

## DIRECTORS' REPORT

To The Members:

The Directors of Atlas Copco (India) Ltd. are pleased to present their sixty-second report and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022.

### FINANCIAL RESULTS:

(Rs. In Million)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Profit for the year before tax from continuing operations	6,527	4,469
Less: Provision for tax (including adjustments for prior year's provision/deferred tax)	1,742	(1,219)
Net Profit for the year	4,785	3,249
Adding thereto:		
Balance in profit & loss account brought forward	12,185	12,069
Other Comprehensive Income	(136)	26
Recognition of share-based payment	25	81
Appropriations:		
Dividend	(3,042)	(1,521)
Corporate dividend tax	-	-
Capital Reduction	(9)	(1,719)
<b>General Reserve Balance carried forward</b>	<b>13,808</b>	<b>12,185</b>

\* One Million equals 10 Lakh rupees.

There are no changes and commitments materially affecting the financial position of your Company, that have occurred between the end of the financial year i.e. 31<sup>st</sup> March, 2022 and the date of this report.

### OPERATIONS:

During financial year 2021-22, the total revenue was Rs. 35,744 million against Rs. 29,285 million for the corresponding previous year showing an increase of 22% over the previous year. The profit before tax for the year ended 31<sup>st</sup> March 2022 was Rs. 6,527 million against Rs. 4,469 million for the corresponding previous year showing an increase of 46% over the previous year.

**ECONOMIC SCENARIO:**

The outbreak of the COVID-19 pandemic since Q4 of FY 2019-20 has impacted the global as well as the Indian economy.

Seamless transition to remote working has ensured minimal impact on your Company's operations. Your Company is compliant with the Ministry of Home Affairs, State and local government guidelines on operating safely during the pandemic.

Your Company has implemented business continuity plans with its partners and suppliers to secure the continuation of operations and at the same time caring for the health, safety and well-being of its employees.

Your Company has maintained steady business volumes during the year, finishing the year with revenues surpassing pre-Covid levels.

While the Indian economic outlook is positive yet cautious, your Company is geared up to ensure smooth management of operations in the face of any global headwinds.

**DIVIDEND:**

Your Directors have recommended a final dividend of Rs. 200/- per equity share of Rs. 10/- each fully paid-up for the year ended March 31, 2022. The final dividend payout is subject to approval of the Members at the ensuing Annual General Meeting.

The paid-up share capital of the Company as on 31<sup>st</sup> March 2022 was Rs. 217,344,630/- divided in to 21,734,463 equity shares of Rs. 10/- each.

Your Company has not come out with any issue (public, rights or preferential) during the year.

**CAPITAL REDUCTION:**

Members of the Company, in their extraordinary general meeting held on 25th October 2018, had vide a special resolution approved reduction of the Company's issued, subscribed and paid-up equity share capital from Rs. 225.62 Million comprising 22.56 Million fully paid up equity shares of Rs. 10 each to Rs. 217.32 Million by cancelling and extinguishing 3.68% i.e. 8,29,613 fully paid up equity shares of Rs. 10 each which are held by the public shareholders of the Company

(all equity shareholders of the Company other than the promoter and promoter related entities holding shares of the company).

The Capital Reduction was confirmed by the National Company Law Tribunal ('NCLT') vide its order dated 10th December 2019 on the condition that an option would be given by the Company to shareholders who had voted against the resolution for capital reduction ("objecting shareholders") to continue as shareholders. Some objecting shareholders appealed against the order of NCLT in National Company Law Appellate Tribunal (NCLAT) in December 2019. NCLAT dismissed all the appeals vide its order dated 3rd June 2020. Thereafter, one shareholder filed an appeal before the Supreme Court. The appeal was dismissed as withdrawn on 12<sup>th</sup> June 2020.

Other than the promoter and promoter related entities holding shares of the Company, 8 shareholders will continue to hold 2,512 number of fully paid up equity shares after capital reduction. The Company made payment to the public shareholders who are members of the Company as on the Record Date of 5th June 2020 as fixed by the Board of Directors, a sum of Rs. 2,100 per equity share held by them. As a result of capital reduction, the issued, subscribed and paid-up equity share capital of the Company was reduced by an amount of Rs. 8.27 Million (Rs. 10 per share for 827,101 fully paid up equity shares) and other equity of the Company will be reduced by an amount of Rs. 1,728.64 Million (i.e. Rs. 2,090 per share for 822,558 fully paid-up equity shares in FY 2020-21 and 4543 fully paid-up equity shares in FY 2021-22).

The Company has filed an intimation for updation of the issued, subscribed and paid-up equity share capital in the records of the Ministry of Corporate Affairs with the Registrar of Companies, Pune.

#### **CONVERSION TO PRIVATE LIMITED:**

The Company had obtained approval of the Members for conversion of the Company from Public Limited to Private Limited Company at the Annual General Meeting held on 27th November, 2020 and applied for approval of the Regional Director, Western Region, Mumbai. Subsequent to reporting date, the Company received approval of the Regional Director, Western Region on 15th June 2021 for the conversion. The Company is in process to file Form INC-27 with the Registrar of Companies, Pune for effecting the conversion to Private limited company. There is a pre-scrutiny error while uploading Form INC-27 due to unrelated forms filed earlier not having been approved by IEPF Authority, MCA. The Company is following up with IEPF Authority, MCA to get the said forms filed earlier approved so that it is able to file Form INC-27.

## **TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND:**

During the year, in accordance with the terms of Section 125 of the Companies Act, 2013, an amount of Rs. 12.69 lakhs, being unclaimed dividend for the financial year ended 31<sup>st</sup> March 2014, was transferred with a delay of 39 days to the Investor Education & Protection Fund (IEPF) established by Central Government.

## **DIRECTORS:**

The Board, at its meeting held on 30<sup>th</sup> June 2021, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Peter Hugo Kinnart (DIN 09220057) as Additional Director, subject to the approval of the members. Members approved the appointment of Mr. Kinnart as a Director at its annual general meeting held on 29<sup>th</sup> September 2021.

Mr. Peter Kinnart retires by rotation and being eligible, offers himself for re-appointment.

The Company has received necessary declaration from each independent Director stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Board is fully satisfied with the impeccable integrity, expertise and experience (including the proficiency) of the Independent Directors.

The Company had obtained approval of the Members for appointment of Mr. Frans van Niekerk as a Managing Director of the Company made with effect from 1<sup>st</sup> January 2020 at the Annual General Meeting held on 27<sup>th</sup> November, 2020 and subsequently, as the condition laid down under clause (e) of Part I of Schedule V of the Companies Act, 2013 for appointment of Managing Director without approval of Central Government was not fulfilled, applied to Central Government in form CG-1 on 11<sup>th</sup> December, 2020 for condonation of delay in filing form MR-2 and received the same on 31<sup>st</sup> March, 2021. Thereafter, the Company had applied for approval of Central Government in form MR-2 on 17<sup>th</sup> April, 2021 and the approval of the Central Government was received on 22<sup>nd</sup> December 2021.

## **KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed following persons as Key Managerial Personnel (KMP):

<b>Name of the Employee</b>	<b>Designation</b>
Mr. Frans van Niekerk	Managing Director
Mr. Umesh Oza	Head-Legal & Company Secretary
Ms. Shachi Sunit Joshi	Chief Financial Officer (from 24 <sup>th</sup> May, 2021)

### **MEETINGS OF THE BOARD:**

During the year 2021-22, five (5) Board Meetings were held on 30<sup>th</sup> June 2021, 30<sup>th</sup> August 2021, 29<sup>th</sup> September 2021, 17<sup>th</sup> December 2021 and 31<sup>st</sup> March 2022.

### **STATEMENT ON COMPLIANCE OF 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.

### **INFORMATION PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013, READ WITH RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014:**

#### **a) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:**

Information in accordance with Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is given in **Annexure A** to this report.

#### **b) Particulars of Employees:**

Particulars required to be given under Rule 5(2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are available for inspection at the Registered Office of the Company on any working day during normal business hours. Shareholders who wish to have a copy of the same are advised to contact the Company Secretary.

### **AUDIT COMMITTEE:**

The Board has constituted Audit Committee as per provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. Audit Committee comprises of following Directors as Members as on 31<sup>st</sup> March 2022:

Mr. Jamshed K. Delvadavala – Chairman  
 Mr. Neville Golwalla – Member

Mr. Frans van Niekerk – Member

### **NOMINATION AND REMUNERATION COMMITTEE:**

The Board has constituted Nomination and Remuneration Committee as per provisions of Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. The Committee comprises of following Non-Executive Directors as Members as on 31<sup>st</sup> March 2022:

Mr. Neville Golwalla – Chairman  
Mr. Jamshed K. Delvadavala – Member  
Ms. Cecilia Sandberg – Member

### **REMUNERATION POLICY OF THE COMPANY:**

The Company follows market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. The Company has a market based compensation policy which is also linked to individual and team performance as they support the achievement of corporate goals. The Company does not have an Employee Stock Option Policy in India. However, the parent company has share-based incentive programs which have been offered to certain employees of the Company based on position and performance.

### **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Board has constituted Stakeholders Relationship Committee as per provisions of Section 178 of the Companies Act, 2013 to consider and resolve the grievances of security holders of the Company. The Committee comprises following Directors as Members as on 31<sup>st</sup> March 2022:

Mr. Jamshed K. Delvadavala – Chairman  
Mr. Neville Golwalla – Member  
Mr. Frans van Niekerk – Member

### **CORPORATE SOCIAL RESPONSIBILITY:**

Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, Company has formed a Corporate Social Responsibility Committee (CSR Committee). CSR policy of the Company is available on the website of the Company at [www.atlascopco.com/en-in](http://www.atlascopco.com/en-in).

Annual Report on CSR activities including CSR Policy of the Company is given in **Annexure B** to this report.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations and there were no material departures;
- ii) 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 as at 31 March 2022 and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care in the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **AUDITORS:**

SRBC & CO LLP, Chartered Accountants, (Firm Registration no: 324982E/E300003) was appointed as Statutory Auditor of the Company for a term of five years from the conclusion of the 60<sup>th</sup> Annual General Meeting.

## **INTERNAL AUDITORS:**

M/s. KPMG, Chartered Accountants, act as Internal Auditors of the Company.

## **SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Yogesh D. Dabholkar and Company, Practicing Company Secretaries, to undertake the Secretarial Audit of the

Company for the year ended 31<sup>st</sup> March 2022. Secretarial Audit Report is given in **Annexure C** to this report.

### **COST AUDITORS:**

The provisions relating to maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 are applicable to the Company and accordingly such accounts and records are made and maintained. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company has appointed M/s. Deepak Marne and Associates, Cost Accountants, to undertake the Cost Audit of the Company for the year ended 31<sup>st</sup> March 2022.

### **BOARD'S COMMENTS/EXPLANATIONS ON THE AUDIT QUALIFICATIONS IN THE REPORT ON ICOFR ANNEXED TO THE AUDITORS' REPORT:**

As a part of Atlas Copco Group's global initiative and roll out, Gas and Process division implemented SAP GAP from 1<sup>st</sup> July, 2020.

The general IT controls ("GITC") in respect of these ERPs is administered and controlled by the Parent Company.

There were certain GITC deficiencies identified in respect of manage access and manage changes processes in SAP GAP. Owing to transition and stabilization period of these ERPs, the Management of the Company does not believe that these GITC deficiencies have impacted the operations in respect of recording of financial transactions relating to the Business Unit. The Management has manual mitigating controls in place and is in the process of remediation of the GITC deficiencies.

The Company has appropriate financial closing and reporting process to address the GITC deficiencies which include division wise monthly group reporting, monitoring of subsequent realisation of outstanding receivables through monthly follow up meetings, periodic physical verification of inventory, preparation of monthly bank reconciliation statements, monitoring and reconciliation of investments, monthly intercompany balance reconciliations from group companies, monthly filling of GST returns and reconciliation with general ledger, periodic physical verification of fixed asset and reconciling fixed asset register with general ledger, reconciliation of purchase register and sales registers with general ledgers, manual recalculation of depreciation, reconciling payroll register with general ledger, etc.

There were no GITC deficiencies identified in the SAP Act or BPCS software which is continued to be used in the Customer Centres and Manufacturing divisions, respectively.

**HUMAN RESOURCES:**

The industrial relations during the period under review continued to be cordial. The total number of employees of the Company as at 31<sup>st</sup> March 2022 was 2,358. The Directors place on record their sincere appreciation of the services rendered by employees at all levels.

**ANNUAL RETURN:**

Annual Return referred to in sub-section 3 of Section 92 has been placed at <https://www.atlascopco.com/en-in/>.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

Your Company has neither given any loans and guarantees nor made any investments covered under Section 186 of the Companies Act, 2013.

**RELATED PARTY TRANSACTIONS:**

All Related Party Transactions entered during the year were in the ordinary course of business and at arm's length. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not attracted.

**RISK MANAGEMENT:**

The Company's internal control processes cover, amongst others, processes for identification, assessment and mitigation of various kinds of risks, which include strategic, operational, financial, environmental, reputation and other risks. Such risks are reviewed and discussed at various meetings of Business Boards, Product Committees, Management Committee, Facilities Committee and various other forums within the organization, where members of senior management are involved. Company's internal auditors review the internal controls, risk assessment and mitigation procedures independently as a part of their internal audit process and their observations and findings are presented, reviewed and discussed in the Audit Committee meetings. The Board also reviews the risk assessment and mitigation procedures periodically.

The Control Self-Assessment database maintained by the Atlas Copco Group documents and monitors the risk assessment and mitigation by each operating unit head. The Atlas Copco Group's principles, guidelines and instructions that are documented in 'The Way We Do Things' provides executives with tools to monitor

and follow up the business operations closely and quickly detect the deviations that could develop into risks. The Managers in charge of operating units continuously communicate with employees, customers and other stakeholders both in a formal and an informal way to keep themselves abreast with the developments in the market, products, competition and other areas.

**DISCLOSURE UNDER RULE 8(5) (VII) OF COMPANIES (ACCOUNTS) RULES, 2014:**

During the year 2021-22, no significant and material orders were passed by any Regulatory Authority or Court or Tribunal against the Company impacting the going concern status and Company's operations in future.

**INTERNAL FINANCIAL CONTROLS:**

Your Company's Internal Control Systems are commensurate with the nature, size and complexities of its business. Your Company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets, adherence to management policies and promotion of ethical conduct. These systems are regularly reviewed, modified and improved upon, to conform to changes in the business environment and processes. The Atlas Copco Group's procedures also require a regular internal audit to be conducted for each business unit and experienced people within the Group conduct such audits.

**VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

The Company has a 'Whistle Blower Policy' which inter alia provides adequate safeguards against victimization of persons who may report their concerns or grievances. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line. Whistle Blower Policy may be accessed on the Company's website at the link: <https://www.atlascopco.com/en-in/Atlas-Copco-in-India/investor-relations>

**DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place a Sexual Harassment, Prevention, Prohibition and Redressal Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

All employees are covered under this policy. One complaint of sexual harassment was received during the year which was thoroughly investigated and appropriate action was taken.

**ACKNOWLEDGMENTS:**

Your Board of Directors wishes to express its sincere appreciation for the excellent support and co-operation by Atlas Copco Group, shareholders, vendors, customers, bankers and all other business partners. The Board also wishes to express its sincere appreciation for the contribution and commitment of all the employees to the success of the Company.

**On behalf of the Board of Directors  
of Atlas Copco (India) Limited**

Mumbai  
29<sup>th</sup> July 2022

**J. K. Delvadavala  
Chairman**

## **ANNEXURE A**

Information as per Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2022.

### **A. Conservation of energy:**

The Company has continued its efforts to conserve energy by adopting following measures:

1. Timely maintenance of utilities and equipment to ensure 100% uptime.
2. Installed turbo fans driven by natural blowing air on the roof of CNG test cell for hot air evacuation.
3. Unity Power factor maintained at all times.
4. Use of polycarbonate sheets for all roofs to allow natural light in the factory building.
5. Optimized pressure settings in supply air compressor.
6. Monitor daily energy consumption and record it. This helps in assessment and taking decision.
7. Energy purchase policy is documented for procurement of energy efficient electrical items.
8. System audit has been conducted by LRQA Belgium on ISO 50001 in Mar 2021.
9. Restricted numbers and running hours of air conditioners. This is mainly on account of lockdown situation.
10. All new installations & modifications are of LED lighting at Chinchwad factory leading to energy savings.
11. In lighting system, modifications done with LED lighting leading to energy savings.
12. For energy conservation in air conditioners, temperature is restricted at 24 Degree Celsius.

The above actions have resulted in reduction of power consumption, saving in energy and fuel costs and environment protection.

### **B. Technology absorption:**

Research and Development.

1. Specific areas in which the Company carries out R & D.

The Company does not have specific Research and Development Department. The Company maintains close contacts with the Atlas Copco Group Companies, which are responsible for the research and development of various product lines. Value engineering and value analysis, with respect to these products, processes and substitute materials, is carried out on a continuous basis to improve quality, reduce rejections and give better value to the Company's customers.

The Global Engineering Competency Centre of the Company, located at Pune, which provides mechanical and electrical engineering, CAE

and software development services, has been working in close coordination with Product Development Departments of group companies all over the world. This engineering centre focuses on improvement in product and project cost by continuously working on efficiency improvement, optimisation and automation in the design processes.

2. Benefits derived as a result of the above activity.

The benefits derived are, improvements in quality and cost reductions for the existing range of products, development of new products with less energy consumption, noise and emission reduction, more local product development and increased local production, import substitution, export promotion and faster product launch in the markets.

3. Future plans and actions.

The Company has an ongoing program for up-gradation of existing products, introduction of new products, improvement in manufacturing processes and reducing product costs, import substitution and export promotion. This is done through continuous process and product development in close interaction with Group companies, customers and vendors.

4. Expenditure on R & D.

Since the Company has no specific Research and Development Department, it is not possible to quantify expenditure, whether capital or revenue, incurred on research and development activities.

Technology absorption, adaptation and innovation.

1. Efforts in brief, made towards absorption, adaptation and innovation:

The Company maintains constant contacts with Atlas Copco Group companies to absorb the latest technology developed by them. Continuous interaction with their technical staff, visits and training of our employees at Group company factories, regular meetings of Product Committees, and visits of technical staff from other Group companies to our factories, help us to keep up to date with all the latest technical developments. Engineering Competency Centre at Pune focuses on developing new competences required for product and process R&D on continual basis. New competence such as industrial engineering, project documentation, augmented reality and virtual validation are few examples.

During last year our company has also started with new competences like Remote diagnostics, Data analytics and Robotic process automation based on demand of product committees and future technology requirement.

2. Benefits derived as a result of the above efforts

The benefits of the technology developed by the Atlas Copco Group are available for the Company on a continuous basis, which enables the Company to manufacture a broad range of existing and new products at optimum costs for both domestic and export markets. This also helps to increase the Company's market share and to improve the Company's competitive position.

3. Imported technology (imported during the last five years reckoned from the beginning of the financial year).

During the last five years, technology and know-how for screw, centrifugal and reciprocating compressors, dryers and air filters was imported. This has been successfully absorbed in the Company's manufacturing activity after extensive field trials. The active interaction of the Company with Atlas Copco Group companies ensures a continuous flow of rapid changing technologies. The Company can, as a result, meet the ever-demanding requirements of domestic and overseas customers.

**C. Foreign Exchange Earnings and Outgo:**

1. Activities relating to exports:

The Company continues to focus on development of new products and services for export market, up-gradation of existing products and improvement in quality and costs with technological support from Atlas Copco Group companies.

2. Total foreign exchange used:

Particulars	(Rs. Million)
Earning in foreign currency	6,162.37
Payments (expenditure) in foreign currency	12,372.34

## Annual Report on CSR Activities to be Included in the Board's Report For Financial Year ended 31<sup>st</sup> March 2022

1. Brief outline on CSR Policy of the Company.

### CONTEXT

At Atlas Copco, the intent of delivering a sustainable future empowers every endeavor that is engineered to positively impact the lives of our people and the planet we live in. For us, sustainability encompasses various aspects – reducing the carbon footprint, ensuring diversity-driven and inclusivity-inspired workplaces, equal growth opportunities for all, and doing our bit for the communities we operate in.

Atlas Copco India Ltd. (“ACIL” or “the Company”) has started an organised and structured corporate social responsibility (“CSR”) program since 2015. We always believe that, along with sustained economic performance and growth, environmental and social stewardship is crucial for overall business growth.

### VISION

"To actively contribute to the social and economic development of the communities/regions in which we operate. While doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index."

### BACKGROUND & INTRODUCTION

The Company would carry out the Corporate Social Responsibility (CSR) activities directly or through the Atlas Copco Charitable Foundation (ACCF), a charitable trust established by the Company in 2006 with the sole objective to support the CSR objectives of the Company. Atlas Copco would also join hands with other Non-Profit Organizations or Non-Governmental Organizations- Society, Trust and Section 8 Company (Earlier known as Section 25 Company) to achieve its CSR mission.

### FOCUS AREAS TO BE COVERED UNDER CSR & MODE OF IMPLEMENTATION

#### Focus Areas:

In accordance with the requirements under the Companies Act, 2013 and the rules / regulations framed there under and circulars / clarifications issued thereunder (collectively, “**Applicable Law**”), ACIL CSR activities, amongst others, would pursue them in the following areas:

1. Eradicating hunger, poverty and malnutrition
2. Promotion of education and skill development
3. Environmental sustainability and energy efficiency projects
4. Rural development
5. Promotion of preventive health care and sanitation

6. Provision of safe drinking water
7. Promotion of gender equality, measures for empowering women, setting up homes for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
8. Protection of national heritage, art and culture
9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief.
10. Disaster Management including relief, rehab & reconstruction.
11. Contribution for COVID 19 Cause.
12. Contribution to other charitable and social organisations created with the main objective of engaging themselves in any one or more of the above activities.

**MODE OF IMPLEMENTATION:**

Sr. No.	Focus Area	Implementation/Execution Strategy
1.	Eradicating hunger, poverty and malnutrition	Work with non-profit organizations at operational level to support distribution of ration & necessary items or nutrition related programs for communities badly impacted by the pandemic or natural disaster.
2	Promotion of education and skill development	Partner directly or with non-profit organizations, primary, secondary and higher educational institutions including schools, colleges, and universities to encourage efforts in a wide range of areas including training, provision of funding for continued education, skilling and re-skilling initiatives, offline and online education, research, infrastructure development and capacity building, employment enhancing vocation skills for marginalised community women/youth, differently abled etc.
3	Environmental sustainability and energy efficiency project	<p>a) Work with NGOs for environmental cause, including protection of flora and fauna, renewable energy, natural resource management &amp; conservation as well as promoting resource efficiencies across energy, water and waste management.</p> <p>b) Projects can include interventions in the areas of water and wastewater management (watershed management, lake/river rejuvenation, etc.), rural electrification, waste to energy (household biogas), avoidance or replacement of firewood for cooking with efficient alternatives, forestry, afforestation, Conservation of natural resources &amp; maintaining quality of soil, air &amp; water amongst others.</p> <p>c) Contribute to trust operated charity hospitals/govt. hospital's/ NGOs by donating/offering energy efficient medical gas/technological solutions.</p>

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|---|---|---|
| 4 | Rural development   | Forge partnerships with non-governmental organizations (NGOs) and local administrations to achieve community development goals. Partner directly or with governments and NGOs to support projects related to development and improvement of infrastructure and essential amenities, livelihood and skilling initiatives, training and education, agricultural & animal husbandry support, promotion of organic farming, climate proofing/climate resilient farming techniques, horticulture etc. and rehabilitating disaster impacted communities from Rural perspective. |
| 5 | Promotion of preventive health care and sanitation  | Collaborate with NGOs/Govt. in preventive health care area, promoting health & hygiene of the rural community/schools through Sanitation facilities, research studies impacting community health at large etc.  |
| 6 | Provision of safe drinking water  | Work with NGOs in taking up CSR activities in the rural drinking water sector and help to bring about an improvement in the general quality of life in the rural area; Initiate conservation, recharge and sustainability measures. It can directly benefit the community as well as schools operating in the rural areas.  |
| 7 | Promotion of gender equality, measures for empowering women, setting up homes for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups | Work with NGOs to reach out to underprivileged and socially disadvantaged persons including women, youth and children towards the cause of gender equality and empowerment. Projects include awareness activities, trainings, support for livelihood related efforts, infrastructure development, and operational needs.  |

- |    |   |  |
|----|---|--|
| 8  | Protection of national heritage, art and culture  | Support artists, including writers, poets, painters, musicians, dancers and theatre artists, in collaboration with partner organizations through contribution towards operational needs, performance activities, livelihoods, and other opportunities to encourage preservation of cultural and traditional Indian art forms. Undertake restoration of architectural structures, historical monuments, and water bodies. |
| 9  | Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief. | Contribute in terms of donation in times of national or local pandemic, disasters etc.   |
| 10 | Disaster Management including relief, rehab & reconstruction.   | Partner NGOs during natural calamities or disasters for its management which would mainly consist of providing immediate relief to the impacted community, planning & executing rehabilitative measures as a mid-term action & if required lastly help communities with reconstruction activities.   |
| 11 | Contribution for COVID 19 Cause.  | Work with NGOs or Govt. Offices and assist the community & local govt. in fight against Covid 19.  |

#### **CSR COMMITTEE**

The CSR Committee is comprised of the following persons:

Independent Directors on the Board of Directors of the Company and the Managing Director.

The Committee will call for a meeting as and when needed to approve new projects, review progress of the approved CSR projects and to carry out such other activities as required under the Companies Act, 2013.

### **ROLE OF CSR FUNCTION**

The Company will constitute a working committee called the CSR Council consisting of Managing Director of the Company and the Trustees and such committee shall ensure:

1. Identification of projects either directly by themselves or with the help of reputed NGOs or any other reputed Social Organisations (SO), suitable for CSR activities of the Company.
2. Evaluate, review and propose projects for implementation and disburse the amounts to be spent on various CSR initiatives of the Company.
3. Prepare and submit periodical reports to the CSR Committee on progress of CSR projects and amounts actually spent.
4. Prepare and present proposals for additional disbursement of donations to the CSR committee.
5. Supervise, monitor, review and be responsible for all the projects sponsored by the Foundation either directly or through any other NGO or SO.

### **ROLE OF CSR COMMITTEE**

The main function of the CSR Committee is to devise a transparent monitoring mechanism for implementation of CSR policy of the Company. In addition, this committee would perform following functions:

1. To review and approve CSR projects identified by the Foundation.
2. To recommend to the Board, from time to time, the amounts to be contributed to the Foundation by way of donations. To report to the Board the progress of various CSR projects undertaken by the Foundation.
3. These donations can be channelized either from the Foundation or directly from the Company for the implementation of any CSR Project.
4. To give suggestions to the Board regarding different concepts for carrying out CSR activities.
5. To monitor the CSR projects/ programs carried out by the Foundation and submit periodical review reports to the Board.
6. To submit to the Board the statement of expenses incurred by the Foundation for CSR activities.
7. To ensure that adequate disclosures are made in the Directors' Report pertaining to CSR.
8. To ensure that the CSR policy and its modifications are published on the website of the Company.

### **WATER FOR ALL CAMPAIGN**

The employees of the Company have undertaken an initiative to make voluntary contributions from their salary of certain amounts to be spent exclusively for provision of clean drinking water to people.

As a part of Company's CSR initiative, the Company will contribute an amount equal to twice the amount contributed by employees and such amount together with the amount contributed by employees will be exclusively spent for provision of clean drinking water to people.

### **CSR ANNUAL ACTION PLAN AND LOCATION OF CSR EFFORTS**

The CSR Council shall propose and the CSR Committee shall decide on the locations for CSR activities and formulate and recommend to the Board for approval a CSR annual action plan, which shall contain all matters which are required under Applicable Law and any other matters as the CSR Committee may deem fit from time to time.

The Board may modify the annual action plan as per the recommendations of the CSR Committee at any time during the financial year, based on reasonable justification.

### **IMPACT ASSESSMENT**

Impact assessment shall be undertaken by the Company/Foundation or by recipient or by implementing agency as required by and in the manner set out under Applicable Law, and the impact assessment report(s) shall be placed before the CSR Committee and the Board, and shall be disclosed as legally required.

### **GOVERNANCE**

The Company can undertake CSR activities either by itself or through other NGOS to undertake CSR activities under Applicable Law. The CSR Council will assist the CSR Committee in identifying the areas of CSR activities and execution of initiatives as per the guidelines and in reporting the progress of deployed initiatives and in making appropriate disclosures (internal / external) on a periodic basis.

### **FUNDING, SELECTION AND MONITORING PROCESS**

Atlas Copco Charitable Foundation or the Company will receive requests for funding of projects throughout the calendar year. CSR Council will deliberate & evaluate proposals received under the focus areas and projects will be prioritized by assessing their potential need & impact. Once approved by CSR Council, the proposals will be tabled before the CSR Committee/Board. The CSR Committee/Board will deliberate on the proposals and approve proposals for implementation at its discretion.

Atlas Copco Charitable Foundation/the Company will collaborate with stakeholders to monitor the status of each project and will report its findings to the CSR Council & Committee/Board periodically.

### **GUIDING PRINCIPLES FOR SELECTION OF CSR PROJECTS AND ACTIVITIES:**

The Company shall be guided by the following indicative principles in recommendation and selection of projects to be implemented by the Company or ACCF. These principles are not exhaustive, but are in the nature of guidelines to keep the selection process as objective and representative as possible:

1. The projects shall be aimed at bringing benefits to as wide a cross-section of the community as possible.

2. Projects where the share of funds going to actual interventions and project activities, rather than large admin costs shall be preferred.
3. NGOs and projects which have overtly religious or political inclinations or affiliations shall be avoided.
4. Projects which directly benefit disadvantaged and deprived sections of the community shall be highly prioritised.
5. While visibility for our CSR projects is desirable, this is not the main objective of our CSR and community engagement programs, and the main guiding principle for CSR activities shall be to do good and give back to the communities we operate in.
6. Highest priority shall be given to projects in areas and communities Atlas Copco India operates in.

#### REVISION/AMENDMENT TO THIS POLICY

Any revision or amendment to this CSR policy should be approved by the Board before such revision/amendment is made effective. The CSR policy may be reviewed after every 2 years.

#### 2. Composition of CSR Committee:

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	Mr. Jamshed Delvadavala	Independent Director	05	05
2	Mr. Neville Golwalla	Independent Director	05	05
3	Mr. Frans van Niekerk	Managing Director	05	05

3. Provide 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. <https://www.atlascopco.com/en-in/atlas-copcoindia-csr>

4. Provide 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 (attach the report). **Not Applicable**

5. 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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			
2			
3			
	<b>Total</b>		

6. Average net profit of the company as per section 135(5). **INR 4,648 million.**

7. (a) Two percent of average net profit of the company as per section 135(5) **INR 92.97 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). **INR 92.97 million**

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

Total Amount Spent for the Financial Year. (in Rs. million)	Amount Unspent (in Rs. million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 179.25 million	Not Applicable				

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

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Project of Securing Water and Livelihoods in Changing Climate through Community- Led Watershed Development in Semi-Arid Drought Prone Regions of Jalna District in Maharashtra	Provision for safe drinking water/Water	Yes	Maharashtra	Jalna	13 Months	Rs.1,50,00,000	Rs.70,00,000		No	Water Organization Trust (WOTR)*	CSR00000518
2.	Project of installing 6 clean water systems (Aqua Towers) in six shortlisted schools from Chakan and Mulshi area of Pune district	Provision for safe drinking water/Water	Yes	Maharashtra	Pune	6 Months	Rs.57,00,000	Rs.57,00,000		No	Planet Water India Foundation(PWIF)*	CSR00002600
3.	Hottal Watershed Project	Provision for safe drinking water/Water	Yes	Maharashtra	Nanded	18 Months	Rs.27,00,554	Rs.7,00,000		No	Sanskriti Samvardhan Mandal(SSM)*	CSR00000943
4.	Katkalamba Watershed Project	Provision for safe drinking water/Water	Yes	Maharashtra	Nanded	4 Years	Rs.46,00,000	Rs.8,00,000		No	Sanskriti Samvardhan Mandal(SSM)*	CSR00000943
5.	SPJR Watershed/Pimparwada Watershed Development Program	Provision for safe drinking water/Water	Yes	Maharashtra	Beed	2 Years	Rs.1,64,89417	Rs.60,00,000		No	Nature Institute for Welfare of Society	CSRO0017212
6.	Nirguda Water Villages Project	Provision for safe drinking water/Water	Yes	Maharashtra	Yavatmal	2 Years	Rs.1,59,00,726	Rs.90,00,000		No	Gramin Samassya Mukti Trust	CSR00001567

7	Supporting Girls Pursuing Engineering Studies	Promoting Education/Skill	Yes	Maharashtra	Pune	4 Years	Rs.30,50,000	Rs.17,10,000		No	Lilla Poonawalla Foundation	CSR00000090
8	Swedish Industries for Quality Education in India	Promoting Education	No	Assam, Jharkand & West Bengal		3 Years	Rs.1,18,67,369	Rs.39,55,790		No	Pratham Education Foundation*	CSR00000258
9	Pragati Skilling Program	Promoting Education/Skill	Yes	Maharashtra	Aurangabad	1 Year	Rs.15,51,680	Rs.7,75,840		No	Savitribai Phule Mahila Ekatma Samaj Mandal*	CSR00000173
10	Lighthouse: Centre for Skilling & Livelihood	Promoting Education/Skill	Yes	Maharashtra	Pune	3 Years	Rs.2,24,11,737	Rs.74,15,259		No	Lighthouse Communities Foundation*	CSR00001116
11	Mobile Health Unit Project	Promoting Healthcare	Yes	Maharashtra	Sangli	1 Years	Rs.11,00,000	Rs.11,00,000		No.	Vivekakand Vaidhyak Pratisthan*	CSR00021306
12	Health Skilling Program	Promoting Education/Skill	Yes	Maharashtra	Sangli	1 Years	Rs.30,00,000	Rs.30,00,000		No	Vivekakand Vaidhyak Pratisthan*	CSR00021306
13	Skill Development Training Programme for Rural Visually Challenged and Orthopedically Challenged	Promoting Education/Skill	Yes	Maharashtra	Latur	1 Year	Rs. 44, 54,625	Rs. 44, 54,625		No	Grameen Shramik Pratisthan*	CSR00003092
14	Livelihood Development for 650 Tribal families of Akkalkuwa Block	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition /Livelihood	Yes	Maharashtra	Nandurbar	3 Years	Rs.3,69,90,000	Rs.1,00,00,000		No	Lupin Human Welfare & Research Foundation*	CSR00008854
15	Project Restoring Farmers Livelihoods through Water Resource Development in selected villages of Aspirational District Dholpur of Rajasthan	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition /Livelihood/Water	No	Rajasthan	Dholpur	3 Years	Rs.1,44,93,000	Rs.50,00,000		No	Lupin Human Welfare & Research Foundation	CSR00008854
16	Support Sustainable livelihood development program for the 1580	Promotion of Health Care, eradication of	Yes	Maharashtra	Pune	3 Years	Rs.3,49,93,400	Rs.1,00,00,000		No	Lupin Human Welfare & Research Foundation	CSR00008854

	poor families spread across 29 villages in backward areas of 3 blocks of the Pune district	Hunger, Poverty and Malnutrition /Livelihood/Water										
17	Promoting sustainable livelihoods amongst small and marginal farmers and women headed poor 304 households through micro-watershed and allied livelihood activities in perennial drought prone area of Sangola & Mangalwedha blocks	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition /Livelihood/Water	Yes	Maharashtra	Solapur	2 Years	Rs. 79,44,400	Rs.50,00,000		No	Astitva Samajvikas Va Sanshodhan Sanstha	CSR00003544
18	Breast Cancer Screening project	Promoting Healthcare	Yes	Maharashtra	Pune	1 Year	Rs.19,84,920	Rs.19,84,920		No	Prayas	CSR00004179
19	Installation of 2 Oxygen Generation Plants at Sassoon Hospital	Promoting Healthcare(Covid Response)	Yes	Maharashtra	Pune	9 Months	Rs.2,36,25,306.	Rs. 51,99,459		No	Direct	
	<b>TOTAL</b>							<b>Rs.8,87,95,893</b>				

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District			Name.	CSR registration number.
1.	Donation of 50 Ventilators to PCMC	Promoting Healthcare (Covid response)	Yes	Maharashtra	Pune	Rs. 2,54,66,000	No	International association for Human Values (IAHV)	CSR00000683
2.	Donation of PPE Kits/ Accessories and immunity boosting medicines to approx. 6500 police personnel in	Promoting Healthcare (Covid response)	Yes	Maharashtra	Pune	Rs.41,07,367	No	Lupin Human Welfare & Research Foundation	CSR00008854

	Pune covering PCPC & Pune Rural								
3.	Donation of Medical Instruments, Surgical Materials & Medicines to Vivekanand Vaidhyak Pratisthan, Miraj	Promoting Healthcare (Covid response)	Yes	Maharashtra	Sangli	Rs.25,22,318	No	International association for Human Values (IAHV)	CSR00000683
4	Donation of 100 Oxygen Concentrators to Health Dept, GoM.	Promoting Healthcare (Covid response)	Yes	Maharashtra	Aurangabad Amravati,Beed,Nagpur, Akola,Dhule, Bhandara,Nasik, Satara,Raigad, Buldhana,Parbhani, Yavatnal,Ratnagiri, Wardha,Sindudurg, Kolhapur,Jalgaon	Rs.72,10,000	No	International association for Human Values (IAHV)	CSR00000683
5	Distribution of Dry Ration & Necessary Kit Items to Distressed 1300 families from Wai, Mahabaleshwar & Jaoli Blocks.	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition (Covid Response)	Yes	Maharashtra	Pune	Rs.25,28,500	No	Centre for Youth Development and Activities (CYDA)	CSR00001160
6	Distribution of PPE Kits, Thermal Scanners, Pulse Oximeters etc. to Frontline Workers of Govt run Hospitals in Bopodi & Khadki.	Promoting Healthcare (Covid response)	Yes	Maharashtra	Pune	Rs.40,59,940	No	Smile Foundation	CSR00001634
7	Distribution of Dry Ration & Necessary Kit Items to Adivasi Community (Katkari's) /1500 Adivasi families from Poladpur & Mahad Blocks of Raigad District.	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition (Covid Response)	Yes	Maharashtra	Raigad	Rs.29,17,500	No	Shramajivi Janata Sahhyak Mandal (SJSM)	CSR00001794

8	Distribution of Relief Material to 1500 Tauktae Cyclone affected Tribal families in Raigad District – Reaching the Unreached	Disaster Relief	Yes	Maharashtra	Raigad	Rs.26,69,413	No	Deepak Foundation	CSR00000353
9	Supporting Sri Peter Memorial Trust impacted by Tauktae Cyclone	Disaster Relief	Yes	Maharashtra	Thane	Rs.22,88,243	No	International association for Human Values (IAHV)	CSR00000683
10	Supporting Setting up of E-Learning Studio of Wai Block Education Dept, GoM	Education	Yes	Maharashtra	Satara	Rs.869,126	No	International association for Human Values (IAHV)	CSR00000683
11	Covid Relief Work(Distribution of Happiness Kits) for 1500 Distressed Casual/Contract Workers(families) from MSME Engaged in Chakan Industrial Area	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition (Covid Response)	Yes	Maharashtra	Pune	Rs.29,68,000	No	The Akshay Patra Foundation	CSR00000286
12	Contribution to Covid Fund- SCCI	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition (Covid Response)	Both	Maharashtra, Andrapradesh, Delhi, Gujarat, Karnataka	--	Rs.20,00,000	No	Swedish Chambers of Commerce India	CSR000003793
13	To support women and transgenders from economically weak backgrounds under 'Kraftsamlar'	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition	Both	Maharashtra, Andhra Pradesh	Solapur, Osmanabad, Satara, Pune & Vizag	Rs.40,00,000	No	Swedish Chambers of Commerce India	CSR000003793

		(Covid Response)							
14	Covid Relief Work for 1765 Distressed Low Income Families /Daily Wage Earners/Landless and Marginal Farmers from 25 Villages of Jaldoot 2 Project.	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition (Covid Response)	Yes	Maharashtra	Dhule, Nashik, Yavatmal, Amravati, Satara, Nanded,Beed,Sangli,Solapur, Kolhapur, Jalna, Osmanabad, Buldhana, Jalgaon	Rs.38,88,390	No	Sevavardhini	CSR00000860
15	Supporting Sri Peter Memorial Trust with Medical Equipment's impacted by Tauktae Cyclone	Disaster Relief	Yes	Maharashtra	Thane	Rs.22,32,241	No	International association for Human Values (IAHV)	CSR00000683
16	Livelihood Restoration for Flood & Landslide Affected Marginal 304 Families	Disaster Relief	Yes	Maharashtra	Satara	Rs.76,22,500	No	Action For Agricultural Renewal In Maharashtra (AFARM)	CSR00000092
17	Supporting 44 Govt schools to reopen maintaining Covid 19 protocols and promoting Covid Appropriate Behavior	Promoting Healthcare (Covid response)	Yes	Maharashtra	Pune	Rs.77,73,722	No	Centre for Youth Development and Activities (CYDA)	CSR00001160
18	To improve the quality of science education in children by setting up science labs in 15 government schools	Education	Yes	Maharashtra	Aurangabad, Pune, Sangli, Satara & Solapur	Rs.48,15,000	No	International association for Human Values (IAHV)	CSR00000683
	<b>TOTAL</b>					<b>Rs. 8,99,38,260</b>			

(d) Amount spent in Administrative Overheads

: Rs.5,12,710

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 179.25 million

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs. million)
(i)	Two percent of average net profit of the company as per section 135(5)	92.97
(ii)	Total amount spent for the Financial Year	179.25
(iii)	Excess amount spent for the financial year [(ii)-(i)]	86.28
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2020-21	-	107.61	Not Applicable			-
2.	2019-20	-	112.10				0.74
3.	2018-19	-	60.33				55.79
	Total		<b>280.04</b>				<b>56.53</b>

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	Water	Project of Securing Water and Livelihoods in Changing Climate through Community- Led Watershed Development in Semi-Arid Drought Prone Regions of Jalna District in Maharashtra	2020	19 Months	Rs.1,50,00,000	Rs.70,00,000	Rs.1,46,90,075	Completed
2	Water	Katkalamba Watershed Project	2019	4 Years	Rs.46,00,000	Rs.8,00,000	Rs.41,00,000	Ongoing
3	Water	Hottal Watershed	2020	23 months	Rs.27,00,000	Rs.7,00,000	Rs.27,00,000	Completed
4	Promoting Education/Skill	Lighthouse: Centre for Skilling & Livelihood	2021	3 Years	Rs.2,24,11,737	Rs.74,15,259	Rs.1,44,77,410	Ongoing
5	Promoting Education/Skill	Swedish Industries for Quality Education in India	2020	3 Years	Rs.1,18,67,369	Rs.39,55,790	Rs.79,11,580	Ongoing
6	Promotion of Health Care, eradication of Hunger, Poverty and Malnutrition /Livelihood	Livelihood Development for 650 Tribal families of Akkalkuwa Block	2020	3 Years	Rs.3,69,90,000	Rs.1,00,00,000	Rs.2,00,00,000	Ongoing
	<b>TOTAL</b>					<b>Rs.2,28,71,049</b>	<b>Rs.4,91,88,990</b>	

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 (asset-wise details). **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s). **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset. **Nil**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable. The Company shall spend the unspent CSR moneys in respect of FY 2019-20 and prior to it amounting to INR 234.57 million in due course.**

(Managing Director)

(Chairman CSR Committee)

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the financial year ended on 31<sup>st</sup> March, 2022**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

To,  
The Members,  
**ATLAS COPCO (INDIA) LIMITED,**  
Sveanagar, Mumbai-Pune Road,  
Dapodi , Pune- 411012, Maharashtra

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **ATLAS COPCO (INDIA) LIMITED** bearing CIN: U27106PN1960PLC020566 (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **ATLAS COPCO (INDIA) LIMITED**’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March 2022, generally complied with the statutory provisions listed hereunder and also that the Company has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **ATLAS COPCO (INDIA) LIMITED** for the financial year ended on March 31, 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under; Not Applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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 and payment of consideration made to Non Resident Shareholders in connection with the reduction of capital;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable since the Company is unlisted public limited company and there was no event occurred during the period which attract the provisions of these guidelines.
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (upto 12<sup>th</sup> August, 2021) & The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August, 2021);
  - (e) 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;
  - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (upto 15<sup>th</sup> August, 2021);
  - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 (upto 15<sup>th</sup> August, 2021).
  - (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16<sup>th</sup> August, 2021.)
  - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) As informed to us, there are no other law applicable specifically to the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the labour and environmental laws as applicable.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India which has come into effect from 1<sup>st</sup> July, 2015 as amended from time to time.

We have relied on the representation given by the Company's officials and applicability and compliance of the other Act(s). We have not checked compliances of these Acts and have relied on certification(s) as provided to us by the management in this regard.

During the financial year from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. subject to the following observations.

- 1) The Company obtained approval of the Members for appointment of Mr. Frans van Niekerk as a Managing Director of the Company made with effect from 1<sup>st</sup> January 2020 at the Annual General Meeting held on 27<sup>th</sup> November, 2020 and subsequently, as the condition laid down under clause (e) of Part I of Schedule V of the Companies Act, 2013 for appointment of Managing Director without approval of Central Government was not fulfilled, the Company applied to Central Government in form CG-1 on 11<sup>th</sup> December, 2020 for condonation of delay in filing form MR-2 and received the same on 31<sup>st</sup> March, 2021. Thereafter, the Company had applied for approval of Central Government in form MR-2 on 17<sup>th</sup> April, 2021 and the approval of the Central Government was received on 22<sup>nd</sup> December 2021.
- 2) The Company has made the payment of consideration in respect of reduction of share capital to Non Resident Shareholders during the year.
- 3) In the annexure of Internal Financial Controls over Financial Reporting to the report of the independent auditors, they have identified certain deficiencies in the IT General Controls of SAP GAP ERP system. Except for effects / possible effects of these material weaknesses, the independent auditors have opined that the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2022. These material weaknesses have been considered by the independent auditors while determining the nature, timing, and extent of audit tests applied in the statutory audit of the Ind AS financial statements of the Company for the year ended March 31, 2022, and this material weakness does not affect the Auditor's Opinion on the said Ind AS financial statements of the Company.

#### **We further report that**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as is required under the provisions of the Companies Act, 2013. Mr. Hans Ola Meyer (DIN: 01385028) resigned as a Director with effect from 30<sup>th</sup> June 2021 and Mr. Peter Hugo Kinnart (DIN: 0009220057) was appointed as an Additional Director with effect from 30<sup>th</sup> June 2021. Ms. Shachi Joshi was appointed as Chief Financial Officer (CFO), key managerial personnel, with effect from 24<sup>th</sup> May 2021 by the Board at its Meeting held on 30<sup>th</sup> June, 2021.

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 the decision at the Board meeting(s) and committee meeting(s) are carried out either unanimously or by requisite majority as recorded in the minutes of the meeting of Board of Directors or committee of the Board, as the case may be. There were no dissenting views from the members during the period under review.

**We further report that** as represented by the Company and relied upon by us, 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 etc.

**We further report that** during the audit period, the Company has not undertaken any specific events / actions that can have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except as follows :

- 1) The Company has taken the approval of the Members for conversion of the company into Private Limited Company at its Annual General Meeting held on 27<sup>th</sup> November, 2020 and applied for approval of the Regional Director, Western Region at Mumbai. The approval from the Regional Director, Western Region received on 15<sup>th</sup> June, 2021 and order for the same was submitted in form INC-28 within the prescribed time. The Company has not yet submitted form INC-27 with the Registrar of Companies, Pune for effecting the conversion due to a pre-scrutiny error showing status of three other e-form(s) submitted earlier as pending for approval. In view of the pendency of the form INC-27, the application for condonation of delay in submission of INC-27 is also pending.

**For Yogesh D Dabholkar & Co.,  
Practicing Company Secretaries**

Yogesh D Dabholkar  
Proprietor  
FCS No: 6336.  
COP No: 6752.  
Place: Dombivli  
Date: 29<sup>th</sup> July 2022  
UDIN: F006336D000710303

## ANNEXURE - A

To,  
The Members,  
**ATLAS COPCO (INDIA) LIMITED,**  
Sveanagar, Mumbai- Pune Road,  
Dapodi, Pune-411012, Maharashtra

We report of even date is to be read along with this letter

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believed that the processes and practices that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The minutes, documents, records and other information checked for the purpose of audit were received from the Company in soft copy and through electronic mail.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Yogesh D Dabholkar & Co.,**  
**Practicing Company Secretaries**

Yogesh D Dabholkar  
Proprietor  
FCS No: 6336.  
COP No: 6752.  
Place: Dombivli  
Date: 29<sup>th</sup> July 2022  
UDIN: F006336D000710303

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Atlas Copco (India) Limited

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of Atlas Copco (India) Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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

#### **Basis for opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management for the Ind AS Financial Statements**

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified

under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- 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 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; and
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 the Statement of Other Comprehensive Income, and the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 33 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. The Company has delayed the transfer of unclaimed dividend amount to the Investor Education and Protection Fund by 39 days. The Company has transferred INR 1.27 million on December 20, 2021;
    - iv.
      - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with

the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.  
  
b) As stated in note 27 to the Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Tridevial Khandelwal**  
Partner  
Membership Number: 501160  
UDIN:

Place of Signature: Pune  
Date: July 29, 2022

**“Annexure 1” referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.**

**Re: Atlas Copco (India) Limited**

**In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
  
(B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, majority of the Property, Plant and Equipment were physically verified by the management. However, Property, Plant and Equipment aggregating to gross block and net block amounting to INR 430 million and INR 34 million respectively have not been physically verified by the management over a period of three years. In addition, Property, Plant and Equipment lying with third parties aggregating to gross block and net block amounting to INR 280 million and INR 22 million respectively, which have not been verified/confirmation received during the period or at the end of the year, hence, we are unable to comment on the discrepancies, if any.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory (including inventory lying with third parties) at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and have been properly dealt with in the books of account.
- (b) As disclosed in note 44 to the Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, except for the quarter ended June 2021, the quarterly returns/statements has been filed by the Company with such banks and financial institutions. The quarterly returns/statements filed with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a),(c),(d),(e) and (f) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Compressors and Industrial Tools and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employee's state insurance, income tax, custom duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of income-tax, sales-tax, service tax, excise duty, goods and service tax, value added tax, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in million) #	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Tenancy and Agricultural Land Act, 1948	Land revenue arrears	463.82	FY 1989	Bombay High Court, Mumbai
Central Sales Tax, 1956	Sales Tax (net of Rs. 103.53 million paid under protest)	33.48	FY 2011-12 to FY 2013-14	Maharashtra Sales Tax Tribunal (MSTT), Pune
	Sales Tax	60.35	FY 2017-18	Maharashtra Sales Tax Tribunal (MSTT), Pune and Joint Commissioner of Sales Tax, Pune
Tamil Nadu Value Added Tax Act, 2006	Sales Tax (net of Rs. 0.41 million paid under protest)	0.63	FY 1989-90	Commissioner (Appeals), Chennai
Finance Act, 1994	Service Tax	8.30	FY 2009-10	Additional Commissioner of Central Excise, Pune
		4.83	FY 2010-11	Superintendent of Central Excise, Pune
		20.25	FY 2009-10	Central Excise and Service Tax Appellate Tribunal, Mumbai
		91.21	FY 2009-10	Bombay High Court, Mumbai
The Central Excise Act, 1944	Excise duty	0.39	FY 2010-11	Deputy Commissioner, Central Excise, Pune
	Excise duty	0.33	FY 2012-13, January to June 2014	Commissioner Central Excise, Pune
	Excise duty (net of Rs. 3 million paid under protest)	327.74	FY 2011-12	Central Excise and Service Tax Appellate Tribunal, Mumbai

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	651.19	AY 1996-97, AY 1998-99, AY 2000-01, AY 2001-02, AY 2013-14 to AY 2015-16, AY 2017-18 to AY 2020-21	CIT (Appeals), Pune
	Income Tax	12.95	AY 2002-03 to AY 2005-06	Bombay High Court, Mumbai
	Income Tax	9.80	AY 2010-11 to AY 2012-13	Income Tax Appellate Tribunal, Pune
<b>Pertains to Demerged Business</b>				
Rajasthan Value Added Tax Act, 2003 (RVAT)	Sales Tax (net of Rs. 45.66 million paid under protest)	-	FY 2012-13 to FY 2014-15	Rajasthan Sales Tax Board, Ajmer
	Sales Tax penalty	81.57	FY 2012-13 to FY 2014-15	Rajasthan Sales Tax Board, Ajmer
	Sales Tax (net of Rs. 278.00 million paid under protest)	40.25	FY 2015-16 to FY 2017-18	Rajasthan Sales Tax Board, Ajmer
	Sales Tax penalty	353.89	FY 2015-16 to FY 2017-18	Rajasthan Sales Tax Board, Ajmer
Central Sales Tax, 1956	Sales Tax (net of Rs. 103.53 million paid under protest)	8.77	FY 2011-12 to FY 2013-14	Maharashtra Sales Tax Tribunal (MSTT), Pune
Goods and Service Tax, 2017	Goods and service tax (including interest and penalty)	21.52	FY 2017-18	Deputy Commissioner, GST, Pune
The Central Excise Act, 1944	Excise Duty	1.50	FY 1996-97 and FY 2014-15	Commissioner Central Excise, Nashik
	Service Tax	7.64	FY 2012-13 to FY 2014-15	Commissioner Central Excise, Nashik
	Excise Duty	1.44	FY 2015-16	Central Excise and Service Tax Appellate Tribunal, Mumbai
	Excise Duty (penalty)	1.44	FY 2015-16	Central Excise and Service Tax Appellate Tribunal, Mumbai
	Excise Duty	0.43	FY 1998-99 and FY 1999-00	Assistant Commissioner Central Excise, Nashik
	Excise Duty (penalty) (net of Rs. 2.50 million paid under protest)	32.08	FY 2006-07 to FY 2008-09	Additional Director General DGCEI-Zonal Unit, Mumbai

# The amount under dispute is inclusive of the interest, wherever applicable. The interest has been calculated till the date of order received by the Company.

According to the information and explanation provided to us and as per the scheme of arrangement (refer note 33 of the Ind AS financial statements), disputed dues in respect of the business operations transferred from Atlas Copco (India) Limited prior to November 30, 2017 (appointed date) have been included since the same will be settled by Atlas Copco (India) Limited with the statutory authorities. These statutory dues would be reimbursed by Epiroc Mining India Limited.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3ix(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) (a) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the **Order are not** applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 41, to the Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 42 to the Ind AS financial statements.
  - (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 42 to the Ind AS financial statements.
- (xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Tridevial Khandelwal**

Partner

Membership Number: 501160

UDIN:

Place of Signature: Pune

Date: July 29, 2022

**Annexure 2 referred to in Para 2 (f) under the heading, " Report on other legal and regulatory requirements" of our report of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls with reference to Ind AS financial statements of Atlas Copco (India) Limited ("the Company") in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for internal financial controls**

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 the 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.

**Meaning of internal financial controls with reference to Ind AS financial statements**

A Company's internal financial controls with reference to Ind AS 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 Ind AS 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 Ind AS financial statements.

## **Inherent Limitations of Internal Financial Controls with Reference to Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Ind AS 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the below material weaknesses have been identified in the Company's internal financial controls as at March 31, 2022,

The Company's Information Technologies General Controls with respect to program changes and manage access of SAP GAP system (project division) were not adequate and not operating effectively which could potentially result in unauthorized changes and access to SAP GAP system. Our audit opinion on the reporting of the internal financial controls with reference to Ind AS financial statements for the year ended March 31, 2021 was also qualified in respect of this matter.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to Ind AS financial statements, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to these Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as of March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the Ind AS financial statements of Atlas Copco (India) Limited, which comprise the Balance Sheet as at March 31, 2022, and the related Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 Ind AS financial statements of Atlas Copco (India) Limited and this report does not affect our report dated July 29, 2022, which expressed an unqualified opinion on those financial statements.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

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**per Tridevial Khandelwal**

Partner

Membership Number: 501160

UDIN:

Place of Signature: Pune

Date: July 29, 2022

## Atlas Copco (India) Limited

## Balance Sheet as at 31st March 2022

Particulars	Note	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
(a) Property, plant and equipment	2	1,505.73	1,528.79
(b) Capital work-in-progress	2	13.55	5.40
(c) Other intangible assets	3	107.83	144.87
(d) Intangible assets under development	3	12.30	31.89
(e) Right to use assets	31	567.58	524.05
(f) Financial assets			
(i) Trade receivables	8	-	-
(ii) Other financial assets	4	110.57	107.53
(g) Deferred tax asset (Net)	36	304.94	245.35
(h) Other assets	5	893.00	994.93
<b>Total Non-Current Assets</b>		<b>3,515.50</b>	<b>3,582.81</b>
<b>Current Assets:</b>			
(a) Inventories	6	7,070.10	5,824.69
(b) Financial assets			
(i) Investments	7	-	5,094.86
(ii) Trade receivables	8A	6,917.70	5,980.19
(iii) Cash and bank balances	9A	5,613.80	322.11
(iv) Bank balances other than (iii) above	9B	304.90	114.11
(v) Other current financial assets	4A	408.10	341.71
(c) Other current assets	5A	979.61	840.87
<b>Total Current Assets</b>		<b>21,294.21</b>	<b>18,518.54</b>
<b>TOTAL ASSETS</b>		<b>24,809.71</b>	<b>22,101.35</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
(a) Equity share capital	10	217.34	217.39
(b) Other equity	11	13,827.58	12,205.11
<b>Total equity attributable to owners of the Company</b>		<b>14,044.92</b>	<b>12,422.50</b>
<b>LIABILITIES:</b>			
<b>Non-Current Liabilities:</b>			
(a) Financial liabilities			
(i) Lease liabilities	31	378.13	330.96
(b) Provisions	12	94.17	38.80
<b>Total Non-Current Liabilities</b>		<b>472.30</b>	<b>369.76</b>
<b>Current Liabilities:</b>			
(a) Financial liabilities			
(i) Lease liabilities	31	235.35	243.53
(ii) Trade payables	14		
(A) Dues to micro and small enterprise		555.09	60.75
(B) Dues to creditors other than micro and small enterprise		5,905.58	6,127.09
(iii) Other financial liabilities	15	340.79	154.49
(b) Provisions	13	1,226.04	1,166.08
(c) Other current liabilities	16	1,806.27	1,266.81
(d) Current tax liabilities (Net)		223.37	290.34
<b>Total Current Liabilities</b>		<b>10,292.49</b>	<b>9,309.09</b>
<b>Total Liabilities</b>		<b>10,764.79</b>	<b>9,678.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,809.71</b>	<b>22,101.35</b>
The accompanying notes form an integral part of the financial statements	1 to 48		

As per our report of even date  
For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

For and on behalf of Board of Directors of  
**Atlas Copco (India) Limited**

**Tridevial Khandelwal**  
Partner  
Membership No : 501160  
Date : July 29, 2022  
Place : Pune

**Jamshed Delvadavala**  
Chairman  
(DIN 47470)  
Date: July 29, 2022  
Place: Mumbai

**Frans Van Niekerk**  
Managing Director  
(DIN 8633761)  
Date: July 29, 2022  
Place: Mumbai

**Neville Golwalla**  
Director  
(DIN 8225145)  
Date: July 29, 2022  
Place: Mumbai

**Shachi Joshi**  
Chief Financial Officer  
Date: July 29, 2022  
Place: Mumbai

**Umesh Oza**  
Head - Legal & Company Secretary  
Membership No: F 7398  
Date: July 29, 2022  
Place: Mumbai

Atlas Copco (India) Limited

Statement of Profit and Loss for the year ended 31st March 2022

Particulars	Note	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
<b>Income</b>			
Revenue from operations	17	35,743.85	29,284.59
Other income	18	321.91	266.33
<b>Total Income</b>		<b>36,065.76</b>	<b>29,550.92</b>
<b>Expenses</b>			
Cost of raw material consumed	19	12,640.79	10,007.47
Purchases of stock-in-trade	20	8,925.65	5,955.20
Changes in inventories of finished goods, work-in-progress & stock-in-trade	21	(839.87)	1,216.84
Employee benefit expenses	22	3,631.98	3,189.68
Finance cost	23	96.66	101.66
Depreciation and amortisation expenses	24	597.78	570.62
Other expenses	25	4,485.47	4,040.91
<b>Total Expenses</b>		<b>29,538.46</b>	<b>25,082.38</b>
<b>Profit before tax</b>		<b>6,527.30</b>	<b>4,468.54</b>
<b>Tax expense</b>	36		
- Current tax expense		1,710.15	1,348.01
- (Excess) / short provision for tax relating to prior years		45.67	(88.92)
- Deferred tax (credit)		(13.95)	(39.92)
<b>Total tax expense</b>		<b>1,742.17</b>	<b>1,219.17</b>
<b>Profit after tax</b>		<b>4,785.13</b>	<b>3,249.37</b>
<b>Other Comprehensive Income</b>	36		
(a) Item that will not be reclassified to Profit and Loss in subsequent periods			
- Remeasurement of defined benefit plans		(181.31)	35.45
- Income tax related to above item		45.63	(8.92)
<b>Total Other Comprehensive Income</b>		<b>(135.68)</b>	<b>26.53</b>
<b>Total Comprehensive Income</b>		<b>4,649.45</b>	<b>3,275.90</b>
<b>Earnings per equity share</b> (face value per equity share - Rs. 10) - Basic & Diluted (in Rs.)	32	220.14	148.52

The accompanying notes form an integral part of the financial statements

1 to 48

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

For and on behalf of Board of Directors of  
Atlas Copco (India) Limited

**Tridevial Khandelwal**

Partner

Membership No. : 501160

Date : July 29, 2022

Place : Pune

**Jamshed Delvadavala**

Chairman

(DIN 47470)

Date: July 29, 2022

Place: Mumbai

**Frans Van Niekerk**

Managing Director

(DIN 8633761)

Date: July 29, 2022

Place: Mumbai

**Neville Golwalla**

Director

(DIN 8225145)

Date: July 29, 2022

Place: Mumbai

**Shachi Joshi**

Chief Financial Officer

Date: July 29, 2022

Place: Mumbai

**Umesh Oza**

Head - Legal & Company Secretary

Membership No: F 7398

Date: July 29, 2022

Place: Mumbai

Atlas Copco (India) Limited				
Cash Flow Statement for the year ended 31st March 2022				
Particulars	Year ended 31st March 2022		Year ended 31st March 2021	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax		6,527.30		4,468.54
<b>Adjustment for:</b>				
Depreciation and amortisation expense	333.39		311.89	
Depreciation on right to use assets	264.39		258.73	
Gain on disposal of an asset held for sale (Refer note 27)	-		(4.60)	
Unrealised exchange (gain)/loss (net)	(12.46)		(60.76)	
Finance cost other than Interest on lease liability	56.81		53.22	
Interest on lease liability	39.85		48.45	
Loss on sale/write off of property, plant and equipment (net)	3.38		11.74	
Provision for bad trade receivable/advances (net)	63.15		24.61	
Provision for contingencies	12.27		465.82	
Bad Debt	54.89		158.93	
Interest income on bank deposit	(27.87)		(1.84)	
Dividend Income from current investments	-		(0.28)	
Net gain on sale of investments	(150.57)		(17.75)	
Net gain on fair valuation of investments	-		(76.77)	
Expense recognised in respect of cash settled share based payments	25.33		80.91	
		662.56		1,250.30
Operating profit before working capital changes		7,189.86		5,718.84
Adjustments for changes in working capital				
<b>Adjustments for (increase) / decrease in operating assets:</b>				
Trade receivables	(1,044.41)		(475.86)	
Inventories	(1,245.41)		919.27	
Current assets	(138.96)		220.58	
Other current financial assets	(257.18)		(216.30)	
Other non-current financial assets	(3.04)		(11.65)	
Other non-current assets	(142.51)		54.24	
Assets held for sale	-		23.41	
<b>Adjustments for increase / (decrease) in operating liabilities:</b>				
Trade payables	274.10		1,125.09	
Non-current provisions	55.37		(92.26)	
Current provisions	47.69		44.77	
Other current financial liabilities	190.90		15.85	
Other current liabilities	539.45		(110.79)	
		(1,723.99)		1,496.35
<b>Cash generated from operations</b>		5,465.87		7,215.19
Income taxes paid (net of refund)		(1,756.71)		(1,165.77)
<b>Net Cash from operating activities</b>		3,709.17		6,049.42
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (including intangible assets, capital work-in-progress, capital advances)	(273.09)		(286.65)	
Proceeds from sale of property, plant and equipment	-		27.06	
Proceeds from disposal of a division (Refer note 27)	-		34.05	
Payment of fixed deposits	-		(8.85)	
Proceeds from maturity of fixed deposits	-		6.50	
Purchase of investments	(4,699.77)		(9,375.30)	
Proceeds from sale of investments	9,794.63		5,442.96	
Interest received on bank deposits and other	27.87		1.84	
Income from investments	150.57		94.80	
<b>Net Cash from/ (used) in investing activities</b>		5,000.21		(4,063.59)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Payment towards capital reduction	(9.49)		(43.68)	
Principal and interest payment of lease liabilities	(308.56)		(296.62)	
Finance cost and other charges	(56.81)		(53.22)	
Repayment of borrowings	-		(2.35)	
Dividend paid	(3,042.82)		(1,521.73)	
<b>Net Cash from/ (used) in financing activities</b>		(3,417.68)		(1,917.60)
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		5,291.70		68.23
<b>E UNREALISED EXCHANGE (LOSS) / GAIN IN CASH AND CASH EQUIVALENTS</b>		(2.02)		(0.76)
Cash and Cash equivalents (Opening balance)		322.11		254.64
Cash and Cash equivalents (Closing balance)		5,613.80		322.11
The accompanying notes form an integral part of the financial statements				
1 Figures in brackets represent outflows of cash and bank balances.				
2 Cash and bank balances comprise of :				
		<b>As at</b>		<b>As at</b>
		<b>31st March, 2022</b>		<b>31st March, 2021</b>
		<b>Rs. Million</b>		<b>Rs. Million</b>
Cash and Cash Equivalents (refer note 9A)				
Cash on hand		0.39		0.37
Balance with bank		515.60		321.74
Deposit with original maturity less than 3 months		5,097.81		-
		<u>5,613.80</u>		<u>322.11</u>
3 Changes in liabilities arising from financing activities				
<b>Particulars</b>				<b>Rs. Million</b>
<b>As at 1st April 2020</b>				699.01
New leases				122.77
Cash flows				(295.74)
Others				48.45
<b>As at 31st March 2021</b>				<b>574.49</b>
New leases				307.70
Cash flows				(308.56)
Others				39.85
<b>As at 31st March 2022</b>				<b>613.48</b>
Current				235.35
Non current				378.13
Refer note 31 for lease liabilities				
4 There are no non cash investing activities during the year.				
As per our report of even date		For and on behalf of Board of Directors of		
For S R B C & CO LLP		Atlas Copco (India) Limited		
Chartered Accountants				
ICAI Firm Registration No.: 324982E/E300003				
<b>Tridevial Khandelwal</b>	<b>Jamshed Delvadavala</b>	<b>Frans Van Niekerk</b>	<b>Neville Goilwalla</b>	
Partner	Chairman	Managing Director	Director	
Membership No. : 501160	(DIN 47470)	(DIN 8633761)	(DIN 8225145)	
Date : July 29, 2022	Date: July 29, 2022	Date: July 29, 2022	Date: July 29, 2022	
Place : Pune	Place: Mumbai	Place: Mumbai	Place: Mumbai	
	<b>Shachi Joshi</b>	<b>Umesh Oza</b>		
	Chief Financial Officer	Head - Legal & Company Secretary		
	Date: July 29, 2022	Membership No: F 7398		
	Place: Mumbai	Date: July 29, 2022		
		Place: Mumbai		

## Atlas Copco (India) Limited

## Statement of changes in equity for the year ended 31st March 2022

## A. Equity share capital

Particulars	As at 31st March 2022		As at 31st March 2021	
	Number	Rs. Million	Number	Rs. Million
Issued, subscribed and full paid up equity share of Rs. 10 each outstanding at the beginning of the year	21,739,006	217.39	22,561,564	225.62
Changes due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	21,739,006	217.39	22,561,564	225.62
Shares issued during the year	-	-	-	-
Share capital reduction during the year (Refer note 43)	(4,543)	(0.05)	(822,558)	(8.23)
Issued, subscribed and full paid up equity share of Rs. 10 each outstanding at the end of the year	21,734,463	217.34	21,739,006	217.39

## B. Changes in other equity

Particulars	Rs. Million		
	Securities premium	Retained earnings	Total equity
Balance as at 1st April, 2020	19.79	12,069.38	12,089.17
Profit for the year	-	3,249.37	3,249.37
Other comprehensive income for the year	-	26.53	26.53
Reduction in share capital	-	(1,719.15)	(1,719.15)
Recognition of Share-based payments (Refer note 37)	-	80.92	80.92
Dividend distributed to equity shareholders	-	(1,521.73)	(1,521.73)
Subtotal	-	115.94	115.94
Balance as at 31st March, 2021	19.79	12,185.32	12,205.11

Particulars	Rs. Million		
	Securities premium	Retained earnings	Total equity
Balance as at 1st April, 2021	19.79	12,185.32	12,205.11
Profit for the year	-	4,785.13	4,785.13
Other comprehensive income for the year	-	(135.68)	(135.68)
Reduction in share capital	-	(9.49)	(9.49)
Recognition of Share-based payments (Refer note 37)	-	25.33	25.33
Dividend distributed to equity shareholders	-	(3,042.82)	(3,042.82)
Subtotal	-	1,622.47	1,622.47
Balance as at 31st March, 2022	19.79	13,807.79	13,827.58

The accompanying notes form an integral part of the financial statements

As per our report of even date  
For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

For and on behalf of Board of Directors of  
**Atlas Copco (India) Limited**

**Tridevial Khandelwal**  
Partner  
Membership No.: 501160  
Date : July 29, 2022  
Place : Pune

**Jamshed Delvadavala**  
Chairman  
(DIN 47470)

Date : July 29, 2022  
Place : Mumbai

**Frans Van Niekerk**  
Managing Director  
(DIN 8633761)

Date : July 29, 2022  
Place : Mumbai

**Neville Golwala**  
Director  
(DIN 8225145)

Date : July 29, 2022  
Place : Mumbai

**Shachi Joshi**  
Chief Financial Officer

Date : July 29, 2022  
Place : Mumbai

**Umesh Oza**  
Head-Legal & Company Secretary  
Membership No: F 7398

Date : July 29, 2022  
Place : Mumbai

## **1. CORPORATE INFORMATION**

Atlas Copco (India) Limited ('the Company') was incorporated on 28th January 1960. It is a subsidiary of Atlas Copco AB, Sweden. The Atlas Copco Group is world leader in manufacturing of compressors, pneumatic tools, and construction equipment. The Company has an extensive presence in India with two manufacturing locations and sales offices across all major cities in India. Major operations of the Company include manufacturing and trading of compressors and allied equipment, construction equipment, and industrial tools. The Company also provides services in the form of after sales services and other engineering services. The registered office of the Company is located at Sveanagar, Mumbai-Pune Road, Dapodi, Pune 411012. The unique identification number of the Company is U27106PN1960PLC020566.

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company was a listed company till May 2011. Post delisting, the parent company Atlas Copco AB, Sweden holds 99.99% of equity share capital as on 31st March 2022 and the remaining is held by minority shareholders (Refer note 43). The financial statements were approved for issue in accordance with a resolution of the directors on 29th July 2022.

### **1.1 SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

These financial statements have been prepared on historical cost basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services.

The financial statements are presented in INR and all values are rounded to the nearest million (Rs. 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

#### **Summary of Significant accounting policies**

##### **1.1.1 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include the current portion of long-term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### **1.1.2 Foreign Currency**

The financial statements are presented in Indian rupees, which is the functional currency of the Company. Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing for the month in which the transaction taken place. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

### **1.1.3 Fair Value Measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

The fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates, and assumptions (note 1.1.20)
- Quantitative disclosures of fair value measurement hierarchy (note 40)
- Investment in quoted mutual funds (note 7)
- Financial instruments (including those carried at amortized cost) (note 40)

#### **1.1.4 Revenue from contract with customer**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 “Revenue from contract with customers”.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 1.1.20.

##### **Sale of goods**

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any. Revenue also excludes taxes collected from customers.

The Company’s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation based on the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the goods as it is being created or existence of an enforceable right to payment for performance to date and alternate use of such product, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### **Sale of services**

Revenue from services is recognized as and when the services are rendered, and the related costs are incurred. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period.

The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

In case of services recognized over a period of time, where the customer to whom such services are provided to, simultaneously receive, and consume the services as and when the Company fulfils its performance obligation regarding such services.

Revenue from engineering and design services is recognized on output basis, based on billable time spent by the employees working on various activities. These services are invoiced as per the contracted rates (i.e., rates agreed between the group companies).

Revenue from support services in customer experience support services, IT support services and brand development support services are recognized on cost-based measure of progress (or input method) i.e., on a cost-plus basis in accordance with the terms of contracts with group companies.

### **Contract balances**

#### **Contract assets/Unbilled Revenue**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by providing services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are recorded in the balance sheet as unbilled revenue.

#### **Trade receivables**

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 1.1.13 – Financial instruments – initial recognition and subsequent measurement.

#### **Deferred Revenue/Unearned Revenue**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in the balance sheet as unearned revenue and customer advance.

#### **Interest income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest Income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

### **Dividend income**

Dividend income is recognized when the right to receive it is established.

### **Government grant**

Income from Government grants are accounted for exports of goods or services if the entitlements can be estimated with reasonable assurance and conditions precedent to claims are fulfilled.

## **1.1.5 Taxation**

Income tax expense comprises current tax expense and net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

### **Current income tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

The Company recognizes interest levied and penalties related to income tax assessment in income tax expenses.

### **Deferred tax**

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date .

Deferred tax assets and liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 1.1.6 Property, plant and equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. All costs relating to the acquisition and installation of property, plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of profit and loss as and when incurred.

Capital work-in-progress is carried at cost less accumulated impairment loss, if any, until the completion of construction and installation and the asset is ready for its intended use.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building	30	25
Plant and machineries	15	4 to 10
Office equipments	5	5
Furniture and fixtures	10	6
Vehicles	8	5 to 7
Assets given on lease	15	2 to 10

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of profit or loss.

### **1.1.7 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates, with the effect of any changes in estimate being accounted for on a prospective basis.

Following summarizes the nature of intangible and the estimated useful life:

- (a) Software - 3 years

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

### **1.1.8 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ***Company as a lessee:***

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings- 3 to 5 years

Vehicles- 4 to 5 years

Plant and machinery- 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### **ii) Lease liabilities**

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if there are significant modifications to lease agreements. Lease liability and right to use asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Refer note 31.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

***Company as a Lessor:***

The Company enters into lease agreements as a lessor with respect to rent equipment to customers. Leases for which the Company is a lessor are classified as operating lease, where the terms of the lease are not to transfer substantially all the risks and rewards of ownership to the lessee. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

**1.1.9 Inventories**

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at the lower of cost and net realisable value.

*Raw materials and components:* cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

*Traded goods:* cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

*Finished goods and work in progress:* cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, other costs incurred in bringing the inventories to their present location. Cost is determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

**1.1.10 Impairment**

**(i) Financial assets (other than at fair value)**

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(ii) Non-financial assets**

**Tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount. The recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ('CGU') to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the asset is considered impaired and the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of profit and loss.

**1.1.11 Employee benefits**

**Short-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

**Other employee benefits Compensated absences**

The liability for earned leave is 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 with actuarial valuations being carried out at each balance sheet date. 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. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The Company provides for the encashment of compensated absences with pay subject to certain rules as per company policy. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months is treated as a long-term employee benefit which are provided based on the number of days of unutilized compensated absence on the basis of an independent actuarial valuation.

**A. Defined Contribution Plan:**

Payments to defined contribution retirement benefit plans are recognized as an expense when the employees have rendered the service entitling them to the contribution.

*Superannuation fund:* The Employees are participants in a defined contribution plan and are entitled to receive benefits in respect of superannuation. The Company has no further obligations to the Plan beyond its monthly contributions at a specified percentage of employees' salary depending on the grade of the employee which are invested with the Life Insurance Corporation of India. The Company recognises such contributions as expense when incurred. Employees do not make any contributions to the fund.

*Provident fund:* The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12 percent of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

**B. Defined Benefit Plan:**

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

**Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days, 22 days or 1 month of salary payable for each completed year of service, depending on the total period of service rendered by the employee. Vesting occurs upon completion of five years of service. The Company makes annual contribution to the fund established as a Gratuity Trust. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an independent actuarial valuation carried at each balance sheet date using the projected unit credit method. The gratuity plan is funded plan and the Company makes the contributions to the recognized fund.

**1.1.12 Share based payment**

Certain employees of the Company receive remuneration in the form of Stock Options (SOPs - equity-settled transactions) / Share Appreciation Rights (SARs - cash-settled transactions) given by the holding company (Atlas Copco AB, Sweden), for rendering services over a defined vesting period. SOPs / SARs granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the Statement of profit and loss with a corresponding increase to the retained earnings, as a component of equity. SOPs / SARs generally vest in a graded manner over the vesting period. The fair value is determined at end of each reporting period and at the date of settlement, with any change in the fair value recognized in Statement of profit and loss over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of SOPs / SARs that will eventually vest.

**Cash-settled transactions**

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in note 37. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

### **1.1.13 Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

#### **Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

#### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

#### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss. All recognised financial assets are subsequently measured in their entirety either at amortised cost or at fair value as follows:

Investments in debt instruments that are designated as fair value through profit or loss (FVTPL) - at fair value. Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised in profit or loss.

A financial asset is primarily derecognised when the right to receive cash flows from the asset has expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

#### **Financial liabilities**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and financial guarantee contracts. Financial liabilities are measured at amortized cost using the effective interest method.

A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **1.1.14 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Company's cash management.

#### **1.1.15 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

#### **1.1.16 Segment reporting**

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of manufacture and sale of compressors, construction equipment and industrial & pneumatic tools, which in the context of Indian Accounting Standard 108 'Segment Information' represents three separate reportable business segments. The accounting policies of the reportable segments are the same as the accounting policies disclosed in note 1.1. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of each reportable segment.

#### **1.1.17 Cash flow statement**

The Cash flow statement is prepared by the indirect method set out in Ind AS 7 on Cash flow statements and presents cash flows by operating, investing and financing activities of the Company.

#### **1.1.18 Dividend to equity holders of the Company**

The Company recognizes a liability to make cash or non-cash distributions to equity shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

#### **1.1.19 Standards issued but not yet effective and not early adopted by the Company**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

- (i) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Company intends to use the practical expedients in future periods if they become applicable.

**(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI**

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company.

**(iii) Ind AS 116: COVID-19 related rent concessions**

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the financial statements of the Company.

**(iv) Ind AS 103: Business combination**

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Company.

**(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28**

The definition of “Recoverable amount” is amended such that the words “the higher of an asset’s fair value less costs to sell and its value in use” are replaced with “higher of an asset’s fair value less costs of disposal and its value in use”. The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Company.

**1.1.20 Significant accounting judgements, estimates and assumptions**

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**1. Leases**

***Determining the lease term of contracts with renewal and termination options – Company as lessee***

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term, if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Refer to Note 31 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

**Lease classification – Company as lessor**

The Company has entered into lease contracts to lease commercial equipment to customers. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial equipments and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial equipments, that it retains substantially all the risks and rewards incidental to ownership of these equipments and accounts for the contracts as operating leases.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

## **2. Revenue from contracts with customers**

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

### **i. Identifying performance obligations in a bundled sale of equipment and installation services**

The Company provides Erection and Commissioning services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Company and the customer. The Company determined that both the equipment and erections and Commissioning are capable of being distinct. The fact that the Company regularly sells both equipment and erections and Commissioning on a stand-alone basis indicates that the customer can benefit from both products on their own. The Company also determined that the promises to transfer the equipment and to provide installation are distinct within the context of the contract. The equipment and erections and Commissioning are not inputs to a combined item in the contract. The Company is not providing a significant integration service because the presence of the equipment and erections and Commissioning together in this contract do not result in any additional or combined functionality and neither the equipment nor the erections and Commissioning modify or customise the other. In addition, the equipment and erections and Commissioning are not highly interdependent or highly interrelated, because the Company would be able to transfer the equipment even if the customer declined erections and Commissioning and would be able to provide erections and Commissioning in relation to products sold by other distributors.

Consequently, the Company allocated a portion of the transaction price to the equipment and the installation services based on relative stand-alone selling prices.

### **Estimates and assumptions**

The key assumptions concerning the future and other key source of estimation of uncertainty at the reporting date, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

### **Defined benefit plans**

The cost of the defined benefit gratuity plan and leave encashment, are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India.

Further details about defined benefit plans are given in note 28.

### **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

### **Product warranty expenses**

The estimated liability for product warranties is accounted when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

### **Provision for Inventories**

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete slow-moving items and net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### **Current / Non-Current Classification**

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Company has classified its investment in mutual funds as current.

### **Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding gratuity and compensated absences and warranty provision) are not discounted. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations where it stands, the Company foresee remote risk of any material claim arising from claims against the Company. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

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## Note 2 : Property, plant and equipment

Rs. in Million

Particulars	Freehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipment	Vehicles	Assets given on Lease - Plant & Machinery	Total	Capital work in progress
<b>Cost</b>									
Balance as at 1st April, 2020	505.00	589.76	908.91	102.38	74.22	5.55	253.28	2,439.10	12.85
Additions	-	2.11	183.55	6.56	8.52	-	12.73	213.47	5.43
Disposals/written off/capitalised	-	(36.75)	(34.17)	(3.56)	(4.14)	-	(36.78)	(115.40)	(12.88)
<b>Balance as at 31st March, 2021</b>	<b>505.00</b>	<b>555.12</b>	<b>1,058.29</b>	<b>105.38</b>	<b>78.60</b>	<b>5.55</b>	<b>229.23</b>	<b>2,537.17</b>	<b>5.40</b>
<b>Depreciation</b>									
Balance as at 1st April, 2020	-	(132.28)	(473.11)	(53.75)	(35.64)	(3.12)	(150.62)	(848.52)	-
Charge for the year	-	(28.11)	(142.44)	(13.52)	(12.90)	(0.78)	(38.71)	(236.46)	-
Disposal/written off	-	26.95	21.58	3.55	4.11	-	20.41	76.60	-
<b>Balance as at 31st March, 2021</b>	<b>-</b>	<b>(133.44)</b>	<b>(593.97)</b>	<b>(63.72)</b>	<b>(44.43)</b>	<b>(3.90)</b>	<b>(168.92)</b>	<b>(1,008.38)</b>	<b>-</b>
<b>Net carrying amount as at 31st March, 2021</b>	<b>505.00</b>	<b>421.68</b>	<b>464.32</b>	<b>41.66</b>	<b>34.18</b>	<b>1.65</b>	<b>60.31</b>	<b>1,528.79</b>	<b>5.40</b>
<b>Cost</b>									
Balance as at 1st April, 2021	505.00	555.12	1,058.29	105.38	78.60	5.55	229.23	2,537.17	5.40
Additions	-	6.91	136.51	2.12	3.63	-	76.11	225.28	13.66
Disposals/written off/capitalised	-	(0.02)	(31.58)	(1.94)	(1.73)	(0.19)	(4.04)	(39.50)	(5.51)
<b>Balance as at 31st March, 2022</b>	<b>505.00</b>	<b>562.01</b>	<b>1,163.22</b>	<b>105.56</b>	<b>80.50</b>	<b>5.36</b>	<b>301.30</b>	<b>2,722.95</b>	<b>13.55</b>
<b>Depreciation</b>									
Balance as at 1st April, 2021	-	(133.44)	(593.97)	(63.72)	(44.43)	(3.90)	(168.92)	(1,008.38)	-
Charge for the year	-	(26.92)	(160.85)	(13.87)	(13.58)	(0.78)	(29.03)	(245.03)	-
Disposal/written off	-	0.01	28.81	1.83	1.71	0.19	3.64	36.19	-
<b>Balance as at 31st March, 2022</b>	<b>-</b>	<b>(160.35)</b>	<b>(726.01)</b>	<b>(75.76)</b>	<b>(56.30)</b>	<b>(4.49)</b>	<b>(194.31)</b>	<b>(1,217.22)</b>	<b>-</b>
<b>Net carrying amount as at 31st March, 2022</b>	<b>505.00</b>	<b>401.66</b>	<b>437.21</b>	<b>29.80</b>	<b>24.20</b>	<b>0.87</b>	<b>106.99</b>	<b>1,505.73</b>	<b>13.55</b>

**Notes**

1] Assets include plant & equipments lying with third party amounting to Gross block - Rs.532.95 millions and Net block - Rs.107.01 millions (31st March 2021: Gross block -Rs.227.51 Million and Net block - Rs.86.71 millions).

2] The title deeds of immovable properties (other than properties where Company is lessee & the lease agreements are executed in the favour of the lessor) are held in the name of the Company.

3] The Company has not revalued any property, plant and equipment during the year.

**4] Capital work in progress (CWIP) Ageing Schedule**

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31st March, 2022</b>					
Projects in progress	13.55	-	-	-	13.55
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>13.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.55</b>
<b>31st March, 2021</b>					
Projects in progress	5.40	-	-	-	5.40
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>5.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.40</b>

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

## Note 3 : Other Intangible Assets

Particulars	Rs. in Million		
	Software	Total	Intangibles under development
<b>Cost</b>			
Balance as at 1st April, 2020	232.26	232.26	40.95
Purchased	103.61	103.61	24.64
Written off / disposed	(12.76)	(12.76)	(33.70)
<b>Balance as at 31st March, 2021</b>	<b>323.11</b>	<b>323.11</b>	<b>31.89</b>
<b>Amortisation and Impairment</b>			
Balance as at 1st April, 2020	(115.57)	(115.57)	-
Amortisation	(75.43)	(75.43)	-
Written off / disposed	12.76	12.76	-
<b>Balance as at 31st March, 2021</b>	<b>(178.24)</b>	<b>(178.24)</b>	<b>-</b>
<b>Net carrying amount as at 31st March, 2021</b>	<b>144.87</b>	<b>144.87</b>	<b>31.89</b>
<b>Cost</b>			
Balance as at 1st April, 2021	323.11	323.11	31.89
Purchased	51.31	51.31	12.30
Written off / disposed	(8.87)	(8.87)	(31.89)
<b>Balance as at 31st March, 2022</b>	<b>365.55</b>	<b>365.55</b>	<b>12.30</b>
<b>Amortisation and Impairment</b>			
Balance as at 1st April, 2021	(178.24)	(178.24)	-
Amortisation	(88.35)	(88.35)	-
Written off / disposed	8.87	8.87	-
<b>Balance as at 31st March, 2022</b>	<b>(257.72)</b>	<b>(257.72)</b>	<b>-</b>
<b>Net carrying amount as at 31st March, 2022</b>	<b>107.83</b>	<b>107.83</b>	<b>12.30</b>

## Notes :

## 1 Intangible Assets under Development Ageing Schedule

Intangible Assets under Development	Amount in intangible Assets under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31st March 2022</b>					
Projects in progress	12.30	-	-	-	12.30
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>12.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.30</b>
<b>31st March 2021</b>					
Projects in progress	24.68	7.21	-	-	31.89
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>24.68</b>	<b>7.21</b>	<b>-</b>	<b>-</b>	<b>31.89</b>

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

2 The Company has not revalued any intangible assets during the year.

**Note 4 - Other non-current financial assets (Unsecured, considered good unless otherwise stated)**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Security deposits	98.07	95.03
(-) Impairment allowance	(9.25)	(9.25)
Balances with banks held as margin money against bank guarantees*	88.82	85.78
	21.75	21.75
<b>Total</b>	<b>110.57</b>	<b>107.53</b>

\*Deposits are lien with the banks toward the performance bank guarantees

**Note 4A - Other current financial assets (Unsecured, considered good unless otherwise stated)**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Security deposits	28.30	29.77
Government grant receivable*	41.76	42.12
Unbilled revenue**	304.60	178.17
Other financial assets	33.44	91.65
<b>Total</b>	<b>408.10</b>	<b>341.71</b>

\*Government grant receivable represents rebates and drawback receivable on exports for which there are no unfulfilled conditions or other contingencies attached.

\*\*Unbilled revenue represents value of services rendered for compressor business and industrial tools business in accordance with IND AS 115.

**Unbilled revenue ageing schedule**

Unbilled Revenue	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Current but not due	304.60	178.17

**NOTE 5 - Other non-current assets (Unsecured, considered good unless otherwise stated)**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Capital advances	11.42	8.17
Prepaid expenses	44.79	14.06
Advances to employees	11.03	8.86
Balances with various government authorities	347.57	373.63
Advance income tax paid (net of provisions Rs. 16,434.19 Million, as of 31st March 2021 Rs.15,085.50 Million)	478.19	590.21
<b>Total</b>	<b>893.00</b>	<b>994.93</b>

**Notes**

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

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## Note 5A - Other current assets (Unsecured, considered good unless otherwise stated)

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Prepaid expenses	112.79	69.52
Advances to suppliers	424.72	269.26
Less : Provision for doubtful advances	(0.11)	(0.10)
	424.61	269.16
Employee benefits (Gratuity) (Refer note 28)	-	42.43
Balances with various government authorities	347.58	418.05
Government grant receivable*	85.89	40.36
Advances to employees**	8.74	1.35
<b>Total</b>	<b>979.61</b>	<b>840.87</b>

**Notes**

\*Government grant receivable represents amount receivable with respect to Service Exports from India Scheme (SEIS) and Remission of Duties and Taxes on Export Products Scheme (RoDTEP) related to exports for which there are no unfulfilled conditions and other contingencies attached.

\*\*No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person

**Note 6 - Inventories****(Lower of cost or net realisable value)**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Raw materials and components	2,476.65	2,016.44
Goods in transit	296.76	351.42
	2,773.41	2,367.86
Work-in-progress (including lying with third parties)	1,267.01	792.13
<b>Finished goods</b>		
Manufactured goods	1,134.85	1,010.93
Traded goods	1,330.70	1,069.00
Goods in transit	564.13	584.77
	3,029.68	2,664.70
<b>Total</b>	<b>7,070.10</b>	<b>5,824.69</b>

The cost of inventories recognised as an expense includes Rs.214.72 Million (31st March 2021 Rs. 220.64 Million) in respect of write-down of inventories to net realisable value.

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Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

Note 7 - Investments

Particulars	As at 31st March 2022 Rs. Million	As at 31st March, 2021 Rs. Million
Designated as fair value through profit and loss - quoted investments in mutual funds *		
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment 31st March 2022 - Nil units (31st March 2021 - 1,273,746.353 units)	-	376.11
SBI Magnum Ultra Short Duration Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 68,286.692 units)	-	322.24
HDFC Liquid Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 212,644.382 units )	-	860.26
ICICI Prudential Liquid Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 1,501,941.174 units )	-	457.70
IDFC Cash Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 365,522.572 units )	-	908.68
SBI Liquid Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 141,187.218 units)	-	454.85
Kotak Liquid Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 207,354.796 units)	-	862.40
Tata Liquid Fund - Direct Plan - Growth 31st March 2022 - Nil units (31st March 2021 - 262,534.668 units)	-	852.62
<b>Total</b>	<b>-</b>	<b>5,094.86</b>
	Current	5,094.86
	Non-Current	-
Aggregate book value of quoted investments	-	5,094.86
Aggregate market value of quoted investments	-	5,094.86
Aggregate amount of impairment in value of investments	-	-

\* Refer note 40(B) for determination of these fair values.

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## Note 8 - Trade receivables - non current

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Trade receivable	120.00	118.78
Receivables from related parties	-	-
<b>Trade receivable</b>	<b>120.00</b>	<b>118.78</b>
Unsecured, considered good	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivable - credit impaired	120.00	118.78
<b>Impairment allowance</b>	<b>120.00</b>	<b>118.78</b>
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	(120.00)	(118.78)
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 8A - Trade receivables - current

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Trade receivable	5,984.39	4,766.52
Receivables from related parties	933.31	1,213.67
<b>Trade receivable</b>	<b>6,917.70</b>	<b>5,980.19</b>
Secured, considered good	-	-
Unsecured, considered good	6,917.70	5,980.19
Trade receivables which have significant increase in credit risk	-	-
Trade receivable - credit impaired (including expected credit loss)	338.52	282.30
<b>Impairment allowance</b>	<b>7,256.22</b>	<b>6,262.49</b>
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	(338.52)	(282.30)
<b>Total</b>	<b>6,917.70</b>	<b>5,980.19</b>

**Notes**

- 1] Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- 2] Trade receivables include receivables from related parties. (Refer Note 30B and 30C)
- 3] For terms and conditions relating to related party receivables, refer note 30B.
- 4] No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
- 5] For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 30B and 30C

Movement in the allowance for expected credit loss (Including loss allowance)	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Balance at the beginning of the year	401.08	369.54
Movement in the expected credit loss allowance on trade receivables (Including loss allowance) calculated at lifetime expected credit losses	57.44	31.54
Amounts recovered during the year	-	-
Balance at the end of the year	458.52	401.08

## Trade receivables and unbilled revenue ageing schedule

A. Undisputed Trade Receivables – considered good	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Not yet due	4,389.49	4,183.81
Less than 6 months	2,072.43	1,537.78
6 months - 1 year	112.79	161.64
1-2 years	295.99	93.76
2-3 years	28.54	-
More than 3 years	18.46	3.20
<b>Total</b>	<b>6,917.70</b>	<b>5,980.19</b>

## Notes forming part of financial statements for the year ended 31st March 2022

	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>B. Undisputed Trade Receivables – credit impaired</b>		
Not yet due	15.44	4.41
Less than 6 months	53.57	43.87
6 months - 1 year	22.27	14.83
1-2 years	99.28	104.28
2-3 years	88.06	52.72
More than 3 years	59.90	62.19
<b>Total</b>	<b>338.52</b>	<b>282.30</b>
<b>C. Disputed Trade Receivables – credit impaired</b>		
Current but not due	-	-
Less than 6 months	-	-
6months - 1 year	-	-
1-2 years	2.01	15.39
2-3 years	16.99	68.27
More than 3 years	101.00	35.12
<b>Total</b>	<b>120.00</b>	<b>118.78</b>

## Note 9 - Cash and bank balances

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>A. Cash and cash equivalents</b>		
Cash on hand	0.39	0.37
Balance with bank	5,613.41	321.74
(Deposits with original maturity less than three months Rs. 5,097.81 million as at 31st March 2022)*	<b>5,613.80</b>	<b>322.11</b>
<b>B. Other bank balances</b>		
Earmarked accounts (Unclaimed dividend accounts)**	112.72	114.06
Earmarked accounts (Capital reduction)	192.18	0.05
	<b>304.90</b>	<b>114.11</b>
<b>Total</b>	<b>5,918.70</b>	<b>436.22</b>

\*Bank deposits earn interest at fixed rates. Short term deposits are generally made by varying periods between seven days to twelve months, depending on the cash requirements of the company and earn interest at the respective deposit rates.

\*\*Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose.

Atlas Copco (India) Limited				
Notes forming part of financial statements for the year ended 31st March 2022				
Note 10 - Equity share capital				
	As at 31st March 2022 Rs. Million		As at 31st March 2021 Rs. Million	
<b>Authorised:</b> 25,000,000 (31st March, 2021: 25,000,000) equity shares of Rs 10 each	250.00		250.00	
<b>Issued, subscribed and fully paid-up:</b> 21,734,463 (31st March, 2021: 21,739,006) equity shares of Rs 10 each (Refer note 43)	217.34		217.39	
<b>a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year</b>				
Name of Shareholder	31st March 2022		31st March 2021	
	Number of Shares	Rs. Million	Number of Shares	Rs. Million
Shares outstanding at the beginning of the year	21,739,006	217.39	22,561,564	225.62
Add: Additional equity shares issued during the year	-	-	-	-
Less: Capital reduction during the year (Refer note 43)	(4,543)	(0.05)	(822,558)	(8.23)
Shares outstanding at the end of the year	21,734,463	217.34	21,739,006	217.39
<b>b. Equity shares held by Holding Company</b>				
Name of Shareholder	Relationship	31st March 2022	31st March 2021	
Atlas Copco AB, Sweden	Holding Company	21,731,917	21,731,917	
<b>c. Terms/rights attached to the equity shares</b>				
The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>d. Particulars of shareholders holding more than 5% equity shares in the Company</b>				
Atlas Copco AB, Sweden (Holding Company)		31st March 2022	31st March 2021	
No. of shares at the beginning of the year		21,731,917	21,731,917	
Change during the year		-	-	
No. of shares at the end of the year		21,731,917	21,731,917	
% of Total Shares		99.99%	99.97%	
% change during the year		0.02%	3.64%	
<b>e. Disclosure of Shareholding of Promoters and Promoter's group</b>				
Shares held by promoters at the end of the year				
Promoter Name	No. of shares	% of total shares	% Change during the year	
<b>31st March 2022</b>				
Atlas Copco AB, Sweden	21,731,917			
<b>Total</b>	<b>21,731,917</b>	<b>99.99%</b>	<b>0.02%</b>	
<b>31st March 2021</b>				
Atlas Copco AB, Sweden	21,731,917			
<b>Total</b>	<b>21,731,917</b>	<b>99.97%</b>	<b>3.64%</b>	

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## Note 11- Other equity

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>Securities premium account :</b>		
Balance at the beginning and at the end of year	19.79	19.79
<b>Surplus in the Statement of profit and loss</b>		
Balance at the beginning of the year	12,185.32	12,069.38
Add: Profit for the year	4,785.13	3,249.37
Less: Capital reduction (Refer note 43)	(9.49)	(1,719.15)
Add/(Less): Remeasurement of defined benefit plans net of tax	(135.68)	26.53
Add: Recognition of share-based payments (Refer note 37)	25.33	80.92
Less: Dividend distributed to equity shareholders*	(3,042.82)	(1,521.73)
Balance at the end of the year	13,807.79	12,185.32
<b>Total</b>	<b>13,827.58</b>	<b>12,205.11</b>

\*On 18th October 2021 a dividend of Rs. 140 per share (Total dividend Rs.3,042.82 million less TDS as applicable) was paid to shareholders of fully paid up equity shares. (31st March 2021 : On 16th December 2020 a dividend of Rs. 70 per share (Total dividend Rs.1,521.73 million less TDS as applicable) was paid to shareholders of fully paid up equity shares).

## Note 12 - Non-current liabilities: Provisions

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>Provision others</b>		
Provision for warranty (Refer note 38)	78.64	38.80
Provision for Gratuity (Refer note 28)	15.53	-
<b>Total</b>	<b>94.17</b>	<b>38.80</b>

## Note 13 - Current liabilities: Provisions

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>Provisions for employee benefits</b>		
Provision for compensated absences (Refer note 28)	137.93	101.35
<b>Provision others</b>		
Provision for warranty (Refer note 38)	247.33	251.01
Other short term provisions (Refer note 38)	840.78	813.72
<b>Total</b>	<b>1,226.04</b>	<b>1,166.08</b>

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## Note 14 - Trade payables

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Dues to micro and small enterprises (Refer note 35)	555.09	60.75
Dues to creditors other than micro and small enterprises (including related parties payables)	5,514.17	5,228.94
Notes payable	391.41	898.15
<b>Total</b>	<b>6,460.67</b>	<b>6,187.84</b>

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Trade payable	3,353.13	3,677.82
Trade payable to related parties	3,107.54	2,510.02
<b>Total</b>	<b>6,460.67</b>	<b>6,187.84</b>

**Notes**

1] Trade payables are non-interest bearing and are generally settled on 60 to 120 days terms.

2] For terms and conditions with related parties, refer note 30B.

3] Trade payable includes notes payables given by the Company for invoices of its supplier which were financed by the supplier with their banks, for which interest or finance charges are not charged by the banks to the Company. These payables has similar nature and function to trade payables and are part of the working capital used in Company's normal operating cycle.

**Trade payables Ageing Schedule**

Total outstanding dues of micro enterprises and small enterprises	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Unbilled payables	-	-
Not Due	519.08	30.42
Less than 1 year	35.29	26.95
1-2 years	0.41	0.69
2-3 years	0.03	0.38
More than 3 years	0.28	2.31
<b>Total</b>	<b>555.09</b>	<b>60.75</b>

Total outstanding dues of creditors other than micro enterprises and small enterprises	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Unbilled payables	1,190.33	1,134.10
Not Due	2,802.42	3,468.77
Less than 1 year	1,867.63	1,452.31
1-2 years	16.76	32.29
2-3 years	5.03	14.61
More than 3 years	11.39	12.99
<b>Total</b>	<b>5,893.56</b>	<b>6,115.07</b>

Disputed dues of creditors other than micro enterprises and small enterprises	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Unbilled payables	-	-
Not Due	-	-
Less than 1 year	-	-
1-2 years	-	11.98
2-3 years	11.98	0.04
More than 3 years	0.04	-
<b>Total</b>	<b>12.02</b>	<b>12.02</b>
<b>Grand Total</b>	<b>6,460.67</b>	<b>6,187.84</b>

**Note 15 - Other current financial liabilities**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Security deposit received	19.58	19.48
Payables on purchase of property, plant and equipment	16.30	20.90
Unclaimed dividend (Refer note 9)	112.73	114.06
Unclaimed on account of Capital Reduction (Refer note 43)	192.18	0.05
<b>Total</b>	<b>340.79</b>	<b>154.49</b>

**Note 16 - Other current liabilities**

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Contract liabilities (Advance from customers)	1,530.05	1,094.85

**Atlas Copco (India) Limited**

**Notes forming part of financial statements for the year ended 31st March 2022**

Deferred revenue / Unearned revenue	148.82	97.73
Statutory dues (Contribution to provident fund, withholding taxes etc.)	127.40	74.23
<b>Total</b>	<b>1,806.27</b>	<b>1,266.81</b>

**Notes**

The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers

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## Note 17 - Revenue from operations

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Sale of Products (Refer note 17.01 below)	30,236.41	24,939.81
Sale of Services	4,765.14	3,897.30
Other operating revenues (Refer note 17.02 below)	742.30	447.48
<b>Total</b>	<b>35,743.85</b>	<b>29,284.59</b>
<b>17.01 Breakup of Revenue from Sale of Products</b>		
<b>Manufactured goods</b>		
Compressors	13,472.83	10,741.55
Power technique	4,649.62	4,638.51
<b>A</b>	<b>18,122.45</b>	<b>15,380.06</b>
<b>Traded goods</b>		
Compressors	10,902.18	6,971.06
Power technique	1,211.78	2,588.69
<b>B</b>	<b>12,113.96</b>	<b>9,559.75</b>
<b>Sale of Products</b>	<b>A + B</b>	<b>30,236.41</b>
<b>17.02 Breakup of other operating revenue</b>		
Indent commission	111.41	74.90
Income from rental of equipments	278.10	163.40
Government grants (Refer note 4A and 5A)	190.58	133.80
Scrap sales	162.21	75.38
	742.30	447.48
<b>17.03 Reconciling the amount of revenue recognised in the statement of profit and loss</b>		
Revenue from operations	35,763.88	29,284.79
<b>Adjustments</b>		
Provision for penalties on late delivery	(20.03)	(0.20)
<b>Revenue from contract with customers</b>	<b>35,743.85</b>	<b>29,284.59</b>
<b>17.04 Disaggregation of revenue as per IND AS 115</b>		
<b>A. Timing of revenue recognition</b>		
Point in time	34,937.63	27,840.25
Over a period	806.22	1,444.34
	35,743.85	29,284.59
<b>B. Type of Contract</b>		
Fixed Price	35,743.85	29,284.59
<b>C. Geographical Location</b>		
India	29,720.99	23,242.71
Outside India	6,022.86	6,041.88
	35,743.85	29,284.59
<b>17.05 Revenue from service contracts where revenue is been recognised over the period of time</b>		
Cost incurred plus recognised profit less losses for completed contract	30.98	421.04
Cost incurred plus recognised profit less losses to the date for contracts in progress	775.24	1,023.30
	806.22	1,444.34
<b>17.06 Amount due from (to) customers under service contracts</b>		
Cost incurred plus recognised profit less losses to the date for contracts in progress	775.24	1,023.30
Less: Progress billing to the date for contracts in progress	(619.46)	(942.86)
	155.78	80.44
Recognised and included in financial statement		
Unbilled revenue (Refer note 4A)	304.60	178.17
Less: Deferred revenue / Unearned revenue (Refer note 16)	(148.82)	(97.73)
	155.78	80.44

## Note 18 - Other income

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
(A) Interest Income		
Bank deposits	27.87	1.84
On income tax refund	76.30	-
Unwinding of interest income	3.38	2.25
(B) Dividend Income from current investments	-	0.28
(C) Net gain on sale of investments	150.57	17.75
(D) Net gain on fair valuation of investments	-	76.77
(E) Other non operating income		
Creditors / liabilities / provisions written back	0.16	76.80
Miscellaneous Income	34.71	89.17
(F) Net gain on foreign currency transactions and translation	28.92	1.47
<b>Total</b>	<b>321.91</b>	<b>266.33</b>

## Note 19 - Cost of raw material consumed

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Opening stock	2,367.86	2,114.73
Purchases	13,046.14	10,260.60
Closing stock	(2,773.41)	(2,367.86)
<b>Total</b>	<b>12,640.79</b>	<b>10,007.47</b>

## Note 20 - Purchases of stock-in-trade

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Purchases of stock in trade	8,925.65	5,955.20
<b>Total</b>	<b>8,925.65</b>	<b>5,955.20</b>

## Note 21 - Changes in inventories of finished goods, work-in-progress &amp; stock-in-trade

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
<b>Inventory as at the beginning of the year</b>		
Traded goods	1,653.77	2,171.48
Manufactured goods	1,010.93	1,153.67
Work-in-progress	792.12	1,348.51
	3,456.82	4,673.66
<b>Inventory as at the end of the year</b>		
Traded goods	(1,894.83)	(1,653.77)
Manufactured goods	(1,134.85)	(1,010.93)
Work-in-progress	(1,267.01)	(792.12)
	(4,296.69)	(3,456.82)
<b>Total</b>	<b>(839.87)</b>	<b>1,216.84</b>

Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

Note 22 - Employee benefit expenses

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Salaries, wages and bonus	3,011.52	2,606.67
Contribution to provident and other funds (Refer note 28)	223.85	185.07
Gratuity expenses (Refer note 28)	59.43	61.06
Share based payments (Refer note 37)	25.33	80.91
Workmen and staff welfare expenses	311.85	255.97
<b>Total</b>	<b>3,631.98</b>	<b>3,189.68</b>

Note 23 - Finance cost

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
<b>Interest on</b>		
Lease liability (Refer note 31)	39.85	48.45
Others	23.13	18.15
Bank charges (including guarantee commission paid)	33.68	35.06
<b>Total</b>	<b>96.66</b>	<b>101.66</b>

Note 24 - Depreciation & amortization expenses

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Depreciation on property, plant and equipment	245.04	236.46
Amortization of intangible assets	88.35	75.43
Depreciation of right to use assets	264.39	258.73
<b>Total</b>	<b>597.78</b>	<b>570.62</b>

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## Note 25 - Other expenses

Particulars	For the year ended 31st March 2022 Rs. Million	For the year ended 31st March 2021 Rs. Million
Stores and tools consumed	225.73	114.56
Power and fuel	48.91	48.62
Rent (Refer note 31)	167.28	159.73
Repairs and Maintenance - Rented Premises	15.06	17.17
Buildings	12.78	3.72
Machinery	11.22	10.69
Others	25.40	19.32
	64.46	50.90
Insurance	63.51	50.84
Rates and taxes	21.73	63.36
Expenses on service jobs	580.35	393.92
Traveling and conveyance expenses	232.17	104.37
Freight, transport and packing	469.46	409.47
Commission	45.44	55.65
Sales promotion expenses	16.43	23.34
Corporate social responsibility expenses (Refer note 42)	179.25	107.61
Legal and professional fees	419.66	323.70
Corporate cost [Refer note 30(b)]	280.81	300.89
Audit fees (Refer note 26)	9.16	7.05
Bad Debt	54.89	158.93
Provision for bad trade receivable/advances (net)	63.15	24.61
Loss on sale/write off of property, plant and equipment (net)	3.38	11.74
Provision for contingencies (Refer note 38)	12.27	463.82
Royalty (including cess thereon) [Refer note 30(B)]	670.38	590.64
Warranty cost (Refer note 38)	36.16	(4.02)
Software development expenses	267.15	237.75
Security services	45.99	44.01
Communication expenses	48.58	30.27
Printing and stationery	77.29	23.35
Conference and training costs	51.90	23.04
Other contract expenses	131.82	96.83
Miscellaneous expenses (including housekeeping, cleaning, gardening, safety material etc.)	198.16	125.93
<b>Total</b>	<b>4,485.47</b>	<b>4,040.91</b>

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Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 26 - Payment to statutory auditors (net of GST)

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
To Statutory auditors		
Audit fees	4.65	3.78
Audit fees for foreign reporting	2.50	2.50
Tax audit fees	0.65	0.65
Certification fees	1.36	0.12
Total	<u>9.16</u>	<u>7.05</u>

NOTE 27 - Proposed dividend

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Cash dividends on equity shares declared and paid</b>		
Final Dividend:		
For the year ended on 31st March 2022: Rs. 140 per share (31st March 2021 Rs.70 per share)	3,043.46	1,521.73
<b>Proposed Dividend on equity shares:*</b>		
Final Dividend:		
For the year ended on 31st March 2022: Rs. 200 per share (31st March 2021 Rs.140 per share)	4,346.89	3,043.46

\* Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

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Note 28 : Employee benefits

(A) Defined contribution plans

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Contribution to employees' superannuation fund	66.34	61.49
Contribution to provident fund	157.52	123.58

(B) Defined benefit plans

a) 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 or more are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days, 22 days or the full month's salary (depending on the total years of service) multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds of Life Insurance Corporation (LIC) 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	Rs. Million	
	31st March 2022	31st March 2021
<b>Present value of defined benefit obligations as on April 1</b>	<b>714.08</b>	<b>675.96</b>
Current service cost	63.75	64.70
Interest expense	49.85	46.76
Benefit payments from employer	(65.60)	(34.20)
<b>Remeasurement</b>		
(Gain)/loss from change in financial assumptions	105.74	(83.40)
Loss/(Gain) from change in experience adjustments	76.53	44.26
<b>Present value of defined benefit obligations as on March 31</b>	<b>944.35</b>	<b>714.08</b>

ii) Reconciliation of fair value of plan assets

Particulars	Rs. Million	
	31st March 2022	31st March 2021
<b>Fair value of plan assets as on April 1</b>	<b>756.51</b>	<b>709.80</b>
Interest income	54.17	50.40
Employer contribution	117.19	-
Employer direct benefit payments	65.59	34.20
Benefit payments from employer	(65.59)	(34.20)
Return on assets (excluding interest income)	0.95	(3.69)
<b>Fair value of plan assets as on March 31</b>	<b>928.82</b>	<b>756.51</b>

iii) Amount to be recognized in Balance sheet

Particulars	Rs. Million	
	31st March 2022	31st March 2021
Present value of funded obligations	944.35	714.08
Fair value of plan assets	928.82	756.51
<b>Net liability/ (surplus) of funded plan</b>	<b>15.53</b>	<b>(42.43)</b>

iv) Expenses recognised in the Statement of profit and loss under the head employee benefits expense

Particulars	Rs. Million	
	31st March 2022	31st March 2021
Current service cost	63.75	64.70
Interest cost	49.85	46.76
Interest income	(54.17)	(50.40)
<b>Expenses recognized in Statement of profit and loss</b>	<b>59.43</b>	<b>61.06</b>

v) Remeasurement for the year and amount recognised in Statement of other comprehensive income (OCI)

Particulars	Rs. Million	
	31st March 2022	31st March 2021
(Gain)/loss from change in financial assumptions	105.73	(83.40)
Loss/(Gain) from change in experience adjustments	76.53	44.26
Return on assets (excluding interest income)	(0.95)	3.69
<b>Expenses recognized in Statement of other comprehensive income (OCI)</b>	<b>181.31</b>	<b>(35.45)</b>

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance sheet date, based on the following assumptions:

Particulars	31st March 2022	31st March 2021
Discount rate	7.50%	7.20%
Salary escalation	9.50%	8.00%
Rate of return on plan assets	7.50%	7.20%
Duration in years	12.00	11.00
Mortality rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ult	Indian assured live mortality (2006-08) (modified) Ult
Withdrawal rate		
- For manager		
Up to 30 years	10.00%	10.00%
31 - 44 years	5.00%	5.00%
More than 44 years	2.00%	2.00%
- For workers		
Up to 30 years	5.00%	5.00%
31 - 44 years	2.00%	2.00%
More than 44 years	1.00%	1.00%

(a) The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated terms of the obligations.

(b) Withdrawal rate is employee turnover rate based on the Company's past and expected employee turnover.

(c) Salary escalation rate: The estimates of future salary increases considered taking into the account the inflation, seniority, promotion and other relevant factors.

(d) Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows

(e) The major category of plan assets are as follows : Investments with insurer (LIC of India) - 100% (31st March 2021 - 100%)

**Note 28 : Employee benefits**

Expected benefit payments for the year ending:

Particulars	Rs. Million	
	As at 31st March 2022	
31st March 2023		49.44
31st March 2024		73.90
31st March 2025		57.04
31st March 2026		80.96
31st March 2027		86.34
31st March 2028 to 2033		567.54

Sensitivity analysis for significant assumptions are as follows:

Particulars	Rs. Million	
	As at 31st March 2022	As at 31st March 2021
Present value of defined benefit obligation as at the end of the year		
(i) 0.5% increase in discount rate	894.73	678.92
(ii) 0.5% decrease in discount rate	998.47	752.33
(iii) 0.5% increase in rate of salary escalation	994.91	750.12
(iv) 0.5% decrease in rate of salary escalation	897.44	680.60

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. These plans typically expose the group to actuarial risk such as: Investment risk, Interest rate risk, longevity risk and salary risk.

**Description of plan characteristics and associated risks**

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on planned asset is below this rate, it will create a planned deficit. The fund is subject to risks such as asset volatility, changes in assets yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees review and manage these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk-averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**Interest risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plans debt investments.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans liability.

**Demographic risk**

As the plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if turnover rates increase then the liability will tend to fall as fewer employees reach vesting period.

**Possible reasons for actuarial gains or losses on plan liabilities**

- 1) If the actual attrition, retirement or mortality experience turns out to be higher or lower than expected based on the assumptions made at the start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.
- 2) If the salary increases are higher or lower than expected based on the assumption made at start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.
- 3) If the actuarial assumptions of salary increase, attrition rate and discount rate change from one valuation year to another, it may lead to Actuarial Gain or Loss on Plan Liabilities.
- 4) Any significant changes in the demographic profile may also lead to Actuarial Gain or Loss on Plan Liabilities such as a large growth of the employee count from new joiners.

**Possible reasons for experience gains or losses on plan assets:**

Return on plan assets greater/(lessor) than discount rate. For example, if the discount rate was 8% and the fund actually earned 7% it would result in an actuarial loss on assets.

**(C) Compensated absences**

Compensated Absences charged to Statement of Profit and Loss Rs. 82.16 million for the year ended 31 March 2022 and Rs.22.76 million for the year ended 31 March 2021 and liability as at 31 March 2022 was Rs.137.93 million as against Rs. 101.35 million as of 31 March 2021

**Atlas Copco (India) Limited**
**Notes forming part of financial statements for the year ended 31st March 2022**
**NOTE 29 - Segment information**

An operating segment is a component of a Company whose operating results are regularly reviewed by the Company's chief operating decision maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available. The Company has identified the Board of Directors ('BOD') of the Company as its CODM. The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses only on three major business segment i.e. Compressor Technique Segment, Industrial Segment, Power Technique Segment. Breakup of the business into three segments is based on products and customer base.

No operating segments have been aggregated to form the above reportable operating segments.

**NOTE 29 (A) - Primary segments - Business segments**

Particulars	Compressor Technique		Industrial Technique		Power Technique Segment		Total Amount	
	2021-22 Rs. Million	2020-21 Rs. Million	2021-22 Rs. Million	2020-21 Rs. Million	2021-22 Rs. Million	2020-21 Rs. Million	2021-22 Rs. Million	2020-21 Rs. Million
a Segment revenue								
Sales/income from external customers/parties	27,183.93	21,421.82	1,888.22	1,798.98	5,911.34	5,591.06	34,983.49	28,811.86
Unallocated corporate income							18.06	25.25
<b>Total Segment Revenue</b>							<b>35,001.55</b>	<b>28,837.11</b>
b Segment results before exceptional items and tax	5,549.70	4,208.98	153.98	268.58	824.07	707.66	6,527.77	5,185.22
Unallocated corporate expenses							(188.44)	(811.57)
Finance cost							(96.66)	(101.66)
Interest income							106.69	-
Income / profit from investments *							150.57	94.80
Unallocated other income							27.37	101.75
<b>Profit before tax</b>							<b>6,527.30</b>	<b>4,468.54</b>
Income taxes **							1,756.12	1,259.09
Deferred tax **							(13.95)	(39.92)
<b>Profit after tax</b>							<b>4,785.13</b>	<b>3,249.37</b>
c Segment assets	13,528.88	11,089.43	670.89	764.66	2,914.76	2,695.42	17,114.53	14,549.51
Unallocated assets							7,695.18	7,551.84
<b>Total assets</b>							<b>24,809.71</b>	<b>22,101.35</b>
d Segment liabilities	7,770.59	6,365.48	585.36	531.48	1,342.93	1,763.06	9,698.88	8,660.02
Unallocated liabilities							1,065.92	1,018.83
<b>Total liabilities</b>							<b>10,764.80</b>	<b>9,678.85</b>
e Cost incurred during the period to acquire Segment fixed assets	234.42	292.15	11.48	16.40	30.29	37.11	276.19	345.66
Unallocable							0.40	1.49
							<b>276.59</b>	<b>347.15</b>
f Depreciation / amortisation	428.96	396.37	65.35	70.55	78.39	81.77	572.70	548.69
Unallocable							25.08	21.93
							<b>597.78</b>	<b>570.62</b>
g Non-cash expenses other than depreciation/amortisation	56.33	23.49	6.41	0.50	0.41	0.62	63.15	24.61

**NOTE 29 (B) - Secondary segments - Geographical segments**

Particulars	India		Outside India		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Segment revenue by geographical area based on geographical location of customers	28,978.69	22,795.23	6,022.86	6,041.88	35,001.55	28,837.11
Non-current operating assets***	1,639.41	1,710.95	-	-	1,639.41	1,710.95

Note: The Company's operating facilities are located in India

Breakup of segment revenue outside India is as follows:

Country	2021-22	2020-21
	Rs. Million	Rs. Million
Belgium	1,703.64	1,501.92
USA	1,065.57	387.86
China	533.44	477.97
United Arab Emirates	375.54	900.40
Germany	235.12	1,007.76
United Kingdom	229.53	186.71
France	232.22	157.90
Spain	38.96	471.73
Netherlands	456.79	39.91
Others	1,152.05	909.72
<b>Total</b>	<b>6,022.86</b>	<b>6,041.88</b>

\*Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

\*\*Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

\*\*\*Cost incurred during the period to acquire fixed assets consists of additions of property, plant and equipment, intangible assets, capital work-in-progress, intangible assets under development

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Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 30 - Related party disclosures

NOTE 30 (A) - Name of the related party and nature of relationship where control exists

(i) Where Control Exists

Holding Company	Atlas Copco AB	Sweden
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(ii) Other parties with whom there are transactions during the year  
Common control Fellow Subsidiaries

Sr. No.	Name of party	Country
1	ABAC Aria Compressa S.p.A	Italy
2	Air Compressors and Tools Ltd	United Kingdom
3	Atlas Copco (Malaysia) Sdn. Bhd.	Malaysia
4	Atlas Copco (N.Z.) Ltd.	New Zealand
5	Atlas Copco (Philippines) Inc.	Philippines
6	Atlas Copco (Shanghai) Process Equipment Co., Ltd.	China
7	Atlas Copco (Shanghai) Trading Co., Ltd.	China
8	Atlas Copco (South East Asia) Pte. Ltd	Singapore
9	Atlas Copco (Thailand) Limited	Thailand
10	Atlas Copco (Wuxi) Compressor Co., Ltd.	China
11	Atlas Copco ACE GmbH	Germany
12	Atlas Copco Airpower n.v.	Belgium
13	Atlas Copco Algeria SPA	Algeria
14	Atlas Copco Argentina S.A.C.I.	Argentina
15	Atlas Copco Assembly Systems LLC	USA
16	Atlas Copco Australia Pty Limited	Australia
17	Atlas Copco Bangladesh Ltd.	Bangladesh
18	Atlas Copco Belgium n.v.	Belgium
19	Atlas Copco BLM S.r.l.	Italy
20	Atlas Copco Boliviana S.A.	Bolivia
21	Atlas Copco Brasil Ltda	Brazil
22	Atlas Copco Canada Inc.	Canada
23	Atlas Copco China/Hong Kong Ltd	Hong Kong
24	Atlas Copco Compresseurs S.A.S.	France
25	Atlas Copco Compressor AB	Sweden
26	Atlas Copco Compressors LLC	USA
27	Atlas Copco Compressors UK	United Kingdom
28	Atlas Copco Comptec LLC	USA
29	Atlas Copco Crepelle S.A.S.	France
30	Atlas Copco d.o.o.	Slovenia
31	Atlas Copco Eastern Africa Limited	Kenya
32	Atlas Copco Energas GmbH	Germany
33	Atlas Copco Engineered Solutions	United Kingdom
34	Atlas Copco Equipment Egypt S.A.E.	Egypt
35	Atlas Copco Finance DAC	Ireland
36	Atlas Copco Hellas Sa	Greece
37	Atlas Copco Holding GmbH	Germany
38	Atlas Copco IAS LLC	USA
39	Atlas Copco Industrial Technique	UAE
40	Atlas Copco Industrial Technique AB	Sweden
41	Atlas Copco Ireland Ltd.	Ireland
42	Atlas Copco Italia S.p.A.	Italy
43	Atlas Copco Italia Srl CT	Italy
44	Atlas Copco RK	Japan
45	Atlas Copco Kompressoren und Drucklufttechnik GmbH	Germany
46	Atlas Copco Kompressortechnik A/S	Denmark
47	Atlas Copco Kompressortechnik AS	Norway
48	Atlas Copco Korea Co., Ltd.	South Korea
49	Atlas Copco Ltd.	United Kingdom
50	Atlas Copco Mafi-Trench Company LLC	USA
51	Atlas Copco Makinalari Imalat A.S.	Turkey
52	Atlas Copco Maroc SA	Morocco
53	Atlas Copco Mexicana Sa De Cv.	Mexico
54	Atlas Copco Middle East FZE	UAE
55	Atlas Copco Nederland B.V.	Nederland
56	Atlas Copco Nigeria Ltd.	Nigeria
57	Atlas Copco North America LLC	USA
58	Atlas Copco Polska Sp. z o. o.	Poland
59	Atlas Copco Power Technique AB	Sweden
60	Atlas Copco Power Technique GmbH	Germany
61	Atlas Copco Rental	Australia
62	Atlas Copco Rental Europe n.v.	Belgium
63	Atlas Copco Rental LLC	USA
64	Atlas Copco Romania S.R.L.	Romania
65	Atlas Copco S.A.E.	Spain
66	Atlas Copco s.r.o.	Czech Republic
67	Atlas Copco Services Middle East OMC	Bahrain
68	Atlas Copco Services Middle East SPC	UAE
69	Atlas Copco Services Myanmar	Myanmar
70	Atlas Copco Services s.r.o.	Czech Republic
71	Atlas Copco Shared Services Center Prague	Czech Republic
72	Atlas Copco South Africa (Pty) Ltd	South Africa
73	Atlas Copco Support Services n.v.	Belgium
74	Atlas Copco Tools & Assembly Systems LLC	USA
75	Atlas Copco Tools and Assembly Systems (Canada)	Canada
76	Atlas Copco Tools Central Europe GmbH	Germany
77	Atlas Copco UK Holdings Ltd.	United Kingdom
78	Atlas Copco Venezuela Sa	Venezuela
79	Atlas Copco Vietnam Co.Ltd	Vietnam
80	Atlas Industrial Equipment Company	Saudi Arabia
81	BeaconMedaes LLC	USA
82	Ceccato Aria Compressa S.r.l	Italy
83	Chicago Pneumatic Brasil Ltda	Brazil

**Atlas Copco (India) Limited**

**Notes forming part of financial statements for the year ended 31st March 2022**

**(ii) Other parties with whom there are transactions during the year  
Common control Fellow Subsidiaries**

Sr. No.	Name of party	Country
84	Chicago Pneumatic Tool Company LLC	USA
85	Compresseurs Worthington Creysse S.A.S.	France
86	CSK Inc.	South Korea
87	CTI & Polycold US	United States
88	Custom Engineered Products -ED	USA
89	Dekker Vacuum Technologies Inc	United States
90	Desoutter GmbH	Germany
91	DNU - LEYBOLD FRANCE SAS	France
92	Edmac (Shanghai) Trading Co., Ltd	China
93	EDMAC Europe n.v.	Belgium
94	Edwards GmbH	Germany
95	Edwards High Vacuum International Ltd	United Kingdom
96	Edwards India Private Limited	India
97	Edwards Korea Ltd.	South Korea
98	Edwards Ltd	United Kingdom
99	Edwards S.R.L.	Italy
100	Edwards Technologies Trading (Shanghai) Company Ltd	China
101	Edwards Technologies Vacuum Engineering (Qingdao) Company Ltd	China
102	Edwards Technologies Ltd (TWE)	Taiwan
103	Edwards Vacuum LLC	USA
104	Edwards Vacuum Technology Ireland Ltd	Ireland
105	Edwards, s.r.o	Czech Republic
106	Ekomak Endustriyel	Turkey
107	Ekomak Kompressoren GmbH	Germany
108	ETS Georges Renault S.A.S.	France
109	EURCHILLER SRL	Italy
110	Exlair (NZ) Ltd Trading as Ash	New Zealand
111	Factory for Industrial Air Compressors (Jiangmen) Co.Ltd.	China
112	FIAC S.R.L.	Italy
113	Fuji Industrial Technique Co., Ltd.	Japan
114	Grupos Electrogenos Europa, S.A	Spain
115	Henrob Corporation	USA
116	Henrob Ltd	United Kingdom
117	IPV Industrie-Pumpen Vertriebs GmbH	Germany
118	Itubombas Locação Comércio	Brazil
119	JSC Atlas Copco	Russia
120	KDS Kompressoren- und Druckluftserv	Germany
121	Leybold Dresden GmbH	Germany
122	Leybold Equipment (Tianjin) Co., Lt	China
123	Leybold GmbH	Germany
124	Leybold USA Inc.	USA
125	Liuzhou Tech Machinery Co., Ltd.	China
126	MULTIAIR FRANCE	France
127	Oy Atlas Copco Kompressorit AB	Finland
128	Pan-Asia Gas Technology (Wuxi) Co., Ltd.	China
129	Power Tools Distribution n.v.	Belgium
130	Pressure Compressores Ltda	Brazil
131	PT Atlas Copco Indonesia	Indonesia
132	Quincy Compressor	USA
133	Rand Air South Africa (Pty) Ltd.	South Africa
134	Rock Hill Product Company	USA
135	SCA Automation Equipment (Shanghai) Co., Ltd	China
136	SCA Schucker GmbH & Co KG	Spain
137	Seti-Tec S.A.S.	France
138	Shanghai Tooltec Industrial Tool Co., Ltd.	China
139	Synatec GmbH	Germany
140	Tentec Ltd.	United Kingdom
141	VARISCO SRL	Italy
142	Walker Filtration Ltd	United Kingdom
143	Walker Filtration Pty Limited	Australia
144	Atlas Copco (China) Investment Co., Ltd.	China
145	Atlas Copco (Zambia) Ltd.	Zambia
146	Atlas Copco Applications Industrielles S.A.S.	France
147	Atlas Copco Baltic SIA	Latvia
148	Atlas Copco Central Asia LLP	Kazakhstan
149	Atlas Copco Chilena S.A.C.	Chile
150	Atlas Copco France Holding S.A.	France
151	Atlas Copco GmbH Kompressoren und Drucklufttechnik - CT Division	Austria
152	Atlas Copco Hungary Kft	Hungary
153	Edwards Japan Ltd	Japan
154	Edwards SAS	France
155	Edwards Services s.r.o.	Czech Republic
156	Edwards Vacuum Australia	Australia
157	FIAC S.p.a.	Italy
158	MultiAir Italia SRL	Italy
159	Quincy Compressor LLC	USA
160	SCA Schucker LLC	USA
161	Schneider Druckluft GmbH	Germany
162	Sociedade Atlas Copco de Portugal Lda	Portugal
163	Varisco SPA	Italy
164	Varisco Wellpoint srl	Italy
165	Leybold India Pvt. Ltd.	India
166	Mid-South Engine and Power Systems LLC.	USA
167	Air & Gas Solutions LLC	USA
168	Aire Comprido Industrial Iberia S. L.	Spain
169	ALLUP Kompressoren GmbH	Germany
170	Atlas Copco ACTIAS	United Kingdom
171	Atlas Copco Hellas AE	Greece
172	Atlas Copco Rental Australia	Australia
173	Atlas Copco Rental Canada	Canada
174	Atlas Copco Vacuum North America	USA
175	CPC Pumps International	Canada
176	Edwards Japan Ltd.	Japan
177	Gamma Vacuum	USA
178	IAS PC Geretsried	Germany
179	Leybold UK Ltd	United Kingdom
180	Location Thermique Service	France
181	Perceptron Non-Contact Metrology Solutions Pvt Ltd	India
182	Servatechnik AG	Switzerland
183	Scheuempflug GmbH	Denmark
<b>(iii) Parties with whom there were transactions during the year, where key management personnel have significant influence</b>		
1	Atlas Copco (India) Limited Employees Provident Fund Trust	India
2	Atlas Copco (India) Limited Employee Group Gratuity Scheme	India
3	Atlas Copco (India) Limited Superannuation Fund	India
4	Atlas Copco (India) Limited Charitable Foundation	India
<b>(iv) Key Management Personnel</b>		
1	Frans Van Niekerk (From 1st Jan 2020)	Managing Director
2	Umesh Oza	Head - Legal & Company Secretary
3	Mahesh Kulkarni (Up to 30th Nov 2020)	Chief Financial Officer
4	Shachi Joshi (From 24th May 2021)	Chief Financial Officer

## NOTE 30 (B) - Related party transactions:

Nature of Transactions	Rs. Million			
	Holding Company	Common Control	Key Management Personnel	Total
Purchase of traded goods	-	5,907.82	-	5,907.82
		(3,930.29)		(3,930.29)
Purchase of raw materials	-	3,815.56	-	3,815.56
		(2,991.26)		(2,991.26)
Sale of goods	-	1,993.12	-	1,993.12
		(1,637.32)		(1,637.32)
Sale of services	93.26	2,270.43	-	2,363.69
	(79.38)	(1,899.79)		(1,979.17)
Indent commission	-	110.43	-	110.43
		(74.90)		(74.90)
Commission	-	-	-	-
		(0.17)		(0.17)
Royalty	-	669.18	-	669.18
		(587.98)		(587.98)
Warranty cost	-	6.36	-	6.36
		(8.51)		(8.51)
Warranty recovery	-	28.22	-	28.22
		(35.83)		(35.83)
Travelling & conveyance expenses	-	1.06	-	1.06
		(2.33)		(2.33)
Conference and training costs	-	1.79	-	1.79
	(0.01)	(2.20)		(2.21)
Expenses on service jobs	-	0.22	-	0.22
		(0.63)		(0.63)
Legal and professional fees	63.70	92.66	-	156.36
	(59.43)	(10.38)		(69.81)
Corporate cost	-	280.81	-	280.81
		(300.89)		(300.89)
Miscellaneous expenses	-	79.69	-	79.69
		(29.40)		(29.40)
Repairs and Maintenance	-	4.68	-	4.68
		(1.27)		(1.27)
Software development expenses	-	153.42	-	153.42
		(111.16)		(111.16)
Stores and tools consumed	-	3.66	-	3.66
		(8.69)		(8.69)
Reimbursement of expenses	-	11.04	-	11.04
	(66.60)	21.60		(45.00)
Purchases of property, plant and equipment	-	39.78	-	39.78
		(12.50)		(12.50)
Remuneration to KMP	-	-	-	-
- Employee benefits expenses	-	-	21.97	21.97
			(21.03)	(21.03)
Dividend paid	3,042.47	-	-	3,042.47
	(1,521.23)	(0.01)		(1,521.24)
Guarantee charges paid	-	3.30	-	3.30
		(1.81)		(1.81)
Sale of property, plant and equipment	-	-	-	-
		(35.30)		(35.30)
Purchase consideration against sale of assets/liabilities	-	-	-	-
		(34.05)		(34.05)
Employee benefits contribution	-	185.73	-	185.73
		(61.49)		(61.49)
Contribution to Charitable Foundation	-	89.00	-	89.00
		(75.00)		(75.00)
Amounts outstanding at year end	-	-	-	-
- Trade receivables	9.84	923.47	-	933.31
	(73.28)	(1,116.70)		(1,189.98)
- Advances from customers	-	52.60	-	52.60
		(1.09)		(1.09)
- Trade payable	8.47	3,099.08	-	3,107.54
	(8.57)	(2,501.45)		(2,510.02)
- Advances to suppliers	-	324.37	-	324.37
		(181.06)		(181.06)
- Corporate guarantee received	-	6,479.56	-	6,479.56
		(3,637.68)		(3,637.68)
- Unbilled revenue	1.30	78.27	-	79.57
		(54.49)		(54.49)

## Note:-

1) Terms and condition of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

2) The amount disclosed in the table are the amounts recognised as an expenses during the reporting period related to key management personnel. The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and estimated bonus as they are determined on an actual/actuarial basis for the Company as a whole.

3) The holding company has not cross charged the fair value of the options and payment under SARs to the Company and hence corresponding credit for the expense recognized there on in the Statement of Profit or Loss is included in as contribution from the holding company in other equity accordingly not disclosed above.

4) Figures in brackets are in respect of the corresponding previous year.

Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 30 (C) - Details of material related party transactions with companies under common control with the company

Rs Million				
Sr No.	Nature of Transactions	Name of related party	For the year ended 31st March 2022	For the year ended 31st March 2021
1	Purchase of traded goods	Atlas Copco Airpower n.v.	3,409.77	2,326.24
		Power Tools Distribution n.v.	1,198.32	1,212.59
		Pan-Asia Gas Technology (Wuxi) Co., Ltd.	678.10	-
2	Purchase of raw materials	Atlas Copco (Wuxi) Compressor Co., Ltd.	1,279.55	915.88
		Atlas Copco Airpower n.v.	777.10	514.61
		Atlas Copco Comptec LLC	478.34	-
		Atlas Copco Energas GmbH	784.34	-
3	Sale of goods	Atlas Copco Airpower n.v.	324.96	433.55
		Power Tools Distribution n.v.	518.54	291.80
		Atlas Copco Compressors LLC	245.52	195.45
		Atlas Copco Middle East FZE	156.00	185.35
4	Sale of services	Atlas Copco Airpower n.v.	797.08	683.30
		Atlas Copco (Wuxi) Compressor Co., Ltd.	213.35	195.12
5	Indent commission	Power Tools Distribution n.v.	81.49	54.71
		Atlas Copco Comptec LLC	9.93	11.41
6	Commission	Atlas Copco Middle East FZE	-	0.17
7	Royalty	Atlas Copco Airpower n.v.	571.54	465.37
		Atlas Copco Energas GmbH	18.62	54.86
		Atlas Copco Comptec LLC	79.15	-
8	Warranty cost	Atlas Copco Algeria SPA	-	0.88
		Atlas Copco Belgium n.v.	0.09	1.52
		Atlas Copco North America LLC	-	1.22
		Atlas Copco Power Technique AB	1.30	2.41
		Atlas Copco Services Middle East SPC	2.09	-
		Atlas Copco Compressors UK	1.84	-
9	Warranty recovery	Atlas Copco Airpower n.v.	19.83	35.38
		Atlas Copco (Wuxi) Compressor Co., Ltd.	4.38	-
		Pan-Asia Gas Technology (Wuxi) Co., Ltd.	3.24	-
10	Travelling & conveyance expenses	Atlas Copco Airpower n.v.	0.97	2.15
11	Conference and training costs	Atlas Copco Polska Sp. z o. o.	1.35	1.73
		BeaconMeades LLC	-	0.37
		Leibold GmbH	0.26	-
		Synatec GmbH	0.18	-
12	Expenses on service jobs	Power Tools Distribution n.v.	0.13	0.63
		Synatec GmbH	-	-
		Atlas Copco Airpower n.v.	0.09	-
13	Legal and professional fees	Atlas Copco AB	63.70	59.43
		Atlas Copco Airpower n.v.	2.73	7.50
		Atlas Copco Comptec LLC	76.43	-
14	Corporate cost	Atlas Copco Support Services n.v.	251.71	241.96
		Atlas Copco China/Hong Kong Ltd	26.22	58.00
15	Miscellaneous expenses	Atlas Copco (N.Z.) Ltd.	-	11.56
		Atlas Copco Energas GmbH	-	7.63
		Atlas Copco Industrial Technique AB	66.72	-
16	Repairs and Maintenance	Atlas Copco Airpower n.v.	1.46	0.63
		Atlas Copco Belgium n.v.	-	0.49
		Power Tools Distribution n.v.	3.22	-
17	Software development expenses	Atlas Copco Airpower n.v.	117.51	103.84
18	Stores and tools consumed	Atlas Copco Airpower n.v.	0.11	2.15
		Ceccato Aria Compressa S.r.l	1.12	1.91
		Power Tools Distribution n.v.	0.03	1.75
		Atlas Copco (Wuxi) Compressor Co., Ltd.	0.75	1.57
		Atlas Copco Nigeria Ltd.	0.77	-
		Pan-Asia Gas Technology (Wuxi) Co., Ltd.	0.77	-
19	Reimbursement of expenses	Atlas Copco Services Middle East OMC	9.41	19.16
20	Purchase of property, plant and equipment	Atlas Copco Airpower n.v.	-	2.92
		Power Tools Distribution n.v.	-	1.97
		Atlas Copco Services Middle East OMC	23.60	7.61
		Atlas Copco Rental Europe n.v.	11.95	-
21	Remuneration to KMP	Frans Van Niekerk	14.63	11.49
		Mahesh Kulkarni	-	6.74
		Umesh Oza	3.28	2.80
		Shachi Joshi	4.07	-
22	Dividend paid	Atlas Copco AB	3,042.47	1,521.23
23	Guarantee charges paid	Atlas Copco Finance DAC	3.30	1.81
24	Sale of property, plant and equipment	Atlas Copco Airpower n.v.	-	19.21
		Rand Air South Africa (Pty) Ltd.	-	15.95
25	Purchase consideration against sale of assets/liabilities	Edwards India Private Limited	-	24.23
26	Employee benefits contribution	Atlas Copco (India) Limited Employee Group Gratuity Scheme	119.39	-
		Atlas Copco (India) Limited Superannuation Fund	66.34	61.49
27	Contribution to Charitable Foundation	Atlas Copco Charitable Foundation	89.00	75.00

Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 30 (C) - Details of material related party transactions with companies under common control with the company

Sr No.	Outstanding balance	Name of related party	Rs Million	
			As at 31st March 2022	As at 31st March 2021
28	Trade receivable	Atlas Copco Airpower n.v.	213.38	376.73
		Power Tools Distribution n.v.	107.28	117.90
		Atlas Copco Compressors LLC	108.18	155.22
		ATLAS COPCO MIDDLE EAST FZE	115.59	38.49
29	Advance from customer	Atlas Copco Korea Co.,Ltd	-	1.09
		ATLAS COPCO BELGIUM, N.V.	48.70	-
30	Trade payable	Atlas Copco Airpower n.v.	1,765.41	1,259.01
		Atlas Copco (Wuxi) Compressor Co., Ltd.	304.62	304.10
		Power Tools Distribution n.v.	315.82	245.35
31	Advance to suppliers	Atlas Copco Comptec LLC	190.47	176.72
		Atlas Copco Energas GmbH	133.90	
32	Coporate guarantee received	Atlas Copco Finance DAC	6,479.56	3,637.68
33	Unbilled revenue	Atlas Copco Airpower n.v.	29.76	18.09
		Atlas Copco (Wuxi) Compressor Co., Ltd.	7.43	6.07

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## Notes forming part of financial statements for the year ended 31st March 2022

## NOTE 31 - Leases

The Company has lease contracts for Buildings, vehicles and equipments, etc. which are used in its operations. These leases generally have lease terms between 2 and 16 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below.

The Company also has certain leases of various assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

## A) Particulars of assets taken on leases

## a) Below are the carrying amounts of right-of-use assets recognised and the movements during the year

Particulars	Rs. Million			
	Building	Plant & Equipments	Vehicle	Total
Balance as at 1 April 2020	495.94	31.76	131.45	659.15
Additions	62.11	20.13	60.51	142.75
Deletions/ modifications in the contracts	(15.43)	(2.32)	(1.37)	(19.12)
Depreciation expense	(176.70)	(11.30)	(70.73)	(258.73)
<b>Balance as at 31 March 2021</b>	<b>365.92</b>	<b>38.27</b>	<b>119.86</b>	<b>524.05</b>

Particulars	Rs. Million			
	Building	Plant & Equipments	Vehicle	Total
Balance as at 1 April 2021	365.92	38.27	119.86	524.05
Additions	256.78	-	59.48	316.26
Deletions/ modifications in the contracts	(11.51)	5.39	(2.22)	(8.34)
Depreciation expense	(182.25)	(14.50)	(67.64)	(264.39)
<b>Balance as at 31 March 2022</b>	<b>428.94</b>	<b>29.16</b>	<b>109.48</b>	<b>567.58</b>

## b) Below are the carrying amounts of lease liabilities and the movements during the year

Particulars	As at	As at
	31st March 2022	31st March 2021
	Rs. Million	Rs. Million
Balance as at 1 April 2021	574.49	699.01
Additions	307.70	122.77
Accretion of Interest	39.85	48.45
Payments	(308.56)	(295.74)
<b>Balance as at 31 March 2022</b>	<b>613.48</b>	<b>574.49</b>
Current	235.35	243.53
Non-current	378.13	330.96

The effective interest rate for lease liabilities is between 5.14% p.a. to 8.00% p.a. (March 31, 2021 : 5.14% p.a. to 8.00% p.a.)

## c) The following are the amounts recognised in Statement of profit and loss:

Particulars	For the year ended	For the year ended
	31st March 2022	31st March 2021
	Rs. In Million	Rs. In Million
Depreciation expense of right-of-use assets	264.39	258.73
Interest expense on lease liabilities	39.85	48.45
Expense relating to short-term leases (included in other expenses)	167.28	169.66
<b>Total amount recognised in profit or loss</b>	<b>471.52</b>	<b>476.84</b>

The Company had total cash outflows for leases of Rs 308.56 million ( 31 March 2021: Rs 295.74 million).

## d) Total of future minimum lease payments under non-cancellable low-value leases

Particulars	As at	As at
	31st March 2022	31st March 2021
	Rs. In Million	Rs. In Million
(i) Not later than one year	85.09	67.04
(ii) Later than one year and not later than five years.	152.27	89.69
(iii) Later than five years	-	-
<b>Total</b>	<b>237.36</b>	<b>156.73</b>

## B) Particulars of assets given on leases

The Company has entered into agreements / arrangement in the nature of lease / sub-lease agreement with different lessees for the purpose of machinery equipments. These are generally in the nature of operating lease. Period of agreements/ arrangement are generally upto 12 months and cancellable with a notice of thirty days to six months and renewal at the options of the lessee / lessor.

## Future minimum lease rental receivable under operating leases are as follows

Particulars	As at	As at
	31st March 2022	31st March 2021
	Rs. In Million	Rs. In Million
(i) Not later than one year	70.94	39.48
(ii) Later than one year and not later than five years.	-	-
(iii) Later than five years	-	-
<b>Total</b>	<b>70.94</b>	<b>39.48</b>

Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 32 - Earning per share

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
Profit for the year as per statement of profit and loss (Rs. In Million)	4,785.13	3,249.37
Weighted Average Number of Equity Shares (Nos.)	21,736,356	21,877,678
Nominal Value of Equity Shares (in Rs)	10	10
<b>Basic / diluted earning per share (Rs.)</b>	<b>220.14</b>	<b>148.52</b>

NOTE 33 - Contingent liability

Particulars	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
<b>a) In respect of continuing business</b>		
Income Tax matters (Refer note (i) & (ii) below)	385.26	491.97
Sales Tax matters (Refer note (iii) below)	182.35	34.52
Excise Duty / Service Tax	456.21	456.21
Claims against the company not acknowledged as debts	3.81	1.48
Bank and Corporate Guarantees	1,244.49	1,187.39
Total - A	2,272.12	2,171.57
<b>b) Pertaining to demerged business</b> (Refer note (iv) below)		
Sales Tax matters (Refer note (iii) below)	159.33	158.99
Excise Duty / Service Tax	13.28	14.45
Goods and Service Tax	21.52	-
Bank and Corporate Guarantees	-	0.10
Total - B	194.13	173.54
<b>Total (A+B)</b>	<b>2,466.25</b>	<b>2,345.11</b>

Note: In cases where the amounts have been accrued, it has not been included above.

(i) Includes amount pertaining to various matters pertaining to transfer pricing and disallowances/allowances under Income Tax Act, 1961. The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible, but not probable, that the action will succeed.

(ii) In addition to above income tax matters, the Company has received a demand order for AY 2020-21 on account of dividend distribution tax Rs 288.68 million, though it is already paid. This is due to error in the department's system, the payment was not considered by the department. The Company has filed a rectification application with Deputy Commission of Income Tax, Pune and filed an appeal with the CIT (Appeals), Pune. The management based on its internal assessment and advice by its legal counsel believes that it is only remote, but not probable, that the action will succeed.

(iii) Includes amount pertaining to duty demand for non-receipt of various statutory forms, etc.

(iv) Future cash outflows in respect of the above matters are determinable only on receipt of judgements/ decisions pending at various forums/ authorities

(v) Includes potential claims payable by Epiroc Mining India Limited as per scheme of arrangement of demerger as follows:

The Board of Directors of Atlas Copco (India) Limited in their meeting held on 21st July, 2017, approved the scheme of arrangement between Epiroc Mining India Limited for demerger of the Mining and Rock Excavation Equipment Manufacturing Business as a going concern to the Company with effect from November 30, 2017(Appointed date).

Accordingly, the effect of the Scheme has been given from November 30, 2017, being the Appointed Date for the transfer in terms of which, the assets and liabilities (including other liabilities which may accrue or arise after the Appointed Date) of the Mining and rock excavation equipment manufacturing business have been transferred to Epiroc Mining India Limited, at the values appearing in the books of accounts of the company on the close of business hours on November 30,2017.

(vi) The amount under dispute is inclusive of the interest as per the order received by the Company.

NOTE 34 - Commitments

Particulars	As at 31st March, 2022 Rs. Million	As at 31st March, 2021 Rs. Million
Capital Commitments	38.88	44.27
Less: Capital advances	(11.42)	(8.17)
	27.46	36.10

For commitments relating to non cancellable leases, refer note 31.

**Other Commitments :**

The Company had applied to Maharashtra Industrial Development Corporation (MIDC) for land at Talegaon MIDC during FY 2021-22. The MIDC issued offer letters for 63,165 sq.mtrs. land and the Company paid earnest money of Rs.82.16 millions after the close of FY 2021-22. The MIDC thereafter issued allotment letter for the said land. The Company will pay balance payment of Rs.246.49 millions to the MIDC towards full payment for the said land. Thereafter, the Company will get possession of the said land. The Company will spend approx. Rs.19.5 millions towards stamp duty at the time of signing of Agreement to Lease with MIDC.

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Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 35 - Details of dues to micro and small enterprises as defined under Micro, small and medium enterprises development act, 2006 (MSMED Act,2006)

Particulars	Rs. Million	
	As at 31st March 2022 Rs. Million	As at 31st March 2021 Rs. Million
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period		
- Principal amount outstanding	555.09	60.75
- Interest thereon	1.75	2.54
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year		
- Interest paid in terms of Section 16	-	-
- Interest payable on delayed principal payments	9.39	11.59
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		
- Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-	-
- Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year		
- Total interest accrued during the year	11.14	14.13
- Total Interest remaining unpaid out of the above as at the balance sheet date	11.14	14.13
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
- Outstanding interest at the end of previous year	55.94	41.81
- Outstanding interest at the end of current year	67.08	55.94

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Atlas Copco (India) Limited

Notes forming part of financial statements for the year ended 31st March 2022

NOTE 36 - Income tax

(i) In Statement of Profit and Loss		Rs. Million	
Particulars	For the Year ended 31st March, 2022	For the Year ended 31st March, 2021	
Current tax expense	1,710.45	1,348.01	
Tax expense relating to prior years	45.67	(88.92)	
Deferred tax	(13.95)	(39.92)	
<b>Total income tax expense as per statement of Profit and Loss</b>	<b>1,742.17</b>	<b>1,219.17</b>	

(ii) OCI Section		Rs. Million	
Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021	
Net (gain)/Loss on remeasurement of defined benefit plans	(181.31)	35.45	
Deferred tax charged to OCI	45.63	(8.92)	

(iii) Reconciliation of effective tax rate		Rs. Million	
Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021	
(A) Profit before tax	6,527.30	4,468.54	
(B) Enacted tax rate in India	25.17%	25.17%	
(C) Expected tax expenses	1,642.79	1,124.64	
(D) Other than temporary difference			
Tax effect of non-deductible expenses for tax purpose	219.85	677.90	
Change in tax rate	-	-	
Others	(6.44)	(10.33)	
<b>(E) Effect of income tax on non-deductible expenses</b>	<b>213.41</b>	<b>667.57</b>	
(F) Net Adjustment in Tax Expense (B * E)	53.71	168.01	
(G) Current tax expense to be recognised in Statement of Profit and Loss (F - C)	1,696.50	1,292.66	
(H) Interest on income tax	-	15.43	
(I) Income tax adjustment pertaining to earlier years	45.67	(88.92)	
<b>(J) Net current tax expense recognised in Statement of Profit and Loss</b>	<b>1,742.17</b>	<b>1,219.17</b>	

(iv) Major components of deferred tax as at 31 March 2022 and 31 March 2021

Particulars	Balance Sheet		Statement of Profit and Loss/OCI	
	As at 31st March 2022	As at 31st March 2021	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Tax effects of items constituting deferred tax asset</b>				
Property, plant and equipment (Including ROU net of lease liability)	59.26	47.21	12.05	23.37
Provision for doubtful debts / advances	176.55	138.94	37.61	(5.02)
Effect of expenditure allowed on payment basis under Income tax Act	93.17	29.00	64.17	8.35
Revenue recognised under percentage of completion method	(24.04)	30.04	(54.08)	0.34
Expenditure on demerger	-	0.16	(0.16)	(0.16)
	<b>304.94</b>	<b>245.35</b>	<b>59.59</b>	<b>26.88</b>
<b>Tax effects of items constituting deferred tax liability</b>				
Other adjustments	-	-	-	4.12
	-	-	-	4.12
<b>Deferred tax asset (net)</b>	<b>304.94</b>	<b>245.35</b>	<b>59.59</b>	<b>31.00</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**Atlas Copco (India) Limited**

**Notes to the financial statements for the year ended 31st March 2022**

**Note 37 - Employee share based payments**

Employee share option plan of the company

Atlas Copco AB, Sweden, the ultimate holding company, has granted stock options and Performance Share Appreciation Rights to certain employees under its stock incentive plan.

Stock Option Plans (SOP) —The exercise price, term and other conditions applicable to each option granted under the stock plans are generally determined by the Remuneration Committee of the Board of Atlas Copco AB, Sweden. The exercise price of stock options is set on the grant date and may not be less than the fair market value per share of the stock on that date. The fair value is recognized as an expense over the employee's requisite service period (generally the vesting period of the award). Options generally vest over a three-year period and expire after another three years.

Share Appreciation Rights (SAR)— The SARs granted hereunder entitles the Holder to receive from the Company or from a party appointed by the Company upon exercise of the SARs, or portion thereof, cash equal to the difference between the Issue Value and the closing price (the last transaction price for the day on the Stockholm Stock Exchange) of the Series A-Shares on Exercise Day less any administrative fees, multiplied by the number of SARs exercised.

**Fair value of share options granted in the year**

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of Atlas Copco AB and historical volatility of common stock of Atlas Copco AB. The expected volatility has been determined by analyzing the historic development of the Atlas Copco A share price as well as other shares on the stock market. When determining the expected option life, assumptions have been made regarding the expected exercising behavior of different categories of optionees.

The following share-based payment arrangements were in existence during the current and prior years with respect of certain employees of Atlas Copco(India) Limited:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
Share Appreciation Rights	2016	6/30/2016	30-Apr-23	313.00	SEK 66.70	540
	2017	5/26/2017	30-Apr-24	390.00	SEK 64.20	519
	2018	5/28/2018	30-Apr-25	264.00	SEK 58.70	475
	2019	5/25/2019	30-Apr-26	393.00	SEK 56.50	457
	2021	5/25/2021	30-Apr-28	590.00	SEK 85.33	690

\* converted into INR using exchange rate Rs. 8.09 per SEK

Movements in Stock Option Units during the year	SOP		SAR	
	31st March 2022 No of Units	31st March 2021 No of Units	31st March 2022 No of Units	31st March 2021 No of Units
Balance at beginning of year	-	23,912	272,891	402,057
Granted during the year	-	-	36,792	-
Forfeited during the year	-	-	-	-
Vested and exercised during the year	-	(16,297)	(59,152)	(33,745)
Other Adjustments	18,140	(7,615)	(15,230)	(95,421)
Expired during the year	-	-	-	-
<b>Exercisable at the end of the year</b>	<b>18,140</b>	<b>-</b>	<b>235,301</b>	<b>272,891</b>

**Fair value of share options granted in the year**

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of Atlas Copco AB and historical volatility of common stock of Atlas Copco AB. The expected volatility has been determined by analyzing the historic development of the Atlas Copco A share price as well as other shares on the stock market. When determining the expected option life, assumptions have been made regarding the expected exercising behavior of different categories of optionees.

The inputs used in the measurement of the fair values at grant date of the Stock options / SARs were as follows.

Grant Date	25-May-21	FY 2020-21	25-May-19
Exercise price	SEK 590		SEK 393
*Exercise price in equivalent INR	INR 4,774		INR 2,989
Expected volatility	30.00%		30.00%
Option life	4.00	No SOPs / SARs were issued.	4.00
Dividend yield	7.30%		6.00%
Risk-free interest rate	1.00%		1.00%
Fair value per share	SEK 85.33		SEK 54.40
* Fair value per share in equivalent INR	INR 690		INR 414

Since the fair value of the options and payment under SARs are not cross charged by the holding company to the Company, corresponding credit for the expense recognized there on in the Statement of Profit or Loss is included in as contribution from the holding company in other equity

The above information is presented to the extent has been provided by the Holding Company and available with the Company.

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**NOTE 38 - Details of provisions and movements in each class of provisions as required by the Indian Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Indian Accounting Standard-37)**

Particulars	Warranty	Provision - Others		Rs. Million
		Late Delivery	Provision for Contingencies	
Carrying amount at the beginning of the year	289.81 (299.06)	158.38 (131.39)	655.34 (268.59)	
Additional provision made during the year	416.95 (355.73)	36.41 (27.05)	12.27 (479.42)	
Amounts used/ paid during the year	380.79 (341.83)	- (0.07)	7.52 (45.98)	
Unused amounts reversed/transferred during the year	- (23.15)	- -	14.10 (46.69)	
Carrying amounts at the end of the year	325.97 (289.81)	194.79 (158.38)	645.99 (655.34)	
Current	247.33	194.79	645.99	
Non current	78.64	-	-	

Note : Figures in brackets are in respect of the corresponding previous year.

**Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits :****1) Warranty provision:**

Warranty cost are accrued at the time products are sold, based on past experience. The provision is discharged over the warranty period of 12-48 months from the date of sale.

**2) Late delivery:**

These are accrued based on managements assessment of the expected late delivery damages payable by the Company to its customers.

**3) Provision for contingencies :**

Other Provisions are provisions made for potential liabilities towards contingencies expected to be settled on completion of assessments / appeals.

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**Atlas Copco (India) Limited****Notes forming part of financial statements for the year ended 31st March 2022****NOTE 39 Financial risk management objectives and policies.****Financial Risk Management Framework**

Atlas Copco (India) Limited is exposed primarily to exchange rates risk, credit risk which may adversely impact the fair value of its financial instruments. Due to the strong position in cash flow and a debt-free position for past three years, the Company does not see much risk in terms of interest rate risk and liquidity risk.

Company assesses unpredictability and uncertainty in the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

**i) Capital management**

The Company's capital management objectives are to maintain a strong capital base so as to retain the confidence of its business partners and to sustain future development of the business. With the parent company considering the debt free and positive surplus position of the company, the Board of Directors does not see any major challenges in capital management in the coming year.

The company manages capital risk by maintaining a sound capital structure through monitoring of financial ratios. The company takes the positioning of the current ratio management as quite critical to continue to maintain itself debt-free and as a surplus organization.

In case of contingency if the Company needs to borrow, Company does have a borrowing policy in place and if required to borrow, the company goes with the lowest cost borrowing option that is available in the market like packing credit etc.

**Investment position for past two years**

Particulars	Rs. Million	
	As at 31st March 2022	As at 31st March 2021
Investments	-	5,094.86

**Gearing Ratio**

Particulars	Rs. Million	
	As at 31st March 2022	As at 31st March 2021
Debt (External borrowings)	-	-
Equity	14,044.92	12,422.50
<b>Gearing ratio</b>	-	-

**Current Ratio**

Particulars	Rs. Million	
	As at 31st March 2022	As at 31st March 2021
Current assets	21,294.21	18,518.54
Current liabilities	10,292.49	9,309.09
<b>Current ratio</b>	<b>2.07</b>	<b>1.99</b>

**ii) Credit Risk**

Credit risk is the risk of financial loss arising from failure of the customer to repay according to the contractual terms or obligations. Credit risk includes primarily the risk of default and a possibility of erosion in creditworthiness of the customer, thereby impacting the future business of the Company. Credit risk is managed by the customer center teams with specific policies for analysing credit limits and creditworthiness of customers. Such reviews are done on a continuous basis. Such credit limits which are reviewed in line with the credit limits are also maintained in the ERP system as well wherein the sales beyond credit limits are held back by system unless specifically approved.

Financial instruments that are subject to concentration of credit risk principally consists of trade receivables. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 7,005.05 million as of 31st March 2022 and Rs.5,980.19 million as of 31st March, 2021, being the total of the carrying amount of balances with trade receivables.

**Trade receivables**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of financial statement whether a financial asset or a group of financial assets is impaired. Company provides a loss allowance on trade receivable on a case to case basis at the end of each reporting period. An impairment analysis at each reporting date on an individual basis for major customers. In addition a large number of customers that are outstanding for upto 90 days are assessed for impairment collectively.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. There is no individual customer's receivable balance as at 31st March 2022 and 31st March 2021, which could have significant impact on the credit exposure of the Company.

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## Notes forming part of financial statements for the year ended 31st March 2022

## NOTE 39 Financial risk management objectives and policies.

## iii) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

As mentioned above in point (i), Company has been in a surplus for past three years. Therefore, the liquidity risk is extremely limited for Company. Unless some new unexpected capital expenditure is required to be done by the Company due to business directives, the Company expects to remain in cash surplus for at least one year. Accordingly, the Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

## a) Exchange Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and import of raw material/goods.

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets and liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

## Details of foreign currency exposure are as under.

Details of derivative instruments (For Hedging) - Nil

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

			Rs. Million
	Currency	Change in rate	Effect on profit before tax - gain / (loss)
<b>As at 31st March 2022</b>	EURO	10%	(205.25)
	EURO	-10%	205.25
	USD	10%	51.08
	USD	-10%	(51.08)
	SEK	10%	(0.68)
	SEK	-10%	0.68
<b>As at 31st March 2021</b>	EURO	10%	(182.61)
	EURO	-10%	182.61
	USD	10%	103.93
	USD	-10%	(103.93)
	SEK	10%	8.06
	SEK	-10%	(8.06)

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## Note 40 (A): Financial instruments by category

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financial instruments

	Rs. Million			
	Carrying Amount		Fair Value	
	As at 31st March 2022	As at 31st March 2021	As at 31st March 2022	As at 31st March 2021
<b>FINANCIAL ASSETS</b>				
<b>Measured at amortized cost</b>				
Security deposits	117.12	115.55	117.12	115.55
Balances with banks held as margin money against bank guarantees	21.75	21.75	21.75	21.75
Government grant receivable	41.76	42.11	41.76	42.11
Unbilled revenue	328.60	178.17	328.60	178.17
Other financial assets	33.43	91.65	33.43	91.65
Trade receivables	6,917.70	5,980.19	6,917.70	5,980.19
Cash on hand	0.39	0.37	0.39	0.37
Balance with banks	5,613.41	321.74	5,613.41	321.74
Earmarked accounts (Unclaimed dividend account)	112.72	114.06	112.72	114.06
Earmarked accounts (Capital reduction)	192.18	0.05	192.18	0.05
<b>Measured at fair value through Statement of Profit and Loss</b>				
Investments	-	5,094.86	-	5,094.86
<b>FINANCIAL LIABILITIES</b>				
<b>Measured at amortized cost</b>				
Trade payables	6,460.67	6,187.84	6,460.67	6,187.84
Security deposit received	19.58	19.48	19.58	19.48
Payables on purchase of property plant and equipment	16.30	20.90	16.30	20.90
Unclaimed dividend	112.73	114.06	112.73	114.06
Unclaimed amount on account of capital reduction	192.18	0.05	192.18	0.05

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities is at a mortised cost, using the effective interest method.

**Discount rates used in determining fair value**

The interest rate used to discount estimated future cash flows, where applicable, are based on the best possible borrowing rate of the borrower. The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

**Note 40 (B): Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) price is active market for identical assets or liabilities

Level 2: Valuation technique for which the lowest level input that has a significant effect on the fair value measurement are observed, either directly or indirectly

Level 3: Valuation technique for which the lowest level input has a significant effect on the fair value measurement is not based on observable market data

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Particulars	Rs. Million		
	Level 1	Level 2	Level 3
<b>31st March 2022</b>			
Investments	-	-	-
<b>31st March 2021</b>			
Investments	5,094.86	-	-

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2022 and 31 March 2021.

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## NOTE 41 - Ratio Analysis and it's elements

Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
Current ratio	Current Assets	Current Liabilities	2.07	1.99	4%	-
Debt-Equity ratio	Total Debt	Shareholder's Equity	0.04	0.05	-6%	-
Debt service coverage ratio	Earnings available for debt service*	Debt Service**	8.64	6.58	31%	There was a one time provision for contingency accounted for in previous year which led to reduction in net profit.
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.36	0.26	38%	There was a one time provision for contingency accounted for in previous year which led to reduction in net profit.
Inventory turnover ratio	Cost of goods sold****	Average Inventory	3.21	2.73	18%	-
Trade receivables turnover ratio	Sales	Avg. Accounts Receivable	5.43	4.93	10%	-
Trade payables turnover ratio	Purchases	Average Trade Payables	3.47	2.86	21%	-
Net capital turnover ratio	Net Sales(Total Sales-Sales Return)	Working Capital (CA-CL)	3.18	3.13	2%	-
Net profit ratio	Net Profit (After Tax)	Net Sales(Total Sales-Sales Return)	0.14	0.11	21%	-
Return on capital employed	Earning before interest and taxes	Capital Employed***	0.45	0.35	29%	There was a one time provision for contingency accounted for in previous year which led to reduction in net profit.
Return on investment	Earning before interest and taxes	Average Equity	0.50	0.37	36%	There was a one time provision for contingency accounted for in previous year which led to reduction in net profit.

\*Earning for Debt Service = Net Profit after taxes + Depreciation and other amortizations + Interest + loss on sale of Fixed assets etc.

\*\*Debt service = Interest & Lease Payments + Principal Repayments

\*\*\*Capital Employed = Tangible Net Worth + Total Debt

\*\*\*\*Cost of goods sold = Cost of raw material consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, work-in-progress & stock-in-trade

**Atlas Copco (India) Limited**

**Notes forming part of financial statements for the year ended 31st March 2022**

**NOTE 42** - Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on July 18, 2014 to undertake CSR projects. The CSR committee has identified various long term projects.

Expenditure to be incurred for Corporate Social Responsibility as per Companies Act,2013

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Gross amount required to be spent by company during the year	92.97	107.46
Amount approved by the Board to be spent during the year	179.25	107.61

\* Amount contributed to Atlas Copco Charitable Foundation during the year is Rs. 89.00 Million (31st March 2021 Rs. 75 Million)

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Amount spent during the year ended on		
(i) Construction/acquisition of any asset		
- In cash	-	-
-Yet to be paid in cash	-	-
Total	-	-
(ii) On the purposes other than (i) above		
- In cash	179.25	107.61
-Yet to be paid in cash		
Total	179.25	107.61
<b>Grand Total</b>	<b>179.25</b>	<b>107.61</b>

**Details related to spent/ unspent obligations**

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	91.38	76.30
iii) Other	87.87	31.31
iv) Unspent amount in relation to :		
-Ongoing project	-	-
-Other than ongoing project	-	-
<b>Grand Total</b>	<b>179.25</b>	<b>107.61</b>

**Incase of Sec 135(5) excess amount to be carried forward**

Particulars	Rs. Million	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Opening Balance	-	-
Amount required to be spent during the year	92.97	107.46
Amount spent during the year	179.25	107.61
Closing Balance	-	-

**NOTE 43 - Capital reduction**

The members of the Company, in their extraordinary general meeting held on 25th October 2018, had vide a special resolution approved reduction of the Company's issued, subscribed and paid-up equity share capital from Rs. 225.62 million comprising 22.56 million fully paid up equity shares of Rs. 10 each to Rs. 217.32 millions by cancelling and extinguishing 3.68% i.e. 829,613 fully paid up equity shares of Rs. 10 each which are held by the public shareholders of the Company (all equity shareholders of the Company other than the promoter and promoter related entities holding shares of the company).

The Capital Reduction was confirmed by the National Company Law Tribunal ('NCLT') vide its order dated 10th December 2019 on the condition that an option would be given by the Company to shareholders who had voted against the resolution for capital reduction ("objecting shareholders") to continue as shareholders. Some objecting shareholders appealed against the order of NCLT in National Company Law Appellate Tribunal (NCLAT) in December 2019. NCLAT dismissed all the appeals vide its order dated 3rd June 2020.

Other than the promoter and promoter related entities holding shares of the Company, 8 shareholders will continue to hold 2,512 number of fully paid up equity shares after capital reduction. The Company has made payment to the public shareholders who were the members of the Company as on the Record Date of 5th June 2020 as fixed by the Board of Directors, a sum of Rs. 2,100 per equity share held by them. As a result of capital reduction, the issued, subscribed and paid-up equity share capital of the Company has been reduced by an amount of Rs. 8.27 millions (Rs. 10 per share for 827,101 fully paid up equity shares) and other equity of the Company will be reduced by an amount of Rs. 1,728.64 millions (i.e. Rs. 2,090 per share for 822,558 fully paid up equity shares in 2020-2021 and 4,543 fully paid up shares in 2021-2022).

The number of issued, subscribed and paid-up equity shares as at 31st March 2022 are 21,734,463, whereas the number of shares as per the records of Ministry of Corporate Affairs are 21,739,006. The differences in the number of issued, subscribed and paid up equity shares is due to capital reduction by 4,543 fully paid up equity shares. The Company has filed an intimation for updation of the issued, subscribed and paid-up equity share capital in the records of the Ministry of Corporate Affairs with the Registrar of Companies, Pune.

Unclaimed on account of capital reduction pertains to the amount of stale demand drafts of Rs.192.18 millions that were not encased by the erstwhile shareholder. The same has been reversed and disclosed as a liability (Refer Note 15).

**NOTE 44 - Sanctioned working capital facilities with bank**

The Company has availed sanctioned working capital facilities from banks. The Company have filed the stock statements with banks except for the month ended June, 2021 with regard to sanctioned working capital facilities on periodic basis. The statements filed by the Company are in agreement with the books of accounts of the Company.

The Company has been sanctioned a fund based limit and non-fund based limit of Rs 8,193 millions in respect of working capital facilities by its bankers as at March 31, 2022.

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

**NOTE 45 - Social security code,2020**

The code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective

**NOTE 46 - Conversion from public limited company to private limited company**

The Company had obtained approval of the Members for conversion of the Company from Public Limited to Private Limited Company at the Annual General Meeting held on 27th November, 2020 and applied for approval of the Regional Director, Western Region, Mumbai. The Company received approval of the Regional Director, Western Region on 15th June 2021 for the conversion. The Company is in process to file Form INC-27 with the Registrar of Companies, Pune for effecting the conversion to Private limited company.

**Atlas Copco (India) Limited**

**Notes forming part of financial statements for the year ended 31st March 2022**

**NOTE 47 - Other statutory information**

1. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
2. There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules thereunder.
3. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
4. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
5. The Company have not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
6. The Company have not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
7. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**NOTE 48 - Previous year numbers**

Previous year numbers are reclassified, wherever necessary, to conform to current year's classification.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

**For and on behalf of Atlas Copco (India) Limited**

**Tridevlal Khandelwal**

Partner

Membership No. : 501160

**Date : July 29, 2022**

**Place : Pune**

**Jamshed Delvadavala**

Chairman

(DIN 47470)

**Date: July 29, 2022**

**Place: Mumbai**

**Neville Golwala**

Director

(DIN 8225145)

**Date: July 29, 2022**

**Place: Mumbai**

**Frans Van Niekak**

Managing Director

(DIN 8633761)

**Date: July 29, 2022**

**Place: Mumbai**

**Shachi Joshi**

Chief Financial Officer

**Date: July 29, 2022**

**Place: Mumbai**

**Umesh Oza**

Head - Legal & Company Secretary

Membership No: F 7398

**Date: July 29, 2022**

**Place: Mumbai**