BSE LIMITED PHIROZE JEEJEEBHOY TOWERS DALAL STREET MUMBAI – 400001	NATIONAL STOCK EXCHANGE OF INDIA LIMITED “EXCHANGE PLAZA” BANDRA KURLA COMPLEX BANDRA (E) MUMBAI - 400051
Scrip Code: 522074	Scrip Code: ELGIEQUIP

Dear Sir, DATE : 07-JUL-2021

Sub: Submission of Annual Report for the financial year 2020-21.

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2020-21.

The said Annual Report 2020-21 has also been updated on the Company’s website at www.elgi.com.

Kindly acknowledge the receipt of this letter and update your records.

Thanking you,

For ELGI EQUIPMENTS LIMITED

RAGUNATHAN K
COMPANY SECRETARY

ELGI EQUIPMENTS LIMITED
Trichy Road, Singanallur, Coimbatore - 641005, Tamilnadu, India
T : +91 422 2589 555, W :www.elgi.com, Toll - free No : 1800-425-3544, CIN : L29120TZ1960PLC000351

RESi LIENCE AGi LITY FLEXi BILITY

ANNUAL REPORT
2020-21

ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

61st Annual General Meeting

Board of Directors

Non-Executive Directors

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

Managing Director

Mr. Jairam Varadaraj

Chief Financial Officer

Mr. Ragunathan Gunabooshanam
(Resigned with effect from 22/10/2020)
Mr. Jayakanthan R
(Appointed with effect from 23/10/2020)

Company Secretary

Mr. Ragunathan K
(Appointed with effect from 29/06/2020)

Statutory Auditors

Price Waterhouse Chartered Accountants LLP
Chartered Accountants

Secretarial Auditor

M/s. MDS & Associates,
Company Secretary in Practice

Cost Auditor

M/s. STR & Associates, Cost Accountants

Bankers

Central Bank of India
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited
HDFC Bank Limited
Standard Chartered Bank

Registered Office

Elgi Industrial Complex, Trichy Road,
Singanallur, Coimbatore – 641 005.
Phone : 91-422-2589555
Fax: 91-422-2573697
Website : www.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.

Date of AGM: **2nd Day of August, 2021** | Day: **Monday** | Time: **4.30 PM**

Book Closure dates: **27th July, 2021 to 2nd August, 2021** (both days inclusive)

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Year at a glance

Consolidated Financial Statements

(₹ In Million)

Particulars	2020-21	2019-20
Income		
Revenue from operations	19,240	18,294
Other income	235	132
Total income	**19,475**	**18,426**
Expenditure		
a. (Increase) / Decrease in inventories	306	(297)
b. Consumption of raw materials	9,970	10,103
c. Staff cost	4,117	4,046
d. Other expenditure	2,691	3,083
Finance Cost	135	155
Depreciation / Amortisation	743	652
Total expenditure	**17,962**	**17,743**
Profit / Loss		
Profit / Loss Before Tax	1,513	683
Tax expenses	502	270
Share of profit from joint ventures	14	12
Net Profit	**1,025**	**426**
Others		
Paid up Equity share capital	317**	158
Reserves and surplus	8,382	7,531
Capital expenditure	312	439
Cash flow from operations	2,400	355
Basic EPS (in ₹)	3.2	1.34
Dividend per share (in ₹)	0.8*	1.7
No. of shareholders	27648	18289
No. of employees	2142	2247

* Proposed Dividend
** After issue of bonus shares

19,240
Revenue

1,025
Net profit

Notice of the 61st Annual General Meeting

NOTICE is hereby given that the 61st Annual General Meeting of the Shareholders of the Company will be held on **Monday, 2nd August, 2021 at 4:30 PM Indian Standard Time (IST)** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") without the in-person presence of shareholders to transact the following business(es):

Ordinary Business:

1. To receive, consider and adopt the standalone and consolidated audited financial statements including statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the financial year ended 31st March, 2021, the balance sheet as at that date, the reports of the Board of Directors and the auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2021.
3. To appoint a Director in the place of Dr.T.Balaji Naidu (DIN: 00002755), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

4. 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 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. 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 31st March, 2022 on a remuneration of Rs. 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.

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

RESOLVED THAT pursuant to Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) read with Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the shareholders of the Company be and is hereby accorded for payment of consultancy fees not exceeding Rs.21,60,000/- exclusive of applicable taxes to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-Executive Director for rendering services in the nature of Business Process Consulting with effect from 1st April, 2021 to 31st March, 2022.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all 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 an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for the appointment of Mr. Anvar Jay Varadaraj (DIN: 07273942) as the Executive Director of the Company for a period of 5 years with effect from 2nd August, 2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings.

1. A total remuneration not exceeding USD 3,50,000 per annum. The amount of USD 3,50,000 is on a cost to the Company basis and is inclusive of:

a. Bonus and all perquisites as applicable to all Senior Managerial Personnel of the Company.

b. Company's contribution towards PF, Gratuity and Superannuation Fund at rates to be from time to time.

2. Of the total remuneration, 30% is variable component and the rest is guaranteed pay.

3. The guaranteed pay will be structured based on the Company's policy and the current pay structure as applicable to Senior Managerial Personnel.

4. The quantum of variable pay would be linked to the achievement of specified performance parameters, similar to the scheme applicable to other Senior Managerial Personnel for each of the next 5 years.

5. The annual increment would be decided on the same principles / methodology adopted for other Senior Managerial Personnel for each of the next 5 years. However, the total cost to the Company shall not exceed in any given year, an amount of USD 3,50,000.

6. The overall remuneration as stated above shall not exceed the limits as specified under Section 197 of the Companies Act, 2013 and Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable and amended from time to time.

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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms of appointment and / or remuneration payable to Mr.Anvar Jay Varadaraj, Executive Director, as it may deem fit, subject to the same not exceeding the limit as approved by the shareholders.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect to the above resolution without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

RESOLVED THAT pursuant to Regulation 24(6) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions, if any, of Companies Act, 2013 read with the relevant rules made thereunder and the Memorandum and Articles of Association of the Company and subject to such other requisite approvals, consents, permissions and sanctions as may be required, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board or any Director(s) or Officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution) for selling or disposing of the property of Pattons Inc, USA, a material subsidiary of the Company, more particularly described in the explanatory statement, to any third party in one or more parcels, at such price and on such terms and conditions as may be decided by, and in such manner as both, the Board of Directors of the Company and the said material subsidiary deem appropriate.

FURTHER RESOLVED THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect to the above resolution.

Statement Pursuant to Section 102 of the Companies Act, 2013

Item No. 4:

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of M/s. STR & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2021-22 for a fee of Rs. 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 ("the Act"), 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.

Accordingly, for the resolution contained in Item No. 4 of the Notice, the Board of Directors seek the approval of the members for ratification of remuneration payable to the Cost Auditors of the Company for the financial year 2021-22.

The Board recommends this resolution for your approval.

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. 4 of the Notice.

Item No. 5

Pursuant to the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended) approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty percent of the total annual remuneration payable to all Non-Executive Directors.

The Company pays consultancy fee to Mr. Harjeet Singh Wahan for the services rendered by him as Business Process Consultant. The remuneration payable to Mr. Harjeet Singh Wahan, Non-Executive Director, will exceed fifty percent of the annual remuneration payable to all the Non-Executive Directors. The Company does not pay any remuneration to the Non-Executive Directors other than sitting fee for attending the Board and Committee meetings.

In this regard, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, have at their meeting held on 21st May, 2021 accorded their approval for the payment of consulting fees not exceeding ₹21,60,000/- exclusive of applicable taxes to Mr. Harjeet Singh Wahan, Non-Executive Director of the Company for rendering services in the nature of Business Process Consultancy with effect from 1st April, 2021 to 31st March, 2022. The payment of consultancy fee would be in addition to the sitting fees payable for attending the meetings of the Board and Committees thereof.

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

Except Mr. Harjeet Singh Wahan, being the beneficiary, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.5 of the Notice.

Item No.6

The Board of Directors of the Company at their meeting held on 21st May, 2021, have, subject to the approval of the shareholders, appointed Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a period of 5 years with effect from 2nd August, 2021 on such terms and conditions as set out in Item No. 6 of the Notice.

Mr.Anvar Jay Varadaraj has, in the recent past, partnered with senior leaders to define and execute projects within governance outcomes and leads the Strategic Business Plan initiative. He was also instrumental in defining roadmaps and strategic initiatives for the Company to achieve its mid-term goals on Sales, EBIDTA and ROCE goals by business and region. Mr. Anvar Jay Varadaraj has acquired adequate international exposure by handling the global marketing function successfully. Mr.Anvar Jay Varadaraj is taking on the responsibility of managing and driving the Company's global strategy hereafter. Based on his contribution so far and considering the new responsibilities that he has assumed, he has to be elevated to the position of Executive Director to guide the Company at a global level.

Mr.Anvar Jay Varadaraj's expertise and skills are imminently needed for achieving the global business plans of the Company.

Mr. Anvar Jay Varadaraj has been a Director of the Company since 01/04/2020 and during this tenure, he has performed his role very well. The appointment of Mr. Anvar Jay Varadaraj as Executive Director would augur well for the future growth of the Company.

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee at their meeting held on 20th May, 2021 had, taking into consideration the factors detailed above, proposed the appointment of Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a period of 5 years with effect from 2nd August, 2021 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013, the Schedule and Rules made thereunder.

Pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee at the meeting held on 20th May, 2021 had also approved the remuneration payable to Mr. Anvar Jay Varadaraj as the Executive Director of the Company for a period of 5 years and recommended the same to the Board.

Pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 the appointment of the Executive Director shall be subject to the approval of the shareholders of the Company in the General Meeting. Hence, the necessary resolution has been set out in Item No. 6 of the Notice for the approval of the members.

The Board recommends the resolution set out in Item No. 6 of the Notice for the approval of the members.

The details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief bio-data of Mr. Anvar Jay Varadaraj and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this notice.

Except Mr. Anvar Jay Varadaraj, being the appointee Director and Mr. Jairam Varadaraj, Managing Director, being his relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No.7

Pattons Inc, USA is a material subsidiary of the Company as defined under Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pattons Inc proposes to sell the following property owned by it since the property has been facing infrastructural issues like unavailability of water connection, car parking etc., making it difficult to continue business activities from that place.

"The Properties identified in Mecklenburg County tax records as parcel numbers 14705104, 14705105, 14705106, 14705107, and 14705108 located at 3119 South Boulevard, Charlotte, NC 28209, USA, currently occupied by existing 40,160 square foot commercial buildings and comprising approximately 2.677 acres of land area; together with all improvements and fixtures thereto, and all rights, privileges and easements appurtenant and/or serving such real property or improvements, including without limitation, all minerals, water and air rights and rights of way related thereto, development rights, allocations of development density and other similar rights allocated to or attributable thereto, and all of the right, title and interest in any and all public and private roads, railways and rights-of-way crossing or abutting the said property development density (the "Property")."

Pursuant to Regulation 24(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to obtain the prior approval of the members by way of a special resolution for selling, disposing or leasing of assets amounting to more than 20% of the assets of the material subsidiary.

The Board of Directors of the Company at their meeting held on 18th June, 2021 have, subject to the approval of the shareholders, granted their approval for selling the above-mentioned property. Accordingly, the necessary special resolution has been set out in Item No. 7 of the Notice for the approval of the members of the Company.

Further, the Board recommends the resolution set out in Item No. 7 of the Notice for the approval 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. 7 of the Notice.

By order of the Board
For Elgi Equipments Limited

Ragunathan K
Company Secretary
ACS No. 62397

Place: Coimbatore
Date: 18/06/2021

Notes:

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

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to scrutinizerelgiequip@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its RTA at enotices@linkintime.co.in.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 27/07/2021 to 02/08/2021 (both days inclusive).
5. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting 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 Monday, 26th July, 2021.
6. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing NECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.elgi.com and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.
7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrars and Share Transfer Agents, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share Transfer Agents.
8. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.
9. 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 1st April, 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 M/s. Link Intime India Pvt. Limited, "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore – 641028, the Registrar and Share Transfer Agent 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 Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company's registrar & share transfer agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company's registrar and share transfer agent.

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 Registrar and Share Transfer Agent, for consolidation into a single folio.

14. Members are requested to forward their communications in connection with shares held by them directly to the Registrar and Share Transfer Agent of the Company M/s. Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.

15. 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.

16. 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.

17. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company / Registrar & Share Transfer Agent of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 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 Companies Act, 2013. 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 Investor Education and Protection Fund 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 'Investor Education and Protection Fund', may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents. Mr. Ragunathan K, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

18. **Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority:**

    Pursuant to the provisions of Section 124(6) of the Act and Rule 6 of the Investor Education and Protection Fund 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.

19. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2020-21 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 2020-21 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 Limited 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 Annual General Meeting through VC/OAVM facility only.

20. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

21. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from

1st April, 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 2nd August, 2021.

22. Members may note that M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No.012754N/N500016), Chennai, the statutory auditors of the Company were appointed by the shareholders at their Annual General Meeting (AGM) held on 28th July, 2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May, 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this 61st annual general meeting. The Board of Directors at their Meeting held on 21st May, 2021, based on the recommendation of the Audit Committee have fixed an amount of ₹50,00,000/- (exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the Statutory Audit) as remuneration payable to Statutory Auditors for the financial year 2021-22.

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

24. The Securities and Exchange Board of India (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 Registrar and Share Transfer Agent.

25. Members holding shares in electronic form may please note that as per the regulations of Securities and Exchange Board of India (SEBI), National Security Depository Services 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 (DP) and furnish particulars of any changes desired by them.

26. Brief resume, details of shareholding and Directors' inter-se relationship of Directors seeking election/ re-election/ changes in terms as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are provided as Annexure to this Notice.

27. 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.

28. 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 Registrar & Share Transfer Agent immediately.

29. Annual financial statements and related details of the wholly owned subsidiary Companies are posted 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.

30. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under of Section 189 of the Companies Act, 2013 will be available for inspection by the members during the AGM.

31. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent

(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) In case of shares held in physical form, kindly log in to the website of our RTA, Link Intime India Private Ltd. at www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. (or)

(ii) In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant ("DP") 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 Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Annual General Meeting ("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 Annual General Meeting 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 secure manner.

I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as as on Friday, 2nd July, 2021, may refer to this Notice of the Annual General Meeting, 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 30th July, 2021 at 9.00 AM (IST) and ends on 1st August, 2021 at 5.00 PM (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 Monday, 26th July, 2021 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 9th June, 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
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.

Type of shareholders	Login Method
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.
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** sectionor 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 Annual General Meeting through InstaMeet (VC/OAVM) are as under:

- Shareholders/Members are entitled to attend the Annual General Meeting 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 Annual General Meeting. 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:**

  1. Open the internet browser and launch the URL for InstaMeet https://instameet.linkintime.co.in and register with your following details:

     a. 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.

  2. 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 Sunday, 1st August, 2021 at 12.00 PM.
- The first 20 Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.
- 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 should 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 Annual General Meeting 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 Annual General Meeting through InstaMeet facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting 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 Monday, 26th July, 2021.

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 Annual General Meeting, 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 Annual General Meeting 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 Annual General Meeting, 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 48 hours 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 2 days from the conclusion of the Annual General Meeting. 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.

Additional information on Directors seeking appointment/ re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards – 2 (SS-2) issued by ICSI.

Name	Dr. T.Balaji Naidu	Mr. Harjeet Singh Wahan	Mr. Anvar Jay Varadaraj
Director Identification Number	00002755	00003358	07273942
Date of Birth	22/01/1947	06/11/1948	25/04/1986
Nationality	Indian	Indian	USA
Date of appointment on the Board	26/07/1984	01/04/2015	01/04/2020
Relationship with other Directors or Key Managerial Personnel of the Company	He is not related to any of the directors or Key Managerial Personnel of the Company	He is not related to any of the directors or Key Managerial Personnel of the Company	Mr. Anvar Jay Varadaraj is the son of Mr. Jairam Varadraj, Managing Director of the Company.
Qualification	MBBS, DLO	BE., (Elec), BM	BA (Economics and Philosophy) & MBA
Experience/ Expertise in functional areas	Has more than 30 years of experience in Medical Profession	He has more than 30 years of experience in quality and business process.	He has more than 10 years of experience in branding and marketing.
No. of shares held	68,500 equity shares	20,000 equity shares	19,25,248 equity shares
Board position held	Non-Executive, Non Independent Director	Non-Executive Director	He is presently a Non-Executive Director. He is proposed to be appointed as an Executive Director of the Company
Terms and conditions of appointment / re-appointment	Liable to retire by rotation	Liable to retire by rotation	As per the resolution set out in Item No. 6 of the Notice
Remuneration sought to be paid	Sitting fee only	As per the resolution set out in item No.5 of the Notice and sitting fees	As per the resolution set out in Item No. 6 of the Notice.
Remuneration last drawn (For the year 2020-21)	Rs.2,20,000/-as sitting fees	Rs.3,80,000/- as sitting fees	Rs.1,50, 000/- as sitting fees
No. of Board meetings attended during the year	6	6	5
Directorships held in other Companies	Adisons Precision Instruments Manufacturing Company Limited	Adisons Precision Instruments Manufacturing Company Limited	1. Elgi Ultra Limited 2. CAI Industries Private Limited 3. CAI Automobiles Private Limited
Chairman/Member of the Committees of the Board of the other Companies in which he is a Director	Nil	Nil	Nil

Management Discussion and Analysis (MDA)

The year, 2020-21 was unique in many ways and the financials reported for the year do not truly reflect the challenges that the business faced. Starting a financial year with a complete lockdown of the economy in the two key markets for the Company, India and Italy, and recording a near-zero revenue in the first month (April, 2020) in some of the key markets, set a challenging tone for the year.

During this unprecedented period, there were three key areas that we focused on. The highest priority was for ensuring employees' wellbeing and protecting their jobs. Next, was to support customers' needs amidst the challenging environment. The third was for ensuring the health of the business and the interest of the stakeholders. The Company moved very quickly to address all of the above.

In the interest of employees, the Company shut down its facilities even before the Government of India announced a countrywide lockdown. We reopened the facility for manufacturing operations after ensuring that all the infrastructure was in place to ensure the health and safety of all employees who reported to work. All employees, except those in manufacturing and technology functions, were asked to work remotely and continued to do so through the year.

The sales, marketing, and product management teams increased customer engagement efforts and embraced new ways of reaching out to customers proactively, to understand and address their needs, while the backend team in the Company geared up for the safe and timely delivery of products and services.

The Company's leadership teams at various levels across the geographies increased the frequency of their meetings, using all the technologies available, to remain strongly connected and engage with all stakeholders. Everyone in the Company pitched in to drive costs down and conserve cash, to address our commitment to protect employment and stakeholders' interests even while ensuring that we emerged strong to leverage future opportunities. The Company also spent significant time in the second part of the year in creating a robust strategic business plan for the mid-term.

The result of the short-term focused efforts can be seen in the increased profits and reduced net debt position as at the end of the year. The benefits of long-term focused efforts will be visible as we are poised to deliver consistent top-line and profitable growth in the next 5 years.

https://www.elgi.com/in-wp-content/uploads/2020/7/ELGi-Annual-Report-2019-2020.pdf

In the MD&A of 2019-20, we had stated that we would present a financial direction for the future while presenting the Q1 results for 2020-21. We could not do this either at that time or during the subsequent quarters. We had to go back to the drawing board and collectively as a team review the context, our position and distill out directions so that we can confidently achieve the intended milestones within the time lines promised. We have developed a Strategic Business Plan (SBP), which embeds a financial plan focused on setting goals on revenue, profitability (measured by EBITDA) and returns (measured by ROCE). The Annual Business Plan (ABP) will be a subset of the SBP. In addition to sales EBITDA and ROCE are two additional goals we are setting for the medium term. Broad targets for the SBP to be achieved by 2025-26 are:

- Revenue - $ 400Mn
- EBITDA - 16%
- ROCE - 30%

The SBP is focused on:

- India, North America, Europe, SEA and Australia
- Backward integration in manufacturing
- New products and technology
- Focus on growing the aftermarket revenue
- Talent development and management
- Digital strategy

While each business region and global function are identifying the strategic initiatives required to achieve their respective SBP goals, at a corporate level, the key drivers are:

- Aggressive working capital management and cash generation
- Judicious investments in organic and inorganic opportunities
- Strategic divestiture of non-core portfolios and real estate

Detailed discussion on performance in the year 2020-21:

While 2018-19 was a strong year, slowdown was seen in 2019-20 starting from July 2019. There were some signs of an uptick in December 2019 which continued till the time the first wave of the pandemic hit market sentiments in March 2020. During the previous year 2019-20, the Company acquired Michigan Air Solutions, LLC, an independent compressor distributor in the USA and the Company's European expansion plan gained full traction.

The year 2020-21 started amidst the raging pandemic and consequent lockdowns in many key markets. While the lockdown in India lasted for over 6 weeks during the year, other markets did not have such long lockdowns. However, there was a huge uncertainty around the business outlook for the year. The right thing to do was to conserve cash and contain costs. The Company spent significant time and efforts to build mitigation plans for a worst-case scenario while employee health and safety remained the primary focus.

We closed the first quarter of the year on a low note registering a drop in top-line and profits. We started witnessing the business bouncing back from the second quarter. While the initial belief was that it could be driven by some pent-up demand, the sales continued to grow with steady order inflow across most markets. The sales growth, our prudent cost measures, and governmental support for Covid in certain markets like the USA and Australia helped register good results for the second quarter. During the third quarter, while the sales continued to grow, the entire industry started facing severe cost pressures driven by volatile commodity prices. This definitely became a dampener as it was difficult to pass on the price increase impact to the market which had just started coming back to normal levels. The unexpected increase in material cost had a negative impact on our contribution margins. However, the Company's continued efforts to keep other overheads in check helped offset loss of contribution margins to a certain extent. The buoyancy in the market continued well into the fourth quarter which helped us register some impressive sales growth. However, the volatility in commodity prices continued unabated. Even though we tried to roll out a price increase for our finished products and services, it was not commensurate with the cost increase. Overall for the full year, we have registered a small sales growth despite a very subdued first quarter. Our strong focus on containing people cost and overheads coupled with government subsidies in two countries helped us deliver an improved, strong bottom-line for the year.

Our focus on cash conservation continued through the year. We realized significant cash from the working capital management and improved profitability during the year. Our net-debt position reduced significantly in 2020-21. While the opening net debt was ₹ 2599mn, we closed the year with a net debt of ₹ 925 mn.

International markets: Our key markets of focus continue to be the USA, Europe, and Australia.

USA: The impact of the pandemic was significant at the beginning of the year negatively impacting our served markets but we did experience recovery with increased demand for our products and services during the second half of the year. The region increased revenue by over 10% with the addition of Michigan Air Solutions, LLC to its portfolio of businesses and going direct to the market with the portable compressor products. Improvement in contribution was accomplished by price realization and product mix. Disciplined cost control measures further helped increase the overall profitability.

On the business development front, the region made further progress by entering into key strategic Distributor Served Areas. Besides expanding our independent distributor base, we also launched three new joint ventures with local partners as part of our Go-To-Market program. The implementation of this strategy is progressing to the expectations and we are experiencing favorable impact in these target markets. Furthermore, we gained traction in Oil-Free product installations in several key market segments positioning us for future growth in this attractive product category. Also, our initiative to develop new channels and penetrate target market segments with the portable compressor portfolio is creating new opportunities for this business. As we continue to develop new channel partners and expand our market coverage, we will make consistent progress towards achieving our growth aspirations.

Europe: The year began with the region continuing its efforts in hiring additional resources as per plan to enhance its presence and competitiveness in Europe. Italy - the key market for the Region was in lockdown as a consequence of the pandemic resulting in the closure of their Rotair facilities, postponement of hiring, and a total travel ban. While Italy slowly began to reopen in May 2020, Europe as a whole was impacted similarly, but at varying degrees of infection wave intensity and timing throughout the year. During the crisis, Europe's team prioritized the safety of employees while focusing on securing and developing new channel partners – oftentimes via video conferencing. As a prudent response to the emerging situation, the Region initiated measures to substantially reduce costs. The benefits of these efforts were realized during the second half of the year as the market began to reopen The team was well-positioned to serve their customers resulting in the profitable growth of 80% in the industrial business segment. This was made possible by the expansion of the Region's market presence through the addition of 100 new channel partners in 26 countries. The team also created important reference installations within key customer segments and successfully introduced ELGi's oil-free AB series screw technology throughout Europe thereby helping their customers realize dramatic reductions in the total cost of ownership, improved reliability, and a reduction of their environmental impact.

Australia: Our strategic acquisition of F.R.Pulford & Son Pty Ltd, an independent distributor, to gain customer access in key markets, has served us very well. In a tough and challenging year, under pandemic conditions, the team at Pulford delivered a commendable performance. Overall we registered more than 20% sales growth in Australia, including sales to various distributors. The growth in sales, coupled with cost-saving measures helped us deliver improved profit for the year. During the year, we increased our presence in target segments and secured key wins that would serve as good reference installations.

Domestic market - India: In the last quarter of the year, we had kick-started the second phase of the go-to-market initiative focused on enhancing our reach and market share. The year began with a countrywide lockdown and sales dropped significantly in the first quarter. On the back of a business revival post the lockdown, the order flow kept improving through the year. The business grew quarter on quarter for the next three quarters and we finished the year on a good note recording sales just above the previous year's level despite two months of near-zero business. The team, besides quickly adapting to the new way of doing the business, ensured strong customer engagement leading to the continued flow of orders.

The Oil-free - Disrupted, AB series product has been gaining significant acceptance across different segments in the market. The customers are realizing the benefits of significant efficiency and lower life cycle cost which has helped us win many break-through orders during the year. The portable products registered good growth over last year due to increased construction and mining activity The Rail segment faced challenges in the first half of the year due to lower running of trains but picked up gradually during the year.

ATS ELGI Limited: The Indian Automotive market was already facing headwinds and had slowed down during 2019-20. The year 2020-21 started on this backdrop and the industry suffered the most with the advent of pandemic and the consequential impact on the economy. The first half of the year was tough for this business and there was a moderate recovery in the second half.

The ATS ELGi team quickly looked for growth opportunities inside and beyond the passenger vehicles market and realized revenues that helped us close the year 10% below our previous year's sales. Further, the business focused on better price realization to respond to the extraordinary escalation in domestic steel prices and took strong cost-savings measures which helped us close the year with an increase in profit over the previous year. The team also took this opportunity to optimize its working capital by reducing the receivables and inventory significantly which helped them generate good cash flow during the year.

ELGI Sauer Compressors Ltd: Established in the year 2008, ELGI Sauer Compressors Ltd is a joint venture between Elgi Equipments and J.P. Sauer & Sohn, Kiel, Germany. The joint venture manufactures high-pressure air and gas compressors for the Navy, Shipping Industry, and Petro/offshore segment. The Joint venture has created a strong brand identity in India and neighboring countries, such as Sri Lanka, Nepal, Bhutan, and Maldives.

This Company is focused on projects business and has been providing standards and customized end to end solutions; from design, engineering, manufacturing to the installation of the compressor units at sites. The business is largely dependent on government budget allocation and capital budget investment by the non-govt segment. The sales grew by 12% during the year. The order book position continues to be healthy and has grown significantly over the previous year. The outlook for the business during 2021-22 is expected to be strong as the Government allocation to this sector is increasing. While the active enquiry level is encouraging, the pandemic situation has slowed down the order finalization as there is a focus on cash conservation across segments.

During the year, ELGi Sauer's Engineering Support Team Coimbatore (ESTC) was established to provide exclusive engineering support to the parent Company, Sauer-Germany, and its global subsidiaries. It is fully operational now. The ESTC provides complete engineering support comprising of 3D modeling, FEA analysis, and shock calculation. ELGi Sauer has also commenced construction of a new factory in the outskirts of Coimbatore.

Product Management and Marketing: This key global function that connects the customers and the Company did a phenomenal job in converting some of the challenges into opportunities, working closely with the businesses and the technology function. Managing the planned launch of products in the pandemic situation has not been easy. The marketing function quickly embraced new technologies and platforms to engage with the customers and helped the sales organization to be effective in knowing and meeting market needs. They also utilized the lean periods to enhance awareness and educate end customers on compressor technology, products, energy conservation, etc.

Technology: As another key global function, the technology function adjusted to the new work norms quickly. The team adopted a judicious mix of working remotely and working from the office to keep all the product development and innovation projects progressing on schedule during this tough period. Product upgrades and new product roll-outs that were planned and executed helped us significantly in an otherwise challenging year.

Operations: The operations team seamlessly moved to the changing work environment and timings, including working in shifts. Significant productivity improvements were made and the team also ensured there was only minimal interruption to the supply chain, resulting in the consistent supply of raw materials to the factories. While focusing on the health, safety, and social distancing norms, the team ensured continuous delivery of products to meet market demands. The operations team also delivered record production across various product lines during the year.

Human Resources: Providing and ensuring health, safety, and environment for all became an imperative and required significant commitment more than ever before under the new pandemic situation. The other critical need was to maintain employee engagement at very high levels in a tough environment. The Human Resources function demonstrated its commitment to employee wellbeing by being sensitive to employees' changing needs and the challenges they faced. From creating awareness to extending all support to employees across functions and businesses remained the priority through the year. Employees were sensitized on COVID-19 protocols to be followed, both at factories and offices. The organization has enforced these protocols strictly with the co-operation of the employees.

Finance: The year began with lots of uncertainties across all the Geographies and the finance team started working right away with the CEO and the business leaders to create contingency business plans and upfront measures to mitigate the potential impact on the financials of the Company. During the year, the finance function was focused on efficiently managing working capital and implementing cost control measures. The finance team continued to extend support to the business and ensured on-time completion of financial reporting and auditing. It is commendable that the team completed their immense responsibilities by operating from remote locations for the most part of the year. The quick adoption of technology and the unflinching commitment of the team made this possible.

Overall summary: While the uncertainties around Covid continue to be a dampener, the Company is focused on staying the course while committing to the strategic initiatives to deliver the mid-term goals of the Company. In the short-term, the challenges are volatile commodity prices, high freight costs, delays in shipment, and disruption of production and movement of goods due to pandemic. Our technology function, with its continuous focus on cost reduction will help the Company mitigate some of the cost-related issues and alternate sourcing opportunities to minimize dependence on concentration and movement of goods.

The short-term opportunities are seen in the growing demand for our products in certain segments like pharma and medical equipment.

The Company is continuing to improve its internal controls and mitigate risks through continuous improvements and investments in systems and processes. Upgrading various IT platforms, moving to cloud storage in a phased manner, and investing in technologies to protect the IT system are given enhanced priority in the current situation. Besides implementing sufficient protection and control systems, the Company regularly conducts vulnerability assessment and penetration testing (VAPT) audits to identify threats and mitigate issues if any.

The year under review has been abnormal due to the external environment. While sales did not grow as expected, the Company has managed to improve the profits and Return on Capital Employed (ROCE).

	Compressor		Automotive		Consolidated	
INR Mn	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Sales	16494	**17624**	1800	**1616**	18294	**19241**
Growth %	*(1%)*	*7%*	*(9%)*	*(10%)*	*(2%)*	*5%*
Contribution	6815	**7311**	562	**501**	7377	**7812**
Contribution %	*41.3%*	*41.5%*	*31.2%*	*31.0%*	*40.3%*	*40.6%*
People cost	3759	**3849**	287	**268**	4046	**4117**
Growth %	*21%*	*2%*	*(2%)*	*(6%)*	*19%*	*2%*
Other Fixed Cost	1841	**1453**	131	**85**	1972	**1538**
Growth %	*0%*	*(21%)*	*(13%)*	*(35%)*	*(1%)*	*(22%)*
EBITDA	1215	**2008**	145	**148**	1359	**2157**
EBITDA %	*7%*	*11%*	*8%*	*9%*	*7%*	*11%*
PAT %	*2%*	*5%*	*5%*	*6%*	*2%*	*5%*
Average Capital employed	9173	**9632**	402	**324**	9574	**9957**
Growth %	*12%*	***5%***	*(13%)*	***(19%)***	*11%*	***4%***
ROCE	8%	**16%**	31%	**42%**	9%	**17%**

A sales growth of 7% in the compressor segment, in spite of a very poor first quarter, was accomplished with the support of international business growth and a strong second half performance in domestic market.

The Company managed to contain the impact of volatile commodity prices through timely internal and external measures further supported by business mix.

The increase in employee cost to support Europe and North America expansions were partially off-set by Covid related Government subsidies that we received in geographies such as North America and Australia.

The Company kept very tight control on other expenses through the year. While lower levels of activity drove some costs down, there were deliberate efforts to reduce certain costs and such reduced levels can be sustained even during "business as usual" times.

EBITDA for the period grew by 65% on a sales growth of 7% aided by significant reduction in expenses.

The Return on Capital Employed grew by 100% this year.

The automotive business segment sales was impacted by the pandemic. However the business managed to retain EBITDA at the same level as previous year.

The Company's working capital improved significantly during the year driven by focused efforts to reduce inventory and trade receivables. The improved cash flow helped the Company to reduce its net debt significantly as indicated earlier.

In summary, we have gained further traction and market share in many of the key markets in a difficult year. Tight working capital management and prudent cost measures that are getting institutionalized would help the Company improve profits and cash flow in the next year. These, along with the increased focus on talent management, continuous improvement and other strategic initiatives, will enable the Company to meet its mid-term goal and long-term aspirations.

Comments on Financial Ratios

During the year there was a significant improvement in the profitability ratio – (Operating profit margin and Net profit margin). This was primarily due to cost saving measures that were initiated and further aided by lower activity levels due to the pandemic situation that prevailed.

The company also witnessed an improvement in Debt Equity ratio as the international entities made repayment of their long term loan instalments which reduced the debt besides increase in equity from the profits for the year.

S.No	Ratios	Analysis of performance table	2020-21	2019-20	% of change
1	Debtors turnover	Trade Receivables turnover ratio (DTR)	5.12	5.09	0.67%
2	Inventory turnover		5.58	5.87	(5.09%)
3	Interest coverage ratio	Interest component ratio (%)	0.70	0.86	(17.64%)
4	Current ratio	Current Ratio	1.51	1.42	6.40%
5	Debt equity ratio	Long Term Debt Equity Ratio	0.09	0.13	(30.16%)
6	Operating profit margin %	Gross Profit Margin (%)	12.28	8.10	51.58%
7	Net Profit margin %	Net Profit Margin (%)	5.26	2.31	127.53%
8	Change in return on net worth	RONW (%)	12.51	5.53	126.22%

Board's Report

Dear Shareholders,

Your Directors hereby present the 61st Annual Report along with the audited accounts for the year ended 31st March, 2021.

Financial Results

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

(₹ In Million)

Particulars	2020 - 21		2019 - 20	
Profit before depreciation, exceptional items & tax		1,755.21		1644.45
Less : Depreciation	353.29		366.52	
: Exceptional items	-		-	
Profit Before Tax		1401.92		1277.93
Less: Provision for tax (Net of tax expenses)		351.02		273.69
Net Profit		1050.90		1004.24
Add: Opening balance in retained earnings		5184.71		4677.91
Less : Dividend & dividend distribution tax paid during the year	-	-		(497.42)
: Transfer to general reserve	-			–
: Remeasurement of post-employment benefit obligation, net of tax		9.74		(0.02)
: Transfer to retained earnings of gain on FVOCI equity instruments		2.13		–
Add : Other adjustments		–		–
Closing balance in P&L account		**6247.48**		5184.71

Review of Business Operations

The Company realized an operating revenue of ₹ 11,001 Million as against ₹ 10,811 Million in 2019-20. 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 31st March, 2021.

Transfer to reserves

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹ 1050.90 million of the current profits has been carried forward under the head retained earnings.

Dividend

For the financial year 2020-21, the Board of Directors at their meeting held on 21st May, 2021, has recommended a dividend of ₹ 0.80/- per share (80%) on the paid-up share capital of 31,69,09,016 equity shares. Subject to the approval of shareholders, an amount of ₹ 253.52 million will be paid as dividend after deducting applicable taxes. (Previous Year ₹ 261.45 million)

Pursuant to Regulation 43A of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Dividend Distribution Policy of the Company can be accessed on the Company's website at the link https://www.elgi.com/in/wp-content/uploads/2020/02/Dividend-Policy.pdf.

Share Capital

The paid-up share capital of the Company as at 31/03/2021 stood at ₹ 31,69,09,016/- divided into 31,69,09,016 equity shares of ₹ 1/- each.

During the year under review, pursuant to the resolution passed by the members through Postal Ballot on 18th September, 2020, the Board of Directors of the Company at their meeting held on 28th September, 2020 has issued and allotted 15,84,54,508 equity shares of ₹ 1/- each as bonus equity shares in the proportion of 1 (one) equity share for every 1 (One) existing equity share held by the members by capitalizing the securities premium account of the Company in compliance with the provisions of the Companies Act, 2013 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

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

In terms of Sections 124 and 125 of The Companies Act, 2013, unclaimed or unpaid Dividend relating to the financial year 2013-14 is due for remittance to the Investor Education and Protection Fund established by the Central Government.

Further, pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 1,21,859 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. Further, the Company has also transferred 4,29,106 bonus equity shares of ₹ 1/- each which were allotted during the year under review to the credit of demat account identified by the IEPF Authority in respect of shares which have already been transferred to the Investor Education and Protection Fund.

Annual Return

The Annual Return of the Company for the financial year 2020-21 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company and can be accessed on the Company's website at the link "https://www.elgi.com/in/financials/".

Board Meetings and its Committees conducted during the period under review

During the year under review, 6 (six) Meetings of the Board of Directors, 5 (five) Meetings of the Audit Committee, 2 (two) Meetings of the Nomination and Remuneration Committee, 2 (two) Meetings of the Corporate Social Responsibility Committee, 1 (one) meeting of the Risk Management Committee, 1 (one) meeting of the Compensation Committee and 13 (Thirteen) Meetings of the Stakeholders Relationship Committee were held. Further, the details of the same have been enumerated in the Corporate Governance Report annexed herewith.

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 Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that –

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

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

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

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

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

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

Details in respect of frauds reported by Auditors under Section 143(12) of The Companies Act, 2013 other than those which are reportable to the Central Government

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of The Companies Act, 2013.

Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Company's Policy relating to Directors Appointment, Payment of Remuneration and other matters provided under Section 178(3) of the Companies Act, 2013

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 and criteria for determining qualifications, positive attributes, and independence of Directors and Senior Management Personnel have been stated in **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/Remuneration-Policy.pdf.

Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors and Mr. M.D. Selvaraj, Proprietor of MDS & Associates, Secretarial Auditor, in their respective reports.

Particulars of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of Section 186 of The Companies Act, 2013, 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 Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2020-21 were in the ordinary course of business and on an arm's length pricing basis. The particulars of contract and arrangement entered into with related parties referred in Section 188(1) of the Companies Act, 2013, which are material in nature are disclosed in the prescribed Form No. AOC-2 and annexed herewith as **'Annexure 'B'** to this report.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at https://www.elgi.com/in/wp-content/uploads/2019/05/Related-Party-Transactions-Policy.pdf.

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 31/03/2021 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 Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure 'C'.**

Risk management plan implementation

Pursuant to the requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI LODR"), 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 The RMC reviewed the top 10 risks at its meeting held on 29th June, 2020 in the year under review. The results of the mitigation measures implemented by the Company will be visible in the below table that shows the comparative position on 29th June, 2020 vis-a-vis 20th May, 2021.

S.No	Risk Category	Risk Summary	Position as on 29/06/2020	Risk Response /Mitigation actions Position as on 20/05/2021
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 developed and implemented a process and a software tool to capture and report all applicable compliances in the Company's geographies globally.	The Company has developed and implemented a process and a software tool to capture and report all applicable compliances in the Company's geographies globally.
			The Company revisits the compliance checklist periodically and updates them to cover latest legal developments and changes in laws using external consultant's help. Proof of compliance collected from the respective process owners.	Proof of compliance collected periodically from the respective process owners globally. Further, the Company revisits the compliance checklist periodically and updates them to cover latest legal developments and changes in laws using external consultant's help.
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.	Competency framework has been developed and rolled out. This is expected to secure access to people with the right expertise in the geographies the Company operates in. The Company also actively monitors and implements its plans on talent development and attrition in key roles across the globe.	The talent acquisition model is driven by a strong selection process, partnering with specialized search firms, industry contacts. Global competency framework, has been developed and rolled out. Access to people with the right expertise in the geographies the Company operates in is ensured with the above.
			From a compensation perspective, salaries and other conditions are benchmarked to the market and linked to business priorities	The Company also actively monitors and implements its plans on talent development and attrition in key roles across the globe. From a retention perspective, employee compensation and benefits are benchmarked to the market periodically.
3	Economic & Market Risks	Our global operations are subject to economic and market risks in the geographies we operate in.	India is still a high growth market over a long term and the Company's relatively diversified portfolio may mitigate this risk to a certain extent.	India is still a high growth market over a long term and the Company's relatively diversified geographical presence will mitigate this risk to a certain extent.
			Well-diversified sales to customers in multiple countries and industries. Sales of spare parts and services are relatively stable in comparison to equipment sales	Broad product portfolio serving very diverse industry segments mitigates the risks further. Sales of spare parts and services driven by growing installed base offers sustainable revenue opportunities.

Risk management plan implementation (Continued...)

S.No	Risk Category	Risk Summary	Position as on 29/06/2020	Risk Response /Mitigation actions Position as on 20/05/2021
4		Acquisitions, joint ventures and investments could be unsuccessful or consume management time and resources, which could adversely affect our operating results	The Company selects its acquisitions mostly after its own previous experience of dealing with this on a channel level; also, 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	The Company selects its acquisitions strategically and carefully basis its own previous experience and learnings. 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.
			The integration of the acquired Company is achieved through a judicious mix of centralization and decentralization approach. The Company also ensures that appropriate resources are invested to make the acquisition successful.	The integration of the acquired Company is achieved through a judicious mix of centralization and decentralization approach. The Company also ensures that appropriate resources are invested to make the acquisition successful.
5	Strategic Risk	Business continuity could be severely affected due to natural disasters or unexpected events like COVID 19 pandemic	Insurance policies taken by the Company mitigate the risks to a certain extent but these can be revisited to strengthen the scope as required.	Insurance policies taken by the Company mitigates the risks to a certain extent and this is 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 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.
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 is exploring responses to manufacturing concentration including strategic stocking in various parts of India and the world. Actions would be undertaken on widening the supplier base and develop a global network of suppliers to prevent supplier dependency.	The Company is exploring responses to manufacturing concentration including strategic stocking in various parts of India and the world in the short to mid-term and having assembly operations in global regions in the mid to long-term.
				There is a continuous focus on widening the supplier base and develop a global network of suppliers to prevent supplier dependency.
				Strategic selective backward integration approach to manufacturing is ensuring that most critical parts are moved in-house.

Risk management plan implementation (Continued...)

S.No	Risk Category	Risk Summary	Position as on 29/06/2020	Risk Response /Mitigation actions Position as on 20/05/2021
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	Availability has been improved by adopting Cloud technologies for some of the critical systems. Emails are scanned and quarantined if risk is detected.	Reliability in continuously enhanced by adopting and moving systematically critical systems to the Cloud. Up-to-date technology is deployed to ensure Emails are scanned and quarantined if risk is detected. Multi-factor authentication is implemented for minimizing cyber risks due to password hacks.
			Multi-factor authentication is being implemented for minimizing cyber risks due to password hacks.	
			IT security audits are performed annually to assess the vulnerabilities in the existing systems. Intelligent security monitoring tools to be evaluated. Data privacy policy is being formulated to comply with GDPR.	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. Data privacy policy to comply with GDPR is implemented.
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 policy in place. The Company also continuously monitors the exchange rates relevant for its geographies and takes suitable actions to offset negative changes by adjusting selling prices and costs.	To minimize fluctuation risks, the Company has a strong hedging process and policy in place besides leveraging the natural edge 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.
				The Company is working closely with its bankers to understand the regulatory changes in the banking system with reference to managing exchange risks and leverage them suitably.
9	Environmental Risks	Global climate change and related regulations can negatively impact our business	The Company expects to focus more on EPSAC and OFSAC machines for its future growth, gradually reducing the impact of DPSAC on its overall portfolio. Environmental factors and regulatory changes happening globally would be closely monitored to effect appropriate actions to align our products with these requirements.	The Company expects to focus more on EPSAC and OFSAC machines for its future growth, gradually reducing the impact of DPSAC on its overall portfolio. Environmental factors and regulatory changes happening globally are closely monitored to effect appropriate actions to align our products with these requirements.
				The Company's operation are constantly upgraded to adopt to green manufacturing.

Risk management plan implementation (Continued...)

S.No	Risk Category	Risk Summary	Position as on 29/06/2020	Risk Response /Mitigation actions Position as on 20/05/2021
10	Strategic Risks	The Company's large dependence on India makes it susceptible to the economic fortunes of a single geography	The Company's CK2 aspiration makes it a goal to diversify and reduce the business concentration in India. The Company believes that it now has assembled the infrastructure and resources overseas to implement this aspiration over the next few years.	The Company's CK2 aspiration makes it a goal to diversify and reduce the business concentration in India. The Company believes that it now has assembled the infrastructure and resources overseas to implement this aspiration and the revenue mix is steadily shifting more favorably.
				The Company's strategic plan for the mid-term and the strategic initiatives are aligned to this goal to diversify the revenue mix.

It was also decided by the RMC at its meeting on 20th May, 2021 that the above top 10 risks will be revisited and refined during the course of the financial year 2021-22, as appropriate.

Details of policy developed and implemented by the Company on its Corporate Social Responsibility Initiatives

The Board had formed a Corporate Social Responsibility Committee comprising of the following Directors

1. Mr. Jairam Varadaraj

2. Dr. T Balaji Naidu

3. Mr.B.Vijayakumar and

4. Ms. Aruna Thangaraj

The CSR policy of the Company deals with allocation of funds, activities, identification of programs, approval, implementation, monitoring and reporting mechanisms under the policy.

As part of its initiatives under CSR for the year 2020-21, the Company has undertaken projects in the areas of Education, Social Development, Medical Relief, Sports, etc. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The CSR spend is predominantly directed through Registered Trusts. The Trusts expend the sums contributed by the Company towards educational and related activities.

The Trusts also expend the funds towards:

i) Giving education assistance to the poor & bright students to pursue college education of both Arts and Technical courses.

ii) Supporting school children whose parents are either poor or deceased to peruse studies from LKG to 12th STD.,

iii) Supporting medical assistance to the poor patients through the recognised hospitals.

iv) Supporting AMRIT school for special children, Coimbatore

v) Supporting ELGI Matriculation Higher Secondary school, Vellalore, a village situated in the suburb of Coimbatore.

vi) Supporting CanKids, a non-profit organization involved in helping cancer afflicted children.

vii. Supporting Coimbatore Cancer Foundation

The Annual Report on CSR activities undertaken by the Company during the financial year is set out in **Annexure D** to this report in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Annual Evaluation of the Board on its own performance and of the Individual Directors

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Company formulated the criteria for evaluation of the performance of the Board of Directors & its committees, Independent Directors, Non-Independent Directors and the Managing Director of the Board. Based on that criteria, performance evaluation has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose.

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

The Board of Directors have evaluated the Independent Directors during the year 2020-21 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 of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

During the year under review, Mr. Anvar Jay Varadaraj was appointed as an Additional Director (Non-Executive) of the Company with effect from 1st April, 2020 and was subsequently appointed as a Non-Executive Director of the Company by the members at the 60th Annual General Meeting held on 14th August, 2020.

During the year under review, pursuant to the approval granted by the Board of Directors & the members of the Company, Mr. Jairam Varadaraj was re-appointed as the Managing Director of the Company for a period of 5 years with effect from 1st April, 2021.

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, have proposed to appoint Mr.Anvar Jay Varadaraj (DIN: 07273942) as an Executive Director of the Company for a period of 5 years with effect from 2nd August, 2021 on the terms and conditions as set out in the notice convening the 61st Annual General Meeting. Necessary resolution in this regard has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members. The Board recommends his appointment.

Mr.Ragunathan Gunabooshanam resigned as the Chief Financial Officer of the Company with effect from 22nd October, 2020 and Mr.Jayakanthan R was appointed as the Chief Financial Officer of the Company with effect from 23rd October, 2020.

The Company has appointed Mr.Ragunathan K (ACS No.62397) as a Company Secretary and Compliance Officer of the Company with effect from 29th June, 2020.

Key Managerial Personnel of the Company as required pursuant to Section 2(51) and 203 of the Companies Act, 2013 are Mr.Jairam Varadaraj, Managing Director and Mr. Jayakanthan R, Chief Financial Officer and Mr.Ragunathan K, 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 24 subsidiaries and 7 joint venture / associate entities. The statement pursuant to Section 129(3) of The Companies Act, 2013, containing the salient features of the financial statements of subsidiary Companies, forms part of this Annual report. The following Companies have become subsidiaries/joint ventures during the year under review and as on date of this report:

a. Compressed Air Solutions of Texas LLC (Joint Venture)
b. PLA Holding Company LLC (Joint Venture)
c. Pattons of California LLC (Joint Venture)
d. Elgi Compressors Nordics (Subsidiary)
e. Elgi Compressors Eastern Europe sp. z.o.o. (Subsidiary)
f. Elgi Compressors France SAS (Subsidiary)
g. Elgi Compressors UK and Ireland Limited (Subsidiary)
h. G3 Industrial Solutions, LLC (Joint Venture)
i. ELGI COMPRESSORS (M) SDN. BHD (Subsidiary)*

*During the year 2020-21, Elgi Compressors (M) SDN.BHD was incorporated, but no capital infusion was made

During the year, the shareholding of Rotair SPA (1%) and Elgi Compressors Italy SRL (99%) in the step down subsidiary Elgi Compressors Europe SRL were transferred to the Company in an attempt to restructure the European Subsidiaries, so that Elgi Compressors Europe SRL is seen as the centre point of all European operations.

The Company has also initiated the procedure for winding up of the subsidiary viz. Elgi Equipments (Zhejiang) Limited commencing from 27th May, 2020.

As of 31/03/2021, the Company has three material subsidiaries, ATS Elgi Limited, Rotair SPA and Pattons Inc, whose net worth exceeds 10% of the consolidated net worth of the holding Company in the immediately preceding financial year or has generated 10% of the consolidated income of the Company during the previous financial year. 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 posted 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.

Fixed Deposits

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March, 2021 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

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.

Adequacy of Internal Financial Controls with reference to the Financial Statements

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 (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

Auditors:

Statutory Auditors

M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016) Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of 5 years at the 57th Annual General Meeting of the Company held on 28th July, 2017. The Company has received a certificate from M/s. Price Waterhouse Chartered Accountants LLP, confirming that they are not disqualified from continuing as statutory auditors of the Company.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MDS & Associates, Company Secretaries in Practice, to undertake the secretarial audit of the Company. The report of the secretarial auditor is annexed herewith as **Annexure 'E'**. In accordance with Regulation 24 A of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Company carried out Secretarial Audit of its material unlisted subsidiary M/s.ATS Elgi Limited also through M/s. MDS & Associates, Company Secretaries in Practice. The report of the secretarial auditor is annexed herewith as **Annexure 'E-1'**.

Cost Auditors

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s. STR & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2021-22. The scope of audit was as follows:

- Verification of cost records maintained by the Company.
- Reconciliation of cost records with that of financial records.
- Verification of material consumption, overhead recovery rates, allocation of production, administration, selling and distribution overheads between various divisions and the basis for cost allocation.
- Verification of Quantity reconciliation and Costing Profit &Loss statement.
- The total turnover that was subject of audit was INR 10,811 Million.

Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the year 2021-22 to the Cost Auditors of the Company is subject to ratification by the shareholders at the ensuing Annual General Meeting. The remuneration of ₹ 3,00,000/- (Rupees Three Lakhs Only) to the Cost Auditors is commensurate with the size of the Company, work involved and scope of audit. The Board recommends their remuneration for members' ratification.

Maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013

Pursuant to the provisions of Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company was required to maintain cost records. Accordingly, the Company has duly made and maintained the cost records as mandated by the Central Government.

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 31st March, 2021 was 2142. (Including subsidiaries).

Particulars of Employees

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report as **Annexure 'F'.**

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employee Stock Option Plan 2019 (Elgi ESOP 2019) to enable the Company and its subsidiaries to attract, retain and reward appropriate human talent in its employment and to create a sense of ownership and participation amongst the employees. The 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 1,53,800 options (against the 1,60,600 options already granted during 2019-20 to eligible employees) at a grant price of Rs.100.035 per share after considering the Bonus Issue @ 1:1 issued during the year, in accordance with the ESOP Scheme of the Company. Since Mr Ragunathan Gunabooshanam, the erstwhile Chief Financial Officer resigned with effect from 22nd October, 2020, the 6,800 options granted to him were forfeited. Total number of options issued under ESOP after reckoning for bonus issue now stands at 3,07,600. No options were granted to the Directors.

The disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is given as **Annexure 'G'** to this report.

The Company has received a Certificate from the Statutory Auditors of the Company that the above referred Scheme had been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 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.

The Company has in place a policy for prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the statutory provisions relating to the constitution of the Internal Complaints Committee. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

a. Number of complaints filed during the financial year : NIL

b. Number of complaints disposed of during the financial year : NIL

c. Number of complaints pending as on end of the financial year : NIL

Business Responsibility Reporting

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated 4th November, 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 Obligations & Disclosure Requirements) Regulations, 2015.

Audit Committee

The Company has constituted an Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Kindly refer to the Section on Corporate Governance, under the head, 'Audit Committee' for matters relating to the composition, meetings, and functions of the Committee. The Board has accepted the Audit Committee's recommendations during the year wherever required and hence no disclosure is required under Section 177(8) of The Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by Board.

Whistle Blower Policy

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. The Policy gives a platform to the Whistle Blower to report the complaints on the above-mentioned practices to the Managing Director or Director (HR). Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for concern and that it is not done as a malicious act against an individual. 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.

Shareholder Initiatives

- Your Company adheres strictly to all the statutory and other legal compliances.
- Your Company has in place the regulations for preventing and regulating Insider Trading. The designated persons are required to adhere to the Company's Code of Conduct and Business Ethics
- Your Company regularly intimates the shareholders (through quarterly communique) on the performance of the Company, even though it is not mandatory.
- Your Company has consistently paid Dividend through the years.
- Your Company has been prompt and regular in its replies to your queries received by it.
- Your Company also replies within the stipulated time to all legal and statutory authorities.
- The custodial charges and listing fees are promptly paid by the Company to the depositories and the stock exchanges.
- During this year, your Company de-matted 3,09,285 shares; with this, the total number of shares de-matted as on 31st March, 2021 are 31,45,83,101 shares, which represents 99.26% shares of the Company.

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**
	Managing Director	Director
	DIN: 00003361	DIN: 00003660
Date: 21/05/2021	Place: Charlotte, North Carolina, USA	Place: Coimbatore

Annexure A

Criteria for selection of Non-Executive Directors:

The Non-Executive Director shall:-

- have adequate skills, background, experience and knowledge
- possess industry bias, i.e., should be reasonably conversant with and follow the compressor and automotive industry
- be a person of intellect and integrity
- not be discriminated on the basis of age, gender and race
- believe in and be committed to practice the ELGi values
- be capable of working in harmony with other board members and contribute effectively in Board and Shareholder meetings
- be in alignment with the Company's objectives and goals

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 & 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 & 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 & 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 & 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 & 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 & Remuneration Committee

The Nomination & Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination & 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 Companies Act, 2013 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 20th August, 2018.
c)	Duration of the contracts/ arrangements/ transactions	Mr.Anvar Jay Varadaraj was appointed with effect from 20th August, 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.	28th May, 2018
f)	Amount paid as advances, if any.	Nil

For and on behalf of the Board

	Jairam Varadaraj	**N. Mohan Nambiar**
	Managing Director	Director
	DIN: 00003361	DIN: 00003660
Date: 21/05/2021	Place: Charlotte, North Carolina, USA	Place: Coimbatore

Annexure C

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

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. Conservation of Energy

I Steps taken for conservation of energy:

The financial Year 2020-21 was a tough year due to the effects of the pandemic. The business horizon itself was hazy in the first half. The Company was forced to optimize the power cost due to fluctuation in power demand requirements of the factories. Maximum demand is a fixed power cost irrespective of the factories' usage of power. But it is a significant power cost. Hence, in the second quarter of the year, the Company analyzed the maximum demand requirement for each factory and surrendered the excess maximum demand to TANGEDCO after installing demand controllers to optimize the Maximum demand by tripping the few feeders in the system. For the Air center plant at Kinathukkadavu, the Company reduced the Maximum demand from 2250 KVA to 1750 KVA, at the Compressor Centere, Corporate office the Company reduced the maximum demand from 1620 KVA to 1500 KVA, similarly at motor plant the Company reduced the maximum demand from 400 KVA to 200 KVA, and for the foundry the Company reduced the maximum demand from 2750 to 2550 KVA. During the year, the Company took several energy saving initiatives that helped us to optimize the maximum demand. The total maximum demand thus reduced from 7420 KVA to 6400 KVA across the facilities. Reduction in Maximum demand significantly contributed to reduction in the power cost. Consequently, the Company has seen a positive impact by way of reduction in the Power to Sale ratio from 0.92% to 0.77%

The various energy management programs (EnMPs) were executed by identifying the gaps and opportunities using a systematic approach to energy analysis. The following are some of the measures:

i. 90 KW Mechanical Generator sets were introduced to test the products with different volts and Hertz without operating the DG sets which contributed to reducing the Diesel consumption at compressor center.

ii. Programmable timers were introduced in most of the equipment like lighting, Air handling units, Air-conditioner units and Chiller units to auto switch off the power when there is no utilization. Energy efficient ceiling fans were installed in the office areas.

iii. Air compressor capacity was optimized by studying the compressed Air requirements. Automatic operation of switchgear was executed in substation which in turn helped in eliminating human involvement for operation at Air Compressor Plant.

iv. Variable Frequency Device (VFD) was installed for operation of the blowers in test booths at compressor center.

v. Improvements in lighting have been made in assembly areas with installation of energy efficient lighting fixtures. There is a future scope for further optimizing energy by replacing the higher capacity motors with energy efficient motors. This will be taken up in the ensuing year. A systematic analysis of energy consumption data provides the optimization not only in energy consumption but also in energy demand as mentioned above.

vi. Carbon emission reduction is also an integral part of the energy objectives of the Company. The Internet of Things (IoT) based energy management system that was implemented during the year provides carbon emission reduction by 12% when compared to the previous year.

vii. The Air compressor plant (ACP) was certified with ISO 50001:2011 Energy management system in the year 2017. Now, this certificate has been upgraded to ISO 50001:2018 standards.

viii. Energy baseline (EnB) was established for each Significant Energy Use areas (SEU) for comparing the energy performance of the year with previous year. The IoT based energy management system has reduced the power cost for Airend manufacturing by 9%, i.e. specific energy consumption per airend equivalent has been reduced from 360 kWh to 315 kWh per air end equivalent manufacturing.

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

At present, the Company's wind mill generators contribute 15% of the total energy consumption

III Capital investment on energy conservation equipment

Rs 20 Lakhs was spent during the year on Mechanical Generator Sets

B. Technology Absorption:

(i) Efforts made towards technology absorption

- Development of rotational vibration system for screw compressor
- In-house development of design tool for dynamic analysis of piping system
- OTA (Over The Air) software updation into controller which will reduce the quality concerns
- Development and deployment of a fault detection and failure prediction mechanism which will reduce the downtime of the compressors
- Installation of a switch less human interface for control panels –capacitive touch interface
- Introduced a dynamic password for secured interface with compressor controller
- Upgradation of the existing software tool for designing and predicting the compressor performance under various operating conditions.
- Designed a comprehensive tool for controlling Electronic Thermal Valve (ETV) for oil flooded compressor models from EG55- EG250, which enhances the oil life and compressor efficiencies.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- Designed and developed an energy efficient oil flooded screw compressor version from:
  - EN2.2, EN3.7, EN4, EN5.5, EN7, EN11 & EN15 for US region 200V.
  - EN2.2, EN3.7, EN4, EN5.5, EN7, EN11, EN15 and EG55 for Canada region 575V.
- Designed and developed a cost efficient and energy efficient oil flooded version of compressor from EV30, EV37 and EV45 for India market which can be extended to other markets.
- Designed and developed an oil free disrupted version of compressor from 30 to 45kW and 55 to 110kW for USA markets
- Designed and developed an oil free disrupted version of compressor from 11 to 22kW for India, Europe & USA markets
- Designed and developed PG1200-330 T2 diesel engine driven rotary air compressors for 6 ½” water well application
- Designed and developed PG1250 diesel engine driven rotary air compressors for 6 ½” water well application
- Designed and developed a reciprocating oil free railway compressors (RR 20 100 OF) for ELECTRIC LOCOMOTIVE braking applications
- Designed and developed a reciprocating oil lubricated railway compressors (RR 20 100 CC) for ELECTRIC LOCOMOTIVE braking applications.
- Designed and developed a reciprocating oil free railway compressors (RR 20 070 OF) for MEMU braking applications
- Designed and implemented ELGi motor variants (IE3, IE4, IE3 (cu), NEMA, PMSM) in 11 to 45 kw power range packages for India, Australia, US, Middle East & European markets
- Designed and tested a reciprocating oil free railway compressor (RR 10 100 OF) for METRO & EMU applications.
- Designed and tested PG1300-350 diesel engine driven rotary screw air compressors for 6 ½” & 7” water well application.
- Designed and developed Indigenous ELGi seal from 32 mm, 45 mm & 110 mm for oil free air end & oil free disrupted compressor applications.

(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	2020-21	2019-20
Capital	33.83	17.01
Revenue	364.21	387.82
Total	398.04	404.83
R & D Expenditure as a percentage on turnover	3.6%	3.7%

C. Foreign Exchange Earnings and Outgo

Particulars are given in the notes forming part of Accounts. Kindly refer the same.

For and on behalf of the Board

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

N. Mohan Nambiar
Director
DIN: 00003660
Place: Coimbatore

Date: 21/05/2021

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. During the year, the Company contributed to CanKids Kidscan through Ellargi Trust. 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. The Company also contributed to Karur Basket Ball Club, LRG foundation, Coimbatore Cancer Foundation and Amrit Centre for special needs and various other social welfare activities.

02. Composition of CSR Committee

The CSR Committee of the Board of Directors is optimally balanced between Independent and Non-Independent Directors. The current Committee comprises of the following members:

Sl. 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	Jairam Varadaraj	Managing Director (Chairman of the Committee)	2	2
2	Dr.T.Balaji Naidu	Non-Executive Non-Independent Director (Member)	2	2
3	B Vijayakumar	Non-Executive Independent Director (Member)	2	2
4	Aruna Thangaraj	Non-Executive Independent Director (Member)	2	2

03. 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:

The web-link where the Composition of the CSR Committee is disclosed on the website of the Company is "https://www.elgi.com/in/Company-leadership/"

The web-link where the CSR policy is disclosed on the website of the Company is "https://www.elgi.com/in/wp-content/uploads/2019/05/CSR-Policy.pdf".

The web-link where the CSR projects approved by the board are disclosed on the website of the Company is https://www.elgi.com/in/corporate-social-responsibility/

04. 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.

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

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.

06. Average Net Profit of the Company as per Section 135(5): ₹ 1186.65 Million

07. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 23.73 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): ₹ 23.73 Million

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

Amount Unspent (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.
23.73 Million	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

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

The Company has not spent any amount against ongoing projects during the financial year under review.

(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.

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial Year (8a+8b+8c+8d+8e): ₹ 23.73 Million

(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)	23.73 Million
(ii)	Total amount spent for the Financial Year	23.73 Million
(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

(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.	Promotion of Education & Rural Development	Education	Yes	Tamil Nadu	Coimbatore	23.00 Million	No	LRG Foundation	CSR00002582
2.	Coimbatore Marathon	Promoting health care including preventinve health care	Yes	Tamil Nadu	Coimbatore	0.43 Million	No	Coimbatore Cancer Foundation	CSR00002518
3.	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	0.30 Million	No	Amrit Center for Special Needs	Not Available
	Total					**23.73 Million**			

09. (a) Details of Unspent CSR amount for the preceding three financial years:

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

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:

The Company has not created or acquired any capital asset through CSR spending in the financial year and hence reporting under this clause does not arise.

11. Reason if the Company has failed to spend 2% of the average net profits as per section 135(5):

The Company has spent the required amount on CSR activities as per section 135(5) and hence reporting under this clause does not arise.

For and on behalf of the Board

	Jairam Varadaraj	**N. Mohan Nambiar**
	Managing Director & Chairman of CSR Committee	Director
	DIN: 00003361	DIN: 00003660
Date: 21/05/2021	Place: Charlotte, North Carolina, USA	Place: Coimbatore

Annexure E

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 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, 2021**, 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, 2021 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 and

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

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

g. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

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.

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 and Listing of Debt Securities) Regulations, 2008

b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

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

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, pursuant to the resolution passed by the members through Postal Ballot on 18th September, 2020,

a. the Company has increased the authorised share capital from Rs.30 Crores consisting of 30,00,00,000 equity shares of Re.1/- each to Rs.32 Crores consisting of 32,00,00,000 equity shares of Re.1/- each and has consequently amended Clause V (Capital Clause) of the Memorandum of Association in compliance with the provisions of the Companies Act, 2013.

b. the Board of Directors of the Company at their meeting held on 28th September, 2020 has issued and allotted 15,84,54,508 equity shares of Re.1/- each as bonus equity shares in the proportion of 1 (one) equity share for every 1 (One) existing equity share held by the members by capitalizing the securities premium account of the Company in compliance with the provisions of the Companies Act, 2013 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

c. the members have accorded their approval to the Board of Directors for creation of mortgages/ charges/ hypothecation of the properties of the Company under Section 180(1)(a) of the Companies Act, 2013 in respect of the borrowings of the Company.

d. the members have accorded their approval to the Board of Directors pursuant to Section 186 of the Companies Act, 2013 to make investments or grant loans or provide guarantee or security up to an amount not exceeding Rs.900 Crores notwithstanding that the aggregate of loans and investments so far made, the amounts for which guarantee or security so far provided to, along with the investments, loans, guarantee or security proposed to be made or given by the Board may collectively exceed the limits prescribed under Section 186 of the Companies Act, 2013

I further report that during the period under review, the Compensation Committee at their meeting held on 28th September, 2020 has, in accordance with the provisions of Elgi Equipments Limited Employee Stock Option Plan 2019 and SEBI (Share Based Employee Benefits) Regulations, 2014,

a. granted 1,53,800 bonus options to the employees of the Company and its subsidiaries.

b. cancelled the 6,800 options granted to one of the employees of the Company consequent to his resignation from the Company.

I further report that during the period under review, the Company has filed an application with BSE Limited and National Stock Exchange of India Limited seeking their approval for the re-classification of certain members from the "Promoter Group" category to "Public" category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the approval granted by the Board of Directors at their meeting held on 6th November, 2020 and the members of the Company through Postal Ballot on 18th March, 2021.

Other than the above, there were no instances of

- Public / Rights / Preferential issue of shares / debentures / sweat equity.
- Redemption / buy-back of securities.
- Merger / amalgamation / reconstruction etc.
- Foreign technical collaborations

M D SELVARAJ
MDS & Associates, Company Secretaries in Practice
FCS No.: 960; C P No.: 411 UDIN: F000960C000338858
Peer Review No. 985/2020

Place **:** Coimbatore
Date **:** 21.05.2021

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.

M D SELVARAJ
MDS & Associates, Company Secretaries in Practice
FCS No.: 960; C P No.: 411 UDIN: F000960C000338858
Peer Review No. 985/2020

Place : Coimbatore
Date : 21.05.2021

Annexure E-1

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, 2021 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, 2021 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) Regulations, 2014

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, 2009; and

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

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 in Practice
FCS No.: 960; C P No.: 411 UDIN: F000960C000364873
Peer Review No. 985/2020

Place **:** Coimbatore
Date **:** 19.05.2021

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.

Place **:** Coimbatore
Date **:** 19.05.2021

M D SELVARAJ
MDS & Associates, Company Secretaries
FCS No.: 960; C P No.: 411 UDIN: F000960C000364873
Peer Review No. 985/2020

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 of Employees

i) Names of top ten employees in terms of remuneration drawn and the name of every employee employed who was in receipt of remuneration not less than Rupees One Crore and Two lakhs per annum or Rupees Eight Lakhs Fifty Thousand per month

Name	Date of joining	Designation on 31-03-2021	Qualification & Experience	Age	% of Share holding	Remu-neration (₹ In Million)	Last employed
Ramesh Ponnuswami	07-11-2011	Executive Director	BE, MBA; 28 years	52	-	16.67	EID Parry (I) Limited
Jairam Varadaraj	29-05-1992	Managing Director	B.Com, MBA, PhD (USA); 32 years	59	9.44%	15.62	-
Ragunathan Gunabooshanam*	02-11-2018	Chief Financial Officer*	B.Com, MBA, ACA, CWA; 26 years	50	-	9.16	Praxair India Private Limited
Sriram Srinivas	11-07-2007	Director-Operations	Bsc, FCA, FCMA & CISA; 38 years	62	0	12.96	Cholayil Private Limited
Jayakanthan R#	07-01-2009	Chief Financial Officer	B.Com; 34 years	56	0	12.16	Kennametal India Limited
Ambat Rajesh Premchandran	04-06-2018	Director-ISAAME	B.E; 30 years	50	-	10.58	Danfoss Industries Pvt Limited
Venu Madhav K	31-01-1998	Director-Technology	M.Tech, PhD; 25 years	49	-	11.46	Gas Turbine Research Establishment
Vijayakumar V.P	01-10-2012	Head-Design	ME; 28 years	54	-	8.72	Ergoform Consulting Private Limited
Ajit Singh	01-04-2019	Director-PMMO	B.Tech, MBA; 32 years	53		10.53	Busch Vaccum India Pvt Limited
Salim P.R	09-03-2009	VP-Special Projects (Motor)	B.Tech, MS; 32 years	55	-	8.51	LG Electronics Limited
Raajeshwar M.K	17-04-2006	VP & Head – Industrials (ISA)	BE; MBA; 28 years	49	-	8.40	Tega Industries Limited
Sebi Chacko**	15-02-2021	Chief Human Resource Officer	B.Com, PGD PM & IR; 24 years	52	-	4.16	Syngene International Limited

* Mr. Ragunathan Gunabooshanam resigned as Chief Financial Officer with effect from 22nd October, 2020.

Appointed as Chief Financial Officer with effect from 23rd October, 2020

** Mr.Sebi Chako joined the Company in the last part of the Financial Year and therefore his salary is proportionately reflected to signify that he was employed only for part of the year.

1. Nature of employment of Mr. Jairam Varadaraj, Managing Director of the Company is contractual. All other Executives are on the permanent rolls of the Company.
2. Mr. Jairam Varadaraj is related to Mr. Sudarsan Varadaraj and Mr. Anvar Jay Varadaraj, as per definition of "Relative" under Section 2 (77) of The Companies Act, 2013. No other employees mentioned above are related to any Directors of the Company.
3. Remuneration includes salary, allowances, contribution to Provident Fund and other taxable perquisites and also performance linked pay paid during the year.
4. Remuneration paid to the Managing Director, who is also the sole Executive Director is within the limit prescribed under 197 of Companies Act, 2013 read with Regulation 17 (6) (e) of the SEBI (Listing Obligations and Disclosure Requirements), 2015. The Managing Director was not paid any commissions either from the Company or any of its subsidiaries
5. Remuneration paid to the employees mentioned above comprises of two components; Fixed Component (70% to 80%) and Variable Component (ranging from 20% to 30%). Variable component of the Managing Director constitutes 30% of his total salary. The basis for payment of the variable component is the Company's performance (50% weightage), his own individual performance as assessed through the performance of his immediate reportees (50% weightage).

ii) 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 employee's remuneration for the financial year is given below:

Name of Director	Ratio
Mr. Jairam Varadaraj (Managing Director)	22.36:1
Mr. Sudarsan Varadaraj (Director)	0.26:1
Dr. T Balaji Naidu (Director)	0.31:1
Mr. M Ramprasad (Director)	0.82:1
Dr. Ganesh Devaraj (Director)	0.60:1
Mr. B Vijayakumar (Director)	0.23:1
Mr. N Mohan Nambiar (Director)	0.60:1
Ms.Aruna Thangaraj	0.52:1
Mr. Harjeet Singh Wahan	2.13:1
Mr.Anvar Jay Varadaraj	0.21:1

Sitting fees paid to the Non-Executive Directors has been considered as remuneration.

b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Mr. Jairam Varadaraj	-	Managing Director	:	Nil
Mr. Ragunathan Gunabooshanam*	-	Chief Financial Officer	:	Nil
Mr. Jayakanthan R#	-	Chief Financial Officer	:	Nil
Mr. Ragunathan K $	-	Company Secretary	:	Nil

* Mr.Ragunathan Gunabooshanam resigned on 22/10/2020

Mr.Jayakanthan R appointed on 23/10/2020

$ Mr.Ragunathan K appointed on 29/06/2020

c) The percentage increase in the median remuneration of employees in the financial year: 0.94 %

No increase in salaries was effected to the employees during the year. The increase of 0.94% in the median remuneration is purely on account of additions and deletions in the head count. Due to the reason that no salary increases was effected no comparison has been made between the increase in median remuneration of the employees with that of the Managing Director, who is the sole Executive Director.

d) The number of permanent employees on the rolls of Company: 1285 (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 0.94% for Employees and Managerial Personnel

f) 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**
	Managing Director	Director
	DIN: 00003361	DIN: 00003660
Date: 21/05/2021	Place: Charlotte, North Carolina, USA	Place: Coimbatore

Annexure G

Disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

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	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/-
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.

* The shareholders of the Company had approved the issuance of 15,84,545 employee stock options not exceeding 1% of the outstanding Equity Shares i.e., 15,84,54,508 equity shares of ₹1/- each under the Elgi Equipments Limited Employee Stock Option Plan, 2019 (ELGi ESOP 2019) through postal ballot on 31st January, 2020. Subsequently, the Company had issued bonus equity shares in the proportion of 1 equity share for every 1 equity share held by the members on 28th September, 2020, consequent to which the number of total outstanding equity shares of the Company stands increased to 31,69,09,016. Accordingly, in line with the approval granted by the members the total number of options available for issuance under the ELGi ESOP 2019 stands increased to 31,69,090

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	1,60,600
Number of options granted during the year	1,53,800
Number of options forfeited / lapsed during the year	6,800
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	3,07,600
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: ₹100.03

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	No. of options granted on 06/03/2020	No of Bonus options granted	Total No. of options granted	Original Exercise Price	Revised Exercise price due to Bonus	Date of Vesting
1	Jayakanthan R	Chief Financial Officer	25000	25000	50000	200.05	100.03	05-06-2023
2	Ambat Rajesh Premchandran	Director – ISAAME	5800	5800	11600	200.05	100.03	05-06-2023
3	Ramesh Ponnuswami	Executive Director	19600	19600	39200	200.05	100.03	05-06-2023
4	Ajit Singh	Director – PMMO	5000	5000	10000	200.05	100.03	05-06-2023
5	Venu Madhav K	Director – Technology	25000	25000	50000	200.05	100.03	05-06-2023
6	Sriram S	Director – Operations	6700	6700	13400	200.05	100.03	05-06-2023
7	Chris Ringsltetter	President – Europe	15700	15700	31400	200.05	100.03	05-06-2023
8	David Jon Puck	President – Americas	51000	51000	102000	200.05	100.03	05-06-2023
	TOTAL		**1,53,800**	**1,53,800**	**3,07,600**			

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

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

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

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

i. Share Price: INR 201.65 (share price as on the grant date)

ii. Exercise Price: INR 100.03

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 INR 1.65 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.

Note: No ESOPs were granted to the Managing Director, who is also the Sole Executive Director.

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 & Mr.M.Ramakrishnan. (Mr. R. Jeyachandran resigned as trustee on 6th July, 2020 and Mr.B.Balakrishnan was appointed on 7th July, 2020)

S. No.	Particulars	Details
3	Amount of loan disbursed by Company during the year	₹ 4,44,01,000/-
4	Amount of loan outstanding (repayable to Company) as at the end of the year	₹ 4,44,01,000/-
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	Nil	
b.	Number of shares acquired during the year through (i) primary issuance		
	(ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Number of shares acquired from the market:	1,85,000
		Number of bonus shares received	1,85,000
		% of paid-up equity capital as at the end of the financial year	0.12%
		Weighted average cost of acquisition per share	119.02 (After accounting for bonus)
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	3,70,000	

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	Nil
Acquired during the year	0.12% (After accounting for bonus)
Sold during the year	Nil
Transferred to the employees during the year	Nil
Held at the end of the year	0.12% (After accounting for bonus)

For and on behalf of the Board

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

N. Mohan Nambiar
Director
DIN: 00003660
Place: Coimbatore

Date: 21/05/2021

Annexure H

Business Responsibility Report

The Directors present the business responsibility report of the Company for the financial year ended on 31st March, 2021, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

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:	2020-2021
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- Australia, Brazil, Italy, Belgium, Middle-East, USA & Indonesia
	Number of national locations:	11 Locations (Jaipur, Delhi, Ahmedabad, Pune, Mumbai, Hyderabad, Chennai, Bangalore,Cochin, Trichengode, Coimbatore)
10.	Markets served by the Company:	Local/State/National/International

Section B: Financial details of the Company

1.	Paid up capital:	31,69,09,016
2.	Total turnover:	11,001.70 Million
3.	Total profit after taxes:	1,050.90 Million
4.	Total spending on corporate social responsibility (CSR) as percentage of PAT:	2.26 %
5.	List of activities in which expenditure in 4 above has been incurred:	Predominantly in education

Section C: Other details

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

Sl. No	Name of the Company
1	ADISONS PRECISION INSTRUMENTS MFG. CO. LIMITED
2	ATS ELGI LIMITED
3	ERGO DESIGN PRIVATE LIMITED
4	ELGI EQUIPMENTS (ZHEJIANG) LTD
5	ELGI GULF FZE
6	ELGI COMPRESSORES DO BRASIL IMP.E.EXP.LTDA

Sl. No	Name of the Company (continued)
7	ELGI EQUIPMENTS AUSTRALIA PTY LTD
8	INDUSTRIAL AIR COMPRESSORS PTY LTD
9	F.R. PULFORD & SON PTY LTD
10	ADVANCED AIR COMPRESSORS PTY LTD
11	ELGI COMPRESSORS ITALY S.R.L
12	ROTAIR SPA
13	ELGI COMPRESSORS USA INC
14	PATTONS INC
15	PATTONS MEDICAL LLC
16	PT.ELGI EQUIPMENTS INDONESIA
17	ELGI COMPRESSORS EUROPE SRL
18	ELGI COMPRESSORS IBERIA SL
19	MICHIGAN AIR LLC
20	ELGI GULF MECHANICAL AND TRADING COMPANY LLC
21	ELGI COMPRESSORS NORDICS
22	ELGI COMPRESSORS FRANCE SAS
23	ELGI COMPRESSORS EASTERN EUROPE SP. Z.O.O.
24	ELGI COMPRESSORS (M) SDN. BHD.

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).

   ELGi has subsidiaries in India and in foreign countries and subsidiaries participate in business responsibility (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 suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

Section D: BR information

1. a. Details of director/directors responsible for BR implementation of the BR policy/policies
   - i. Name: Mr. Jairam Varadaraj
   - ii. DIN Number: 00003361
   - iii. Designation: Managing Director
   - iv. Telephone Number: 0422-2589555
   - v. E-mail id: investor@elgi.com

   b. Details of BR head
   - i. Name: Mr. Jairam Varadaraj
   - ii. Designation: Managing Director
   - iii. Telephone Number: 0422-2589555
   - iv. E-mail id: investor@elgi.com

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

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.								
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:

- 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.

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

Yes BR report is published on annual basis. http://www.elgi.com

Section E: Principle-wise performance

Principle 1: Business should conduct and govern themselves with 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 behavior, 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 Shareholders and Customers on ethics, transparency or accountability during the 2020-21. Few complaints received from anonymous sources during 2020-21 were examined but not pursued due to lack of proof. Each and every complaint was addressed on time satisfactorily.

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.

    - 2 to 3% improvement in energy efficiency has been achieved in compressors through design changes. We have developed and launched several models with this improvements. We have also expanded the range of oil free compressors.
    - We have 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. We have also expanded the range of OFD compressors.
    - Our indigenously developed and manufactured motors deliver higher efficiency at lower cost and these motors are used in our 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. We don't have a method yet to capture details separately for old and new products; we are working towards it.

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)

(a) 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 also 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)?

   Yes

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We have 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, which is the result of a "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?

   Yes, please see answer to 3 a above.

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company works with suppliers very closely and technically supports them to establish manufacturing capabilities and capacity. The Company does conduct supplier quality improvement programs, continuous improvement program and training on KANBAN systems. Because of these efforts, the Company was able to migrate its MSME suppliers to next level in-line with Company's expectations.

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.

The Company does recycle foundry sand waste and converts them to solid blocks to the extent of 140 Tons / Yr ., > 10%

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 laws.

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

1. Please indicate the total number of employees. 2142 (Including subsidiaries)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 635

3. Please indicate the number of permanent women employees: 140

4. Please indicate the number of permanent employees with disabilities:3

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

5. What percentage of your permanent employees is members of this recognized employee association? Not applicable

6. 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

Sl. No	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

7. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent employees: 72%

(b) Permanent women employees: 65%

(c) Casual/temporary/contractual employees: 82%

(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 employs various mechanisms and practices to engage with them in a fruitful dialogue. 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 stakeholders 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's and its subsidiaries.

There have been no complaints received and disposed regarding violation of human rights during the year 2020-21.

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 does have 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 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 were 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.

New initiative in ISO 14001:2015 - We utilized the foundry waste sand and converted as a solid blocks, we manufactured and used 40,000 solid blocks for internal civil construction purposes.

All the Air conditioner Ozone depletion gas has been converted to Environmental friendly gas.

Initiative carried out to optimize the Co2 emission reduction by various actions taken to optimize the Co2 emission

New initiative in ISO 45001: 2018 : In order to minimize/ eliminate the Risk in each Manufacturing process, we use Poka yoke, Administrative controls and usage of PPE in each stage. We are ensuing there is no safety incidents in all the manufacturing plants

New initiative in ISO 50001:2018: To reduce the High Speed Diesel consumption, we initiated 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

As part of the product development policy, we are working towards ensuring that all our products are in top three positions in terms of loer 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.

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. Addressing the Significant Aspect and Impact at shop floor. This will be carried out on a continuous basis based on the manufacturing process change.

3. 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.

4. 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.

   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 into the environment. This will have significant impact on environmental cleanliness.

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

   Yes, we have implemented an interlock system to highlight this before it reaches the set value for foundry furnace

6. 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

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

- Confederation of Indian Industry, Coimbatore Chamber of Commerce, Indo Australian Chamber of Commerce
- India Asian Srilanka chamber of commerce and industries
- Indo German Chamber of Commerce and Industries
- Indo Australian Chamber of Commerce and Industries
- Indo Italian Chamber of Commerce and Industries
- Indian Chamber of Commerce and Industries
- Confederation of Indian Industry (CII)

2. 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 we operate. ELGi'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 2020-21.

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. It was found that 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 Karur Basket Ball Club, Amrit Center for Special Needs, Coimbatore Cancer Foundation and Cankids- Kidscan, a NGO involved in holistic treatment of cancer afflicted children LRG Foundation. During the year, contribution to CanKids-Kidscan to an extent of Rs 10.00 lakhs were made through Ellargi Turst.

Project undertaken	CSR contribution (Amount in ₹) during the year 2020-21
Support to School and construction of new school building through LRG Foundation	23.00 Million
Amrit Center For Special Needs	0.30 Million
Contribution to Coimbatore Cancer Foundation – Coimbatore Marathon	0.43 Million

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 spending 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 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. We have 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, we are 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 behavior 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?

We carry out surveys on an ongoing basis with customers who log into our on-line customer care system.

For and on behalf of the Board

Jairam Varadaraj
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

N. Mohan Nambiar
Director
DIN: 00003660
Place: Coimbatore

Date: 21/05/2021

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021, in terms of Regulation 34(3) read with Para C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Company's Philosophy on Code of Governance

The 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. The Company has a defined set of guidelines for its internal governance based on business ethics, legal compliance and professional conduct. The 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.

Board of Directors – Composition, Category and Attendance

The Board of Directors of the Company consists of Ten Directors. Mr. Jairam Varadaraj is the Executive Director and all others are Non-executive Directors (out of which five are Independent Directors).

The Board met 6 (Six) times during the financial year on 29th June, 2020, 30th July, 2020, 14th August, 2020, 28th September, 2020, 6th November, 2020 and 8th February, 2021. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under: -

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies #	No. of Committee Positions held in all Companies $	
		Board meeting	Last AGM		Chairman	Member
Mr. Jairam Varadaraj (DIN: 00003361)	Managing Director Promoter	6	Yes	8	–	3
Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive Promoter	6	Yes	5	–	2
Dr. T. Balaji Naidu (DIN: 00002755)	Non-Executive Promoter	6	Yes	1	–	1
Mr. B. Vijayakumar (DIN: 00015583)	Non-Executive Independent	4	Yes	2	–	2
Mr. N. Mohan Nambiar (DIN: 00003660)	Non-Executive Independent	6	Yes	0	1	2
Mr. M. Ramprasad (DIN: 00004275)	Non-Executive Independent	6	Yes	0	1	1
Dr. Ganesh Devaraj (DIN: 00005238)	Non-Executive Independent	5	Yes	0	–	1
Mr. Harjeet Singh Wahan (DIN: 00003358)	Non-Executive Non-Independent	6	Yes	1	–	1
Mrs. Aruna Thangaraj (DIN: 07444726)	Non-Executive Independent	6	Yes	1	–	1
Mr. Anvar Jay Varadaraj (DIN: 07273942) (Appointed on 01.04.2020)	Non-Executive Promoter	5	No	1	–	–

excludes directorships in Private Companies and Foreign Companies

$ Only Audit Committee and Stakeholders Relationship Committee are considered.

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

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in ten public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the directors, none of the directors serve as member of more than ten committees nor are they the Chairman / Chairperson of more than five committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of the other listed entities where the Directors hold directorship:

Name of the Directors	Name of the listed entity	Category
Mr. Jairam Varadaraj (DIN: 00003361)	Precot Limited	Non-Executive, Independent Director
	Elgi Rubber Company Limited	Non-Executive, Non-Independent Director
	Thermax Limited	Non-Executive, Independent Director
	Magna Electro Castings Limited	Non-Executive, Independent Director
Mr. Sudarsan Varadaraj (DIN: 00133533)	Kovilpatti Lakshmi Roller Flour Mills Limited	Non-Executive, Non-Independent Director
	Super Spinning Mills Limited	Non-Executive, Independent Director
	Elgi Rubber Company Limited	Executive Chairman & Managing Director
Dr. T. Balaji Naidu (DIN: 00002755)	Nil	Nil
Mr. B. Vijayakumar (DIN: 00015583)	LGB Forge Limited	Chairman & Non-Executive Director
	L G Balakrishnan & Bros Limited	Chairman & Managing Director
Mr. N. Mohan Nambiar (DIN: 00003660)	Nil	Nil
Mr. M. Ramprasad (DIN: 00004275)	Nil	Nil
Dr. Ganesh Devaraj (DIN: 00005238)	Nil	Nil
Mrs. Aruna Thangaraj (DIN: 07444726)	Nil	Nil
Mr. Harjeet Singh Wahan (DIN: 00003358)	Nil	Nil
Mr. Anvar Jay Varadaraj (DIN: 07273942) Appointed on 01.04.2020	Nil	Nil

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March, 2021.

Name of the Director	No of Shares held (as on 31/03/2021)
Mr. M. Ramprasad	16,000
Mr. B. Vijayakumar	1,00,000
Dr. T. Balaji Naidu	68,500
Mr. Sudarsan Varadaraj	83,572
Mr. Harjeet Singh Wahan	20,000
Mr.Anvar Jay Varadaraj	19,25,248

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

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

None of the Directors were issued ESOPs.

Independent Directors

Familiarization Program for Independent Directors:

At every Board Meeting, the concerned Senior Management personnel of the Company presents to the Directors, region-wise operational and financial aspects of the Company and its subsidiaries. The Directors are also apprised about the new products and related aspects. During the year, a presentation on restructuring the European business was made to the Board of Directors. The Directors were also appraised of the COVID-19 related precautionary measures taken at the Company's factories and offices. The Directors were also kept abreast of the latest legal developments like changes in consumer protection law and the new Corporate Social Responsibility rules.

The familiarization program for Independent Directors included the new Strategic Business Plan setting out the mid-terms goals of the Company. The Strategic Business Plan focused on setting fresh goals on profitability and returns besides revenue. All the business regions and global functions will now work on Strategic Initiatives required to achieve their Strategic Business Plan goals. The Annual Business Plan will be prepared based on the Strategic Business Plan.

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

Key Board Qualifications, expertise and attributes:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management. During the year, the Nomination and Remuneration Committee mapped the board skills of Mr. Anvar Jay Varadaraj, Non-Executive Director and recommended the same for the approval of the Board of Directors. The Board of Directors approved the board skills matrix of Mr. Anvar Jay Varadaraj at its meeting held on 21-05-2021.

The list of core skills / expertise / competency identified by the Board of Directors as required in the context of its business (es) and sector(s) for functioning effectively and those already available with the Board are as follows:

ELGi Board of Directors Skill Matrix

No.	Skills / Core Competencies	Ramprasad M	Ganesh Devaraj	Mohan Nambiar	B. Vijayakumar	Aruna Thangaraj	Sudarsan Varadaraj	Harjeet Singh Wahan	T Balaji Naidu	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	✓	✓		✓	✓	✓			✓	✓

Confirmation on the fulfillment of the conditions of independence:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

None of the Independent Directors have resigned before the expiry of the tenure during the year under review.

Separate Meeting of the Independent Directors:

The Independent Directors held a meeting on 29th June, 2020, without the attendance of Non-Independent Directors and members of Management. The following matters were discussed in detail:

I. Review of the performance of Non-independent directors and the Board as a whole

II. Review of the performance of the Managing director of the Company, taking into account the views of Non-Executive Directors.

III. Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors were satisfied with all the above.

Committees of the Board

The Board at present has six Committees:

1) Audit Committee 2) Nomination and Remuneration Committee 3) Stakeholders Relationship Committee 4) Risk Management Committee 5) Corporate Social Responsibility Committee and 6) Compensation Committee

The Board constitutes the committees and defines their terms of reference. The members of the Committees are co-opted by the Board.

Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. 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.

During the year under review, the Committee met five times on 29th June, 2020, 30th July, 2020, 14th August, 2020, 6th November, 2020 and 8th February, 2021. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. M. Ramprasad (Chairman)	Independent – Non-Executive	5	5
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive	5	5
Dr. Ganesh Devaraj (Member)	Independent – Non-Executive	5	4
Mr. Harjeet Singh Wahan (Member)	Non-Independent - Non-Executive	5	5
Mrs. Aruna Thangaraj (Member)	Independent – Non-Executive	5	4

The Chairman of the Audit Committee attended the Annual General Meeting held on 14th August, 2020.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, Internal Auditor and Chief Financial Officer of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the financial statements, before it was placed in the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act 2013.

The terms of reference of this committee are as required under Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

The Committee comprises of the following Directors as its Members.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Dr. Ganesh Devaraj (Chairman)	Independent – Non-Executive	2	2
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive	2	2
Mr. M. Ramprasad (Member)	Independent – Non-Executive	2	2

The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on 14th August, 2020.

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 29th June, 2020 and 30th July, 2020.

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.

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.

Performance Evaluation of non-executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Compensation 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.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. N. Mohan Nambiar (Chairman)	Independent – Non-Executive	13	13
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	13	13
Dr. T. Balaji Naidu (Member)	Non-Executive - Promoter	13	13

The Chairman of the Stakeholders Relationship ommittee had attended the Annual General Meeting of the Company held on 14th August, 2020.

Mr.Ragunathan K, was appointed as Company Secretary and Compliance officer on 29th June, 2020.

The terms of reference of this Committee are as required by SEBI under Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Stakeholders Relationship Committee 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.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March, 2021 was 2 (Two). All complaints were solved to the satisfaction of the shareholders. There were no outstanding complaints as on 31st March, 2021.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Risk Management Committee

The Risk Management Committee was constituted in compliance with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with majority of Board of Directors as its members. The terms of reference of this Committee are as specified under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

The Risk Management Committee shall monitor and review the risk management plan of the Company and perform such other functions as mandated by the Board of Directors.

The Committee consists of the following members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. Harjeet Singh Wahan (Chairman)	Non-Independent – Non-Executive	1	1
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	1	1
Mr. Ragunathan Gunabooshanam (Member) (Till 22nd October, 2020)	Chief Financial Officer*	1	1
Mr. R. Jayakanthan (Appointed as member with effect from 6th November, 2020)	Chief Financial Officer**	NA	NA

*Resigned as Chief Financial Officer with effect from 22nd October, 2020

**Appointed as Chief Financial Officer with effect from 23rd October, 2020

Further, pursuant to the amendment to Regulation 21(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 5th May, 2021, the Board of Directors of the Company at their meeting held on 21st May, 2021 had reconstituted the Risk Management Committee by inducting Ms.Aruna Thangaraj, Independent Director as the Chairman of the Committee.

The Committee met once during the year under review on 29th June, 2020. The top 10 risks affecting the enterprise were reviewed by the Committee. In accordance with regulation 21 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Company has been regularly reviewing and upgrading the Cyber Security measures for safeguarding the network, systems and data. Some of the Cyber security measures that were operationalized in the recent past are:

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. We have 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.

Corporate Social Responsibility (CSR) Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The terms of reference of this Committee, assigned by their Board encompasses the following:

a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII

b. To recommend the amount of expenditure to be incurred on the activities referred to in Clause A

c. To monitor the Corporate Social Responsibility policy of the Company from time to time

d. Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India

The Committee consists of the following members:

Name of the Members	Category
Dr. Ganesh Devaraj (Chairman)	Independent – Non-Executive
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive
Mr. M. Ramprasad (Member)	Independent – Non-Executive

The Committee met once during the year under review on 28th September, 2020.

The Committee comprises four members namely Mr. Jairam Varadaraj, Mr. B. Vijayakumar, Dr. T. Balaji Naidu and Mrs. Aruna Thangaraj. During the year under review, the Committee had met twice on 29th June, 2020 and 8th February, 2021.

Compensation Committee

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. 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.

Details of Remuneration

Managing Director

The Company's Board at present comprises of one Executive Director, Mr. Jairam Varadaraj – Managing Director. Remuneration of the Managing Director had earlier been approved by the Board of Directors and the shareholders. The remuneration comprises of fixed and variable components. The increment of the Managing Director is determined on the basis of the Company's performance and individual contribution. At the 60th Annual General Meeting of the Company, the shareholders consented to re-appointment of Mr. Jairam Varadaraj as a Managing Director for further period of 5 years with effect from 1st April, 2021 until 31st March, 2026 at a remuneration not exceeding ₹ 35 million for a three year period 1st April, 2021 to 31st March, 2024. The Managing Director is not entitled to sitting fees for attending meetings of the Board and Committees.

Details of remuneration paid to the directors for the year ended 31st March, 2021 as follows:

Name of the Director	Salary, Allowance and Perquisites (₹ in Million)	Service Contract
Mr. Jairam Varadaraj, Managing Director	Fixed Salary – ₹ 13.32 Million Variable Salary – ₹ 2.29 Million	01/04/2016 to 31/03/2021

The variable salary of the Managing 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 individual performance was assessed based on the performance of senior management personnel on an average and own performance.

Except for Mr. Harjeet Singh Wahan, who is paid consultancy fees pursuant to approval of the members vide resolutions passed at the Annual General Meetings held on 31st July, 2015, 2nd August, 2019 &

14th August, 2020, the Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

Remuneration paid to Non-Executive Director (other than sitting fee)

Name of the Director	Salary, Allowance and Perquisites (₹ in Million)
Mr. Harjeet Singh Wahan, Non-Executive Director	1.11

Brief details of consultancy services rendered by Mr.Harjeet Singh Wahan are given below:

1) Review of existing business processes and aid to ensure control adequacy across all business functions.
2) Encourage to implement, execute and monitoring of Self-audits for ELGi & Subsidiaries.
3) Aid to implement best business practices / model at ELGi

The details of sitting fees paid during the year ended 31st March, 2021 to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees (In ₹)	Name of the Director	Sitting Fees (In ₹)
Mr. N. Mohan Nambiar	420000	Dr. T. Balaji Naidu	220000
Mr. M. Ramprasad	570000	Mr. Sudarsan Varadaraj	180000
Dr. Ganesh Devaraj	420000	Mrs. Aruna Thangaraj	360000
Mr. B. Vijayakumar	160000	Mr. Harjeet Singh Wahan	380000
Mr. Anvar Jay Varadaraj	150000		

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

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

The remuneration paid to the directors of the Company is within the limits prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Elgi Equipments Limited Employee Stock Option Plan 2019:

The Company has implemented the Elgi Equipments Limited Employee Stock Option Plan 2019 (Elgi ESOP 2019) to enable the Company and its subsidiaries to attract, retain and reward appropriate human talent in its employment and to create a sense of ownership and participation amongst the employees. The 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 1,53,800 bonus options (against the 1,60,600 options already granted during 2019-20 to eligible employees) at a grant price of ₹ 100.035 per share after considering the Bonus Issue @ 1:1 issued during the year, in accordance with the ESOP Scheme of the Company. Since Mr Ragunathan Gunabooshanam, the erstwhile chief financial officer resigned with effect from 22nd October, 2020, the 6800 options granted to him were forfeited. Total number of options issued under ESOP after reckoning for bonus issue now stands at 3,07,600.

The Company has received a Certificate from the Statutory Auditors of the Company that the above referred Scheme had been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolutions passed by the members in this regard.

Management Discussion and Analysis

Management Discussion and Analysis Report forms part of this Annual Report.

General Body Meetings

Location and time for last three AGMs held and the Special Resolutions, if any, passed thereat, are as given below:

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions passed, if any
2019-2020	14/08/2020	3.30 pm	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	1. 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 1st April, 2020 to 31st March, 2021. 2. Re-appointment of Mr.Jairam Varadaraj (DIN 00003361) as the Managing Director of the Company for a further period of 5 years with effect from 1st April, 2021.
2018-2019	02/08/2019	3.30 pm	ARDRA, No. 9, North Huzur Road (Near Codissia Building) Coimbatore – 641 018	1. 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 2nd August, 2019. 2. 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 2nd August, 2019 3. 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 2nd August, 2019 4. Re-appointment of Mr. N.Mohan Nambiar (DIN: 00003660) as an Independent Director of the Company for a second term of with effect from 2nd August, 2019 to 10th April, 2023 5. Approval for payment of consultancy fees to Mr.Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company with effect from 1st April, 2019 to 31st March, 2020
2017-2018	10/08/2018	4.00 pm	ARDRA, No. 9, North Huzur Road (Near Codissia Building) Coimbatore – 641 018	1. Adoption of New set of Articles of Association of the Company

Extra Ordinary General Meeting:

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

Postal Ballots

During the year, the Company conducted Postal Ballot vide Notice dated 14th August, 2020, for obtaining the approval of the members for the resolutions as detailed below.

The details of resolutions passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Particulars of Resolution	Type of resolution	No. of valid votes polled	Votes cast in favour		Votes cast against		Invalid votes cast
			No. of votes	% of votes	No. of votes	% of votes	
Approval for increasing the Authorized Share Capital and consequent amendment to Memorandum of Association of the Company	Ordinary Resolution	8,56,07,924	8,56,07,272	99.99	652	0.01	NIL
Approval for issue of bonus shares	Ordinary Resolution	8,56,07,994	8,56,07,332	99.99	662	0.01	NIL
Approval for creation of mortgages/ charges/ hypothecation of the properties of the Company under section 180(1)(a) of the Companies Act, 2013 in respect of the borrowings of the Company	Special Resolution	8,56,07,774	8,54,77,659	99.85	1,30,115	0.15	NIL
Approval to make investments or grant loans or provide guarantee or security in excess of the limits specified under section 186 of the Companies Act, 2013	Special Resolution	8,28,05,177	8,26,70,854	99.84	1,34,323	0.16	NIL

Further, the Company had conducted a Postal Ballot vide Notice dated 8th February, 2021 for obtaining the approval of the members for reclassification of the shareholding of certain members from the “Promoter Group” category to “Public” category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of resolutions passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Particulars of Resolution	Type of resolution	No. of valid votes polled	Votes cast in favour		Votes cast against		Invalid votes cast
			No. of votes	% of votes	No. of votes	% of votes	
Approval of the requests received from shareholders for reclassification of their shareholding from “Promoter Group” category to “Public” Category pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Ordinary Resolution	10,05,57,002	10,05,56,315	99.999	687	0.001	1,63,572

The Members have approved the proposal for reclassification of the shareholding of some individual promoters from "Promoter Group" category to "Public" category and the same is pending with the stock exchanges for their approval.

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner for both the postal ballots conducted during the year.

Postal Ballot proposed to be conducted:

As on date of this report, the Company does not foresee the need for postal ballot to pass any resolution in the financial year 2021-22.

Procedure for Postal Ballot:

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 14th August, 2020 and 8th February, 2021 (as specified above) were transacted through Postal Ballot / e-voting.

The Company had engaged the services of Link Intime India Private Limited (LIIPL) for providing e-voting facility to the members.

In respect of the Postal Ballot Notice dated 14th August, 2020, the members holding shares as on the cut-off date of Friday, 14th August, 2020 were provided the option of exercising their right to vote on the said resolution(s) through postal ballot / e-voting during the period commencing from Thursday, 20th August, 2020 to Friday, 18th September, 2020. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on Saturday, 19th September, 2020 on the website of the Stock Exchanges, Company and LIIPL.

In respect of the Postal Ballot Notice dated 8th February, 2021, the members holding shares as on the cut-off date of Friday, 12th February, 2021 were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from Wednesday, 17th February, 2021 to Thursday, 18th March, 2021. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on Friday, 19th March, 2021 on the website of the Stock Exchanges, Company and LIIPL.

Means of Communication

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

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

In addition to this, the Company has the practice of mailing Quarterly Results to the Company's members and the members are also kept informed about important developments in the Company.

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

General Shareholder Information

61st Annual General Meeting

Date and Time: 2nd day of August 2021 at 4:30 PM

Venue: The meeting is being convened through video conferencing/ other audio-visual means and hence the registered office of the Company will be deemed to be the venue of the AGM.

Financial Year: 1st April, 2020 to 31st March, 2021

Date of Book closure: 27th July, 2021 to 2nd August, 2021

Dividend Payment Date: On or before 31st August, 2021.

Listing of shares on Stock Exchanges

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.

National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor, Plot No. C/1'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

Annual listing fees has been duly paid to BSE Limited & National Stock Exchange of India Limited.

Stock Market Data

Type of Security: Equity

Stock Code:

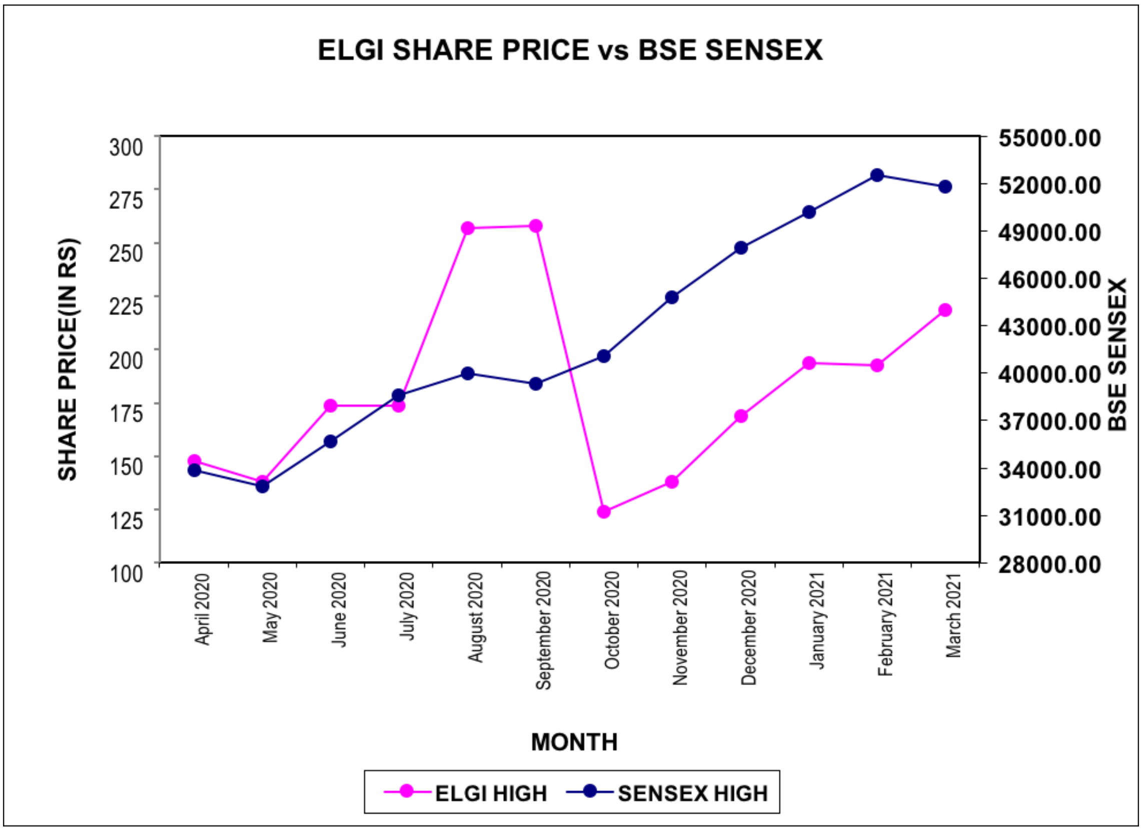
BSE Limited - **522074**
National Stock Exchange of India Limited - **ELGI EQUIP**

ISIN allotted for equity shares: **INE285A01027** (Fully paid ₹ 1/- each)

Stock Price Data:

For the Period: April 2020 to March 2021

	BSE			NSE		
	HIGH	LOW		HIGH	LOW	
Month	**(In ₹)**	**(In ₹)**	**QTY**	**(In ₹)**	**(In ₹)**	**QTY**
APRIL	148.00	102.25	7,74,909	147.95	101.20	49,25,268
MAY	138.00	125.00	5,75,830	135.90	126.00	9,14,111
JUNE	173.65	134.90	1,78,244	174.45	133.00	26,85,233
JULY	173.90	142.15	1,94,233	174.00	141.75	33,45,164
AUGUST	256.90	157.40	3,52,463	258.30	156.90	42,68,845
SEPTEMBER	258.15	118.00	2,82,945	258.00	117.50	24,46,380
OCTOBER	123.85	103.40	95,910	123.95	101.30	10,19,677
NOVEMBER	137.95	104.70	1,86,406	138.00	103.25	31,72,106
DECEMBER	169.00	126.75	6,58,111	169.00	131.00	49,25,880
JANUARY	193.80	146.80	9,45,139	193.00	149.80	78,81,572
FEBRUARY	192.30	155.90	3,46,129	192.50	155.45	47,81,488
MARCH	218.70	173.15	3,25,612	211.60	175.05	58,47,858
TOTAL			**49,15,931**			**4,62,13,582**



*** Record date for bonus shares - 26.09.2020 and Bonus Shares allotted on 28.09.2020.**

Registrar and Share Transfer Agents

(For both physical and demat segments)

Link Intime India Private Ltd
Head Office:

C-13, 247 Park, L.B.S. Marg, Vikroli (West),
Mumbai - 400083

Tel: 022-49186270,
E-mail: rnt.helpdesk@linkintime.co.in

Coimbatore Branch:

"Surya", 35, May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore -641028.

Tel: 91-0422- 2314792 & 2315792,
E-mail: coimbatore@linkintime.co.in

Details of Compliance Officer:

Mr. Ragunathan K

Elgi Equipments Ltd, Elgi Industrial Complex,
Trichy Road, Singanallur, Coimbatore – 641005

Tel: 91- 422- 2589136, 2589187 Fax: 91-422-2573697,
e-mail: investor@elgi.com

In order to facilitate investor servicing, the Company has designated an e-mail-id: investor@elgi.com mainly for registering complaints by investors.

The shares of the Company are regularly traded and in no point of time the shares were suspended for trading in the stock exchanges.

Reconciliation of Share Capital Audit

A qualified Company Secretary in Practice carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital 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 & CDSL.

Share Transfer System

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. 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 1st April, 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 Stakeholders Relationship Committee generally meets as and when required.

Categories of Shareholders as on 31st March, 2021

Category	No. of Shares	% To Total
Promoters	10,11,09,962	31.91
Foreign Portfolio Investors	7,27,24,348	22.95
Mutual Funds	2,62,78,282	8.29
Alternate Investment Funds	38,40,821	1.21
Financial Institutions/ Banks	5,238	0.00
Insurance Companies	34,316	0.01
Bodies Corporate	3,86,96,484	12.21
Non-Resident Indians	26,43,824	0.83
Unclaimed Shares	4,59,476	0.14
Clearing Members	63,167	0.02
Employees	3,53,361	0.11
Public	7,03,29,737	22.19
Employee Benefit Trust	3,70,000	0.12
TOTAL	**31,69,09,016**	**100**

Distribution of Shares as on 31st March, 2021

No. of shares	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	26420	95.6	87,50,939	2.8
5001 to 10000	484	1.8	35,75,621	1.1
10001 to 20000	281	1.0	41,51,641	1.3
20001 to 30000	127	0.5	31,29,754	1.0
30001 to 40000	70	0.3	24,95,917	0.8
40001 to 50000	26	0.1	11,89,398	0.4
50001 to 100000	88	0.3	62,44,267	2.0
100001 & above	152	0.5	28,73,71,479	90.7
Total	**27648**	**100.0**	**31,69,09,016**	**100.0**

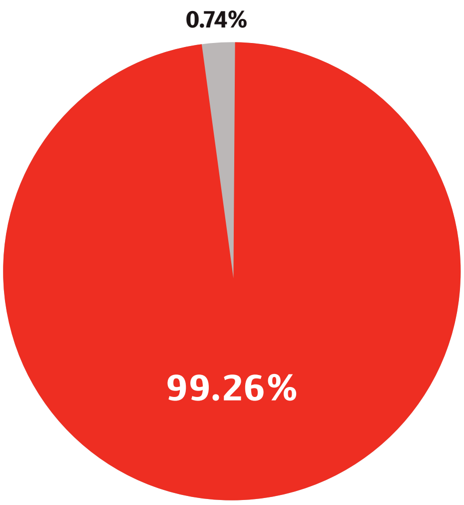
Dematerialization of Shares and liquidity

The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

During the financial year 2020-21, 3,09,285 shares were dematted. As on 31st March, 2021, out of 31,69,09,016 shares, total shares in demat form are 31,45,83,101 shares and 23,25,915 shares in physical form. The dematted portion represents 99.26% shares of the Company and 0.74% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26/06/2000 for all investors.

With effect from 1st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case or transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ELGi Demat Percentage



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.

Commodity price risk or foreign exchange risk and hedging activities

Nil

Plant locations

ELGI EQUIPMENTS LIMITED

Elgi Industrial Complex
Trichy Road, Singanallur, Coimbatore – 641 005

ELGI EQUIPMENTS LIMITED

SF No 221, 221/2 & 221/3
Kothavadi Road, Kodangipalayam Village
Singarampalayam (PO), Kinathukkadavu Taluk
Coimbatore – 642 109

Address for Correspondence

Mr. Ragunathan K

Compliance Officer
Elgi Equipments Ltd
Elgi Industrial Complex,
Trichy Road, Singanallur, Coimbatore – 641 005.
e-mail: investor@elgi.com
Tel: 91- 422- 2589136, 2589187
Fax: 91-422-2573697

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.

Disclosures:

a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

All the related party transactions are entered into on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel or otherwise which may have potential conflict with the interest of the Company at large.

The details of the transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

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.

No penalties and/or strictures were 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.

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 Obligations and Disclosure Requirements) Regulations, 2015 & the Companies Act, 2013. The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the Company. Besides this, the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not, is placed before the Audit Committee for its perusal and comments. No personnel 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 Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted the following non-mandatory requirements.

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

ii. Reporting of internal Auditors to Audit Committee as recommended in terms of Regulation 27(1) read with part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

e) Web link where policy for determining "material" subsidiaries is disclosed.

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

f) Web link where policy on dealing with related party transactions.

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

g) Disclosure of commodity price risks and commodity hedging activities.

During the financial year ended 31/03/2021, the Company did not engage in commodity hedging activities

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

i) Certificate on non-disqualification of directors

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 has been obtained and is annexed to this report.

j) Recommendation of the Committees of the Board

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

k) Total fees for all services paid to the Statutory Auditor

The Company and its Material Indian Subsidiary ATS Elgi Limited 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.

l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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 2020-21, no complaints were received by the Committee. As such, there are no complaints pending as at the end of the financial year.

m) Disclosure on accounting treatment.

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) referred to in Section 133 of The Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

n) Disclosure on risk management

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 Obligations and Disclosure Requirements) Regulations, 2015

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 Obligations and Disclosure Requirements) Regulations, 2015.

Certificate from CEO / CFO

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 21st May, 2021 as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

Code Of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The same has been posted on the website of the Company. All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

Code of Conduct for Prevention of Insider Trading

The Company has framed a code of conduct for monitoring the trading done by designated persons based on the

SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors, officers and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company. The Company has also implemented an insider trading software for a more robust approach to monitoring compliance and reporting as per the said regulations.

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.

Declaration for Code of Conduct

I hereby affirm and state that all Board Members and senior management personnel of the Company have given declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2020-21

Jairam Varadaraj
Managing Director
DIN:00003361

Place: Charlotte, North Carolina, USA
Date: 21.05.2021

Unclaimed Suspense Account

Pursuant to Regulation 39(4) read with Schedule VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had transferred on 07/12/2015, its unclaimed shares to Elgi Equipments Limited unclaimed suspense account opened with M/s. Coimbatore Capital Limited. The details of the Unclaimed Securities Suspense Account are given below:

Particulars	Number of Shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	450	2,67,114
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	-	2,34,598
Shares transferred to IEPF from unclaimed suspense account during the year	236	35,840
Number of shareholders whose shares were transferred from suspense account during of the year	9	4,996
Total shares transferred from suspense account	245	40,836
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2021	205	4,60,876

The voting rights on the outstanding unclaimed shares as on 31st March, 2021 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

Certificate on Corporate Governance for the year ended 31/03/2021

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, 2021 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, 2021.

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 in Practice
FCS No.: 960; C P No.: 411
UDIN: F000960C000338935
Peer Review No. 985/2020

Place: Coimbatore
Date: 21.05.2021

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, 2021** 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	00003361	29/05/1992
2	Mr. Sudarsan Varadaraj	00133533	18/11/1993
3	Dr. Thumala Balaji Naidu	00002755	26/07/1984
4	Mr. Balakrishnan Vijayakumar	00015583	11/01/1993
5	Mr. Mohan Nambiar	00003660	16/02/1983
6	Mr. Ramprasad Mathrubutham	00004275	25/09/2004
7	Dr. Ganesh Devaraj	00005238	30/10/2003
8	Mr. Harjeet Singh Wahan	00003358	01/04/2015
9	Mrs. Aruna Thangaraj	07444726	27/05/2019
10	Mr. Anvar Jay Varadaraj	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 in Practice
FCS No.: 960; C P No.: 411
UDIN: F000960C000338946
Peer Review No. 985/2020

Place: Coimbatore
Date: 21.05.2021

Group Performance for Ten Years

(₹ In Million)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue from operations	19,240	18,294	18,635	16,222	14,381	14,660	13,621	14,081	12,101	10,490
Total income	19,475	18,426	18,731	16,336	14,501	14,751	13,945	14,172	12,263	10,637
Total expenditure	17,084	16,935	16,717	14,488	12,989	13,453	12,737	13,088	11,106	9,389
PBDIT	2,392	1,491	2,014	1,848	1,513	1,299	1,208	1,084	1,157	1,248
Depreciation / Amortisation	743	652	511	438	446	436	366	262	182	135
Finance cost	135	155	90	60	78	122	158	97	45	7
Profit Before Tax	1,513	683	1,413	1,350	989	741	684	725	931	1,106
Income tax	503	270	404	413	264	244	203	269	329	350
Share of profit from joint ventures	14	12	22	16	16	13	-	-	-	-
Profit After Tax	1,025	426	1,031	953	740	509	481	455	602	756
Dividend (%)	80	165	130	120	100	100	100	100	100	100
Capital Employed	9,624	10,289	8,860	8,462	7,530	7,164	7,449	7,332	6,482	2,586
Net worth	8,699	7,690	7,709	6,889	6,069	5,462	4,934	4,636	4,336	3,976
Long Term Borrowings	812	1,027	763	603	966	1,391	1,688	2,145	2,198	-
Net Block incl. Capital WIP	5,761	6,039	5,099	4,469	4,445	4,526	4,643	4,772	3,726	1,162
Investments	85	49	75	91	102	60	148	149	149	149
Current assets	11,333	8,968	8,244	7,760	6,354	6,198	6,706	6,484	6,332	4,819
Current liabilities	7,485	6,303	5,209	4,962	3,931	4,079	4,728	4,696	3,823	2,196
Net working capital	3,848	2,666	3,034	2,798	2,424	2,119	1,978	1,788	2,509	2,624
Total assets	**17,667**	**15,551**	**13,855**	**12,589**	**11,163**	**11,208**	**11,668**	**11,758**	**10,549**	**6,216**

Notes:

Figures beginning from financial year 2015-16 are not comparable with earlier years due to change in the method of consolidation of joint operations and joint ventures as per Ind AS.

Analysis of Performance

RATIO CATEGORY / Ratio	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Operational performance								
Material Consumption ratio (%)	53.73	53.99	55.71	56.75	55.43	55.94	56.03	58.26
Personnel expenses (%)	21.53	22.27	18.41	17.64	18.66	18.42	19.16	17.40
Other Expenses ratio (%)	14.07	16.97	16.19	15.24	16.41	17.16	18.52	17.56
Interest component ratio (%)	0.70	0.86	0.49	0.37	0.57	0.88	1.21	0.73
Depreciation component ratio (%)	3.89	3.59	2.76	2.75	3.28	3.13	2.80	1.96
Tax component ratio (%)	2.58	1.47	2.16	2.53	1.82	1.66	1.48	1.90
Other Income / Total Income (%)	1.79	1.31	1.18	1.35	1.52	1.08	1.19	1.25
Sales (net) per employee (₹ in million)	8.72	8.18	8.77	7.90	6.78	7.00	6.50	6.54
Financial structuring								
Long Term Debt Equity Ratio	0.09	0.13	0.10	0.09	0.16	0.25	0.34	0.46
Net Working Capital / Total Assets	0.38	0.29	0.35	0.37	0.34	0.31	0.29	0.25
Investments / Total Assets	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Inventory / Current Assets	0.30	0.38	0.34	0.35	0.36	0.36	0.40	0.39
Trade Receivables/ Current Assets	0.35	0.39	0.45	0.44	0.38	0.41	0.36	0.37
Liquidity								
Current Ratio	1.51	1.42	1.58	1.56	1.62	1.52	1.42	1.38
Liquidity Ratio	1.06	0.88	1.05	1.01	1.04	0.97	0.86	0.84
Efficiency								
Current Assets Turnover Ratio (CATR)	1.88	2.11	2.31	2.26	2.17	2.08	1.98	2.09
Average Current Assets - no. of days	194	173	158	162	168	176	185	175
Average Inventory - No. of days								
RM & Components	46	43	41	43	47	50	57	53
WIP	5	4	3	5	7	6	7	9
Finished Goods	36	35	28	29	29	32	33	26
Trade Receivables turnover ratio (DTR)	5.12	5.09	5.21	5.50	5.69	5.83	5.57	5.99
Trade Receivables - no of days of net sales	71	72	70	66	64	63	66	61
Trade Creditors' Turnover Ratio (TCTR)	4.13	4.43	4.48	4.92	4.35	4.36	4.10	4.57
Trade Creditors - no of days	88	82	81	74	84	84	89	80
Capital Turnover Ratio	1.92	1.90	2.14	1.99	1.85	1.91	1.77	1.94
Net Fixed Assets Turnover Ratio (NFATR)	3.26	3.29	3.89	3.60	3.05	3.08	3.09	3.89
Profitability								
Gross Profit Margin (%)	12.28	8.10	10.75	11.48	10.43	9.10	7.17	7.65
PBIT Margin (%)	8.46	4.56	8.02	8.80	7.35	6.15	4.51	5.80
Pre-tax Profit Margin (%)	7.77	3.71	7.54	8.43	6.82	5.11	4.98	5.11
Net Profit Margin (%)	5.26	2.31	5.50	5.83	5.10	3.45	3.51	3.21
Post Tax Margin from Operations (%)	4.53	1.90	5.19	5.48	4.79	3.21	1.94	2.57
ROCE (%)	16.70	8.89	17.61	17.83	14.73	13.42	11.40	11.91

Analysis of Performance (Continued)

RATIO CATEGORY / Ratio	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Shareholder's earnings								
RONW (%)	12.51	5.53	14.12	14.71	12.83	9.64	5.38	10.15
Earnings Per Share (current equity) (₹)	3.24	2.69	6.51	6.02	4.67	3.22	3.04	2.87
Dividend Per Shares (₹) - (Refer note No.3)	0.80	1.65	1.30	1.20	1.00	1.00	1.00	1.00
Dividend Payout Ratio (%)	24.74	61.42	19.99	19.96	21.41	31.11	32.94	34.79
Price Earnings Ratio (current equity)	60.64	62.51	38.95	45.67	45.29	40.23	51.57	34.48
Dividend Yield	0.41	0.98	0.51	0.44	0.47	0.77	0.64	1.01
Dividend to Net Worth Ratio (%)	2.91	3.40	2.67	2.76	2.61	2.90	3.21	3.42
Book Value per share (₹)	27.45	48.57	48.69	43.51	38.33	34.50	31.14	29.26

Notes :

1. Net Profit margin includes Exceptional Items
2. Earnings per share, Dividend per share and Book value per share for 2020-21 are after considering the increase in the number of shares on account of bonus issue made at the ratio of 1:1 during the year
3. The Board of Directors have recommended a dividend of ₹ 0.80/- per share (80%) for the year ended March 31, 2021.

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 balance sheet as at March 31, 2021, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and the 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, 2021, 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 'Auditor's 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 14 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 51 to the standalone financial statements, which explains the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) pandemic on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

Key audit matters

5. 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, 2021, the Company has equity investments of ₹ 1,692.46 million in its subsidiaries and joint ventures. 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 discussing with the management, understanding the assumptions involved, and our knowledge and understanding of current business conditions. Evaluated, along with the auditor's 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

6. 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 auditor's report thereon.

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 14 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

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

7. 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.

8. 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

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

10. 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 auditor's 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's 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.

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

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

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

Other Matter

14. 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 ₹ 126.76 million and net assets of ₹ 124.40 million as at March 31, 2021, total revenue of ₹ Nil, total net profit after tax of ₹ 0.05 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.05 million and net cash outflows amounting to ₹ 0.26 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 financial statements is based solely on the report of such other auditors.

    Our opinion is not modified in respect of the above matter.

Report on other legal and regulatory requirements

15. 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.

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

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

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

    (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flow 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 on April 1, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 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, if any, of pending litigations on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements.

ii. The Company has long-term contracts including derivative contracts as at March 31, 2021 for which there were no 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. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

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

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 21213126AAAAEI1476

Place: Coimbatore
Date: May 21, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 16(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the standalone financial statements for the year ended March 31, 2021

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, 2021 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 auditor's 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, 2021, 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. Also refer paragraph 4 of the main audit report.

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

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 21213126AAAAEI1476

Place: Coimbatore
Date: May 21, 2021

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the standalone financial statements for the year ended March 31, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets 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 immovable properties, as disclosed in Note 3(a) and 4 on Property Plant and Equipment and Investment Property respectively to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. 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 material.

iii. The Company has granted unsecured loans, to four parties being wholly-owned subsidiaries covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the loans to two parties, the schedule of repayment of principal and payment of interest has been stipulated. However, in the absence of any amount falling due during the year, the situation for commenting on the regularity of repayment of principal and payment of interest does not arise.

In respect of loans to other two parties, loans and interest are repayable on demand. With respect to one of the above loan, the Company has demanded repayment of loan and interest during the year and the same has been duly repaid in full. With respect to other loan relating to a wholly-owned subsidiary amounting to INR 73.56 million which is under liquidation, the Company received the final settlement of INR 18.21 million and the remaining balance of loan amounting to INR 55.35 million has been provided for in the standalone financial statements.

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

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 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 from the public 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 generally regular in depositing undisputed statutory dues in respect of provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, income tax, duty of customs, goods and service 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.

Further, for the period April 01, 2020 to April 30, 2020, the Company has paid Goods and Services Tax and filed GSTR-3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification 31/2020 - Central Tax dated April 03, 2020 and Notification 32/2020 - Central Tax dated April 03, 2020 on fulfillment of conditions specified therein.

(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, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (in Million)***	**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	3.56	FY 2007-08 to FY 2012-13	Customs Excise Service tax Appellate Tribunal
The Central Sales Tax Act, 1956	Central Sales Tax	–	FY 2015-16	Joint Commissioner (CT), Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	–	FY 2012-13 to FY 2014-15	Central Sales Tax, Appellate Authority
The Central Sales Tax Act, 1956	Central Sales Tax	5.31	FY 2004-05, 2011-12	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	7.70	FY 2004-05, 2013-14	Honourable High Court of Madras

*Net of amount paid under protest amounting to INR 44.08 Million.

viii. 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 borrowings to any financial institution or bank or Government, as applicable at the balance sheet date. The Company has not issued any debentures.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. 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. Also refer paragraph 17 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are 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 (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 21213126AAAAEI1476

Place: Coimbatore
Date: May 21, 2021

Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2021

Particulars	Notes	March 31, 2021	March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3(a)	1,972.37	2,189.93
Right of use assets	3(b)	27.78	39.14
Capital work-in-progress	3(a)	40.18	35.99
Investment properties	4	55.04	55.49
Goodwill	5	1.23	1.23
Other intangible assets	5	53.06	52.98
Financial assets			
(i) Investments	6	1,777.28	1,735.78
(ii) Loans	7	565.81	603.68
(iii) Other financial assets	8	34.83	60.28
Current tax assets (net)	9	–	34.32
Deferred tax assets (net)	22	29.16	18.63
Other non-current assets	10	54.32	51.45
Total non-current assets		**4,611.06**	**4,878.90**
Current assets			
Inventories	11	1,385.84	1,302.01
Financial assets			
(i) Trade receivables	12	3,301.57	2,558.93
(ii) Cash and cash equivalents	13	742.78	161.50
(iii) Bank balances other than (ii) above	14	859.06	284.25
(iv) Deposits with financial institutions	15	305.00	300.00
(v) Loans	16	59.81	152.11
(vi) Other financial assets	17	103.95	32.89
Other current assets	18	327.20	342.51
Total current assets		**7,085.21**	**5,134.20**
Total assets		**11,696.27**	**10,013.10**
Equity and liabilities			
Equity			
Equity share capital	19	316.91	158.45
Other equity	20	7,840.29	6,941.74
Total equity		**8,157.20**	**7,100.19**

Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2021 (Continued...)

Particulars	Notes	March 31, 2021	March 31, 2020
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	23.81	34.20
Provisions	21	52.64	58.84
Total non-current liabilities		**76.45**	**93.04**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	1,013.84	975.00
(ii) Lease liabilities	3(b)	6.32	6.66
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		432.80	271.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,371.73	1,020.95
(iv) Other financial liabilities	25	252.39	298.20
Provisions	26	114.41	124.06
Current tax liabilities (Net)	9	139.09	-
Other current liabilities	27	132.04	123.52
Total current liabilities		**3,462.62**	**2,819.87**
Total liabilities		**3,539.07**	**2,912.91**
Total equity and liabilities		**11,696.27**	**10,013.10**

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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Notes	March 31, 2021	March 31, 2020
Revenue from operations	28	11,001.70	10,811.44
Other income	29	240.60	494.31
Total Income		**11,242.30**	**11,305.75**
Expenses			
Cost of materials consumed	30	5,330.47	5,363.64
Purchases of stock-in-trade	31	944.19	1,067.47
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	114.08	(190.43)
Employee benefits expenses	33	1,563.13	1,631.32
Finance costs	34	36.80	43.08
Depreciation and amortisation expenses	35	353.29	366.52
Other expenses	36	1,498.42	1,746.22
Total expenses		**9,840.38**	**10,027.82**
Profit before tax		**1,401.92**	**1,277.93**
Income tax expense	37		
- Current tax		361.55	326.71
- Deferred tax		(10.53)	(53.02)
Profit for the year		**1,050.90**	**1,004.24**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	20 (h)	37.59	(26.04)
Remeasurement of post-employment benefit obligations	20 (f)	13.02	(0.03)
Income tax relating to these items	20 (f)	(3.28)	0.01
Other comprehensive income for the year, net of tax		**47.33**	**(26.06)**
Total comprehensive income for the year		**1,098.23**	**978.18**

Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2021 (Continued...)

Particulars	Notes	March 31, 2021	March 31, 2020
Earnings per equity share	46		
Nominal value of the shares		1.00	1.00
(1) Basic		3.32	3.17
(2) Diluted		3.32	3.17

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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Standalone Financial Statements as at and for the year ended March 31, 2021

(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 01, 2019	19	**158.45**
Changes in equity share capital during the year		–
Balance as at March 31,2020	19	**158.45**
Issue of bonus shares (refer note 19 (iii))		158.46
Balance as at March 31,2021		**316.91**

ii) Other equity

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, 2019		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	–	**4,677.91**	**6,403.38**	**57.39**	**57.39**	**6,460.77**
Profit for the year	20	–	–	–	–	–	–	1,004.24	1,004.24	–	–	1,004.24
Other comprehensive income	20	–	–	–	–	–	–	(0.02)	(0.02)	(26.04)	(26.04)	(26.06)
Total comprehensive income for the year		–	–	–	–	–	–	**1,004.22**	**1,004.22**	**(26.04)**	**(26.04)**	**978.18**
Transactions with owners in their capacity as owners:												
Dividend paid (including dividend distribution tax)	20	–	–	–	–	–	–	(497.42)	(497.42)	–	–	(497.42)
Employee stock option expense	20	–	–	–	–	–	0.21	–	0.21	–	–	0.21
Balance as at March 31,2020		**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**

Standalone Financial Statements as at and for the year ended March 31, 2021

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

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

		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

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

As per our report of even date

N. MOHAN NAMBIAR
Director
DIN: 00003660
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

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

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Date: May 21, 2021

Place: Coimbatore
Date: May 21, 2021

Standalone Financial Statements as at and for the year ended March 31, 2021

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

Standalone Statement of Cash Flows

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before income tax	**1,401.92**	**1,277.93**
Adjustments for :		
Depreciation and amortisation expense	353.29	366.52
Provision for bad and doubtful debts	23.27	35.94
Gain on disposal of property, plant and equipment	(0.18)	(0.84)
Rental income from Investment property (net of expenses)	(10.81)	(12.39)
Dividend and interest income classified as investing cash flows	(102.67)	(392.45)
Net unrealised exchange differences	(21.65)	(30.92)
Finance costs	36.80	43.08
Financial guarantee commission	(4.45)	–
Non-cash employee share based payments	1.60	0.13
Write back of provision made for loan to subsidiary	(18.21)	–
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(807.55)	323.20
Increase in inventories	(83.83)	(174.06)
Increase/(decrease) in trade payables	520.15	(355.37)
(Increase)/decrease in other financial assets	10.59	(8.26)
Decrease in other current assets	15.31	9.24
Increase/(decrease) in provisions	(2.83)	47.04
Increase/(decrease) in other financial liabilities	30.91	(80.01)
Increase in other current liabilities	8.52	21.67
Cash generated from operations	**1,350.18**	**1,070.45**
Income taxes paid (net of refund)	(191.42)	(340.88)
Net cash inflow from operating activities	**1,158.76**	**729.57**

Standalone Financial Statements as at and for the year ended March 31, 2021

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

Standalone Statement of Cash Flows (Continued...)

Particulars	March 31, 2021	March 31, 2020
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(161.48)	(356.44)
Payments for acquisition of business/assets	–	(34.50)
Investments in subsidiaries	(4.51)	(15.76)
Proceeds from buy-back of FVOCI equity instruments	2.35	–
Subscription to rights issue of FVOCI equity instruments	(0.81)	–
Investment in deposits with Banks/Financial institutions	(579.81)	(198.99)
Rental income from Investment property (net of expenses)	10.81	12.39
(Loans to)/repayment from subsidiaries	112.79	(511.54)
Loans recovered from employees (net)	23.58	5.72
Proceeds from sale of property, plant and equipment	0.86	3.05
Dividends received	10.48	340.86
Interest received	60.56	45.44
Net cash outflow from investing activities	**(525.18)**	**(709.77)**
Cash flows from financing activities		
Net Short term Loans borrowed from banks	38.84	546.18
Payment of lease liabilities	(6.81)	(6.42)
Purchase of shares for ESOP scheme	(44.04)	–
Dividends paid to Company's shareholders	(1.93)	(464.57)
Interest paid	(38.36)	(40.58)
Dividend tax paid	–	(30.32)
Net cash inflow /(outflow) from financing activities	**(52.30)**	**4.29**
Net increase/(decrease) in cash and cash equivalents	**581.28**	**24.09**
Cash and cash equivalents at the beginning of the financial year	**161.50**	**137.41**
Cash and cash equivalents at end of the year*	**742.78**	**161.50**

* 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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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 21, 2021.

(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, 2020:

1. Definition of Material – amendments to Ind AS 1 and Ind AS 8
2. Definition of a Business – amendments to Ind AS 103, Also refer note 1(i) Business Combinations.
3. COVID-19 related concessions – amendments to Ind AS 116
4. Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

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.

(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 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 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 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.

(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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any.

(m) Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset 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 a Life Insurance Corporation of India respectively. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(vi) Share based payments

Share based compensation benefits are provided to the employees via Elgi Equipments Limited Employees Stock Option Plan, 2019, an employee stock option scheme.

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan,2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted,

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining of an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(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, 2021
(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, 2020									
Gross carrying amount									
Opening gross carrying amount	233.57	1,033.64	2,016.34	29.98	110.48	3.86	16.07	**3,443.94**	51.42
Business acquisition	–	–	1.20	–	–	–	–	**1.20**	–
Additions	–	15.59	399.40	4.80	9.13	–	0.29	**429.21**	413.78
Disposal	–	(0.12)	(5.99)	(0.21)	(0.77)	–	(0.06)	**(7.15)**	–
Transfers	–	–	–	–	–	–	–	–	(429.21)
Closing gross carrying amount	**233.57**	**1,049.11**	**2,410.95**	**34.57**	**118.84**	**3.86**	**16.30**	**3,867.20**	**35.99**
Accumulated depreciation									
Opening accumulated depreciation	–	431.88	789.83	21.52	88.06	1.39	13.10	**1,345.78**	–
For the year	–	86.87	231.66	5.03	11.25	0.47	1.15	**336.43**	-
Disposal	–	(0.08)	(3.92)	(0.19)	(0.69)	-	(0.06)	**(4.94)**	–
Closing accumulated depreciation	–	**518.67**	**1,017.57**	**26.36**	**98.62**	**1.86**	**14.19**	**1,677.27**	**–**
Net carrying amount	**233.57**	**530.44**	**1,393.38**	**8.21**	**20.22**	**2.00**	**2.11**	**2,189.93**	**35.99**
Year ended March 31, 2021									
Gross carrying amount									
Opening gross carrying amount	233.57	1,049.11	2,410.95	34.57	118.84	3.86	16.30	**3,867.20**	35.99
Additions	–	7.14	100.50	1.78	0.88	–	–	**110.30**	114.49
Disposal	–	(0.06)	(0.26)	(0.81)	(2.51)	–	–	**(3.64)**	–
Transfers	–	–	–	–	–	–	–	**–**	(110.30)
Closing gross carrying amount	**233.57**	**1,056.19**	**2,511.19**	**35.54**	**117.21**	**3.86**	**16.30**	**3,973.86**	**40.18**
Accumulated depreciation									
Opening accumulated depreciation	–	518.67	1,017.57	26.36	98.62	1.86	14.19	**1,677.27**	–
For the year	–	78.30	235.65	3.69	8.31	0.46	0.77	**327.18**	–
Disposal	–	(0.02)	(0.24)	(0.75)	(1.95)	–	–	**(2.96)**	–
Closing accumulated depreciation	**–**	**596.95**	**1,252.98**	**29.30**	**104.98**	**2.32**	**14.96**	**2,001.49**	**–**
Net carrying amount	**233.57**	**459.24**	**1,258.21**	**6.24**	**12.23**	**1.54**	**1.34**	**1,972.37**	**40.18**

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) Capital work-in-progress
Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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

Particulars	March 31, 2021			March 31, 2020		
	Land	Building	Total	Land	Building	Total
Gross carrying amount	2.60	38.56	41.16	2.60	44.68	47.28
Accumulated depreciation	(0.21)	(13.17)	(13.38)	(0.10)	(8.04)	(8.14)
Net carrying amount	**2.39**	**25.39**	**27.78**	**2.50**	**36.64**	**39.14**

Additions and disposals to the gross carrying amount of right of use assets are ₹ Nil (March 31, 2020: ₹ 4.62 million) and ₹ 6.12 million (March 31, 2020: ₹ Nil) respectively.

Lease Liabilities

Particulars	March 31, 2021	March 31, 2020
Current	6.32	6.66
Non-Current	23.81	34.20
	30.13	**40.86**
Reconciliation:		
Opening balance	**40.86**	–
Lease Liability recognised on Ind AS 116 Transition date- April 01, 2019	–	42.66
Add: New leases recognised during the year (non-cash in nature)	–	4.62
Less: Termination of lease contracts	(3.92)	–
Less: Payment of lease liabilities	(6.81)	(6.42)
Closing balance	**30.13**	**40.86**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

3(b) Leases (Continued...)

ii) Amounts recognised in the statement of profit and loss

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

Particulars	March 31, 2021	March 31, 2020
Depreciation of Right of use assets		
-Land	0.11	0.10
-Buildings	7.35	8.04
	7.46	8.14

Particulars	March 31, 2021	March 31, 2020
Interest expense (included in finance cost)	2.89	4.04
Expenses relating to short term leases (included in Other expenses)	15.39	19.01

(iii) Cash outflow

The total cash outflow for leases is ₹ 25.09 million and ₹ 29.47 million for the year ended March 31, 2021 and March 31, 2020, 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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

4 Investment properties

	March 31, 2021			March 31, 2020		
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	–	3.29	3.29	–	2.80	2.80
Depreciation charge	–	0.45	0.45	–	0.49	0.49
Closing accumulated depreciation	**–**	**3.74**	**3.74**	**–**	**3.29**	**3.29**
Net carrying amount	**46.25**	**8.79**	**55.04**	**46.25**	**9.24**	**55.49**

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

Particulars	March 31, 2021	March 31, 2020
Rental income	11.86	13.75
Direct operating expenses from property that generated rental income	(1.05)	(1.36)
Profit from investment properties before depreciation	**10.81**	**12.39**
Depreciation	(0.45)	(0.49)
Profit from investment property	**10.36**	**11.90**

(ii) Fair value

	March 31, 2021			March 31, 2020		
Particulars	**Land**	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Investment property	493.12	8.79	501.91	493.12	9.24	502.36

Estimation of fair value

a) The fair values of investment properties 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.

b) Guideline values were revised by the Government of Tamil Nadu with effect from June 9, 2017.

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, 2021
(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, 2020				
Gross carrying amount				
Opening gross carrying amount	79.29	–	79.29	–
Business acquisition	–	24.75	24.75	1.23
Additions	7.31	–	7.31	–
Disposal	–	–	–	–
Closing gross carrying amount	**86.60**	**24.75**	**111.35**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	36.91	–	36.91	–
For the year	17.73	3.73	21.46	–
Disposal	–	–	–	–
Closing accumulated depreciation	**54.64**	**3.73**	**58.37**	**–**
Net carrying amount	**31.96**	**21.02**	**52.98**	**1.23**
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**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(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, 2021	March 31, 2020
(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	150,000	AED 1/-	1.78	1.78
Elgi Equipments (Zhejiang) Limited			485.85	485.85
Less : Impairment			(485.85)	(485.85)
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	356,440	BRL 1/-	–	–
Elgi Equipments Australia Pty Limited	100		0.01	3.53
Elgi Compressors Italy S.R.L.	2,555,000	€ 1/-	292.64	292.64
Elgi Compressors Europe S.R.L.	50,000	€ 1/-	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	₹ 1/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited	1,091,500	₹ 10/-	125.61	125.61
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, 2021

(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, 2021	March 31, 2020
(iii) Investment in Equity Instruments (fully paid-up) (Quoted) ***At Fair Value through Other Comprehensive Income***				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.34	0.12
State Bank of India	3,600	₹ 1/-	1.31	0.71
HDFC Bank Limited	5,000	₹ 1/-	7.47	4.31
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	29.99	19.56
Magna Electro Castings Ltd [March 31, 2020 : 80,000 shares]	66,454	₹ 10/-	11.41	8.09
Rajshree Sugars & Chemicals Ltd	229,000	₹ 10/-	3.90	3.21
Pricol Ltd [March 31, 2020 : 94,245 shares]	121,172	₹ 1/-	8.49	3.45
L.G.Balakrishnan & Bros.Ltd.	4,992	₹ 10/-	1.53	0.80
LGB Forge Limited	18,720	₹ 1/-	0.07	0.03
Elgi Rubber Company Limited	763,700	₹ 1/-	20.31	8.48
(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			**1,777.28**	**1,735.78**

* amounts are below the rounding off norm adopted by the Company.

	March 31, 2021	March 31, 2020
Aggregate amount of quoted investments and market value thereof	84.82	48.76
Aggregate amount of unquoted investments	1,692.46	1,687.02
Aggregate amount of impairment in the value of investments	485.85	485.85

The Company assesses the recoverability of carrying value of investments in subsidiaries and joint ventures as per the requirement of Ind AS 36 atleast on an annual basis.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

7 Loans (Non-current)

Particulars	March 31, 2021	March 31, 2020
Unsecured, considered good		
Loans to subsidiary (refer note 41 & 50)	515.39	532.91
Loans to employees	50.42	70.77
	565.81	**603.68**

8 Other financial assets (Non-current)

Security deposits	34.83	60.28
	34.83	**60.28**

9 Current tax assets/ (Current tax liabilities)

Opening balance	34.32	20.14
Add: Tax paid (net of refund received)- refer note below	191.42	340.88
Less : Current tax payable for the year	(364.83)	(326.70)
Net Current tax assets/ (Current tax liabilities)	**(139.09)**	**34.32**

Note: Tax paid for the year ended March 31, 2021 is net of refund received during the year amounting to ₹ 182.43 million.

10 Other non-current assets

Capital advances	54.32	51.45
	54.32	**51.45**

11 Inventories

(a) Raw materials and components*	910.56	692.68
(b) Work-in-progress	65.50	112.91
(c) Finished goods	246.71	292.95
(d) Stock-in-trade*	99.60	126.58
(e) Stores and spares (including packing materials)*	31.04	44.37
(f) Loose tools*	32.43	32.52
	1,385.84	**1,302.01**

* Include goods in-transit ₹ 123.26 million and ₹ 48.77 million as on March 31, 2021 and March 31, 2020, respectively.

Note: Raw materials, Work in progress and Finished goods include R&D inventory also.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

12 Trade receivables

Particulars	March 31, 2021	March 31, 2020
Unsecured, considered good	3,301.57	2,558.93
Unsecured, considered doubtful	54.76	35.04
	3,356.33	**2,593.97**
Less : Allowance for doubtful debts (expected credit loss allowance)	(54.76)	(35.04)
	3,301.57	**2,558.93**

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" and "Trade receivables - credit impaired" 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

(a) Cash on hand	0.01	0.04
(b) Balance with banks		
- In current accounts	40.18	29.84
- In EEFC accounts	–*	2.10
- In deposit accounts (with original maturity of 3 months or less)	695.00	120.00
- In unclaimed dividend account**	7.59	9.52
	742.78	**161.50**

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 of than 12 months)*	859.06	284.25
	859.06	**284.25**

*Includes margin money deposit of ₹ 242.86 million and ₹ 224.25 million as at March 31, 2021 and March 31, 2020, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

15 Deposits with financial institutions

Particulars	March 31, 2021	March 31, 2020
Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	305.00	300.00
	305.00	**300.00**

16 Loans (Current)

Loans considered good - Unsecured		
Loan to subsidiaries (refer note 41 & 50)	10.29	99.36
Loan to employees	49.52	52.75
	59.81	**152.11**
Loans - credit impaired		
Loan to subsidiaries (refer note 41 & 50)	55.35	73.56
	115.16	**225.67**
Loss allowance	(55.35)	(73.56)
	59.81	**152.11**

17 Other financial assets

Derivatives not designated as hedges		
Foreign exchange forward contract	24.57	-
Others		
Interest accrued	49.62	17.99
Others	29.76	14.90
	103.95	**32.89**

18 Other current assets

Income / refund receivable	50.34	49.84
Prepaid expenses	76.48	71.12
Balance with Government authorities	53.34	33.09
Rent advances	8.44	11.04
Advance to suppliers	96.64	82.48
Others	41.96	94.94
	327.20	**342.51**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

19 Equity share capital

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
At April 01, 2019	**300**	**300**
Increase during the year	–	–
At March 31, 2020	**300**	**300**
Increase during the year	20	20
At March 31, 2021	**320**	**320**

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
At April 01, 2019	**158.45**	**158.45**
Increase during the year	–	–
At March 31, 2020	**158.45**	**158.45**
Issue of bonus shares (refer (iii) below)	158.46	158.46
At March 31, 2021	**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.

(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, 2021	March 31, 2020
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 alloted bonus equity shares of ₹ 1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

19 Equity share capital (Continued...)

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

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

Particulars	March 31, 2021 *		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	51,928,780	16.39%	25,964,390	16.39%
SBI Small Cap Fund	25,879,428	8.17%	14,043,957	8.86%
Mr. Jairam Varadaraj	29,933,216	9.45%	13,705,478	8.65%
Pari Washington India Master Fund, Ltd.	26,419,723	8.34%	13,714,611	8.66%
Gagandeep Credit Capital Pvt. Limited	16,305,150	5.15%	8,152,575	5.15%

*after issue of bonus shares.
Note: In December 2020, Mr. Jairam Varadaraj acquired 25,22,260 equity shares of ₹ 1/- each of the Company from L.G.B Public Welfare Society by way of inheritance.

20 Other equity

Particulars	March 31, 2021	March 31, 2020
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	409.37
Statutory reserve	5.49	5.49
General reserve	1,140.60	1,140.60
Share options outstanding account	3.02	0.21
Retained earnings	6,247.48	5,184.71
Treasury stock	(55.44)	(11.40)
Other reserves		
FVOCI - Equity instruments	66.81	31.35
	7,840.29	**6,941.74**

a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	–	–
Deductions/adjustments during the year	–	–
Closing balance	**181.41**	**181.41**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

20 Other equity (Continued...)

Particulars	March 31, 2021	March 31, 2020
b) Securities Premium		
Opening balance	409.37	409.37
Additions during the year	–	–
Issue of bonus shares (refer note 19 (iii))	(158.45)	–
Closing balance	**250.92**	**409.37**
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**
e) Share options outstanding account		
Opening balance	0.21	–
Employee stock option expense	2.81	0.21
Closing balance	**3.02**	**0.21**
f) Retained earnings		
Opening balance	5,184.71	4,677.91
Net profit for the year	1,050.90	1,004.24
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	9.74	(0.02)
-Transfer to retained earnings of gain on FVOCI equity instruments	2.13	–
Appropriations:		
Dividend on equity shares (including dividend distribution tax)	–	(497.42)
Closing balance	**6,247.48**	**5,184.71**
g) Treasury stock		
Opening balance	(11.40)	(11.40)
Purchase of shares for ESOP scheme	(44.04)	–
Closing balance	**(55.44)**	**(11.40)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

20 Other equity (Continued...)

Particulars	March 31, 2021	March 31, 2020
h) Other Reserves		
FVOCI - Equity instruments		
Opening balance	31.35	57.39
Change in fair value of FVOCI equity instruments	37.59	(26.04)
Transfer of gain on FVOCI equity instruments	(2.13)	-
Closing balance	**66.81**	**31.35**

Nature & purpose of other reserves

Capital reserve

Represents profit of a capital nature which is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

Statutory reserve

Represents reserve created for statutory purpose not available for distribution as dividend.

General reserve

This is available for distribution to shareholders.

Retained earnings

Company's share of cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve.

Treasury stock

Represents the purchase value of 2,28,064 shares (₹ 11.40 million) of the Company held by its joint operation and 3,70,000 shares (₹ 44.04 million) of the Company held by its Elgi Equipments Limited Employee Stock Option Trust.

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, 2021	March 31, 2020
Provision for compensated absences (Refer note 26(a))	52.64	58.84
	52.64	**58.84**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

22 Deferred tax (asset)/liabilities (net)

Particulars	March 31, 2021 Deferred tax (asset)	March 31, 2021 Deferred tax liabilities	March 31, 2020 Deferred tax (asset)	March 31, 2020 Deferred tax liabilities
Depreciation	–	26.21	–	46.23
Right of use assets	–	6.99	–	9.85
Provision for compensated absences	(17.05)	–	(20.34)	–
Provision for warranty	(22.38)	–	(21.87)	–
Allowance for doubtful debts	(13.78)	–	(8.80)	–
Lease liabilities	(7.58)	–	(10.28)	–
Foreign exchange forward contracts	–	6.18	(11.93)	–
VRS	(7.95)	–	(1.15)	–
Other timing differences	–	0.20	(0.34)	–
	(68.74)	**39.58**	**(74.71)**	**56.08**
Net deferred tax (asset)/liabilities	**(29.16)**	**–**	**(18.63)**	**–**

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, 2019	**93.11**	**(15.33)**	**(31.80)**	**(3.80)**	**–**	–	**(1.74)**	**(2.34)**	**(3.71)**	**34.39**
Adjustment on adoption of Ind AS 116	–	–	–	–	14.91	(14.91)	–	–	–	–
Restated April 01, 2019	**93.11**	**(15.33)**	**(31.80)**	**(3.80)**	14.91	(14.91)	**(1.74)**	**(2.34)**	**(3.71)**	**34.39**
Charged / (credited):										
- to profit or loss	(46.88)	(5.01)	9.93	(5.00)	(5.06)	4.63	(10.19)	1.19	3.37	(53.02)
- to other comprehensive income	–	–	–	–	–	–	–	–	–	–
At March 31, 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)**

23 Borrowings (Current)

Particulars	March 31, 2021	March 31, 2020
Packing credit loans		
Secured		
- from Banks	–	260.00
Unsecured		
- from Banks	1,005.00	715.00
Bills discounted		
Unsecured		
- from Banks	8.84	–
	1,013.84	**975.00**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

23 Borrowings (Current) (Continued..)

Secured borrowings and assets pledged as security:

(a) The borrowings from banks as at March 31, 2021 and March 31, 2020 are secured by charges on assets as disclosed on note 47.

(b) 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.

There are no defaults in the repayments of above borrowings.

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, 2021	March 31, 2020
Current borrowings (refer note 23)	1,013.84	975.00
Interest accrued and due on borrowings (refer note 25)	0.94	2.50
Lease liabilities (refer note 3(b))	30.13	40.86
Cash and cash equivalents (refer note 13)	(742.78)	(161.50)
Deposits with banks and financial institutions (refer 8 & 15)	(1,164.06)	(584.25)
	(861.93)	**272.61**
Reconciliation:		
Opening net debt / (net cash)	**272.61**	**(98.91)**
Recognition of lease liabilities on Ind AS 116 transition date, April 01, 2019	–	42.66
Opening net debt / (net cash) - Restated	**272.61**	**(56.25)**
Cash flows	(1,122.25)	323.10
Acquisitions- Leases	–	4.62
Termination of Lease Contracts	(3.92)	–
Cash outflows relating to payment of lease liabilities	(6.81)	(6.42)
Interest expense	36.80	43.08
Interest paid	(38.36)	(40.58)
Exchange difference	–	5.06
Closing net debt / (net cash)	**(861.93)**	**272.61**

24 Trade payables

Due to micro enterprises and small enterprises (refer note 45)	432.80	271.48
Due to creditors other than micro enterprises and small enterprises	1,371.73	1,020.95
	1,804.53	**1,292.43**

Note : Trade payable to related parties- refer note-41

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

25 Other financial liabilities

Particulars	March 31, 2021	March 31, 2020
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	47.41
Others		
Interest accrued and due on borrowings	0.94	2.50
Unclaimed dividends	7.59	9.52
Dealer deposits	22.20	22.12
Employee benefit expenses payable*	198.43	167.85
Capital creditors	13.98	39.80
Others	9.25	9.00
	252.39	**298.20**

* (a) includes short term leave encashments amounting to ₹ Nil and ₹ 15.56 million as at March 31, 2021 and March 31, 2020, respectively,

(b) includes compensation payable under Voluntary Retirement Scheme amounting to ₹ 35.49 million as at March 31, 2021.

26 Provisions

Provision for Warranty	88.91	86.91
Provision for compensated absences (Refer note 26(a))	15.09	15.50
Provision for Gratuity (Refer Note 26(a))	10.41	21.65
	114.41	**124.06**

(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:

Particulars	Provision for Warranty
As at April 01, 2020	86.91
Additional provisions recognised	88.91
Amounts used during the year	(86.91)
As at March 31, 2021	**88.91**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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.

The total provision for compensated absences amounts to ₹ 67.73 million and ₹ 74.34 million for March 31, 2021 & March 31, 2020, respectively.

The provision amount of ₹ 15.09 million (March 31, 2020: ₹ 15.50 million) is presented as current, since the Company expects to settle the full amount of current leave obligation in the next 12 months.

Also refer note 25 for details on short term leave encashments.

(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 ₹ 85.36 million (March 31, 2020 – ₹ 85.25 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.

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
April 01, 2019	**247.92**	**237.35**	**10.57**
Current service cost	21.03	–	21.03
Past service cost	–	–	–
Interest expense/ income	18.14	17.78	0.36
Total amount recognised in profit or loss	**39.17**	**17.78**	**21.39**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(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)
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0.25)	–	(0.25)
(Gain)/loss from change in financial assumptions	(5.02)	(0.26)	(4.76)
Experience (gains)/losses	5.24	0.20	5.04
Total amount recognised in other comprehensive income	**(0.03)**	**(0.06)**	**0.03**
Employer contributions	–	10.34	(10.34)
Benefit payments	(18.37)	(18.37)	–
March 31, 2020	**268.69**	**247.04**	**21.65**
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**

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligations	277.06	268.69
Fair value of plan assets	266.65	247.04
Deficit of funded plan	**10.41**	**21.65**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(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, 2021	March 31, 2020
Discount Rate	6.40%	6.80%
Rate of increase in compensation levels	6.50%	6.50%
Attrition Rate	6.00%	6.00%

(v) Sensitivity Analysis

A. Discount Rate + 50 BP	6.90%	7.30%
Defined Benefit Obligation [PVO]	268.42	260.22
B. Discount Rate - 50 BP	5.90%	6.30%
Defined Benefit Obligation [PVO]	286.25	277.69
C. Salary Escalation Rate +50 BP	7.00%	7.00%
Defined Benefit Obligation [PVO]	284.95	276.45
D. Salary Escalation Rate -50 BP	6.00%	6.00%
Defined Benefit Obligation [PVO]	269.56	261.31

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, 2021	March 31, 2020
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, 2021
(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 9.43 years (March 31, 2020 - 9.48 years).

The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2021	March 31, 2020
Within next 12 months (next annual reporting period)	49.89	41.60
Between 1 to 2 years	30.17	31.16
Between 2 to 5 years	95.60	97.81
Beyond 5 years	199.56	205.21
	375.22	**375.78**

27 Other current liabilities

Contract liabilities	99.60	91.20
Statutory payable	30.94	30.82
Rental advances received	1.50	1.50
	132.04	**123.52**

28 Revenue from contracts with customers

The Company derives following types of revenue:		
-Sale of products	10,556.08	10,396.27
-Sale of services	353.19	298.25
Other operating revenues	92.43	116.92
	11,001.70	**10,811.44**

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, 2021	March 31, 2020
India	8,516.43	8,444.24
Outside India	2,485.27	2,367.20
	11,001.70	**10,811.44**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

29 Other Income

Particulars	March 31, 2021	March 31, 2020
Interest income - Bank Deposits	59.76	28.26
Interest income - Others	32.43	23.33
Financial guarantee commission	4.45	-
Dividend income*	10.48	340.86
Profit on sale of assets	0.44	2.67
Share of profit from partnership firm	4.00	1.50
Rental receipts	19.17	21.80
Provision no longer required written back	18.21	-
Net gain on foreign currency transaction and translation (other than considered as finance cost)	75.55	48.24
Miscellaneous income (net)	16.11	27.65
	240.60	**494.31**

* 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*	676.29	670.34
Purchases	5,549.38	5,369.59
	6,225.67	**6,039.93**
Less:		
Inventory of materials at the end of the year*	895.20	676.29
	5,330.47	**5,363.64**

*excluding R & D inventory.

31 Purchases of stock-in-trade

Oil	237.63	252.38
Others	706.56	815.09
	944.19	**1,067.47**

32 Changes in inventory

Opening inventory*		
-Finished goods	269.78	148.05
-Work-in-progress	98.66	35.21
-Stock- in-trade	126.58	121.33
Closing inventory*		
-Finished goods	228.86	269.78
-Work-in-progress	52.48	98.66
-Stock- in-trade	99.60	126.58
	114.08	**(190.43)**

*excluding R & D inventory.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

33 Employee benefit expenses

Particulars	March 31, 2021	March 31, 2020
Salaries, wages and bonus	1,313.06	1,392.44
Contribution to Provident fund & Superannuation scheme	85.36	85.25
Gratuity (refer note 26(a))	23.20	21.39
Employee stock option expense (refer note 42)	1.60	0.13
Voluntary Retirement scheme (VRS)	36.85	–
Staff welfare expenses	103.06	132.11
	1,563.13	**1,631.32**

Note: For managerial remuneration refer note 41.

34 Finance costs

Interest expenses- related to lease liabilities	2.89	4.04
Interest expenses- on other financing arrangements	33.91	39.04
	36.80	**43.08**

35 Depreciation and amortisation expense

Depreciation of property, plant and equipment	327.18	336.43
Depreciation on investment properties	0.45	0.49
Depreciation of right of use assets	7.46	8.14
Amortisation of intangible assets	18.20	21.46
	353.29	**366.52**

36 Other expenses

Packing & forwarding	136.01	125.79
Consumption of stores	60.98	61.69
Tools consumed	45.68	50.74
Commission	75.58	89.98
Repairs and maintenance		
Building	26.14	41.89
Plant and machinery	41.87	49.28
Others	22.97	24.70
Communication expenses	12.55	15.95
Power and fuel	133.30	151.46
Transport charges	290.89	205.67
Travelling & conveyance	53.36	142.26
Insurance	15.82	11.47
Advertisement & publicity	26.84	59.82
Printing and stationery	6.93	11.47
Research & Development material cost (refer note 48)	67.60	69.53

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

36 Other expenses (Continued...)

Particulars	March 31, 2021	March 31, 2020
After sales expenses	125.47	145.77
Factory expenses	15.02	19.12
Rates and taxes	7.89	11.13
Payment to the auditors (refer note 36(a) below)	5.25	3.30
Subscription & membership	5.32	5.96
CSR expenses (refer note 36(b) below)	23.73	21.10
Rent	15.39	19.01
Legal and consultancy charges	172.79	256.45
Directors' sitting fees	2.86	2.08
Bank charges	8.55	8.52
Excise duty	–	0.99
Assets condemned & written off	0.26	1.83
Bad debts written off & Provision for doubtful advances and debts	23.27	35.94
Miscellaneous expenses	76.10	103.32
	1,498.42	**1,746.22**

36(a) Details of payment to auditors

Payment to auditors		
-audit fees	3.65	2.10
-limited review	1.05	0.75
-other services	0.30	0.20
-reimbursement of out of pocket expenses	0.25	0.25
	5.25	**3.30**

36(b) Corporate Social responsibility expenditure

Contribution to LRG Foundation	23.00	12.88
Contribution to PM Cares- COVID19 Fund	–	5.00
Contribution to Others	0.73	3.22
	23.73	**21.10**
Amount required to be spent as per Section 135 of the Companies Act, 2013	23.73	21.10
Amount spent during the year on (i) Construction/ acquisition of asset	–	–
(ii) On purposes other than (i) above	23.73	21.10

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
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37 Income tax expense

Particulars	March 31, 2021	March 31, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	361.55	326.71
Total current tax expense	**361.55**	**326.71**
Deferred tax		
Decrease (increase) in deferred tax assets	6.17	(6.14)
(Decrease) increase in deferred tax liabilities	(16.70)	(46.88)
Total deferred tax expense/(benefit)	**(10.53)**	**(53.02)**
Income tax expense	**351.02**	**273.69**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,401.92	1,277.93
Tax at the Indian tax rate of 25.168% (2019-2020 – 25.168%)	**352.84**	**321.63**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Provision no longer required written back	(4.58)	–
Dividend Income from equity instruments exempt u/s 10(34)	–	(18.37)
Corporate social responsibility expenditure (net of 80G benefit)	3.02	2.66
Deduction u/s 24 of IT Act (Income from house property)	(1.33)	(1.65)
Differential tax rate on Foreign dividend received	–	(20.62)
Differential impact on remeasurement of deferred tax on adoption of new tax rate	–	(9.60)
Share of profit from Partnership firms exempt u/s 10(2A)	(1.01)	(0.38)
Others	2.08	0.02
Income tax expense	**351.02**	**273.69**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	–	84.82	–	–	48.76	–
Loans	–	–	625.62	–	–	755.79
Trade receivables	–	–	3,301.57	–	–	2,558.93
Cash and bank balances	–	–	1,601.84	–	–	445.75
Deposits with financial institutions	–	–	305.00	–	–	300.00
Derivative financial assets	24.57	–	–	–	–	–
Security deposits	–	–	34.83	–	–	60.28
Others	–	–	79.38	–	–	32.89
Total financial assets	**24.57**	**84.82**	**5,948.24**	-	**48.76**	**4,153.64**
Financial liabilities						
Borrowings	–	–	1,013.84	–	–	975.00
Trade payables	–	–	1,804.53	–	–	1,292.43
Dealer deposits	–	–	22.20	–	–	22.12
Derivative financial liabilities	–	–	–	47.41	–	–
Employee benefit expenses payable	–	–	198.43	–	–	167.85
Capital creditors	–	–	13.98	–	–	39.80
Others	–	–	17.78	–	–	21.02
Total financial liabilities	**–**	**–**	**3,070.76**	**47.41**	**–**	**2,518.22**

* excluding investments in subsidiaries and joint ventures.

The equity securities which are not held for trading, and for which 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, 2021

(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, 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 assets		**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
Loans					
Loans to subsidiairies	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**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted equity investments	6	48.76	–	–	48.76
Unquoted equity investments	6	–	–	– *	–
Total financial assets		**48.76**	**–**	**–**	**48.76**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	–	47.41	–	47.41
Total financial liabilities		**–**	**47.41**	**–**	**47.41**

* 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, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to subsidiairies	7	–	–	532.91	532.91
Loans to employees	7, 16	–	–	123.52	123.52
Security deposits	8	–	–	60.28	60.28
Total financial assets		**–**	**–**	**716.71**	**716.71**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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

Particulars	March 31, 2021		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loan to Subsidiaries	515.39	515.39	532.91	532.91
Loans to employees	99.94	99.94	123.52	123.52
Security deposits	34.83	34.83	60.28	60.28
Total financial assets	**650.16**	**650.16**	**716.71**	**716.71**

The carrying amounts of trade receivables, trade payables, 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.

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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. Investment guidelines for debt investment.
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, contractual cash flows from debt instruments carried at amortised cost, 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.

The Company's debt investments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

39 Financial risk management (Continued...)

(ii) Security

For some trade receivables, the Company may obtain security in form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement. 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:

			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, 2021 and March 31, 2020

(a) Expected credit loss for loans, security deposits and investments.

The estimated gross carrying amount at default is ₹ 541.20 million (March 31, 2020: 559.41 million) for Investments and loans and deposits. There is no expected credit loss recognised for the year ended March 31, 2021 and March 31, 2020.

(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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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 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 01, 2019	**10.89**
Changes in loss allowance	24.15
Loss allowance on March 31, 2020	**35.04**
Changes in loss allowance	19.72
Loss allowance on March 31, 2021	**54.76**

(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, 2021	March 31, 2020
Floating rate		
Expiring within one year (including other facilities)	2,055.82	1.887.50

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.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

39 Financial risk management (Continued...)

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 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**
Derivatives (net settled)	–	–	–	–	–	–
Total derivative liabilities	**–**	**–**	**–**	**–**	**–**	**–**
March 31, 2020						
Non-derivatives						
Borrowings	400.00	575.00	–	–	–	975.00
Lease liabilities	1.73	1.78	3.16	8.53	25.66	40.86
Trade payables	1,292.43	–	–	–	–	1,292.43
Other financial liabilities	250.79	–	–	–	–	250.79
Total non-derivative liabilities	**1,944.95**	**576.78**	**3.16**	**8.53**	**25.66**	**2,559.08**
Derivatives (net settled)	22.42	24.92	0.07	–	–	47.41
Total derivative liabilities	**22.42**	**24.92**	**0.07**	**–**	**–**	**47.41**

(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.

(Amounts in million in respective currencies)

Particulars	March 31, 2021			March 31, 2020		
	USD	EUR	AUD	USD	EUR	AUD
Financial assets						
Trade receivables	10.69	6.27	2.40	9.08	2.56	1.66
Loans	7.45	0.12	–	7.13	0.12	1.98
Cash and Cash equivalent	– *	–	–	–	0.03	–
Net exposure to foreign currency risk (assets)	**18.14**	**6.39**	**2.40**	**16.21**	**2.71**	**3.64**
Financial liabilities						
Foreign currency loan	–	–	–	–	–	–
Trade payables	0.52	0.53	–	0.36	0.33	–
Net exposure to foreign currency risk (liabilities)	**0.52**	**0.53**	**–**	**0.36**	**0.33**	**–**

* 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, 2021

(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, 2021	March 31, 2020
USD sensitivity		
INR/USD increases by 5%	48.20	44.83
INR/USD decreases by 5%	(48.20)	(44.83)
EURO sensitivity		
INR/EURO increases by 5%	18.80	7.42
INR/EURO decreases by 5%	(18.80)	(7.42)
AUD sensitivity		
INR/AUD increases by 5%	4.99	6.25
INR/AUD decreases by 5%	(4.99)	(6.25)

* 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, 2021	March 31, 2020
NSE Nifty 50 – increase 5%	4.24	2.44
NSE Nifty 50 – decrease 5%	(4.24)	(2.44)

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, 2021

(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, 2021	March 31, 2020
Net debt (refer note 23)	–	272.61
Total equity	8,157.20	7,100.19
Net debt to equity ratio	**–**	**3.84%**

(i) Loan covenants

The Company has complied with all the loan covenants throughout the reporting period.

(b) Dividends

Particulars	March 31, 2021	March 31, 2020
(i) Equity shares		
Final dividend for the year ended March 31, 2019	–	205.99
DDT on final dividend	–	30.32
Interim dividend for the year ended March 31, 2020	–	261.44
DDT on interim dividend	–	–
(ii) Dividends not recognised at the end of the reporting period		
Subsequent to the year end the directors have recommended the payment of a final dividend of ₹ 0.80 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	253.53	–

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(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, 2021 %	March 31, 2020 %	Principal Activities
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	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	Trading of air compressors
Elgi Compressors Nordics (refer note (a) below)	Sweden	100	-	Trading of air compressors
Elgi Compressors Eastern Europe sp. z.o.o.(refer note (b) below)	Poland	100	-	Trading of air compressors
Elgi Compressors UK and Ireland Limited (refer note (c) below)	United Kingdom	100	-	Trading of air compressors
Elgi Compressors France SAS (refer note (d) below)	France	100	-	Trading 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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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, 2021 %	Ownership interest held by the Company March 31, 2020 %	Principal Activities
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
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. (refer note (e) below)	Malaysia	100	-	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

Notes:

a) In September 2020, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Nordics in Sweden.

b) In December, 2020, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Eastern Europe sp. z.o.o. in Poland.

c) In February 2021, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors UK and Ireland Limited in United Kingdom.

d) In February, 2021, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned Elgi Compressors France SAS in France.

e) In March, 2021, the Company incorporated a wholly owned subsidiary Elgi Compressors (M) SDN. BHD. in Malaysia.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

(ii) Other related parties with whom transactions have taken place during the year

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.)
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. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Limited [Till October 22, 2020]
	Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Limited [with effect from October 23, 2020]
	Mr. Ragunathan K, Company Secretary [with effect from June 29, 2020]
	<u>Non-Executive Directors</u>
	Mr. N. Mohan Nambiar
	Dr. T.Balaji Naidu
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Ms. Aruna Thangaraj
	Mr. Anvar Jay Varadaraj (Appointed with effect from April, 01, 2020)
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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

41 Related party transactions (Continued...)

Details of Joint Ventures

The Company has 26% interest in Joint venture called Elgi Sauer Compressors Limited which was set up as Company together with JP Sauer & Sohn Maschinenbau GMBH in India, to sell compressors and their parts along with rendering engineering services.

The Company has 50% share in Industrial Air Solutions LLP which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of Elgi Equipments Limited.

The Company through its wholly owned subsidiary Elgi Compressors USA Inc, has 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.

In May 2020, 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.

In September 2020, 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.

In October 2020, 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.

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, 2021
(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:

	Subsidiaries		Joint Venture & Others		Key Management Personnel	
Description	**2020-21**	**2019-20**	**2020-21**	**2019-20**	**2020-21**	**2019-20**
Purchase of goods	79.04	88.72	14.52	21.65	–	–
Sale of goods	1,673.79	1,482.66	240.11	235.25	–	–
Receiving services	6.47	12.88	9.74	18.23	–	–
Providing services	24.65	25.06	10.02	10.35	–	–
Payment for business acquisition	–	–	–	34.50	–	–
Loans						
- Given to related parties	–	620.98	–	–	–	–
Repayment of Loans						
- Given to related parties	128.74	105.38	–	–	–	–
Interest						
- Received from related parties	26.64	12.56	–	0.38	–	–
Reimbursement of expenses						
- To related parties	66.81	55.26	2.38	1.65	–	–
- By related parties	99.92	38.13	0.41	–	–	–
Investments	8.96	15.76	–	–	–	–
Proceeds from buy back of FVOCI Equity instruments	–	–	2.37	–	–	–
Dividend						
- Received from related parties	–	326.38	14.22	15.72	–	–
- Paid to related parties	–	–	–	23.67	–	–
Key management personnel compensation*						
Short-term employee benefits	–	–	–	–	33.14	32.90
Other long-term benefits	–	–	–	–	1.88	1.46

*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. The remuneration paid to the Managing Director amounting to ₹ 15.62 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, 2021
(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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Payable at the end of the year	67.58	29.68	6.50	3.90
Total payables to related parties	**67.58**	**29.68**	**6.50**	**3.90**
Trade receivable at the end of the year	1,368.85	861.47	35.23	44.10
Other receivables at the end of the year	2.38	3.78	7.33	3.04
Loans receivable at the end of the year	581.03	705.83	–	–
Interest accrued on the loans at the end of the year	30.56	9.07	–	–
Total receivables from related parties	**1,982.82**	**1,580.15**	**42.56**	**47.14**

An allowance of ₹ 55.35 million as at March 31, 2021 (March 31, 2020: ₹ 73.56 million) has been recognised in respect of loans to related parties and an allowance of ₹ 0.73 million as at March 31, 2021 (March 31, 2020: ₹ 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, 2021
(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	
	2020-21	2019-20	2020-21	2019-20
Purchase of goods				
ATS Elgi Limited	68.81	78.34	-	-
LGB Forge Limited	-	-	9.53	13.59
Sale of goods				
Elgi Gulf FZE	178.90	278.41	-	-
Elgi Compressors Do Brasil Imp.E.Exp LTDA	62.92	76.99	-	-
Elgi Equipments Australia Pty Limited	229.12	139.50	-	-
Rotair SPA	618.76	415.80	-	-
Elgi Compressors USA Inc.	556.32	511.29	-	-
PT Elgi Equipments Indonesia	25.59	53.67	-	-
Industrial Air Solutions LLP	-	-	231.83	215.69
LGB Forge Limited	-	-	3.71	8.69
Elgi Sauer Compressors Limited	-	-	4.55	3.20
Receiving services				
Ergo Design Private Limited	5.91	7.68	-	-
AGT Electronics Limited	-	-	4.32	12.89
Providing services				
ATS Elgi Limited	24.65	25.06	-	-
Elgi Sauer Compressors Limited	-	-	4.29	5.56
Elgi Ultra Industries Limited	-	-	4.20	0.99
Business acquisition				
Elgi Ultra Industries Limited	-	-	-	34.50
Loans- Given to related party				
Elgi Compressors USA Inc.	-	508.06	-	-
Elgi Compressors Italy S.R.L	-	15.92	-	-
Industrial Air Compressors Pty Ltd	-	97.00	-	-
Repayment of Loans-Given to related party				
Elgi Compressors Italy S.R.L	-	6.26	-	-
Industrial Air Compressors Pty Ltd	-	99.12	-	-
Elgi Equipments Australia Pty Limited	110.53	-	-	-
Elgi Equipments (Zhejiang) Limited	18.21	-	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

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

Particulars	Subsidiaries		Joint ventures & Others	
	2020-21	2019-20	2020-21	2019-20
Interest- Received from related party				
Elgi Equipments Australia Pty Limited	3.54	4.33	-	-
Elgi Compressors USA Inc.	22.94	6.60	-	-
Elgi Compressors Italy S.R.L	0.17	0.12	-	-
Industrial Air Compressors Pty Ltd	-	1.51	-	-
Investments				
Elgi Compressors Italy S.R.L	-	15.76	-	-
Elgi Compressors Europe S.R.L*	8.96	-	-	-
Dividends- Received from related party				
ATS Elgi Limited	-	58.50	-	-
Elgi Gulf FZE	-	224.11	-	-
PT Elgi Equipments Indonesia	-	43.77	-	-
Elgi Sauer Compressors Limited	-	-	10.22	13.45
Industrial Air Solutions LLP	-	-	4.00	1.50

*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, 2021

(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	
	2020-21	2019-20	2020-21	2019-20
Payables at the end of the year				
Elgi Compressors USA Inc.	21.85	3.63	–	–
Elgi Gulf FZE	21.12	4.77	–	–
ATS Elgi Limited	11.98	13.10	–	–
Trade Receivable at the end of the year				
Elgi Compressors USA Inc.	467.51	352.28	–	–
Elgi Gulf FZE	173.14	171.06	–	–
Industrial Air Solutions LLP	–	–	33.17	23.58
Rotair SPA	532.09	211.35	–	–
Elgi Equipments Australia Pty Limited	132.42	67.39	–	–
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	515.39	532.91	–	–
Elgi Equipments (Zhejiang) Limited	55.35	73.56	–	–
Elgi Equipments Australia Pty Limited	–	89.36	–	–
Elgi Compressors Italy S.R.L	10.29	10.00	–	–
Interest accrued on the loans at the end of the year				
Elgi Compressors USA Inc.	29.54	6.60	–	–
Elgi Equipments (Zhejiang) Limited	0.73	0.84	–	–
Industrial Air Compressors Pty Ltd	–	1.51	–	–
Elgi Compressors Italy S.R.L	0.29	0.12	–	–

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(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:

	March 31, 2021		March 31, 2020	
Particulars	**Average exercise price per share option (₹)**	**Number of Options**	Average exercise price per share option (₹)	Number of Options
Opening balance	200.05	1,60,600	–	–
Granted during the year (on March 06, 2020)	–	–	200.05	1,60,600
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	**100.03**	**3,07,600**	**200.05**	**1,60,600**
Vested and exercisable	–	–	–	–

Share options outstanding at the end of the year March 31, 2021 and March 31, 2020:

		March 31, 2021		March 31, 2020	
Grant date	**Expiry date**	**Exercise price (₹)**	**Share Options**	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	307,600	**200.05**	**160,600**

The remaining contractual life of options outstanding at the end of the year ended March 31, 2021 and March 31, 2020 is 2.18 years and 3.2 years, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

42 Share based payments (Continued...)

(i) Fair value of options granted

The fair value at grant date 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)

(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, 2021 and March 31, 2020 is:

Particulars	March 31, 2021	March 31, 2020
Employee stock option expense	2.81	0.21
Less: Amount recovered from subsidiaries	(1.21)	(0.08)
Net expense carried to statement of profit and loss (refer note 33)	**1.60**	**0.13**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

43 Contingent liabilities and contingent assets

Contingent liabilities

(a) Claims against the Company not acknowledged as debts

(i) The Company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹ 54.42 million and ₹ 56.52 million as on March 31, 2021 and March 31, 2020 respectively. The Company has deposited ₹ 44.08 million and ₹ 43.54 million against the above mentioned disputes as on March 31, 2021 and March 31, 2020, 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 confident of defending the case successfully, no provision has been made in the books of account.

(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.

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, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account	119.16	137.06

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	March 31, 2021	March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	426.93	267.27
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	5.87	4.21
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	126.70	393.17
Interest paid (other than Section 16 of MSMED Act) to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for the payments already made.	1.66	1.21
Further interest remaining due and payable for earlier years.	4.21	3.00

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, 2021

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

46 Earnings per share

Particulars	March 31, 2021	March 31, 2020
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	3.32	3.17
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	3.32	3.17
(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	1,050.90	1,004.24
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basic earnings per share	1,050.90	1,004.24
- used in calculating diluted earnings per share	1,050.90	1,004.24
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,050.90	1,004.24
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.48**	**316.68**
Adjustments for calculation of diluted earnings per share*:	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**316.48**	**316.68**
*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, 2021	March 31, 2020
Current		
a. Charge on entire Stocks and Receivables, both present and future	4,687.41	3,860.94
b. Charge on specific land, building & machinery	1,296.98	1,432.96
c. Cash Margin	242.86	224.25
	6,227.25	**5,518.15**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

48 Details of R & D expenses

Particulars	March 31, 2021	March 31, 2020
i) Capital	33.83	17.01
ii) Salaries & Wages	273.49	264.63
iii) R&D Materials	67.60	69.53
iv) Maintainence	0.30	0.55
v) Other expense	22.82	53.11
	398.04	**404.83**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

49 Joint Operations

The Company has two joint operations as detailed in note-41

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

(i) The following share of assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

	L.G. Balakrishnan & Bros.		ELGi Services	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Non-current assets				
Property, plant and equipment	112.21	112.21	0.43	0.43
Financial assets				
(i) Investments	11.40	11.40	-	-
Total non-current assets	**123.61**	**123.61**	**0.43**	**0.43**
Current assets				
(i) Cash and cash equivalents	1.46	1.72	0.01	0.01
(ii) Other financial assets	0.05	0.04	-	-
Current Tax Assets (Net)	0.41	1.29	-	-
Other current assets	0.71	0.35	-	-
Total current assets	**2.63**	**3.40**	**0.01**	**0.01**
Total Assets	**126.24**	**127.01**	**0.44**	**0.44**
Current liabilities				
Financial liabilities				
(i) Trade payables	0.11	0.03	0.04	0.04
Other current liabilities	0.01	0.92	-	-
Total current liabilities	**0.12**	**0.95**	**0.04**	**0.04**
Partners current account	**2.12**	**2.18**	**-**	**-**
Net Assets	**124.00**	**123.88**	**0.40**	**0.40**

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

	L.G. Balakrishnan & Bros.		ELGi Services	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Investment	124.00	124.00	0.40	0.40
Treasury Stock	(11.40)	(11.40)	-	-
Inter-Company assets & liabilities	2.12	2.17	0.04	0.04
	114.72	**114.77**	**0.44**	**0.44**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

49 Joint Operations (Continued...)

(iii) The following share of Income and expenditure has been recognised under Ind AS (net of Inter Company income/expenses) :

Particulars	L.G. Balakrishnan & Bros.		ELGi Services	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue :	0.11	0.86	-	-
Expenses:				
Other expenses	0.37	0.72	-	-
Current tax expense	0.08	0.21	-	-
Loss after tax	**(0.34)**	**(0.07)**	-	-

50 Disclosures pursuant to securities and exchange board of india (listing obligation and disclosures and disclosures requirements) regulations, 2015 and section 186 of the companies act, 2013

Particulars	March 31, 2021	March 31, 2020
(a) Loans and advances to subsidiaries		
Elgi Australia Pty Ltd - Australia		
Balance as at the year end	-	89.36
Maximum amount outstanding at any time during the year	98.38	97.27
Elgi Equipments (Zhejiang) Limited- China		
Balance as at the year end	55.35	73.56
Maximum amount outstanding at any time during the year	73.56	73.56
Elgi Compressors USA Inc.-USA		
Balance as at the year end	515.39	532.91
Maximum amount outstanding at any time during the year	533.06	532.91
Elgi Compressors Italy S.R.L- Italy		
Balance as at the year end	10.29	10.00
Maximum amount outstanding at any time during the year	10.71	15.77
Industrial Air Compressors Pty Ltd- Australia		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	97.60

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

50 Disclosures pursuant to securities and exchange board of india (listing obligation and disclosures and disclosures requirements) regulations, 2015 and section 186 of the companies act, 2013 (Continued...)

Particulars	March 31, 2021	March 31, 2020
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	1257.41	1300.15
Industrial Air Compressors Pty Ltd- Australia	1,647.45	1384.57
Elgi Compressors Europe S.R.L- Belgium	857.52	833.30
(c) Standby Letter of Credits (SBLC) to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	182.76	226.77
Elgi Compressors Italy, S.R.L- Italy	–	297.90

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 loans advanced and guarantees provided to other subsidiaries are for the purpose of meeting working capital requirements.

(ii) The loans carry interest rates which are at par with the prevailing market rates. These loans are repayable as follows,

Elgi Australia Pty Ltd - Australia	-repayable on demand
Elgi Equipments (Zhejiang) Limited- China	-repayable on demand
Elgi Compressors USA Inc.-USA	-repayable within March 31, 2025
Elgi Compressors Italy S.R.L- Italy	-repayable within August 27, 2021

51 Impact of COVID-19 Pandemic:

The spread of COVID-19 has severely impacted businesses around the globe. While the Company's operations and the financial results for the quarter ended June 30, 2020 were adversely impacted, the Company experienced significant recovery beginning from the quarter ended September 30, 2020.

The situation is constantly evolving and Governments in certain states have imposed various restrictions with the increase in the number of COVID 19 cases during the month of March 2021. The Company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic on the financial statements for the year ended March 31, 2021. The uncertainty caused by the current situation is causing delays in the confirmation of customer orders and in executing the orders in hand and increase in lead times in sourcing components. Besides the volatility in commodity prices, container availability and increasing shipping costs are causing inefficiencies and cost challenges in both inbound and outbound supply chain. The situation is likely to continue for next few quarters based on the current assessment. The Company is actively monitoring the pandemic situation and its impact on the sales performance across its geographies and taking necessary actions to contain costs to reduce the impact of revenue compression from COVID-19.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

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

51 Impact of COVID-19 Pandemic: (Continued...)

As at March 31, 2021, 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 as at the balance sheet date and has concluded that there are no material adjustments required in the standalone financials results. The Company has also evaluated the internal controls including internal controls with reference to financial statements. All the controls are operating effectively and the Company has not diluted any controls.

The Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of standalone financial statements. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to the future economic conditions.

The Statutory auditors have drawn attention to the above matter.

52 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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

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, 2021, 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 its joint ventures as at March 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive loss), 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 Auditor's 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 Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 20, 21 and 22 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. We draw your attention to Note 49 to the consolidated financial statements, which explains the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Holding Company and one of its subsidiary ATS Elgi Limited, audited by us. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

5. The following 'Emphasis of matter' paragraph was included in the auditor's report on the financial statements of Elgi Compressors Italy S.r.l., a subsidiary of the Holding Company issued by a sole statutory auditor vide his report dated May 4, 2021 reproduced by us as under:

   'In light of the warning issued during the previous fiscal year and given the elements that were found during periodic verifications, I deem it appropriate to raise the Sole Auditor's attention to the violation of the principles of proper administration that manifest potential fallouts on the Company patrimonial liability and its governance body in relation to the setting aside of funds in favor of the pledgee.

   As for the quantification of deposits made in favor of the pledgee, page 13 of the Financial Statement reads: *"In relation to the garnishee proceedings... OMISSIS ... the Company has paid the Italian Revenue Agency (Agenzia delle Entrate) 20% of the amount owed"* therefore outlining a conduct ascribable to Article 545 of the Italian Code of Civil Procedure, irrelevant to the garnishee proceedings, as it had already been indicated to your Company, since the deposit had to be 100% of the accrued amount. The economic entity of the paid amount, based on the contested principle, is incorrect considering the funds that were set aside as of the date of the deposit.

All this considered, even though the consistency of the errors does not reach the materiality threshold, the significant and reiterated violation of the principles of proper administration set forth in article 2403 of the Italian Civil Code must be reported, given the conflict of interest that had already been pointed out in the previous correspondence.'

Our opinion is not modified in respect of this matter.

Key audit Matters

6. 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 a subsidiary as per Ind AS 36 The Group has a goodwill balance of ₹ 490.07 million, as at March 31, 2021 (Refer Note 5) relating to the acquisition of a subsidiary in Italy, which is considered as a Cash Generating Unit (CGU). For the year ended March 31, 2021, 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 CGU, 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.

7. The following Key Audit Matter is included in the Memorandum of work performed dated May 13, 2021, 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, 2021, the Company performed a goodwill impairment analysis 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, 2021, 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.'

8. The following Key Audit Matter is included in the Memorandum of work performed dated May 13, 2021, 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, 2021 relating to acquisition of F.R. Pulford & Sons and its subsidiary Advanced Air Compressors Pty Ltd. For the year ended March 31, 2021, 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 evaluation on assessment of carrying value of goodwill. • 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 with 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 valuations of similar 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

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

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

11. 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 20, 21 and 22 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

12. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance 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 and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

13. 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.

14. 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

16. 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 auditor's 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 auditor's 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.

17. 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.

18. 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.

19. 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 auditor's 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

20. We did not audit the financial information of two joint operations included in the standalone financial statements of the Holding Company whose financial information reflect total assets of ₹ 126.76 million and net assets of ₹ 124.40 million as at March 31, 2021, total revenues of ₹ Nil, total net profit after tax of ₹ 0.05 million, total comprehensive income (comprising of profit and other comprehensive

income) of ₹ 0.05 million and net cash outflows of ₹ 0.26 million for the year ended March 31, 2021, as considered in the Standalone financial statements of the Holding Company included in the Group. The financial information of these joint operations have been audited by other auditors whose reports have been furnished to us by other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on the reports of such other auditors.

21. 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 ₹ 9,255.28 million and net assets of ₹ 1,822.94 million as at March 31, 2021, total revenue of ₹ 8,940.53 million, total net profit after tax of ₹ 85.43 million, total comprehensive income (comprising of profit and other comprehensive loss) of ₹ 73.50 million and net cash inflows amounting to ₹ 249.78 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 total net profit after tax of ₹ 26.51 million and total comprehensive income (comprising of profit and other comprehensive income) of ₹ 43.05 million for the year ended March 31, 2021 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 in so far 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 in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.

22. Of the above, the financial statements of one subsidiary, located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 907.58 million and net assets of ₹ 858.87 million as at March 31, 2021, total revenue of ₹ Nil, net profit after tax of ₹ 103.48 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 123.68 million and net cash inflow amounting to ₹ 5.01 million for the year ended March 31, 2021 have been prepared in accordance with accounting principles generally accepted in their country and have been audited by other auditors under generally accepted auditing standards applicable in their country. The Company's management has converted the financial statements of the 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 the 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.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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 flow 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 1, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and of its joint venture Company incorporated in India, none of the directors of the Group companies and of its joint venture Company incorporated in India is disqualified as on March 31, 2021 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture Company - Refer Note 44 to the consolidated financial statements.

ii. The Group and its joint venture Company had long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its joint venture Company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company, its subsidiary companies and its joint venture Company incorporated in India for the year ended March 31, 2021.

24. The Group and its joint venture Company incorporated in India 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: 21213126AAAAEK8170

Place: Coimbatore
Date: May 21, 2021

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, 2021

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, 2021, 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.

Auditor's 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 auditor's 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. Also refer paragraph 4 and 5 of the main audit report.

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: 012754N/N500016
Chartered Accountants

BASKAR PANNERSELVAM
Partner
Membership Number: 213126
UDIN: 21213126AAAAEK8170

Place: Coimbatore
Date: May 21, 2021

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Balance Sheet as at March 31, 2021

Particulars	Notes	March 31, 2021	March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3 (a)	2,577.27	3,025.24
Right of use assets	3 (b)	624.62	422.32
Capital work-in-progress	3 (a)	41.23	37.21
Investment properties	4	168.01	166.78
Goodwill	5	1,879.12	1,855.26
Other intangible assets	5	470.98	532.08
Investments accounted for using the equity method	42	152.65	75.41
Financial assets			
(i) Investments	6	85.02	48.94
(ii) Loans	7	54.29	74.97
(iii) Other financial assets	8	61.31	79.06
Deferred tax assets (Net)	27 (c)	145.62	160.61
Current tax assets (Net)	27 (b)	19.71	52.96
Other non-current assets	9	54.32	51.45
Total non-current assets		**6,334.15**	**6,582.29**
Current Assets			
Inventories	10	3,426.93	3,434.30
Financial assets			
(i) Trade receivables	11	3,997.32	3,467.62
(ii) Cash and cash equivalents	12	1,278.19	455.10
(iii) Bank balances other than (ii) above	13	1,342.70	402.05
(iv) Deposits with financial institutions	14	430.00	585.00
(v) Loans	15	60.13	69.43
(vi) Other financial assets	16	95.93	46.36
Assets held for sale	17	223.54	–
Other current assets	18	478.21	508.51
Total current assets		**11,332.95**	**8,968.37**
Total assets		**17,667.10**	**15,550.66**
Equity and Liabilities			
Equity			
Equity share capital	19	316.91	158.45
Other equity	20	8,381.95	7,531.48
Total equity		**8,698.86**	**7,689.93**

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Balance Sheet as at March 31, 2021 (Continued...)

Particulars	Notes	March 31, 2021	March 31, 2020
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	21 (a)	811.60	1,027.23
(ii) Lease liabilities	3 (b)	504.20	333.94
(iii) Other financial liabilities	22	26.46	36.97
Provisions	23	120.15	120.14
Deferred tax liabilities (Net)	27 (c)	20.78	39.76
Total non-current liabilities		**1,483.19**	**1,558.04**
Current Liabilities			
Financial liabilities			
(i) Borrowings	21 (b)	2,884.01	2,871.16
(ii) Lease liabilities	3 (b)	159.41	105.57
(iii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		482.70	308.13
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,406.54	1,779.79
(iv) Other financial liabilities	25	919.85	810.02
Provisions	26	132.41	140.41
Current tax liabilities (Net)	27 (b)	198.70	–
Other current liabilities	28	301.43	287.61
Total current liabilities		**7,485.05**	**6,302.69**
Total liabilities		**8,968.24**	**7,860.73**
Total equity and liabilities		**17,667.10**	**15,550.66**

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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Consolidated Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Notes	March 31, 2021	March 31, 2020
Revenue from operations	29	19,240.50	18,293.92
Other income	30	234.98	132.14
Total income		**19,475.48**	**18,426.06**
Expenses			
Cost of materials consumed	31	7,055.28	7,571.66
Purchases of stock-in-trade	32	2,914.02	2,531.23
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	306.40	(296.57)
Employee benefits expenses	34	4,117.42	4,045.64
Finance costs	35	134.83	155.47
Depreciation and amortisation expenses	36	743.38	652.32
Other expenses	37	2,690.81	3,083.10
Total expenses		**17,962.14**	**17,742.85**
Profit before share of net profits of investments accounted for using equity method and tax		**1,513.34**	**683.21**
Share of profit of joint ventures accounted for using equity method		14.16	12.40
Profit before tax		**1,527.50**	**695.61**
Income tax expense	27(a)		
- Current tax		515.57	378.94
- Deferred tax		(12.92)	(109.00)
Profit for the year		**1,024.85**	**425.67**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	20 (h)	37.59	(26.04)
Remeasurement of post-employment benefit obligations	20 (f)	13.78	3.76
Income tax relating to these items	20 (f)	(3.46)	(0.95)
Share of other comprehensive income of joint ventures accounted for using equity method	20 (f)	(0.43)	(0.04)
Items that will be reclassified to profit or loss			
Changes in fair value of interest rate swap	20 (h)	12.60	(13.21)
Deferred tax relating to above	20 (h)	(3.78)	3.96
Changes in foreign currency translation reserve	20 (h)	(31.00)	142.39
Other comprehensive income for the year, net of tax		**25.30**	**109.87**
Total comprehensive income for the year		**1,050.15**	**535.54**

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2021 (Continued...)

Particulars	Notes	March 31, 2021	March 31, 2020
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		3.24	1.34
(2) Diluted		3.24	1.34

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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Statement of Changes in Equity

i) Equity Share Capital

Particulars	Notes	Amounts
Balance as at April 01, 2019	19	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31, 2020	19	**158.45**
Issue of bonus shares (refer note 19 (iii))		158.46
Balance as at March 31, 2021		**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, 2019		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**–**	**5,591.45**	**7,338.95**	**57.39**	**(20.38)**	**174.41**	**211.42**	**7,550.65**
Profit for the year	20	–	–	–	–	–	–	425.67	425.67	–	–	–	–	425.67
Other comprehensive income	20	–	–	–	–	–	–	2.81	2.81	(26.04)	(9.25)	142.39	107.10	109.91
Share of other comprehensive income of joint ventures accounted for using equity method	20	–	–	–	–	–	–	(0.04)	(0.04)	–	–	–	–	(0.04)
Total comprehensive income for the year		–	–	–	–	–	–	**428.44**	**428.44**	**(26.04)**	**(9.25)**	**142.39**	**107.10**	**535.54**
Transactions with owners in their capacity as owners:														
Employee stock option expense		-	-	-	-	-	0.21	-	0.21	-	-	-	-	0.21
Dividend paid (including dividend distribution tax)*	20	-	-	-	-	-	-	(554.92)	(554.92)	-	-	-	-	(554.92)
Balance as at March 31, 2020		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**0.21**	**5,464.97**	**7,212.68**	**31.35**	**(29.63)**	**316.80**	**318.52**	**7,531.48**

*includes tax paid on dividend received from foreign subsidiaries and redistributed to the shareholders.

Consolidated Financial Statements as at and for the year ended March 31, 2021

(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, 2020		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**0.21**	**5,464.97**	**7,212.68**	**31.35**	**(29.63)**	**316.80**	**318.52**	**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)
Dividend paid (including dividend distribution tax)	20	-	-	-	-	-	-	-	-	-	-	-	-	-
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**	**6,501.84**	**8,049.87**	**66.81**	**(20.81)**	**285.80**	**331.80**	**8,381.95**

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

As per our report of even date

N. MOHAN NAMBIAR
Director
DIN: 00003660
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

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

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Date: May 21, 2021

Place: Coimbatore
Date: May 21, 2021

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Statement of Cash Flows

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before tax	**1,527.50**	**695.61**
Adjustments for		
Depreciation and amortisation expense	743.38	652.32
Bad debts and allowance for doubtful debts	34.46	53.53
Gain on disposal of property, plant and equipment	(3.95)	(4.13)
Share of profits of associates and joint ventures	(14.16)	(12.40)
Rental income from Investment property (net of expenses)	(4.85)	(7.14)
Net unrealised exchange differences	(61.49)	38.56
Non-cash employee share based payments	2.81	0.21
Dividend and interest income classified as investing cash flows	(93.77)	(66.31)
Finance costs	134.83	155.47
Change in operating assets and liabilities, net of effects from purchase of subsidiary/business		
Increase in trade receivables	(564.16)	(48.57)
(Increase)/decrease in inventories	7.37	(268.85)
Increase/(decrease) in trade payables	801.32	(437.62)
(Increase)/decrease in other financial assets	7.30	(15.32)
(Increase)/decrease in other current assets	30.30	(58.21)
Increase in provisions	5.79	63.83
Increase/(decrease) in other financial liabilities	120.99	(15.29)
Increase in other current liabilities	13.82	55.60
Cash generated from operations	**2,687.49**	**781.29**
Income taxes paid (net of refund)	(287.08)	(426.49)
Net cash inflow from operating activities	**2,400.41**	**354.80**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(311.68)	(439.19)
Payment for acquisition of subsidiary/business, net of cash acquired	–	(386.26)
Payments for settlement of contingent consideration in relation to acquisition of subsidiary/ business	(73.49)	(180.87)
Payment for acquisition of business/assets	–	(138.46)
Investment in Joint ventures	(77.73)	(9.43)
Loans (given to)/recovered from employees (net)	29.98	(5.41)
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	23.61	21.19

Consolidated Financial Statements as at and for the year ended March 31, 2021

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

Consolidated Statement of Cash Flows (Continued...)

Particulars	March 31, 2021	March 31, 2020
Cash flows from investing activities (continued...)		
Rental income from Investment property (net of expenses)	4.85	7.14
Dividends received on equity instruments	0.25	1.03
Dividends received from associate and joint venture	14.22	15.33
Investments in Deposits with Banks/Financial institutions	(785.65)	(462.77)
Interest received	78.97	61.91
Net cash outflow from investing activities	**(1,095.13)**	**(1,515.79)**
Cash flows from financing activities		
Interest paid	(133.40)	(144.70)
Purchase of shares under ESOP scheme	(44.04)	–
Proceeds from Long term borrowings from banks	125.82	443.34
Repayment of Long term borrowings to banks	(304.29)	(442.69)
Net Short term loans borrowed from Banks	12.85	1,703.24
Payment of lease liabilities	(137.20)	(92.88)
Dividends paid to Company's shareholders	(1.93)	(464.58)
Dividend tax paid	–	(88.02)
Net cash inflow/(outflow) from financing activities	**(482.19)**	**913.71**
Net increase/(decrease) in cash and cash equivalents	**823.09**	**(247.28)**
Cash and cash equivalents at the beginning of the financial year	**455.10**	**702.38**
Cash and cash equivalents at end of the year*	**1,278.19**	**455.10**

* 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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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 21, 2021.

(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, 2020:

1. Definition of Material – amendments to Ind AS 1 and Ind AS 8.
2. Definition of a Business – amendments to Ind AS 103, Also refer note 1(i) Business Combinations.
3. Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, Investment in Associates and Joint Venture.
4. Prepayment Features with Negative Compensation - Amendments to Ind AS 109, Financial Instruments.
5. COVID-19 related concessions – amendments to Ind AS 116.
6. Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107.

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.

(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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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.

(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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

(iii) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions) and
- all resulting foreign exchange differences are recognised in other comprehensive income.

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as a part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The results and financial position of foreign operation which have a functional currency similar to the group are translated using the same principle enumerated in Note (d)(ii) above.

(e) Revenue recognition

Revenue is recognised when a customer obtains control of promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration 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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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.

Duty drawback : Income from duty drawback is recognised on accrual basis.

Royalty : Royalty is recognised on accrual basis in accordance with terms of respective agreements.

Rent : Rental Income is recognised on accrual basis in accordance with terms of respective rent agreements.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grant is recognised either as other income or adjusted against expenses depending upon the nature of the grant and the same is followed consistently.

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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.

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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

As a lessor

Lease income from operating leases where the group 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 group 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 group also elects to apply the optional test (the concentration test) which permits a simplified assessment of whether an acquired set of activities and assets is not a business on each transaction basis.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other facilities availed from Bank are shown within borrowings in current liabilities in the balance sheet.

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

(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:

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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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.

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

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

A financial asset is derecognised only when

a) The group has transferred the rights to receive cash flows from the financial asset or

b) The group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income recognition

a) Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group and the amount of the dividend can be measured reliably.

(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

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are presented as current assets and liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as hedging instrument and if so, the nature of item being hedged.

The group designates derivatives as hedges of a particular risk associated with cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of hedging instruments are expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months, it is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to ineffective portion is recognised immediately in profit or loss, within other 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),

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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 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

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controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

(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

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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 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.

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The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share based payments

Share based compensation benefits are provided to the employees via Elgi Equipments Limited Employees Stock Option Plan, 2019, an employee stock option scheme.

Employee Options:

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan,2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted. Refer note 47.

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact 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.

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(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.

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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, 2020									
Gross carrying amount									
Opening gross carrying amount	**578.90**	**1,341.25**	**2,349.29**	**39.06**	**184.53**	**139.59**	**26.52**	**4,659.14**	**51.42**
Acquisition of subsidiary	–	–	1.20	–	–	6.11	–	**7.31**	–
Additions	–	16.55	423.09	7.67	27.84	8.86	3.69	**487.70**	473.49
Disposal	–	(0.12)	(24.47)	(0.21)	(0.77)	(5.83)	(0.21)	**(31.61)**	–
Exchange difference	19.99	26.57	13.65	0.05	9.10	3.05	1.48	**73.89**	–
Transfer to Right of use assets	–	–	(1.84)	–	(1.77)	(96.54)	–	**(100.15)**	–
Transfers	–	–	–	–	–	–	–	**–**	(487.70)
Closing gross carrying amount	**598.89**	**1,384.25**	**2,760.92**	**46.57**	**218.93**	**55.24**	**31.48**	**5,096.28**	**37.21**
Accumulated depreciation									
Opening accumulated depreciation	**–**	**498.00**	**926.91**	**26.96**	**139.61**	**58.00**	**20.97**	**1,670.45**	**–**
For the year	–	101.71	284.39	7.33	19.72	7.86	3.58	**424.59**	–
Disposal	–	(0.08)	(10.87)	(0.19)	(0.69)	(3.62)	(0.06)	**(15.51)**	–
Exchange difference	–	9.10	14.98	0.01	7.36	3.97	1.16	**36.58**	–
Transfer to Right of use assets	–	–	(0.71)	–	(1.77)	(42.59)	–	**(45.07)**	–
Closing accumulated depreciation	–	**608.73**	**1,214.70**	**34.11**	**164.23**	**23.62**	**25.65**	**2,071.04**	**–**
Net carrying amount	**598.89**	**775.52**	**1,546.22**	**12.46**	**54.70**	**31.62**	**5.83**	**3,025.24**	**37.21**
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	131.15	3.27	59.65	7.41	26.26	**237.25**	241.27
Disposal	**–**	(1.10)	(29.92)	(0.81)	(11.16)	(11.19)	(5.95)	**(60.13)**	–
Exchange difference	(6.48)	(0.11)	5.67	0.27	(1.47)	5.10	(0.71)	**2.27**	–
Transfers to Assets held for sale	(183.78)	(68.16)	–	–	–	–	–	**(251.94)**	–
Transfers	(1.28)	–	–	–	–	–	–	**(1.28)**	(237.25)
Closing gross carrying amount	**407.35**	**1,324.39**	**2,867.82**	**49.30**	**265.95**	**56.56**	**51.08**	**5,022.45**	**41.23**
Accumulated depreciation									
Opening accumulated depreciation	**–**	**608.73**	**1,214.70**	**34.11**	**164.23**	**23.62**	**25.65**	**2,071.04**	**–**
For the year	–	96.47	291.36	5.90	24.67	15.73	5.42	**439.55**	–
Disposal	–	(0.31)	(13.59)	(0.25)	(9.79)	(10.36)	(5.95)	**(40.25)**	–
Exchange difference	–	(0.87)	4.68	0.11	(1.16)	1.05	(0.57)	**3.24**	–
Transfers to Assets held for sale	–	(28.40)	–	–	–	–	–	**(28.40)**	–
Closing accumulated depreciation	–	**675.62**	**1,497.15**	**39.87**	**177.95**	**30.04**	**24.55**	**2,445.18**	–
Net carrying amount	**407.35**	**648.77**	**1,370.67**	**9.43**	**88.00**	**26.52**	**26.53**	**2,577.27**	**41.23**

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) Capital work-in-progress

Capital work-in-progress mainly comprises of additions to plant & machinery under construction.

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

iv) Assets given under operating lease

Reconciliation of gross and net carrying amount of assets given under lease as at March 31, 2021 and March 31, 2020 is given as follows:

Particulars	Plant & Machinery	
	March 31, 2021	March 31, 2020
Gross carrying amount	12.06	23.84
Accumulated depreciation	(3.78)	(5.76)
Net carrying amount	**8.28**	**18.08**

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, 2020						
Gross carrying amount						
Opening gross carrying amount	-	-	-	-	-	-
Contracts assessed as Right of use assets on April 01, 2019	306.36	-	-	-	5.22	311.58
Finance Leases reclassified from Property, plant & equipment on April 01, 2019	-	1.84	-	1.77	96.54	100.15
Additions (non-cash in nature)	63.06	1.53	3.15	0.68	82.05	150.47
Disposal	-	-	-	-	(3.20)	(3.20)
Exchange difference	9.86	0.27	(0.30)	0.21	13.94	23.98
Closing gross carrying amount	**379.28**	**3.64**	**2.85**	**2.66**	**194.55**	**582.98**

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3(b) Leases (Continued...)

Particulars	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Total
Accumulated depreciation						
Opening accumulated depreciation	–	–	–	–	–	–
Finance Leases reclassified from Property, Plant & Equipments on April 01, 2019	–	0.71	–	1.77	42.59	45.07
For the year	76.05	0.36	0.85	0.14	33.71	111.11
Disposal	–	–	–	–	(2.24)	(2.24)
Exchange difference	0.68	0.09	(0.08)	0.17	5.86	6.72
Closing accumulated depreciation	**76.73**	**1.16**	**0.77**	**2.08**	**79.92**	**160.66**
Net carrying amount	**302.55**	**2.48**	**2.08**	**0.58**	**114.63**	**422.32**
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**

b) Lease liabilities

Particulars	March 31, 2021	March 31, 2020
Current	159.41	105.57
Non-Current	504.20	333.94
	663.61	**439.51**

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3(b) Leases (Continued...)

Particulars	March 31, 2021	March 31, 2020
Reconciliation:		
Rental Contracts assessed as Leases on April 01, 2019	-	311.58
Add: Finance leases- reclassified from Non-current borrowings	-	59.50
Add: Finance leases- reclassified from Current financial liabilities	-	6.07
Restated opening balance	**439.51**	**377.15**
Add: New leases recognised during the year (non-cash in nature)	361.35	150.47
Less: Termination of lease contracts	(3.92)	-
Less: Repayment of leases liabilities	(137.20)	(92.88)
Add/Less: Exchange difference	3.87	4.77
Closing balance	**663.61**	**439.51**

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, 2021	March 31, 2020
Depreciation of Right of use assets	36		
Building		119.41	76.05
Plant & Machinery		0.64	0.36
Office equipment		1.06	0.85
Furniture and Fixtures		0.99	0.14
Vehicle		42.62	33.71
		164.72	**111.11**
Included in Finance costs	35		
Interest expense		27.90	20.27
Included in other expenses	37		
Expenses relating to short term leases (included in Other expenses)		59.79	58.93
		87.69	**79.20**

(iii) Cash outflow

The total cash outflow for leases is ₹ 224.89 million and ₹ 172.08 million for the year ended March 31, 2021 and March 31, 2020, 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, 2021

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

4 Investment properties

Particulars	March 31, 2021 Land	Building	Total	March 31, 2020 Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	162.27	4.99	167.26	162.27	4.99	167.26
Additions	–	–	–	–	–	–
Transfers	1.28	–	1.28	–	–	–
Closing gross carrying amount	**163.55**	**4.99**	**168.54**	**162.27**	**4.99**	**167.26**
Accumulated depreciation						
Opening accumulated depreciation	–	0.48	0.48	–	0.42	0.42
Depreciation charge	–	0.05	0.05	–	0.06	0.06
Closing accumulated depreciation	–	**0.53**	**0.53**	–	**0.48**	**0.48**
Net carrying amount	**163.55**	**4.46**	**168.01**	**162.27**	**4.51**	**166.78**

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

Particulars	March 31, 2021	March 31, 2020
Rental income	5.57	7.86
Direct operating expenses from property that generated rental income	(0.72)	(0.72)
Profit from investment properties before depreciation	**4.85**	**7.14**
Depreciation	(0.05)	(0.06)
Profit from investment property	**4.80**	**7.08**

(ii) Fair value

Particulars	March 31, 2021 Land	Building	Total	March 31, 2020 Land	Building	Total
Investment property	522.19	4.46	526.65	522.19	4.51	526.70

Estimation of fair value

The fair values of investment properties have been determined as follows:

(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 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 09, 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, 2021
(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, 2020							
Gross Carrying Amount							
Opening gross carrying amount	**100.92**	**–**	**110.21**	**123.22**	**116.63**	**450.98**	**1,528.84**
Acquisition of subsidiary	–	24.75	220.80	–	13.52	259.07	217.61
Additions	30.36	–	–	–	–	30.36	–
Disposal	–	–	–	–	–	–	–
Exchange differences	2.43	–	9.61	(7.85)	(6.52)	(2.33)	108.81
Closing gross carrying amount	**133.71**	**24.75**	**340.62**	**115.37**	**123.63**	**738.08**	**1,855.26**
Accumulated amortisation							
Opening accumulated amortisation	**45.95**	**–**	**4.90**	**16.43**	**25.92**	**93.20**	**–**
For the year	26.38	3.73	22.91	24.21	39.33	116.56	–
Disposal	–	–	–	–	–	–	–
Exchange differences	1.29	–	0.38	(2.13)	(3.30)	(3.76)	–
Closing accumulated amortisation	**73.62**	**3.73**	**28.19**	**38.51**	**61.95**	**206.00**	**–**
Closing net carrying amount	**60.09**	**21.02**	**312.43**	**76.86**	**61.68**	**532.08**	**1,855.26**
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**

(i) Impairment tests for goodwill

Goodwill is monitored by management at the level of each Cash generating unit (CGU) :

A CGU level summary of the goodwill allocation is presented below.

Particulars	Italy	USA			Australia	India	Total
	Rotair business	Pattons business	Michigan business	FTG business	Pulford business	Others	
March 31, 2021	**489.58**	**887.82**	**171.06**	**53.43**	**275.51**	**1.72**	**1,879.12**
March 31, 2020	475.75	917.94	176.86	55.25	227.74	1.72	1,855.26

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

5 Intangible assets and Goodwill (Continued...)

(ii) 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	USA			Australia
Particulars	**Rotair business**	**Pattons business**	**Michigan business**	**Portables business**	**Pulford business**
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
March 31, 2020					
Long term growth rate (%)	3.00	2.50	2.50	2.50	2.50
Post-tax discount rate (%)	10.00	7.77	7.77	7.77	10.00

Management has determined the values assigned to the assumptions as follows:

Assumption	Approach used to determining values
Sales	Average annual growth rate over the explicit forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	Reflect specific risks relating to the relevant businesses and the countries in which they operate.

The group has considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause carrying amount of the above mentioned CGU's to exceed its recoverable amount.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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, 2021	March 31, 2020
(i) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.34	0.12
State Bank of India	3,600	₹ 1/-	1.31	0.71
HDFC Bank Limited	5,000	₹ 1/-	7.47	4.31
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	29.99	19.56
Magna Electro Castings Ltd [March 31, 2020 : 80,000 shares]	66,454	₹ 10/-	11.41	8.09
Rajshree Sugars & Chemicals Ltd	2,29,000	₹ 10/-	3.90	3.21
Pricol Ltd [March 31, 2020 : 94,245 shares]	1,21,172	₹ 1/-	8.49	3.45
L.G.Balakrishnan & Bros.Ltd	4,992	₹ 10/-	1.53	0.80
LGB Forge Limited	18,720	₹ 1/-	0.07	0.03
Elgi Rubber Company Limited	7,63,700	₹ 1/-	20.31	8.48
Insurance Australia Group Limited	258	AUD 1/-	0.07	0.10
(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	0.06
B.C.C. Caraglio	258	Euro 1/-	0.02	0.02
Total			**85.02**	**48.94**

* amounts are below the rounding off norm adopted by the group.

	March 31, 2021	March 31, 2020
Aggregate amount of quoted investments and market value thereof	84.89	48.86
Aggregate amount of unquoted investments	0.13	0.08
Aggregate amount of impairment in the value of investments	–	–

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

7 Loans (Non-current)

Particulars	March 31, 2021	March 31, 2020
Loans considered good - Unsecured		
Loans to employees	54.29	74.97
	54.29	**74.97**

8 Other financial assets (non-current)

Security deposits	61.31	79.06
	61.31	**79.06**

9 Other non-current assets

Capital advances	54.32	51.45
	54.32	**51.45**

10 Inventories

(a) Raw materials and components*	1,392.05	1,072.91
(b) Work-in-progress	216.84	257.05
(c) Finished goods*	1,426.51	1,674.17
(d) Stock-in-trade*	323.06	348.14
(e) Stores and spares and packing materials*	33.82	47.79
(f) Loose tools*	34.65	34.24
	3,426.93	**3,434.30**

* Include goods in-transit ₹ 152.18 million and ₹ 86.20 million as on March 31, 2021 and March 31, 2020, respectively.

Note: Raw materials, Work in progress and Finished goods include R&D inventory also.

11 Trade receivables

Unsecured, considered good	3,997.32	3,467.62
Unsecured, considered doubtful	89.23	55.41
	4,086.55	**3,523.03**
Less: Allowance for doubtful debts(expected credit loss allowance)	(89.23)	(55.41)
	3,997.32	**3,467.62**

Note: For receivables from related parties refer note 43.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

12 Cash and cash equivalents

Particulars	March 31, 2021	March 31, 2020
(a) Cash on hand	1.17	1.05
(b) Balance with banks		
- In current accounts	558.32	276.51
- In EEFC accounts	–*	2.10
- In deposit accounts (with original maturity of 3 months or less)	711.11	165.92
- Balance in unclaimed dividend account**	7.59	9.52
	1,278.19	**455.10**

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 than 12 months)*	1,342.70	402.05
	1,342.70	**402.05**

*Includes margin money deposit of ₹ 242.86 million and ₹ 224.25 million as at March 31, 2021 and March 31, 2020, respectively.

14 Deposits with financial institutions

Deposits with Housing Development Finance Corp. Ltd. (HDFC Limited)	430.00	585.00
	430.00	**585.00**

15 Loans (Current)

Loans considered good - Unsecured		
Loan to employees	60.13	69.43
	60.13	**69.43**

16 Other financial assets

Particulars	March 31, 2021	March 31, 2020
Derivatives not designated as hedges		
Foreign exchange forward contract	24.57	–

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

16 Other financial assets (Continued...)

Particulars	March 31, 2021	March 31, 2020
Others		
Interest accrued	33.76	19.21
Security deposits	7.84	12.25
Others	29.76	14.90
	95.93	**46.36**

17 Assets held for sale

- Land	183.78	–
- Buildings	39.76	–
	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 2021-22. As on 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	50.49	50.31
Prepaid expenses	148.48	124.63
Balance with Government authorities	91.66	68.48
Rent advances	5.94	15.52
Advance to suppliers	138.38	156.00
Others*	43.26	93.57
	478.21	**508.51**

*includes assets related to Gratuity fund ₹ Nil and ₹ 2.15 million for the year ended March 31, 2021 and March 31, 2020, respectively.

19 Equity share capital

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
At April 01, 2019	**300**	**300**
Increase during the year	–	–
At March 31, 2020	**300**	**300**
Increase during the year	20	20
At March 31, 2021	**320**	**320**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

19 Equity share capital (Continued...)

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
At April 01, 2019	**158.45**	**158.45**
Increase during the year	–	–
At March 31, 2020	**158.45**	**158.45**
Issue of bonus shares (refer (iii) below)	158.46	158.46
At March 31, 2021	**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.

(iii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date:

Particulars	Number of shares (in millions)	
	March 31, 2021	March 31, 2020
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 alloted bonus equity shares of ₹1/- each, credited as fully paid up equity shares to the holders of the existing equity shares of the Company in the proportion of one equity share of the Company for every one existing equity shares of the Company, by way of capitalizing a part of the securities premium account of the Company.

Also, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively for the above-mentioned bonus issue.

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

Particulars	March 31, 2021*		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	5,19,28,780	16.39%	2,59,64,390	16.39%
SBI Small Cap Fund	2,58,79,428	8.17%	1,40,43,957	8.86%
Mr. Jairam Varadaraj	2,99,33,216	9.45%	1,37,05,478	8.65%
Pari Washington India Master Fund, Ltd.	2,64,19,723	8.34%	1,37,14,611	8.66%
Gagandeep Credit Capital Pvt. Limited	1,63,05,150	5.15%	81,52,575	5.15%

*after issue of bonus shares.

Note: In December 2020, Mr. Jairam Varadaraj acquired 25,22,260 equity shares of ₹ 1/- each of the Company from L.G.B Public Welfare Society by way of inheritance.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

20 Other equity

Particulars	March 31, 2021	March 31, 2020
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	250.92	409.37
Statutory reserve	5.49	5.49
General reserve	1,162.63	1,162.63
Treasury stock	(55.44)	(11.40)
Share options outstanding account	3.02	0.21
Retained earnings	6,502.12	5,465.25
Other reserves	331.80	318.52
	8,381.95	**7,531.48**

Particulars	March 31, 2021	March 31, 2020
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	409.37	409.37
Issue of bonus share (refer note 19 (iii))	(158.45)	–
Closing balance	**250.92**	**409.37**
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	0.21	–
Employee stock option expense	2.81	0.21
Closing balance	**3.02**	**0.21**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

20 Other equity (Continued...)

Particulars	March 31, 2021	March 31, 2020
f) Retained earnings		
Opening balance	5,465.25	5,591.73
Net profit for the year	1,024.85	425.67
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	10.32	2.81
- Share of other comprehensive income of joint ventures accounted for using the equity method	(0.43)	(0.04)
-Transfer to retained earnings of gain on FVOCI equity instruments	2.13	–
Appropriations:		
Dividend on equity shares (including Dividend distribution tax)*	–	(554.92)
Closing balance	**6,502.12**	**5,465.25**

*includes tax paid on dividend received from foreign subsidiaries and redistributed to the shareholders for the year ended March 31, 2020.

Particulars	March 31, 2021	March 31, 2020
g) Treasury stock		
Opening balance	(11.40)	(11.40)
Purchase of shares for ESOP scheme	(44.04)	–
Closing balance	**(55.44)**	**(11.40)**
h) Other reserves		
FVOCI - Equity instruments		
Opening Balance	31.35	57.39
Change in fair value of equity instruments	37.59	(26.04)
Transfer of gain on FVOCI equity instruments	(2.13)	–
Closing balance	**66.81**	**31.35**
Cash flow hedging reserve		
Opening balance	(29.63)	(20.38)
Change in fair value of interest rate swap (net of tax) (refer note 39(C) (ii))	8.82	(9.25)
Closing balance	**(20.81)**	**(29.63)**
Foreign currency translation reserve		
Opening Balance	316.80	174.41
Movement during the year	(31.00)	142.39
Closing balance	**285.80**	**316.80**
Total Other reserves	**331.80**	**318.52**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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 2,28,064 shares (₹ 11.40 million) of the Company held by its joint operation and 3,70,000 shares (₹ 44.04 million) of the Company held by its Elgi Equipments Limited Employee Stock Option Trust.

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, 2021

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

21 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon rate	March 31, 2021	March 31, 2020
Secured				
Term Loan				
from Banks				
Foreign Currency Loan				
-USD	15 equated quarterly installments starting from June 30, 2021	90 day LIBOR + Agreed Spread	441.29	469.65
-EURO	20 equated quarterly installments	0.8%	-	175.11
-AUD	20 equated quarterly installments starting from Oct 27, 2020	90 day AUD-BBR-BBSW + Agreed Spread	574.59	527.75
Unsecured				
from Banks				
-EURO	15 equated quarterly installments	0.75%	77.32	-
Total non- current borrowings			**1,093.20**	**1,172.51**
Less: Current maturities of long term debt (Note no- 25)			**(280.68)**	**(143.05)**
Less: Interest accrued but not due on borrowings (Note no- 25)			**(0.92)**	**(2.23)**
Non- current borrowings			**811.60**	**1,027.23**

(a) Nature of security:

(i) The term loan of ₹ 441.29 million (USD 6.04 million) as on March 31, 2021 (₹ 469.65 million i.e USD 6.21 million as on March 31, 2020) 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 ₹ Nil as on March 31, 2021 (₹ 175.11 million i.e. EUR 2.10 million as on March 31, 2020) availed by Elgi Compressors Italy SRL, from HSBC (Italy) was secured by a standby letter of credit (SBLC) that is backed by pari passu charge created on specific assets of the Holding Company.

(iii) The term loan of ₹ 574.59 million (AUD 10.35 million) as on March 31, 2021 (₹ 527.75 million i.e AUD 11.50 million as on March 31, 2020) 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, 2021

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

21 Borrowings (Continued...)

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon rate	March 31, 2021	March 31, 2020
Secured				
from Banks				
Lines of credit				
-USD	Payable on Demand	30 day LIBOR + Agreed Spread	749.38	1,058.26
-INR	Payable within 180 days	REPO rate + Agreed Spread	-	260.00
Other facilities				
-EURO	Payable within 360 days with renewal option	EURIBOR + Agreed Spread	745.60	255.82
-AUD	Payable within 90 days with renewal option	BBSY+ Agreed Spread	-	55.07
Total (A)			**1,494.98**	**1,629.15**
Unsecured				
from Banks				
Lines of credit				
-EURO	Payable on Demand	0.8 % to 1%	375.19	527.01
Packing Credit				
-INR	Payable within 180 days	REPO rate + Agreed Spread	1,005.00	715.00
Bills discounted			8.84	-
Total (B)			**1,389.03**	**1,242.01**
Total current borrowings (A) + (B)			**2,884.01**	**2,871.16**

(a) Nature of security:

(i) The line of credit of ₹ 749.38 million (USD 10.25 million) as on March 31, 2021 (₹ 1,058.26 million i.e. USD 14.00 million as on March 31, 2020) 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 packing credit of ₹ Nil as on March 31, 2021 (₹ 260.00 million as on March 31, 2020) availed by the Holding Company from HSBC (India) is secured by way of pari-passu charge on the specific assets of the Holding Company.

(iii) The Other facility of ₹ 745.60 million (EUR 8.70 million) as on March 31, 2021 (₹ 255.82 million i.e. EUR 3.07 million as on March 31, 2020) availed by Elgi Compressors Europe SRL from Citi Bank (United Kingdom) is secured by a corporate guarantee issued by the Holding Company and a pari passu charge on the specific assets of Holding Company.

(iv) The Other facility of ₹ Nil as on March 31, 2021 (₹ 55.07 million i.e AUD 1.20 million as on March 31, 2020) availed by Industrial Air Compressors Pty Limited from Citi Bank (United Kingdom) is secured by 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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, 2021	March 31, 2020
Borrowings (including current maturities and interest accrued)	21(a)	1,093.20	1,172.51
Current borrowings	21(b)	2,884.01	2,871.16
Interest accrued and due on Current Borrowings	25	6.36	3.62
Lease liabilities	3(b)	663.61	439.51
Cash and cash equivalents	12	(1,278.19)	(455.10)
Deposits with banks and financial institutions	13,14	(1,772.70)	(987.05)
		1,596.29	**3,044.65**
Opening net debt		**3,044.65**	**1,154.92**
Recognition of lease liabilities on Ind AS 116 transition date, April 01, 2019		–	317.65
Opening net debt (restated)		**3,044.65**	**1,472.57**
Cash flows		(1,774.36)	1,488.40
Acquisitions - Leases		361.35	150.47
Termination of Lease Contracts		(3.92)	–
Cash flows arising from payment of lease liabilities		(137.20)	(92.88)
Interest expense		134.83	155.47
Interest paid		(133.40)	(144.70)
Translation difference		104.34	15.32
Closing net debt		**1,596.29**	**3,044.65**

22 Other financial liabilities (Non-current)

Particulars	March 31, 2021	March 31, 2020
Derivatives designated as hedges		
Interest rate swap	26.46	36.97
	26.46	**36.97**

23 Provisions (Non-current)

Provision for compensated absences (Refer Note 26(a))	71.01	72.56
Provision for defined pension benefits (Refer Note 26(a))	49.14	47.58
	120.15	**120.14**

24 Trade payables

Due to micro enterprises and small enterprises	482.70	308.13
Due to creditors other than micro enterprises and small enterprises	2,406.54	1,779.79
	2,889.24	**2,087.92**

Note: For payables to related parties refer note 43.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

25 Other financial liabilities (Current)

Particulars	March 31, 2021	March 31, 2020
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	47.41
Derivatives designated as hedges		
Interest rate swap	7.56	1.95
Others		
Current maturities of long-term debt	280.68	143.05
Interest accrued but not due on Non-Current borrowings	0.92	2.23
Interest accrued and due on Current borrowings	6.36	3.62
Unclaimed dividends	7.59	9.52
Dealer deposits	32.33	30.50
Employee benefit expenses payable*	558.43	436.10
Contingent consideration**	-	80.67
Others	25.98	54.97
	919.85	**810.02**

*includes short term leave encashments amounting to ₹ Nil and ₹ 76.23 million as on March 31, 2021 and March 31, 2020, respectively.

**Contingent consideration of ₹ 80.67 million as at March 31, 2020 pertains to success fees payable in respect to acquisition of portables business from FTG Equipment Solutions which has been paid during the current year.

26 Provisions (Current)

Provision for warranty	101.93	99.97
Provision for gratuity (Refer note 26(a))	12.10	21.65
Provision for compensated absences (Refer note 26(a))	18.38	18.79
	132.41	**140.41**

(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:

Particulars	Provision for Warranty
As at April 01, 2020	99.97
Additional provisions recognised	101.93
Amounts used during the year	(99.97)
As at March 31, 2021	**101.93**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

26(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the group's liability for earned leave.

The total provision for compensated absences amounts to ₹ 89.39 million and ₹ 91.35 million for March 31, 2021 & March 31, 2020, respectively.

The provision amount of ₹ 18.38 million (March 31, 2020: ₹ 18.79 million) is presented as current, since the group expects to settle the full amount of current leave obligation in the next 12 months.

Also refer note 25 for details on short term leave encashments.

(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.

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 ₹127.59 million (March 31, 2020 – ₹122.85 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, 2019	**278.57**	**269.99**	**8.58**
Current service cost	25.47	–	25.47
Past service cost	–	–	–
Interest expense/ (income)	20.22	19.68	0.54
Total amount recognised in profit or loss	**45.69**	**19.68**	**26.01**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

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

Balance sheet amounts- Gratuity (India) (Continued...)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Total (A)-(B)
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0.25)	–	(0.25)
(Gain)/loss from change in assumptions	(5.02)	(0.26)	(4.76)
Experience (gains)/losses	1.59	0.34	1.25
Total amount recognised in other comprehensive income	**(3.68)**	**0.08**	**(3.76)**
Employer contributions	–	10.34	(10.34)
Benefit payments	(23.40)	(22.41)	(0.99)
March 31, 2020	**297.18**	**277.68**	**19.50**
Gratuity assets grouped under Other current assets (refer note 18)			**2.15**
Gratuity liabilities grouped under Current provisions (refer note 26)			**21.65**

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	**46.37**	**18.77**	**27.61**
Remeasurements			
(Gain)/loss from change in financial 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, 2021

(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, 2021	March 31, 2020
Discount Rate*	6.40%	6.77%
Rate of increase in compensation levels*	6.45%	6.45%
Attrition Rate*	6.85%	6.77%

*represents weighted average rate

(v) Sensitivity Analysis

Particulars	March 31, 2021	March 31, 2020
A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	300.46	287.95
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	319.99	306.93
C. Salary Escalation Rate +50 BP		
Defined Benefit Obligation [PVO]	318.54	305.56
D. Salary Escalation Rate -50 BP		
Defined Benefit Obligation [PVO]	301.74	289.27

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, 2021	March 31, 2020
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The group operates the India Gratuity Plan through a trust fund which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the group is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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 9.17 years (March 31, 2020 – 9.27 years).

The following payments are expected towards the defined benefit obligation in the future years.

Particulars	March 31, 2021	March 31, 2020
Within next 12 months (next annual reporting period)	55.74	46.82
Between 1 to 2 years	35.36	34.94
Between 2 to 5 years	111.08	111.77
Beyond 5 years	224.44	227.48
Total	**426.62**	**421.01**

(ix) Provision for other employee terminal benefits

The group operates defined benefit pension plans in United Arab Emirates (UAE),Italy and Indonesia under the respective regulatory group framework. The terminal benefits are paid to the employees on termination or completion of their term of employment.

Balance sheet amounts- other employee terminal benefits (UAE, Italy and Indonesia)

Particulars	UAE	Italy	Indonesia	Total
Balance as at the April 1, 2019	**14.08**	**27.14**	**-**	**41.22**
Provided during the year	6.24	15.05	-	21.29
Paid during the year	(1.97)	(14.44)	-	(16.41)
Exchange difference	1.37	0.11	-	1.48
Balance as at the March 31, 2020	**19.72**	**27.86**	**-**	**47.58**
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**
Provision for defined pension benefits- Non-Current (refer note 23)				**49.14**

The above plans are unfunded as on March 31, 2021 and March 31, 2020.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2021	March 31, 2020
Funded Plans		
Present value of funded obligations	309.97	297.18
Fair value of plan assets	297.87	277.68
Net Deficit (A)	**12.10**	**19.50**
Unfunded Plans (B)	**49.14**	**47.58**
Total Deficit (A) + (B)	**61.24**	**67.08**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

27 Income Taxes

(a) Income tax expense

Particulars	March 31, 2021	March 31, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	515.57	378.94
Total current tax expense	**515.57**	**378.94**
Deferred tax		
Deferred tax expense/(benefits) for the year	(12.92)	(109.00)
Total deferred tax expense/(benefit)	**(12.92)**	**(109.00)**
Income tax expense	**502.65**	**269.94**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,527.50	695.61
Tax at the Indian tax rate of 25.168% (2019-2020– 25.168%)	**384.44**	**175.07**
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)	3.33	2.93
-Deduction u/s 24 of IT Act (Income from house property)	(1.33)	(1.46)
-Differential impact on remeasurement of deferred tax	–	(9.60)
-Others	2.08	(0.52)
Deferred tax asset not recognised on accumulated unabsorbed tax losses in overseas subsidiaries	133.38	80.83
Non-taxable Government grants	(49.61)	–
Effect of differential overseas tax rate*	28.66	30.69
Others	1.70	(8.00)
Income tax expense	**502.65**	**269.94**
***Applicable tax rates in the following subsidiaries that are material are as follows:**		
United Arab Emirates (UAE)	0%	0%
Australia	30%	30%
Italy	24%	24%
Belgium	25%	25%
United State of America (USA)	26.50%	26.50%

(b) Income Tax Assets / Liabilities

Current Tax Assets (Net)	**19.71**	**52.96**
Current Tax Liabilities (Net)	**198.70**	**–**
Net Current tax asset / (liability) at the end of the year	**(178.99)**	**52.96**
Opening Balance	**52.96**	**6.36**
Add : Tax paid (net of refund received)- refer note below	287.08	426.49
Less: Current tax payable for the year	(515.57)	(378.94)
Less: Income tax on other comprehensive income	(3.46)	(0.95)
Net Current tax asset/(liability) at the end of the year	**(178.99)**	**52.96**

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, 2021

(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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Depreciation	(68.99)	(70.36)	56.27	65.10
Right of use assets	(89.12)	(34.15)	31.56	24.13
Foreign exchange forward contracts	(6.18)	-	-	-
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	21.08	23.33	-	-
Provision for Warranty	25.42	24.96	-	-
Allowance for doubtful debts	19.02	14.64	-	(0.23)
Lease liabilities	95.30	35.26	(33.45)	(24.79)
Foreign exchange forward contracts	-	11.93	-	-
VRS	7.95	1.15	-	-
Other timing differences	17.52	16.35	(33.60)	(24.45)
Accumulated Loss	49.51	75.59	-	-
Unrealised Gain in Stock	74.11	61.91	-	-
	145.62	**160.61**	**20.78**	**39.76**

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, 2021 and March 31, 2020 is as follows,

Particulars	March 31, 2021	March 31, 2020
Net deferred tax (asset)/ liability at the beginning of the year	**(120.85)**	**(1.23)**
(Credits) / charge in profit and loss relating to temporary differences	(12.92)	(109.00)
(Credits) / charge in other comprehensive income relating to temporary differences	3.78	(3.96)
Translation differences	5.15	(6.66)
Net deferred tax (asset)/liability at the end of the year	**(124.84)**	**(120.85)**

Tax losses

Particulars	March 31, 2021	March 31, 2020
Unused accumulated tax losses for which no deferred tax asset has been recognised	851.83	318.31
Potential tax benefit at 25%	212.96	79.58

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, 2021

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

28 Other current liabilities

Particulars	March 31, 2021	March 31, 2020
Contract liabilities	192.26	199.76
Statutory payable	85.57	72.70
Rental advances received	1.50	1.50
Other liabilities	22.10	13.65
	301.43	**287.61**

29 Revenue from operations

The group derives following types of revenue:

Revenue from contracts with customers		
Sale of products	17,601.29	16,759.64
Sale of services	1,525.17	1,404.84
Other operating revenues	114.04	129.44
	19,240.50	**18,293.92**

The group has disaggregated revenue from contracts with customers for the year ended March 31, 2021 and March 31, 2020 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	87.05	53.19
Interest income - Others	6.47	12.09
Dividend income*	0.25	1.03
Profit on sale of assets	4.43	5.96
Government grants**	20.10	-
Rental receipts	11.95	14.58
Net gain on foreign currency transaction and translation (other than considered as finance cost)	55.88	–
Miscellaneous income (net)	48.85	45.29
	234.98	**132.14**

* 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.

**There are no unfulfilled conditions and other contingencies attaching to government grants that has been recognised. Also refer note 49.

31 Cost of material consumed

Opening stock of raw materials*	1,056.52	1,063.70
Purchases	7,375.45	7,564.48
	8,431.97	**8,628.18**
Less:		
Inventory of materials at the end of the year*	1,376.69	1,056.52
	7,055.28	**7,571.66**

*Excluding R & D inventory.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

32 Purchases of stock-in-trade

Particulars	March 31, 2021	March 31, 2020
Oil	237.63	264.18
Others	2,676.39	2,267.05
	2,914.02	**2,531.23**

33 Changes in inventory

Opening inventory*		
-Finished goods	1,651.00	1,477.26
-Work-in-progress	242.80	162.70
-Stock- in-trade	348.15	305.42
Closing inventory*		
-Finished goods	1,408.66	1,651.00
-Work-in-progress	203.83	242.80
-Stock- in-trade	323.06	348.15
	306.40	**(296.57)**

*Excluding R & D inventory.

34 Employee benefit expenses

Salaries, wages and bonus*	3,728.51	3,683.14
Contribution to Provident fund & Superannuation scheme	127.59	122.85
Gratuity (Refer note 26(a))	27.61	26.01
Post employment pension benefits (refer note 26(a))	27.79	21.29
Voluntary Retirement scheme (VRS)	36.85	–
Employee stock option expense (refer note 47)	2.81	0.21
Staff welfare expenses	166.26	192.14
	4,117.42	**4,045.64**

*net of Government grants recognised during the year ended March 31, 2021 amounting to ₹ 241.51 million. There are no unfulfilled conditions and other contingencies attaching to government grants that has been recognised. Also refer note 49.

35 Finance costs

Interest expenses (relating to lease liabilities)	27.90	20.27
Interest expenses (other financing arrangements)	106.93	135.20
	134.83	**155.47**

36 Depreciation and amortisation expense

Depreciation of property, plant and equipment	439.55	424.59
Depreciation on investment properties	0.05	0.06
Depreciation of right of use assets	164.72	111.11
Amortisation of intangible assets	139.06	116.56
	743.38	**652.32**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

37 Other expenses

Particulars	March 31, 2021	March 31, 2020
Packing & forwarding	172.68	164.63
Consumption of stores	77.52	80.57
Tools consumed	48.62	54.54
Commission	158.11	223.13
Repairs and maintenance		
-Building	40.37	50.22
-Plant and machinery	55.18	60.59
-Others	171.42	149.67
Communication expenses	49.06	53.83
Power and fuel	166.52	186.72
Transport charges	495.25	349.69
Travelling & conveyance	119.16	278.97
Insurance	86.90	71.20
Advertisement & publicity	87.10	108.13
Printing and stationery	23.28	27.39
Research & Development material cost	71.39	73.18
After sales expenses	190.92	219.88
Factory expenses	18.06	22.05
Rates and taxes	26.08	29.50
Payment to the auditors	5.25	3.30
Subscription & membership	11.13	12.04
CSR expenses	26.23	23.73
Rent	59.79	58.93
Legal and consultancy charges	368.68	534.22
Directors' sitting fees	2.86	2.28
Bank charges	14.90	16.83
Excise duty	2.82	1.83
Net loss on foreign currency transaction and translation	-	13.42
Assets condemned & written off/ loss on sale of assets	0.48	1.83
Bad debts and allowance for doubtful debts	34.46	53.53
Miscellaneous expenses	106.59	157.27
	2,690.81	**3,083.10**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	85.02	–	–	48.94	–
Loans	–	–	114.42	–	–	144.40
Trade receivables	–	–	3,997.32	–	–	3,467.62
Cash and bank balances	–	–	2,620.89	–	–	857.15
Deposits with financial institutions	–	–	430.00	–	–	585.00
Derivative financial asset	24.57	–	–	–	–	–
Security deposits	–	–	69.15	–	–	91.31
Others	–	–	63.52	–	–	34.11
Total financial assets	**24.57**	**85.02**	**7,295.30**	**–**	**48.94**	**5,179.59**
Financial liabilities						
Borrowings	–	–	3,983.57	–	–	4,047.29
Trade payables	–	–	2,889.24	–	–	2,087.92
Dealer deposits	–	–	32.33	–	–	30.50
Derivative financial liabilities	–	34.02	–	47.41	38.92	–
Employee benefit expenses payable	–	–	558.43	–	–	436.10
Contingent consideration	–	–	–	–	–	80.67
Others	–	–	33.57	–	–	64.49
Total financial liabilities	**–**	**34.02**	**7,497.14**	**47.41**	**38.92**	**6,746.97**

*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, 2021

(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, 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**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	-	-	-	-
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**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted Equity Investments	6	48.86	-	-	48.86
Unquoted Equity Investments	6	-	-	0.08	0.08
Total financial assets		**48.86**	**-**	**0.08**	**48.94**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

38 Fair value measurements (Continued...)

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	25	–	47.41	–	47.41
Derivatives designated as hedges					
Interest rate swap	22,55	–	38.92	–	38.92
Total financial liabilities	–	–	**86.33**	–	**86.33**

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

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	7,15	–	–	144.40	144.40
Security deposits	8,16	–	–	91.31	91.31
Total financial assets		–	–	**235.71**	**235.71**
Financial Liabilities					
Borrowings	21 (a)	–	–	1,172.51	1,172.51
Total financial liabilities	–	–	–	**1,172.51**	**1,172.51**

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, 2021
(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, 2021		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	114.42	114.42	144.4	144.4
Security deposits	69.15	69.15	91.31	91.31
Total financial assets	**183.57**	**183.57**	**235.71**	**235.71**
Financial Liabilities				
Borrowings	1093.2	1093.2	1172.51	1172.51
Total financial liabilities	**1093.2**	**1093.2**	**1172.51**	**1172.51**

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, 2021
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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. Investment guidelines for debt investment.
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, contractual cash flows from debt instruments carried at amortised cost, 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, 2021

(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, 2021 and March 31, 2020

(a) Expected credit loss for loans, security deposits and investments

During the year ended March 31, 2021 and March 31, 2020, 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.

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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

39 Financial risk management (Continued...)

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 1, 2019	**50.91**
Changes in loss allowance	4.50
Loss allowance on March 31, 2020	**55.41**
Changes in loss allowance	33.82
Loss allowance on March 31, 2021	**89.23**

(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, 2021	March 31, 2020
Floating rate Expiring within one year (including other facilities)	2,919.24	2,687.21

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

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

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

39 Financial risk management (Continued...)

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 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**
March 31, 2020						
Non-derivatives						
Borrowings	1,017.09	604.17	1,398.80	287.74	739.49	4,047.29
Lease liabilities	26.39	26.39	52.79	105.57	228.37	439.51
Trade payables	2,087.92	–	–	–	–	2,087.92
Other financial liabilities	611.76	–	–	–	–	611.76
Total non-derivative liabilities	**3,743.16**	**630.56**	**1,451.59**	**393.31**	**967.86**	**7,186.48**
Derivatives (net settled)	22.91	25.41	1.05	1.95	35.01	86.33
Total derivative liabilities	**22.91**	**25.41**	**1.05**	**1.95**	**35.01**	**86.33**

(C) Market risk

(i) Foreign currency risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR,AUD,BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

(Amounts in million in respective currencies)

	March 31, 2021				March 31, 2020			
Particulars	**USD**	**EUR**	**AUD**	**BRL**	**USD**	**EUR**	**AUD**	**BRL**
Financial assets								
Trade receivables	11.96	6.30	2.40	2.70	11.51	2.56	1.66	2.71
Loans (including accrued interest)	7.45	0.12	–	14.53	7.13	0.12	2.13	15.53
Cash and Cash equivalent	0.07	–	–	–	0.00	0.03	–	–
Net exposure to foreign currency risk (assets)	**19.48**	**6.42**	**2.40**	**17.23**	**18.64**	**2.71**	**3.79**	**18.24**
Financial liabilities								
Foreign currency loan	–	–	–	–	–	–	–	–
Trade payables	1.29	0.66	–	–	0.41	0.39	–	–
Net exposure to foreign currency risk (liabilities)	**1.29**	**0.66**	**–**	**–**	**0.41**	**0.39**	**–**	**–**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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	
	March 31, 2021	March 31, 2020
USD sensitivity		
Functional currency/USD Increases by 5%	49.75	51.57
Functional currency/USD decreases by 5%	(49.75)	(51.57)
EURO sensitivity		
Functional currency/EURO Increases by 5%	18.49	7.21
Functional currency/EURO decreases by 5%	(18.49)	(7.21)
AUD sensitivity		
Functional currency/AUD Increases by 5%	4.99	6.50
Functional currency/AUD decreases by 5%	(4.99)	(6.50)
BRL sensitivity		
Functional currency/BRL Increases by 5%	3.63	3.59
Functional currency/BRL decreases by 5%	(3.63)	(3.59)

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, 2021 and March 31, 2020, the groups borrowings at variable rate are mainly denominated in USD and AUD.

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in the market interest rate.

At the end of the reporting period the group has following variable rate long term borrowings and interest rate swap contracts outstanding,

Particulars	March 31, 2021		March 31, 2020	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan - Variable rate borrowings				
-USD	2.00%	441.29	2.52%	469.65
-AUD	1.77%	574.59	2.84%	527.75
Interest rate swap				
-AUD	4.45%	(574.59)	4.45%	(527.75)
		441.29		**469.65**

The analysis for maturities of borrowings is provided in the note no 37 B(ii) above.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

39 Financial risk management (Continued...)

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

Particulars	Impact on Profit after tax		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rate increase by 50 basis points*	1.62	1.73	(8.76)	(4.10)
Interest rate decrease by 50 basis points*	(1.62)	(1.73)	8.76	4.10

*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, 2021	March 31, 2020
Type of hedge & risk	Cash Flow Hedge -Interest rate risk	Cash Flow Hedge Interest rate risk
Nominal Value		
-Assets	574.59	527.75
-Liabilities	–	–
Carrying amount of hedging Instrument		
-Assets	–	–
-Liabilities	34.02	38.92
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)	(3.66)	(22.34)
Change in value of hedging instrument used as basis for recognising hedge effectiveness	3.66	22.34

Refer table below in relation to disclosures of effect of hedge accounting on financial performance.

(b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2021	March 31, 2020
Cash flow hedging reserve		
Opening balance	**(29.63)**	**(20.38)**
Add: Changes in fair value of interest rate swaps	(3.66)	(22.34)
Less: Amounts of loss reclassified to profit or loss	16.26	9.13
Less: Deferred tax asset relating to above (net)	(3.78)	3.96
Closing balance	**(20.81)**	**(29.63)**

(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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
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39 Financial risk management (Continued...)

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, 2021**	**March 31, 2020**
NSE Nifty 50 – increase 5%	4.24	2.44
NSE Nifty 50 – decrease 5%	(4.24)	(2.44)

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

40 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The group monitors capital on the basis of the following 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, 2021	March 31, 2020
Net debt (refer note 21)	1,596.29	3,044.65
Total equity	8,698.86	7,689.93
Net debt to equity ratio	**18.4%**	**39.6%**

(i) Loan covenants

The group has complied with all the loan covenants throughout the reporting period.

(b) Dividends

Particulars	**March 31, 2021**	March 31, 2020
(i) Equity shares		
Final dividend for the year ended March 31, 2019	-	205.99
DDT on final dividend	-	42.34
Interim dividend for the year ended March 31, 2020	-	261.44
Tax on foreign dividend received and redistributed to the shareholders as Interim dividend	-	45.68
(ii) Dividends not recognised at the end of the reporting period		
Subsequent to the year end the directors have recommended the payment of a final dividend of ₹ 0.80 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	253.53	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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41 Segment Information

(a) Description of segments and principal activities

The chief operating decision maker (CODM) (i.e. the Managing Director of Elgi Equipments Limited) examines the group's performance from a product perspective and has identified two reportable segments of its business:
a) Air compressors
b) Automotive equipments

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2021	March 31, 2020
Air Compressors	17,694.53	16,575.42
Automotive equipments	1,547.32	1,721.86
Less: Inter segment revenue	(1.35)	(3.36)
Income from operations	**19,240.50**	**18,293.92**

(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.

Particulars	March 31, 2021	March 31, 2020
Air Compressors	1,379.09	562.95
Automotive equipments	133.77	119.39
Add/(Less): Inter segment profit/(loss)	0.48	0.87
Total	**1,513.34**	**683.21**
Share of net profit of joint ventures accounted for using the equity method	14.16	12.40
Total profit before tax	**1,527.50**	**695.61**

(d) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

Particulars	March 31, 2021	March 31, 2020
Air Compressors	16,390.70	14,364.35
Automotive equipments	1,290.27	1,204.80
Less: Inter segment assets	(13.87)	(18.49)
Total Segment Assets	**17,667.10**	**15,550.66**

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Particulars	March 31, 2021	March 31, 2020
a) Air Compressors	8,615.90	7,497.35
b) Automotive equipments	367.56	382.74
Less: Inter segment liabilities	(15.22)	(19.36)
Total Segment Liabilities	**8,968.24**	**7,860.73**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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41 Segment Information (Continued...)

(f) Capital Employed

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2021	March 31, 2020
a) Air Compressors	7,774.80	6,867.00
b) Automotive equipments	922.71	822.06
Add: Inter segment capital employed	1.35	0.87
Total Capital employed	**8,698.86**	**7,689.93**

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, 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**
March 31, 2020			
India	10,135.77	(96.58)	10,039.19
Other regions			
Americas	4,528.94	(521.18)	4,007.76
Europe	2,399.69	(1,005.25)	1,394.44
Australia	1,277.92	(212.46)	1,065.46
Others	2,214.28	(427.21)	1,787.07
	20,556.60	(2,262.68)	18,293.92

(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 in shown below,

Particulars	March 31, 2021	March 31, 2020
India	2,540.99	2,842.02
USA	1,839.01	1,906.34
Italy	717.25	720.96
Australia	598.02	569.78
Other countries	139.99	104.20
Total non-current assets	**5,835.26**	**6,143.30**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
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42 Interests in other entities

(a) Subsidiaries
The group's subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group		Principal Activities
		March 31, 2021 %	March 31, 2020 %	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	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	Trading of air compressors
Elgi Compressors Nordics (refer note (a) below)	Sweden	100	-	Trading of air compressors
Elgi Compressors Eastern Europe sp. z.o.o. (refer note (b) below)	Poland	100	-	Trading of air compressors
Elgi Compressors UK and Ireland Limited (refer note (c) below)	United Kingdom	100	-	Trading of air compressors
Elgi Compressors France SAS (refer note (d) below)	France	100	-	Trading 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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

42 Interests in other entities (Continued...)

Name of entity	Place of business	Ownership interest held by the Company March 31, 2021 %	Ownership interest held by the Company March 31, 2020 %	Principal Activities
Michigan Air Solutions LLC.	USA	100	100	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
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. (refer note (e) below)	Malaysia	100	–	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

a) In September, 2020, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Nordics in Sweden.

b) In December, 2020, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Eastern Europe sp. z.o.o. in Poland.

c) In February, 2021, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors UK and Ireland Limited in United Kingdom.

d) In February, 2021, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned Elgi Compressors France SAS in France.

e) In March, 2021, the Company incorporated a wholly owned subsidiary Elgi Compressors (M) SDN. BHD. in Malaysia.

(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 Industries 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 Industries 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

42 Interests in other entities (Continued...)

(c) Joint Venture

Set out below are the associates and joint ventures of the group as at March 31, 2020 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 March 31, 2021	Quoted fair value March 31, 2020	Carrying amount March 31, 2021	Carrying amount March 31, 2020
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	73.36	63.30
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	5.92	6.83
Evergreen Compressed Air and Vacuum LLC**	USA	50%	Joint venture	*	*	12.82	5.28
PLA Holding Company LLC**	USA	50%	Joint venture	*	*	45.31	–
Immaterial joint ventures (iii) below						15.24	–
Total equity accounted investments						**152.65**	**75.41**

*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.

Industrial Air Solutions LLP 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.

In May 2020, 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.

In September 2020, 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.

In October 2020, 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.

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2021	March 31, 2020
Commitments – joint ventures	–	–
Contingent liabilities – joint ventures		
Share of joint ventures contingent liabilities in respect of legal matters against the entity and guarantees	24.63	22.95

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

42 Interests in other entities (Continued...)

(ii) Summarised financial information for material joint ventures

The tables below provide summarised financial information for the joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not the group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
Summarised balance sheet	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Current assets								
Cash and cash equivalents	153.41	1.10	26.52	0.09	4.13	3.50	25.78	-
Other assets	195.86	282.77	44.23	55.29	19.23	18.90	56.13	-
Total current assets	**349.27**	283.87	**70.75**	55.38	**23.37**	22.40	**81.91**	-
Total non-current assets *	**57.33**	63.14	**14.24**	12.92	**10.91**	-	**33.16**	-
Current liabilities								
Financial liabilities (excluding trade payables)	35.38	33.12	2.70	1.71	1.35	4.90	0.05	-
Other liabilities	85.71	67.77	43.18	32.50	6.47	6.94	60.71	-
Total current liabilities	**121.09**	100.89	**45.88**	34.21	**7.82**	11.84	**60.76**	-
Non-current liabilities								
Employee benefit obligations & Others	3.26	2.39	-	-	7.53	-	-	-
Total non-current liabilities	**3.26**	2.39	**-**	-	**7.53**	-	**-**	-
Net assets	**282.25**	243.73	**39.11**	34.09	**18.93**	10.56	**54.31**	-

** Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited*

	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
Reconciliation to carrying amounts	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Share Capital-Opening	6.50	6.50	8.00	8.00	18.86	-	-	-
Capital Investments	-	-	-	-	-	18.86	14.62	-
Share Capital- Closing (A)	**6.50**	6.50	**8.00**	8.00	**18.86**	18.86	**14.62**	-
Share Capital- Class B Interest* (B)	**-**	-	**-**	-	**7.31**	-	**43.04**	-
Other Equity-Opening	237.23	247.05	26.09	19.38	(8.30)	-	-	-
Profit for the year	79.49	52.42	11.70	10.47	1.40	(9.08)	(3.40)	-
Other comprehensive income**	(1.64)	0.14	-	-	-	-	-	-
Interest on capital	-	-	(0.70)	(0.76)	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

42 Interests in other entities (Continued...)

Reconciliation to carrying amounts	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Dividends paid including dividend distribution tax and Partners Drawings	(39.33)	(62.38)	(5.98)	(3.00)	–	–	–	–
Translation difference	–	–	–	–	(0.34)	0.78	0.05	–
Other Equity- Closing (C)	**275.75**	237.23	**31.11**	26.09	**(7.24)**	(8.30)	**(3.35)**	–
Closing net assets ((A)+(B)+(C))	**282.25**	243.73	**39.11**	34.09	**18.93**	10.56	**54.31**	–
Group's share in %	26%	26%	50%	50%	50%	50%	50%	–
Group’s share in Share Capital in INR millions (A*D+B) (including Class B interest)	1.69	1.69	4.00	4.00	16.74	9.43	50.35	–
Group's share in Other Equity in INR millions (C*D)	71.69	61.68	15.55	13.05	(3.62)	(4.15)	(1.68)	–
Unrealised profit in stock	(0.02)	(0.07)	(13.63)	(10.22)	(0.30)	–	(3.36)	–
Carrying amount	**73.36**	63.30	**5.92**	6.83	**12.82**	5.28	**45.31**	–

** Class B Shareholder 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.*

Summarised statement of profit and loss	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC		PLA Holding Company LLC	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue	425.13	370.35	302.76	293.93	84.31	49.79	100.80	–
Interest income	3.12	0.66	0.14	–	–	–	–	–
Depreciation and amortisation	1.15	(1.20)	(2.04)	1.60	–	–	(0.24)	–
Income tax expense	27.08	19.25	6.28	5.63	0.40	–	–	–
Profit for the year	**79.49**	52.42	**11.70**	10.47	**1.40**	(9.08)	**(3.40)**	–
Other comprehensive income*	(1.64)	0.14	–	–	–	–	–	–
Total comprehensive income	**77.85**	52.56	**11.70**	10.47	**1.40**	(9.08)	**(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, 2021	March 31, 2020
Aggregate carrying amount of individually immaterial joint ventures	**15.24**	–
Aggregate amounts of group's share of:		
Profit for the year	(4.93)	–
Other comprehensive income	-	–
Total comprehensive income	(4.93)	–

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

(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.)
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. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Ltd [Till October 22, 2020]
	Mr. Jayakanthan R, Chief Financial Officer, Elgi Equipments Ltd [with effect from October 23, 2020]
	Mr. Ragunathan K, Company Secretary [with effect from June 29, 2020]
	Non-Executive Directors
	Mr. N. Mohan Nambiar
	Dr. T.Balaji Naidu
	Mr. B. Vijaykumar
	Mr. Sudarsan Varadaraj
	Dr. Ganesh Devaraj
	Mr. M. Ramprasad
	Mr. Harjeet Singh Wahan
	Ms. Aruna Thangaraj
	Mr. Anvar Jay Varadaraj ((Appointed with effect from April 01, 2020)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
(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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Transactions during the year						
Purchase of goods	15.04	22.73	–	–	15.04	22.73
Sale of goods	331.52	236.14	–	–	331.52	236.14
Receiving of services	11.96	32.82	–	–	11.96	32.82
Providing of services	10.02	10.35	–	–	10.02	10.35
Payment for acquisition of business	–	34.50	–	–	–	34.50
Interest received	–	0.38	–	–	–	0.38
Reimbursement of expenses						
To related parties	2.38	1.65	–	–	2.38	1.65
By related parties	0.41	–	–	–	0.41	–
Investments	77.73	9.43	–	–	77.73	9.43
Proceeds from buy back of FVOCI Equity instruments	2.37	–	–	–	2.37	–
Dividends received	14.22	15.72	–	–	14.22	15.72
Dividends paid	–	23.67	–	–	–	23.67
Key management personnel compensation*						
Short-term employee benefits	–	–	41.30	32.90	41.30	32.90
Other long-term benefits	–	–	1.88	1.46	1.88	1.46
Remuneration	–	10.06	–	–	–	10.06

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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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.

The remuneration paid to the Managing Director of the Holding Company amounting to ₹ 15.62 million is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

The Key management personnel compensation includes remuneration paid to Mr. Anvar Jay Varadaraj amounting to ₹ 8.16 million from Elgi Compressors USA Inc.

	Joint Ventures & Others		Key Management Personnel		Total	
Description	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Balances at year end						
Investments accounted for using the equity method	152.65	75.41	-	-	152.65	75.41
Trade receivable at the end of the year	69.78	44.35	-	-	69.78	44.35
Other receivables at the end of the year	7.33	3.04	-	-	7.33	3.04
Payable at the end of the year	6.50	5.89	-	-	6.50	5.89

(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.

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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 ₹ 108.48 million and ₹ 108.70 million in India as on March 31, 2021 and March 31, 2020 respectively. The group has deposited ₹ 56.35 million and ₹ 55.33 million against the above mentioned disputes as on March 31, 2021 and March 31, 2020, 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 group has to bear the full cost or only the differential cost. The group received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. The group filed an appeal against this order before the Division bench and was able to get the stay of the order of the single judge . As the group is confident of defending the case successfully, no provision has been made in the books of account.

(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

(a) Capital commitments

Particulars	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account	119.16	153.07

46 Assets Pledged as security

Particulars	March 31, 2021	March 31, 2020
a. Charge on Assets	6,575.17	5,803.56
b. Charge on Property, Plant & equipment	1,543.16	1,876.02
c. Cash Margin	242.86	224.25
	8,361.19	**7,903.83**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

47 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and the shareholders by way of postal ballot on January 31, 2020.

The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market..

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the Parent and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2021		March 31, 2020	
	Average exercise price per share option (₹)	Number of Options	Average exercise price per share option (₹)	Number of Options
Opening balance	200.05	160,600	–	–
Granted during the year (on March 06, 2020)	–	–	200.05	160,600
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	**100.02**	**307,600**	**200.05**	**160,600**
Vested and exercisable	**–**	**–**	**–**	**–**

Share options outstanding at the end of the year March 31, 2021 and March 31, 2020:

Grant date	Expiry date	March 31, 2021		March 31, 2020	
		Exercise price (₹)	Share Options	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	100.03	307,600	200.05	160,600

The remaining contractual life of options outstanding at the end of the year ended March 31, 2021 and March 31, 2020 is 2.18 years and 3.2 years, respectively.

(i) Fair value of options granted

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.

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47 Share based payments (Continued...)

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%

The expected volatility is calculated using market data for stock prices of ELGi. (Source: Bloomberg)

(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, 2021 and March 31, 2020 is:

Particulars	March 31, 2021	March 31, 2020
Employee stock option expense	2.81	0.21
Expense carried to statement of profit and loss (refer note 34)	**2.81**	**0.21**

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48 Earnings per share

Particulars	March 31, 2021	March 31, 2020
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	3.24	1.34
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	3.24	1.34
(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	1,024.85	425.67
Diluted earnings per share		
Profit attributable to equity holders of the Company		
-used in calculating basic earnings per share	1,024.85	425.67
-used in calculating diluted earnings per share	1,024.85	425.67
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**1,024.85**	**425.67**
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**316.48**	**316.68**
Adjustments for calculation of diluted earnings per share*:	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	316.48	316.68

*There is no dilution to the Basic Earnings per share as the potential equity shares are anti-dilutive in nature.

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49 Impact of COVID-19 Pandemic:

The spread of COVID-19 has severely impacted businesses around the globe. While the Group's operations and the Consolidated financial results for the quarter ended June 30, 2020 were adversely impacted, the Group experienced significant recovery beginning from the quarter ended September 30, 2020. The Company, its subsidiaries and jointly controlled entities continue to execute measures to address the operational challenges and to reduce costs, including availing of benefits under the various government support schemes announced in the countries where the Group operates. During the year ended March 31, 2021 the Group has recognised subsidies/benefits from government support schemes amounting to ₹ 241.51 million and ₹ 20.10 million in Employee benefit expense and Other income, respectively.

The situation of pandemic is varying across the global regions we operate in. We had weathered the impact of the second wave in Europe and currently dealing with the challenges of the second wave in the domestic market. The Company, its subsidiaries and jointly controlled entities have considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic on the financial statements for the year ended March 31, 2021. The uncertainty caused by the current situation is causing delays in the confirmation of customer orders and in executing the orders in hand and increase in lead times in sourcing components. Besides the volatility in commodity prices, container availability and increasing shipping costs are causing inefficiencies and cost challenges in both inbound and outbound supply chain. The situation is likely to continue for next few quarters based on the current assessment. The Company, its subsidiaries and jointly controlled entities are actively monitoring the pandemic situation and its impact on the sales performance across its geographies and taking necessary actions to contain costs to reduce the impact of revenue compression from COVID-19.

As at March 31, 2021, the Company, its subsidiaries and jointly controlled entities have 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 as at the balance sheet date and has concluded that there are no material adjustments required in the consolidated financials results. The Company, its subsidiaries and jointly controlled entities have also evaluated the internal controls including internal controls with reference to financial statements. All the controls are operating effectively and the Company, its subsidiaries and jointly controlled entities have not diluted any controls.

The Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of consolidated financial statements. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company, its subsidiaries and jointly controlled entities will continue to monitor any material changes to the future economic conditions.

The Statutory auditors have drawn attention to the above matter.

50 Other Matters

In respect of the subsidiary Elgi Compressors Italy S.R.L, its auditor has included an emphasis of matter relating to payment of his fees in his audit report, which the Statutory Auditors of the Company have reproduced in their audit report. The auditor of the Italian subsidiary has income tax dues against which the Italian tax authorities have a garnishee order which covered the payments due from the subsidiary to the auditor. The subsidiary, as per advice received, remitted a portion of the said fees to the Inland Revenue authority and is awaiting further instructions from the authority in this regard.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

51 Additional information required by Schedule III

Name of the entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Elgi Equipments Limited								
(refer note 1)								
March 31, 2021	94%	8,157.24	103%	1,050.93	186%	47.33	105%	1,098.26
March 31, 2020	92%	7,100.19	236%	1,004.24	(24%)	(26.06)	183%	978.18
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2021	11%	933.40	10%	97.74	2%	0.42	9%	98.16
March 31, 2020	11%	835.24	21%	89.08	3%	2.83	17%	91.91
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2021	1%	112.50	0%	(0.91)	0%	-	0%	(0.91)
March 31, 2020	1%	113.41	0%	(0.73)	0%	-	0%	(0.73)
Ergo Design Private Limited								
March 31, 2021	0%	3.73	0%	(0.06)	0%	-	0%	(0.06)
March 31, 2020	0%	3.78	0%	1.43	0%	-	0%	1.43
Foreign								
Elgi Equipments (Zhejiang) Limited								
March 31, 2021	0%	0.09	7%	75.17	(12%)	(2.93)	7%	72.24
March 31, 2020	(1%)	(62.23)	(3%)	(13.24)	(1%)	(1.51)	(3%)	(14.75)
Elgi Gulf FZE								
March 31, 2021	0%	(25.69)	(7%)	(75.22)	0%	(0.06)	(7%)	(75.28)
March 31, 2020	1%	49.59	(19%)	(79.57)	10%	11.01	(13%)	(68.56)
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2021	(1%)	(79.09)	2%	15.38	37%	9.46	2%	24.84
March 31, 2020	(1%)	(103.93)	1%	2.76	22%	24.31	5%	27.07
Elgi Equipments Australia Pty Limited								
March 31, 2021	0%	24.74	5%	54.19	(14%)	(3.46)	5%	50.73
March 31, 2020	0%	(25.99)	8%	33.48	2%	2.49	7%	35.97
Elgi Compressors Italy S.R.L								
March 31, 2021	10%	858.87	10%	103.48	80%	20.20	12%	123.68
March 31, 2020	10%	735.18	29%	123.35	43%	47.38	32%	170.73
Rotair SPA								
March 31, 2021	4%	378.98	4%	43.75	3%	0.81	4%	44.56
March 31, 2020	6%	432.00	21%	91.44	10%	10.98	19%	102.42

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021
(All amounts are in Millions in INR unless otherwise stated)

51 Additional information required by Schedule III (Continued...)

Name of the entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Elgi Compressors Europe S.R.L(Consolidated)								
March 31, 2021	(10%)	(869.55)	(52%)	(533.52)	(15%)	(3.86)	(51%)	(537.38)
March 31, 2020	(4%)	(332.29)	(73%)	(310.68)	(17%)	(18.31)	(61%)	(328.99)
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2021	15%	1,325.37	29%	301.72	(154%)	(38.89)	25%	262.83
March 31, 2020	14%	1,062.54	(15%)	(65.27)	82%	90.55	5%	25.28
PT Elgi Equipments Indonesia								
March 31, 2021	0%	35.32	0%	3.62	13%	3.24	1%	6.86
March 31, 2020	0%	28.47	2%	6.58	(4%)	(4.83)	0%	1.75
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2021	0%	57.69	10%	97.86	14%	3.57	10%	101.43
March 31, 2020	(2%)	(43.74)	(1%)	(4.32)	(6%)	(6.52)	(2%)	(10.84)
Joint Ventures (Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited								
March 31, 2021	1%	73.36	2%	20.67	(2%)	(0.43)	2%	20.24
March 31, 2020	1%	63.30	3%	10.66	0%	(0.04)	2%	10.62
Industrial Air Solutions LLP								
March 31, 2021	0%	5.92	1%	5.85	0%	-	1%	5.85
March 31, 2020	0%	6.83	1%	6.30	0%	-	1%	6.30
Sub-total								
March 31, 2021	**124%**	**10,992.88**	**120%**	**1,260.65**	**138%**	**35.40**	**125%**	**1,296.05**
March 31, 2020	**127%**	**9,862.35**	**211%**	**895.51**	**120%**	**132.28**	**192%**	**1,027.79**
Add/(less): Consolidation adjustments and inter-Company eliminations								
March 31, 2021	(24%)	(2,294.02)	(20%)	(235.80)	(38%)	(10.10)	(25%)	(245.90)
March 31, 2020	(27%)	(2,172.42)	(111%)	(469.84)	(20%)	(22.41)	(92%)	(492.25)
Total								
March 31, 2021	**100%**	**8,698.86**	**100%**	**1,024.85**	**100%**	**25.30**	**100%**	**1,050.15**
March 31, 2020	**100%**	**7,689.93**	**100%**	**425.67**	**100%**	**109.87**	**100%**	**535.54**

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, Patton's Of California LLC and G3 Industrial Solutions LLC.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

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

52 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
Place: Coimbatore

JAIRAM VARADARAJ
Managing Director
DIN: 00003361
Place: Charlotte, North Carolina, USA

RAGUNATHAN K
Company Secretary
ACS: 62397
Place: Coimbatore

JAYAKANTHAN R
Chief Financial Officer
Place: Coimbatore

Date: May 21, 2021

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 21, 2021

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2021

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

FORM AOC-1
Part "A" : Subsidiaries

Pursuant to first provison 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	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Gulf (FZE)	Elgi Compressors Do Brasil Imp.E.Exp LTDA	Elgi Australia Pty Ltd.	Industrial Air Compressors Pty Ltd	F.R.Pulford & Son Pty Ltd	Advanced Air Compressors Pty Ltd	Elgi Compressors Italy S.r.l.	Rotair Spa	Elgi Compressors Europe S.R.L
Reporting Currency	**INR**	**RMB**	**DHS**	**BRL**	**AUD**	**AUD**	**AUD**	**AUD**	**EURO**	**EURO**	**EURO**
Financial Year of the Subsidiary ended on	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
Exchange Rate	1.00	11.16	19.90	12.98	55.52	55.52	55.52	55.52	85.75	85.75	85.75
Share Capital	0.90	485.85	1.78	110.06	0.01	0.01	75.72	0.00	319.79	51.62	4.29
Reserves and Surplus	932.50	(485.76)	(27.47)	(189.15)	24.73	(276.97)	264.19	267.61	539.08	327.36	(875.65)
Share Application Money pending allotment	-										
Total Liabilities	367.56	-	285.60	240.71	154.44	788.56	383.90	(145.20)	48.71	1,657.86	996.92
Total Assets (Excluding Investments)	1,300.96	0.09	259.91	161.62	179.18	511.60	723.81	122.41	907.58	2,036.84	125.56
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	0.07	-	0.02	-
Turnover	1,616.13	8.02	333.56	179.19	372.05	-	899.60	314.46	-	2,088.61	-
Profit before Tax	133.77	75.17	(75.22)	21.57	77.41	(106.89)	157.62	84.82	103.63	62.29	(543.03)
Provision for Taxation	36.03	-	-	6.19	23.22	(8.86)	45.88	23.89	0.15	18.55	1.07
Profit after Tax	97.74	75.17	(75.22)	15.38	54.19	(98.03)	111.74	60.93	103.48	43.75	(544.10)
Proposed Dividend	-	-	-	-	-	-	-	-	-	40.73	-
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2021

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

FORM AOC-1 (Continued...)
Part "A" : Subsidiaries

Pursuant to first provison 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 Iberia S.L.	Elgi Compressors Eastern Europe sp. z.o.o.	Elgi Compressors Nordics.	Elgi Compressors France SAS	Elgi Compressors USA Inc.	Michigan Air Solutions, LLC	Patton's Inc.	Patton's Medical LLC.	PT Elgi Equipments Indonesia	Ergo Design Private Limited	Adisons Precision Instruments Mfg. Co.Limited
Reporting Currency	**EURO**	**EURO**	**EURO**	**EURO**	**USD**	**USD**	**USD**	**USD**	**IDR**	**INR**	**INR**
Financial Year of the Subsidiary ended on	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
Exchange Rate	85.75	85.75	85.75	85.75	73.11	73.11	73.11	73.11	0.01	1.00	1.00
Share Capital	0.26	0.10	0.86	0.41	1,088.29	399.42	-	7.31	19.05	0.10	10.92
Reserves and Surplus	2.23	(0.41)	–	–	86.10	62.41	1,649.26	(276.62)	16.26	3.63	101.59
Share Application Money pending allotment											
Total Liabilities	54.87	0.53	–	–	4,001.03	145.38	982.35	813.42	28.00	7.67	2.98
Total Assets (Excluding Investments)	57.35	0.22	0.86	0.41	5,175.42	607.21	2,631.62	544.11	63.32	11.40	115.49
Investments (Other than Investments in Subsidiaries)	–	–	–	–	–	–	–	–	–	–	0.11
Turnover	57.15	–	–	–	2,084.40	717.73	1,441.11	902.57	72.15	14.78	–
Profit before Tax	11.00	(0.42)	–	–	110.54	64.90	95.95	74.29	7.31	(0.05)	(0.91)
Provision for Taxation	–	–	–	–	2.62	9.89	10.76	13.93	3.69	0.00	–
Profit after Tax	11.00	(0.42)	–	–	107.91	55.01	85.19	60.36	3.62	(0.06)	(0.91)
Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2021

(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 Compressors LLC	L.G.Balakrishnan & Bros (Firm)	Elgi Services
1	Latest Audited Balance Sheet Date	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
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	4.0	17.1	50.4	11.0	9.1	124.0	0.40
	Extent of Holding	26%	50%	50%	50%	50%	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 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 98 %	Consolidated to the extent of holding i.,e 80 %
5	Networth attributable to Shareholding as per latest audited Balance Sheet	73.38	19.55	13.12	48.67	8.27	6.97	124.05	0.40
6	Profit / Loss for the Year								
	i. Considered in Consolidation	20.67	5.85	0.70	(1.70)	(2.73)	(2.20)	0.05	-
	ii. Not Considered in Consolidation	58.82	5.85	0.70	(1.70)	(2.73)	(4.40)	0.00	-

ELGI EQUIPMENTS LIMITED
CIN: L29120TZ1960PLC000351
Regd. Off.: Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore - 641005
Phone: 0422-2589555 Fax: 0422-2589187
Email: investor@elgi.com Website: www.elgi.com

Email / Bank details Registration Form
(For shares held in physical form)

1. First Shareholder's Name :
2. Shareholder's Folio No. :
3. PAN (Self-attested copy to be enclosed) :
4. E-mail ID :
5. Phone/ Mobile Number :
6. Particulars of Bank Account :
   a) Bank Name :
   b) Branch Name & Address :
   c) Account No. :
   d) Account Type : SB / Current (CA) / Cash Credit (tick whichever is applicable)
   f) MICR NO. :
   (9 Digit code no. of the Bank & Branch appearing on the Cheque issued by the Bank)
   g) IFSC Code :

(Please attach the Original cheque issued by your Bankers, duly cancelled, relating to your above account for verifying the accuracy of the details.)

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Date: **Signature of First Shareholder**

Overseas Offices

Thailand : ELGI EQUIPMENTS LIMITED, 223/66 14th Floor, Country Complex BLDG A, Sanphawut Rd, Bangna Tai, 5 Bangna, Bangkok 10260. Tel: +662-7455160, E-mail: thailand-enquiry@elgi.com, Web: www.elgi.com/th/

Overseas Subsidiaries

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INDUSTRIAL AIR COMPRESSORS PTY LTD Level 38, 345 Queen St, Brisbane Old 4000, Australia

F.R. PULFORD & SON PTY LTD 3 Squill Place, Arndell Park NSW 2148. Web: www.pulford.com.au/ Phone no: 1300 138 124 Email: sales@pulford.com.au

ADVANCED AIR COMPRESSORS PTY LTD 3 Squill Place, Arndell Park NSW 2148. www.advancedair.com.au/ E-mail: aacair@advancedair.com.au. Phone no: 02 9193 8100 196

Brazil: ELGI COMPRESSORS DO BRASIL IMP.E.EXP LTDA, Rua Quinze de Novembro, 200 Galpão II – Bairro Paineiras, Itupeva – São Paulo CEP: 13.295-000, Brasil. Tel: +55 (11) 4496 5519, 4496 6611, E-mail: enquiry@elgi.com.br, Web: www.elgi.com/br/

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Spain : ELGI COMPRESSORS IBERIA SL, Calle Marques de Urquijo 28008 Madrid, Espana VAT : B88550454. Tel : + 34910602138, E-Mail: elgi_iberia@elgi.com, Web: https://www.elgi.com/eu/es/

Joint Ventures

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INDUSTRIAL AIR SOLUTIONS LLP, FIRST FLOOR, 7/9, ELGi Industrial Complex, Singanallur, Coimbatore, Tamilnadu – 641005. Ph.9500395000, Email : sales@industrialairsolutions.in, Web: https://www.industrialairsolutions.in

Subsidiaries and Joint Ventures in USA*

PATTONS INC. 3201 South Boulevard. Charlotee, NC 28209, USA. Tel.: 704-523-4122, E-Mail: info@pattonsinc.com, Web: https://www.pattonsinc.com

PATTONS MEDICAL LLC. 3201 South Boulevard. Charlotee, NC 28209, USA. Tel: 704-529-5442, E-Mail: sales@pattonsmedical.com, Web: https://www.pattonsmedical.com.

MICHIGAN AIR SOLUTIONS LLC. 4511 Clay Ave SW Grand Rapids, MI 49548,USA. Tel: 800-727-2479. E-Mail: info@mi-air.com, Web: https://www.mi-air.com

EVERGREEN COMPRESSED AIR & VACCUM LLC. 3217, 44th Ave, SW, Seattle, WA 98116, USA. Tel: 206-474-4451, E-Mail: info@evergreencompressedair.com, Web: https://www.evergreencompressedair.com

COMPRESSED AIR SOLUTIONS OF TEXAS LLC, 1500-N Continental Blvd, Charlotte, North Carolina 28273, Mecklenburg, USA. Tel: 346-388-4198, E-Mail : info@castcompressor.com, Web: https://www.castcompressor.com.

PATTONS' of CALIFORNIA LLC, 16312 Bloomfield Avenue, Cerritos, CA 90703, USA. Tel: 562 229 0955, E-Mail: info@pattonsca.com, Web: https://www.pattonsca.com

G3 Industrial Solutions LLC, 8291 Melrose Drive Lenexa, KS 66214, USA. Tel: 816 381 4883, E-Mail: info@g3ind.com. Web: https://www.g3industrialsolutions.com/

* Pattons, Inc and Pattons Medical,LLC are subsidiaries while all others are joint ventures