relationship with struck off companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53 Compliance with number of layers of companies

The group has complied with the number of layers prescribed under the Companies Act, 2013.

54 Previous year figures have been regrouped/reclassified to conform to current year's classification.

For and on behalf of the Board of Directors

N. MOHAN NAMBIAR
Director
DIN: 00003660

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

S PRAKASH
Company Secretary
ACS: A22495

JAYAKANTHAN R
Chief Financial Officer

Place: Coimbatore
Date: May 13, 2022

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 13, 2022

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2022

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

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 statements of subsidiaries :-

Name of the Subsidiary Company	Adisons Precision Instruments Manufacturing Company Limited	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd	Elgi Gulf (FZE)	Elgi Compressors Do BRAZIL IMP. E.EXP.Ltda	Elgi Equipments Australia Pty Limited	Industrial Air Compressors Pty Ltd	F.R.Pulford & Son Pty Ltd	Advanced Air Compressors Pty Ltd
Reporting Currency	**INR**	**INR**	**RMB**	**DHS**	**BRL**	**AUD**	**AUD**	**AUD**	**AUD**
Financial Year of the Subsidiary ended on	31st March 2022	31st March 2022	31st March 2022*	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022
Exchange Rate	1.00	1.00	11.95	20.63	15.98	56.68	56.68	56.68	56.68
Share Capital	10.92	0.90	-	1.78	110.06	0.01	0.01	77.31	0.00**
Reserves and Surplus	177.57	1,007.20	-	(27.52)	(141.00)	87.64	(325.88)	296.51	335.96
Share Application Money pending allotment	-	-	-	-	-	-	-	-	-
Total Liabilities	2.30	420.00	-	319.87	344.74	205.21	776.41	250.07	(200.89)
Total Assets (Excluding Investments)	190.79	1,428.09	-	294.12	313.80	292.81	(228.22)	419.27	135.01
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	0.06	-
Turnover	-	2,022.76	-	527.15	421.30	411.84	-	674.65	328.03
Profit before Tax	84.00	178.25	-	0.87	78.69	86.21	(75.31)	36.47	60.68
Provision for Taxation	8.02	44.73	-	-	20.06	25.86	(22.74)	10.93	18.83
Profit after Tax	75.98	133.53	-	0.87	58.63	60.34	(52.57)	25.54	41.85
Proposed Dividend	-	66.15	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100	100

* Liquidated on 5th July 2021.

** Rounding off below the norm adopted by the group.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2022

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

FORM AOC-1 (Continued...)
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 statements of subsidiaries :-

Name of the Subsidiary Company	Elgi Compressors Italy S.r.l.	Rotair Spa	Elgi Compressors Europe S.R.L	Elgi Compressors Iberia S.L.	Elgi Compressors Eastern Europe sp. z.o.o.	Elgi Compressors France SAS	Elgi Compressors Nordics	Elgi Compressors UK and Ireland Limited
Reporting Currency	**EURO**	**EURO**	**EURO**	**EURO**	**EURO**	**EURO**	**EURO**	**USD**
Financial Year of the Subsidiary ended on	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022
Exchange Rate	83.85	83.85	83.85	83.85	83.85	83.85	83.85	83.85
Share Capital	319.79	50.47	4.19	0.25	0.09	0.84	0.41	-
Reserves and Surplus	547.23	454.95	(1,438.77)	2.90	0.27	3.02	2.39	2.82
Share Application Money pending allotment	-	-	-	-	-	-	-	-
Total Liabilities	63.48	1,300.92	2,914.98	11.78	10.83	15.45	17.61	19.78
Total Assets (Excluding Investments)	64.11	1,806.32	1,477.97	14.94	11.19	19.31	20.40	22.60
Investments (Other than Investments in Subsidiaries)	-	0.02	-	-	-	-	-	-
Turnover	-	2,771.11	1,100.71	66.44	43.25	65.56	49.00	75.18
Profit before Tax	35.44	242.66	(598.54)	3.16	3.00	3.71	2.45	3.58
Provision for Taxation	7.50	63.13	0.18	2.42	2.31	0.60	-	0.68
Profit after Tax	27.94	179.53	(598.73)	0.75	0.70	3.10	2.45	2.90
Proposed Dividend	-	120.74	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2022

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

FORM AOC-1 (Continued...)
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 statements of subsidiaries :-

Name of the Subsidiary Company	Elgi Compressors Southern Europe SRL	Elgi Compressors USA Inc.	Michigan Air Solutions, LLC	Patton’s Inc.	Patton’s Medical LLC.	PT Elgi Equipments Indonesia	Elgi Compressors (M) SDN. BHD.	Ergo Design Private Limited
Reporting Currency	**EURO**	**USD**	**USD**	**USD**	**USD**	**IDR**	**MYR**	**INR**
Financial Year of the Subsidiary ended on	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022	31st March 2022
Exchange Rate	83.85	75.78	75.78	75.78	75.78	0.01	18.03	1.00
Share Capital	0.84	1,088.29	414.01	-	7.58	19.05	17.89	0.10
Reserves and Surplus	3.61	303.10	62.62	1,683.35	(258.51)	24.64	(2.28)	4.48
Share Application Money pending allotment	-	-	-	-	-	-	-	-
Total Liabilities	40.31	4,983.82	164.95	1,431.13	994.26	38.84	2.90	4.82
Total Assets (Excluding Investments)	44.76	3,315.88	641.58	3,106.90	743.33	82.53	18.50	9.39
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	-
Turnover	78.14	3,101.36	733.92	1,533.71	1,108.85	94.95	-	15.34
Profit before Tax	3.71	222.04	(3.03)	(34.23)	36.93	7.85	(2.42)	0.85
Provision for Taxation	-	51.11	(0.99)	(8.56)	9.23	1.83	-	-
Profit after Tax	3.71	170.94	(2.03)	(25.67)	27.70	6.02	(2.42)	0.85
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

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

Part "B" : Associates and Joint Ventures

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures

Sl. No.	Name of Joint Ventures	Elgi Sauer Compressor Ltd	Industrial Air Solutions LLP	Evergreen Compressed Air & Vaccum LLC	PLA Holding Company LLC	Compressed Air Solutions of Texas, LLC	G3 Industrial Solutions, LLC	Gentex Air Solutions LLC	L.G.Balakrishnan & Bros (Firm)	Elgi Services (Firm)
1	Latest Audited Balance Sheet Date	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022
2	Shares if Associate / Joint Ventures held by the Company on the year end :									
	No of Shares	1,68,994								
	Amount of Investment in Associates/Joint Venture	1.69	4.00	31.56	74.94	15.16	13.26	9.09	124.00	0.40
	Extent of Holding	26%	50%	50%	50%	50%	33.33%	33.33%	98%	80%
3	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Operation	Joint Operation
4	Reason why the associate/joint venture is not consolidated	Consolidated to the extent of holding i.,e 26 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 33.33 %	Consolidated to the extent of holding i.,e 33.33 %	Consolidated to the extent of holding i.,e 98 %	Consolidated to the extent of holding i.,e 80 %
5	Networth attributable to Shareholding as per latest audited Balance Sheet *	83.74	9.29	27.35	59.68	8.69	6.26	5.95	124.00	0.40
6	Profit / Loss for the Year *									
	i. Considered in Consolidation	25.61	11.99	1.28	(7.11)	(1.80)	(0.52)	(1.03)	53.83	-
	ii. Not Considered in Consolidation	72.89	11.99	1.28	(7.11)	(1.80)	(1.04)	(2.06)	1.10	-

* Net of profit elimination on Inter-company stock

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Joint Ventures

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INDUSTRIAL AIR SOLUTIONS LLP, 1, R R Industrial Estate, Opposite Shanthi Gears Regd Office, Singanallur, Coimbatore, Tamil Nadu 641005, Tel: 0422 227 1862

Subsidiaries in USA

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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.

Joint Ventures in USA

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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

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