



Providing Comprehensive  
**Global Solutions**

**ELGi**™  
Always Better.



ANNUAL REPORT  
**2016 - 2017**

# ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

## 57<sup>th</sup> Annual General Meeting

Date : 28<sup>th</sup> Day of July, 2017

Day : Friday

Time : 4.00 PM

Place : 'ARDRA'

No.9, North Huzur Road ( Near Codissia Building ),  
Coimbatore - 641018.

Book Closure dates: 22<sup>nd</sup> July, 2017 to 28<sup>th</sup> July, 2017  
(both days inclusive)

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## Board of Directors

### Non-Executive Directors

Mr. N. Mohan Nambiar  
Dr. T. Balaji Naidu  
Mr. B. Vijayakumar  
Mr. Sudarsan Varadaraj  
Dr. Ganesh Devaraj  
Mr. M. Ramprasad  
Dr. Madhavi Gopinath  
Mr. Harjeet Singh Wahan

### Managing Director

Mr. Jairam Varadaraj

### Chief Financial Officer

Mr. S. Sriram

### Company Secretary

Mrs. Vaishnavi P.M

### Statutory Auditors

M/s. RJC Associates  
Chartered Accountants

### Secretarial Auditor

M/s. MDS & Associates  
Company Secretary in Practice

### Cost Auditor

M/s. STR & Associates  
Cost Accountants

### Bankers

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

### Registered Office

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

### Registrar & Share Transfer Agents

Link Intime India Private Limited  
Coimbatore Branch,  
"Surya", 35 Mayflower Avenue,  
(2nd Floor) Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore - 641 028.

## Year at a glance - Consolidated Financial Statements

(₹. In Million)

Particulars	2016-17	2015-16
Revenue from operations	14,381	14,660
Other Income	101	91
Total Income	14,482	14,751
Total Expenditure		
a) (Increase) / Decrease in Inventories	16	146
b) Consumption of Raw Materials	7,523	7,652
c) Excise duty	679	652
d) Staff Cost - Salaries (Inclusive of Performance Pay)	2,538	2,567
e) Other Expenditure	2,213	2,392
Interest Expenditure	78	122
Depreciation / Amortisation	446	436
Total Expenditure	13,493	13,967
Exceptional Items	-	44
Profit / Loss Before Tax	989	741
Tax Expenses	264	244
Share of Net Profit from Associates and Joint ventures	16	13
Net Profit	740	509
Paid up Equity Share Capital	158	158
Reserves and Surplus	5,911	5,304
Capital Expenditure	273	238
Cash flow from operations	1,268	1,257
Basic EPS (In ₹)	4.7	3.2
Dividend per Share (In ₹)	1	1
No. of Shareholders	18,163	19,250
No. of Employees	2,013	1,971

## Notice of the 57<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the 57<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on **Friday, 28<sup>th</sup> July, 2017, at 04:00 PM** at '**ARDRA', No.9, North Huzur Road (Near Codissia Building), Coimbatore 641018** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend for the year ended 31<sup>st</sup> March, 2017.
3. To appoint a Director in the place of Mr. Harjeet Singh Wahan, (DIN: 00003358) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard pass the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to provisions of Sections 139, 142 and other applicable provisions of The Companies Act, 2013, if any, read with The Companies (Audit & Auditors) Rules, 2014, including any statutory enactments or modifications thereof, M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N/N500016), Chennai, be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. RJC Associates, Chartered Accountants, (Firm Registration No. 003496S) the retiring Statutory Auditors and to hold office for a period of five years from the conclusion of this 57<sup>th</sup> Annual General Meeting till the conclusion of 62<sup>nd</sup> Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting, on such remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the Board of Directors and the said Auditors.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of The Companies Act, 2013 and The Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. STR & Associates, Cost Accountants, (Firm Registration No.000029) who were appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2016-17 and 2017-18 for a remuneration of ₹.3,00,000 (Rupees Three

Lakhs only) for each of the financial years (exclusive of service tax and out of pocket expenses) be and are hereby ratified and confirmed.

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

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

**RESOLVED THAT** pursuant to the provisions of Section 20(2) and other applicable provisions of the Companies Act, 2013, the consent of the Company be and is hereby accorded to charge from the member in advance an amount equivalent to the estimated actual expenses for delivery of the documents pursuant to any request made by the member for delivery of such document to him/her through a particular mode of delivery; provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder.

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 5:

The Board of Directors of the company on the recommendation of the Audit Committee, approved the appointment of M/s. STR & Associates., Cost Accountants as the Cost Auditors of the Company for the financial years 2016-17 and 2017-18 for a fee of ₹ 3,00,000/- for each of the financial years plus out of pocket expenses & service tax as applicable, for conducting the audit of the cost accounting records of the Company and for issuing a compliance report on cost accounting records maintained by the Company.

Section 148(3) of The Companies Act, 2013 read with Rule 14(a) of The Companies (Audit and Auditors) Rules, 2014 ("the Act"), requires the Board to appoint an individual, who is a Cost Accountant in practice or a firm of Cost Accountants in practice, as Cost Auditors of the Company on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

The resolution contained in Item No. 5 of the accompanying Notice, accordingly, seeks members' approval for ratification of remuneration of Cost Auditors of the Company for the financial years 2016-17 and 2017-18.

None of the Directors of the Company is in anyway concerned or interested in the proposed resolution.

The Board recommends this resolution for your approval.



**Item No. 6:**

As per the provisions of Section 20 (2) of The Companies Act, 2013, a shareholder may request delivery of any document as may be delivered by the Company through a particular mode for which he shall pay such fee as may be determined by the Company in the Annual General Meeting. Since the cost of dispatch may vary from time to time and depending on the mode of dispatch, your directors recommend to charge the estimated actual fee for delivery of any such documents through a particular mode as requested by the shareholder.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Accordingly, the Board recommends the passing of the Ordinary Resolution for members' approval.

By order of the Board  
**For Elgi Equipments Limited**

**Vaishnavi P.M**

Company Secretary  
ACS No. 31824

Place : Coimbatore

Date : 09/05/2017

**NOTES:**

**1. A member entitled to attend and vote at the Annual General Meeting ("the meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. Members / Proxies should bring the attendance slips duly filled and signed for attending the Meeting.

4. Details under Regulation 36 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment at the Annual General Meeting are furnished and forms part of the notice.

5. Pursuant to the provisions of Section 91 of The Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 22/07/2017 to 28/07/2017 (both days inclusive) for determining the names of the members eligible for Dividend on equity shares, if declared at the meeting.

6. The Dividend proposed to be declared at the meeting will be made payable on or before 25/08/2017 to those members whose names appear on the Register of Members of the Company on 21/07/2017.

7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrars and Share Transfer Agents, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share Transfer Agents.

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

9. **Dividend of Prior Years:** Pursuant to the provisions of Section 124 of The Companies Act, 2013, such Dividend which remained unpaid / unclaimed for a period of seven years will be transferred to the "Investor Education and Protection Fund" established by the Central Government under section 125 of the Act. Any claim relating to the unclaimed dividend for the financial years from 2009-10 should be made at the earliest to the Company. The shareholders, whose unclaimed or unpaid amount has been transferred to the "Investor Education and Protection Fund", may claim the same from

IEPF Authority by filing Form IEPF-5 along with requisite documents.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent, for consolidation into a single folio.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.

12. Copies of the Annual Report 2016-17, the Notice of the 57<sup>th</sup> Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent only through electronic mode to all the members whose e-mail addresses are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Annual Report 2016-17 are being sent through permitted mode.

13. Members may also note that the Notice of the 57<sup>th</sup> Annual General Meeting and the Annual Report 2016-17 will be available on the Company's website, [www.elgi.com](http://www.elgi.com).

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

15. Pursuant to the provisions of Section 72 of The Companies Act, 2013, Members may file Nomination Forms in respect of their physical shareholdings. Any Member willing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed Statutory Form. Should any assistance be desired, Members should get in touch with the Company's Registrar & Share Transfer Agent.

16. Members who have not received the Split Share Certificates (₹ 1/- face value) are requested to

receive the Split Share Certificates by surrendering their old Share Certificates (₹ 10/- face value) to the Company's Registrar & Share Transfer Agent immediately.

17. Members are requested to register / update their E-mail address in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with M/s. Link Intime India Pvt. Ltd.

18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

19. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

20. Members holding shares in physical form are requested to convert their holdings into dematerialized form to eliminate all risks associated with physical shares.

21. Members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and Share Transfer Agent of the Company M/s. Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.

22. Members are requested to note that the venue of the 57<sup>th</sup> Annual General Meeting at **"ARDRA" No.9, North Huzur Road, (Near Codissia Building), Coimbatore – 641018** and the route map containing the complete particulars of the venue is attached to this Notice.

### 23. Voting through electronic means.

I. Pursuant to the provisions of Section 108 of The Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of The SEBI (LODR) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote at the 57<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

II. The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their voting through polling paper at the meeting.

III. The members who have cast their vote by remote voting may also attend the meeting but shall not be entitled to cast their vote again.

**The instructions for shareholders voting electronically are as under:**

i) The voting period begins on Tuesday, 25/07/2017 at 09.00 AM and ends on Thursday, 27/07/2017 at 05.00 PM. During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21/07/2017 (Friday), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

iii) Click on Shareholders.

iv) Now enter your User ID

- a) For CDSL: 16 digits beneficiary ID,
- b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

v) Next enter the Image Verification as displayed and Click on Login.

vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

vii) If you are a first time user, follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

**PAN**

Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Proxy Form / Attendance Slip indicated in the PAN field.

**DOB**

Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

**Dividend Bank Details**

Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

viii) After entering these details appropriately, click on "SUBMIT" tab.

ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi) Click on the EVSN for the relevant 'Elgi Equipments Limited' on which you choose to vote.

xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii) If Demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the app store and the Windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
  - A scan copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

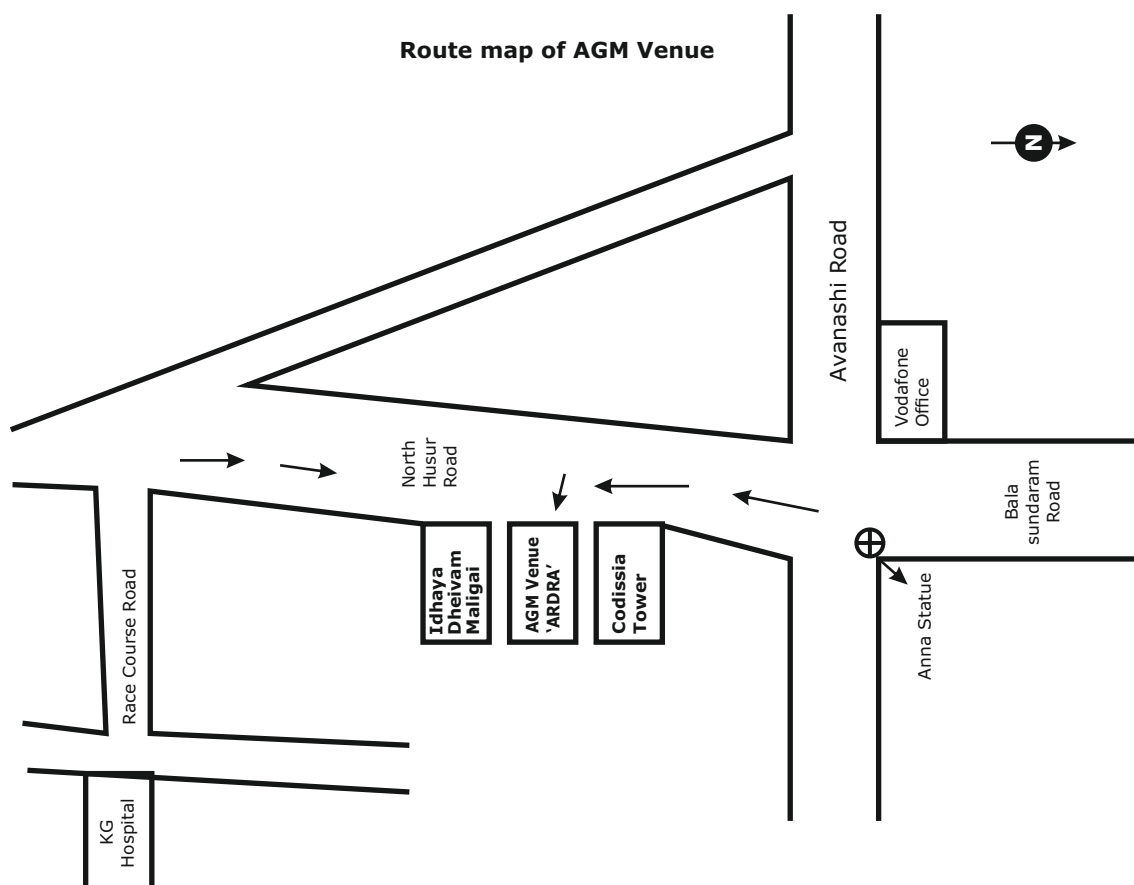
IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share

capital of the company as on the cut-off date of 21/07/2017.

V. Mr. M.D. Selvaraj F.C.S, of MDS & Associates, Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VI. The scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Annual General Meeting.

VII. The results shall be declared within 2 days from the conclusion of the Annual General Meeting. The results declared along with the consolidated scrutinizer's report shall be placed on the Company's website [www.elgi.com](http://www.elgi.com) and on the website of CDSL and communicated to the Stock Exchanges where the shares of the Company are listed.





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

Name	<b>Mr. Harjeet Singh Wahan</b>
DIN	00003358
Date of Birth	06-11-1948
Nationality	INDIAN
DOA on the Board	01-04-2015 as Non Executive / Non Independent Director
Relationship with other Director	None
Qualification	BE.,(Elec),BM
Expertise in area	Has more than 30 years of experience in marketing and business processes.
No. of shares held	10,000 Equity Shares
Terms of reappointment	Liable to retire by rotation
Remuneration sought to be paid	<ul style="list-style-type: none"> <li>Maximum of ₹ 21,60,000 (consultancy fee) – As approved by the Shareholders through an Ordinary Resolution in the Annual General Meeting dated 31/07/2015</li> <li>Sitting fee for attending the Board and Committee Meetings</li> </ul>
Remuneration last drawn (For the year 2016-17)	₹ 17,70,000 per annum (Sitting fee plus Consultancy fee)
No.of Board meetings attended	4 out of 4 Meetings held
List of Directorship held in other Companies	1. ATS Elgi Limited 2. Adisons Precision Instruments Manufacturing Company Limited
Chairman/Member of the Committees of the Board of the other companies in which he is a Director	NIL

**Management Discussion and Analysis****ELGI EQUIPMENTS LIMITED**

Uncertainties prevailed across the global markets though lesser in the emerging markets and developing economies. Investments continue to trickle cautiously with midterm prospects remaining fluid. The domestic market gained momentum in the back drop of a stable government but slowed down due to delays in policy decisions and demonetization.

**COMPRESSORS:**

The compressor business accounted for 86% of the total sales of the Company. It accounts for 93% of the profits of the Company and 84% of the capital employed. This business presently employs 1602 people.

**PERFORMANCE:**

World economy grew by 3.1% in 2016 and is forecast to grow by 3.4% in 2017 (Source: IMF).

The growth in Indian market remained stagnant in the second half of the year, with the impact of demonetization lasting for a significant amount of time. However, the Company has been able to recover its position in the last quarter to post modest growth.

Company has seen business improvements in neighbouring markets on the back of improving market sentiments in some countries.

Despite an economic slow down due to drop in oil prices and political instability across the Middle Eastern and African region, the Company has grown its business in key markets. The Company's reference customer base has been increased in new target segments. African market continues to be a challenge due to political and economic uncertainty in most key markets for compressors.

The Company has completed restructuring its operations in China. This has resulted in bringing down the losses substantially and keeping a minimum workforce to sustain after sales service. Activity will continue to be at a low key till re-engineered products suited to Chinese market are introduced in future.

The business has grown in all the other South East Asian Countries. The markets are stable and we are targeting a higher market share, focusing on brand and network building. The trend looks positive.

The Company's products continue to gain significant momentum in the U.S. markets. Bulk of the issues at Patton's are behind us and we are looking at improvements in the subsequent years. Brazil's economy is challenging with very high levels of uncertainty. The economy is expected to grow by only 2% and we expect high liquidity problems in the market in the near future.

Our European subsidiary Rotair spa has performed to our expectations and we expect 2017-18 to be a good year.

**OPPORTUNITIES:**

With India generally poised for growth and combined with focus on improving go-to market processes, the company is expected to perform well in the domestic market.

With a more stable political situation in India and improved investment sentiments, the Company expects reasonably good growth in the year ahead.

While the Company anticipates an uncertain and volatile demand situation and in turn subdued market growth in most geographies that it covers, it expects to grow through market share improvement by offering through superior value proposition to its customers.

**THREATS:**

Impact of the current political situation in USA, slowdown in China, continuing slide in economic activity in Brazil and subdued oil prices could result in lower capital investments that drive demand for the Company's products. The transition to the GST era in India could result in a temporary slow down in transactions which could affect short term business for the Company.

**ATS ELGI LIMITED:****PERFORMANCE**

The Indian Passenger Vehicle Market grew by 12% during the first half of the year, but this momentum could not be sustained due to demonetization and as a result the overall growth for the year came to 9%. This resulted in delay in investment for capacity expansion of existing and new workshops. However, focusing on product mix, and relentless efforts on the Wheel Service Equipment, the Company recorded a growth of 11% over the last year.

Exports proved to be promising at 11% growth over the last year; especially the sales from the neighbouring countries is very encouraging and the trend looks positive.

Therefore, in line with the market conditions, especially the effect of demonetization, the overall performance of the Company is appreciable.

**OPPORTUNITIES:**

India is going through a paradigm shift in governance. With stable government and inflation under control over at less than 5%, the GDP is expected to grow above 7%. This will ensure a steady growth of automotive industry and the Company is well placed to capitalize on opportunity that arises out of this growth.

The Company is geared to capture this opportunity, with new products and unique sales initiatives, and by leveraging its experience and expertise in associated segments of vehicle servicing and tyre shop, it will give an impetus to the Company's overall growth, in the coming years.

**THREATS:**

The Company experienced an extremely volatile increase in the material costs, due to significant increase in the steel prices of 20%, and this trend is likely to continue, with an impact on margins.

**OVERALL PERSPECTIVES:**

With a more stable political situation in the domestic market the Company expects reasonably good growth in the year ahead. While the global markets continue to be subdued, the Company expects to grow through market share improvement by offering superior value proposition to its customers.

**HUMAN RESOURCE DEVELOPMENT:**

The ELGi Vocational Training School (EVTS), whose establishment the Company reported in the previous year 2015-16, saw the first batch of 37 students coming on board for the 3 year customised training programme leading to deployment as workmen. The EVTS trainers are Company's own senior workmen who have been trained to be trainers.

In collaboration with the Boston Consulting Group (BCG), we have reorganised the front line sales and service structures in the domestic market, keeping in mind customer buying behaviours. Further, the Company's sales and service engineers have been equipped with auto-mobiles as contemporary tools of trade.

Work on the overall organisation design to better equip the Company in line with its business objectives, is underway.

## Board's Report

Dear Shareholders,

Your Directors hereby present the 57<sup>th</sup> Annual Report along with the audited accounts for the year ended 31<sup>st</sup> March, 2017.

### Financial Results

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

(₹. In Million)

Particulars	2016 - 17		2015 - 16	
Profit before Depreciation, Exceptional Items & Tax		<b>1,251.07</b>		1,212.15
Less : Depreciation	<b>368.36</b>		369.47	
: Exceptional Items	-	<b>368.36</b>	551.76	921.23
Profit Before Tax		<b>882.71</b>		290.92
Less: Provision for Tax (Net of Tax Expenses)		<b>198.88</b>		196.98
Net Profit		<b>683.83</b>		93.94
Add: Opening Balance in P&L Account		<b>2,952.93</b>		3,058.31
Less : Dividend & Dividend distribution tax paid during the year (Net of Credit)		<b>(180.52)</b>		(180.52)
: Transfer to General reserve		-		(23.80)
: Remeasurement of post-employment benefit obligation, net of tax		<b>(16.42)</b>		(18.42)
Add : Other adjustments		<b>0.38</b>		23.42
<b>Closing Balance in P&amp;L Account</b>		<b>3,440.20</b>		2,952.93
<b>The Directors recommended the following Appropriations:</b>				
Dividend & Dividend distribution Tax (Net of credit)		<b>180.52</b>		-
Transfer to General Reserve		<b>68.38</b>		-

### Review of Business Operations

The Company ended with net sales (excluding excise duty) of ₹ 8917 Million as against ₹ 8656 Million in 2015-16. The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis. There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2017.

**Transfer to Reserves**

An amount of ₹ 68.38 Million has been proposed to be transferred to General Reserve in the year 2016-17 as against ₹ 23.80 Million transferred in the year 2015-16.

**Dividend**

For the financial year 2016-17, the Board of Directors has recommended a dividend of ₹ 1/- per share (100%) on the paid up share capital of 15,84,54,508 shares. Subject to the approval of shareholders, an amount of ₹ 190.71 Million will be paid as Dividend including Dividend Distribution Tax (previous year ₹ 190.71 Million). The Company's Dividend Distribution Policy is annexed herewith as **Annexure 'A'** and can also be accessed on the Company's website at the link <http://www.elgi.com/wp-content/uploads/Dividend-Policy.pdf>.

**Share Capital**

The paid-up capital of the Company as at 31/03/2017 stood at ₹ 158.45 Million. During the year under review the Company has not made any fresh issue of shares.

**Transfer of Unclaimed Dividend to Investor Education and Protection Fund**

In terms of Section 124 and 125 of The Companies Act, 2013, unclaimed or unpaid Dividend relating to the Financial Year 2009-10 will be remitted on 27/05/2017 to the Investor Education and Protection Fund established by the Central Government.

**Extract of Annual Return**

The extract of Annual Return pursuant to the provisions of Section 92 of The Companies Act, 2013, read with Rule 12 of The Companies (Management and Administration) Rules, 2014, in Form MGT-9, is furnished in **Annexure 'B'** and is attached to this report.

**Board and Committee Meetings conducted during the period under review**

During the year under review, four Meetings of the Board of Directors, four Meetings of the Audit Committee, one Meeting of the Nomination and Remuneration Committee, one Meeting of the Corporate Social Responsibility Committee and thirty one Meetings of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3) (c) of The Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that -

(a) in the preparation of the annual accounts, the

applicable accounting standards have been followed and there are no material departures from those standards.

- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

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

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

**Declaration of Independent Directors**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under The Companies Act, 2013 and Regulation 25 of The SEBI (LODR) Regulations, 2015.

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

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The Criteria for determining qualifications, positive attributes, and independence of Directors and Senior Management Personnel have been stated in **Annexure 'C'** to this report. The Remuneration policy of the Company is annexed herewith as **Annexure 'D'** and can also be



accessed on the Company's website at the link <http://www.elgi.com/wp-content/uploads/Remuneration-policy.pdf>.

### Comments on Auditors' Report

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

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

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of Section 186 of The Companies Act, 2013, have been given in the notes to the Financial Statements.

### Particulars of contracts or arrangements with Related Parties

All transactions entered into with related parties as defined under The Companies Act, 2013 and Regulation 23 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2016-17 were in the ordinary course of business and on an arm's length pricing basis. Since there are no transactions which are not on arm's length basis and material in nature, Form AOC-2 is not being annexed.

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

### Material Changes and commitments affecting the financial position of the Company

Consequent to the Company's decision to restructure its China operations, Elgi Compressors (Zhejiang) Limited has de-registered its manufacturing license.

Belair SAS, France, previously the wholly owned subsidiary of the Company, has been handed over to the French Judicial System for legal redressal on 26/04/2016, considering the cost structure and business operations which was challenging for the Company for some time. Attempts on finding solution to the problems were not successful. A situation arose where Belair was unable to even meet the routine financial commitments to run its business operations smoothly. Belair was also unable to service its debts to the Company. Therefore, it was decided to seek protective action before appropriate Commercial Court in Annecy, France. The Court appointed an administrator on 28/04/2016. Belair is no longer under the control of the Company and is under legal redress as per the French laws. By a judgement and order dated 01/06/2016 and subject to the conditions mentioned therein, the Commercial Court of Annecy ordered

assignment of Belair's AIRBEL business to AIRMAX HOLDING and pronounced the judicial liquidation of SAS Belair.

The Company had promoted and invested in Elgi Compressors (Shanghai) Co. Ltd ("ECS") as a trading entity, based on local advice at that time that the manufacturing entity, namely Elgi Equipments (Zhejiang) Limited could not carry on trading activities. The Company had re-examined the matter in the eve of restructuring China operations on the basis of legal advice, it was confirmed that Elgi Equipments (Zhejiang) Limited could itself engage in trading activities. Therefore, as part of the restructuring process, the Board of Directors thought it prudent to wind down ECS. In pursuance thereof, select employees of ECS numbering six personnel were transferred to Elgi Equipments (Zhejiang) Limited. Other employees of ECS were let go after following legal procedures. Formalities have been completed at the EXIM office and ECS cannot engage in trading activities now. A clearance is pending from the tax bureau but this does not preclude ECS from proceeding with further action for further winding up. ECS will now apply for filing with the Statutory Authority (Minhang BOC) along with necessary particulars as soon as possible to start the winding-up process officially.

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

The information on foreign exchange earnings and outgo, technology absorption, conservation of energy stipulated under Section 134(3)(m) of The Companies Act, 2013, read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure 'E'**.

### Risk Management Plan Implementation

The risk assessment and minimization procedures adopted and followed by the Company is adequate in relation to the nature and size of the business and the functioning of the risk management system is adequate and operating effectively.

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

The Board had formed a Corporate Social Responsibility Committee comprising of the Directors 1. Mr. Jairam Varadaraj, 2. Dr. T Balaji Naidu 3. Mr. B. Vijayakumar and 4. Dr. Madhavi Gopinath. The CSR policy of the Company deals with allocation of funds, activities, identification of programs, approval, implementation, monitoring and reporting mechanisms under the policy.

As part of its initiatives under CSR for the year 2016-17, the Company has undertaken projects in the areas of Education, Social Development, Medical Relief, Sports, Women Empowerment, Animal Welfare, Cultural Protection etc. These projects are by and large in accordance with Schedule VII of The Companies Act, 2013.

The CSR spend is predominantly directed through a Registered Trust. The Trust expends the sums contributed by the Company towards educational and related activities only and also for having a corpus for undertaking construction of new school building within the next 5-10 years. The Trust has planned to support construction of a new school building with all modern amenities and aims to be a school of international standards in the years to come. Hence, the Company should continue to significantly contribute to the Trust.

The Trust also expends the funds towards Educational Scholarships, Medical Relief, to help the upliftment of rural people by way of building infrastructure like Schools, Street Lights, Roads etc, to support Special Children's School and also for the Building Corpus.

The Annual Report on CSR activities is annexed herewith as **Annexure 'F'**.

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

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

### **Directors and Key Managerial Personnel**

Mr. Harjeet Singh Wahan, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Key Managerial Personnel of the Company as required pursuant to Section 2(51) and 203 of The Companies Act, 2013 are Mr. Jairam Varadaraj - Managing Director, Mr. S. Sriram - Chief Financial Officer and Mrs. Vaishnavi P.M - Company Secretary.

### **Report on the performance and financial position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statements**

The Company has 14 Subsidiaries and a Joint Venture Company. The statement pursuant to Section 129(3) of The Companies Act, 2013, containing the salient features of the financial statements of Subsidiary Companies, forms part of this Annual Report.

The Company does not have any material subsidiary whose networth exceeds 20% of the consolidated networth of the holding Company in the immediately preceding financial year or has generated 20% of the consolidated income of the Company during the previous financial year. The Board has approved a policy

for determining material subsidiaries, which has been uploaded on the Company's website viz. [www.elgi.com](http://www.elgi.com).

During the year the Company incorporated a Limited Liability Partnership in the name of Industrial Air Solutions LLP. The Company is a partner with Mr. Rajeesh Sharma, an ex-employee of the company who holds equal shares along with the Company. The LLP will be a model distribution entity to handle Sales and Service of Elgi Compressors for the areas of Coimbatore and Tiruppur by showcasing some of the best business practices to help build a strong brand and improve market share in these areas.

The annual accounts of the Subsidiary Companies are kept for inspection by the shareholders at the registered office of the Company. The Company shall provide the copy of the annual accounts of Subsidiary Companies to the shareholders upon their request.

### **Fixed Deposits**

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remain unclaimed with the Company as on 31<sup>st</sup> March, 2017.

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

There is no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future.

### **Adequacy of Internal Financial Controls with reference to the Financial Statements**

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, key issues, significant processes and accounting policies.

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

**Auditors****Statutory Auditors**

The tenure of M/s. RJC Associates, (having Firm Registration Number: 003496S), Chartered Accountants, Coimbatore, Statutory Auditors of the Company expires in the ensuing 57<sup>th</sup> Annual General Meeting and accordingly, the Audit Committee of the Board and the Board, at their Meetings held on 09/05/2017, have recommended M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016) for appointment as Statutory Auditors of the Company, in the place of M/s. RJC Associates, (FRN-003496S), for a period of five years from the conclusion of the 57<sup>th</sup> Annual General Meeting till the conclusion of 62<sup>nd</sup> Annual General Meeting. M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016), Chartered Accountants have expressed their consent in writing to act as Statutory Auditors of the Company for the said period.

The Board of Directors hereby recommend to the Shareholders, the appointment of M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016) as Statutory Auditors of the Company for a term of five years from the conclusion of the ensuing 57<sup>th</sup> Annual General Meeting till the conclusion of 62<sup>nd</sup> Annual General Meeting, which is sought to be held in the year 2022.

**Secretarial Auditors**

Pursuant to the provisions of Section 204 of The Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M.D.Selvaraj, FCS, of M/s. MDS & Associates, Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The report of the Secretarial Auditor is annexed herewith as **Annexure 'G'**.

**Cost Auditors**

The Board of Directors on the recommendation of the Audit Committee have appointed M/s. STR & Associates, Cost Accountants (FRN-000029) as the Cost Auditors of the Company for the financial years 2016-17 and 2017 -18 Pursuant to Section 148 of The Companies Act, 2013 read with Rule 14 of The Companies (Accounts) Rules, 2014, the remuneration for the years 2016-17 and 2017 -18 to the Cost Auditors of the Company are subject to ratification by the Shareholders at the ensuing Annual General Meeting. The Board recommends their remuneration.

**Human Resources and Industrial Relations**

The Company continues to enjoy cordial relationship with its employees at all levels. The total strength of employees as on 31<sup>st</sup> March, 2017, was 2013 (including subsidiaries).

**Particulars of Employees**

Details pursuant to Section 197(12) of The Companies

Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report as **Annexure 'H'**.

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received from any employee or third parties during the financial year 2016-17.

**Business Responsibility Report**

The SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with SEBI Circular dated 04/11/2015 has mandated top 500 Companies by market capitalization to prepare and include Business Responsibility Report as part of Board's Report from the financial year 2016-17. The scope of Business Responsibility Reporting is to test a Company's contribution/impact to/on social, environmental, stakeholders' relationship and governance factors. The Business Responsibility Report forms part of this Report as **Annexure 'I'**.

**Corporate Governance**

A Report on Corporate Governance is annexed to and forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in Regulation 27 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Audit Committee**

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

**Whistle Blower Policy**

The Company has a Whistle Blower Policy to deal with unethical or improper practice or violation of Company's Code of Business Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. The Policy gives a platform to the Whistle Blower to report the complaints on the above mentioned practices to the Managing Director or

Director (HR). Although the complainant is not expected to prove the truth of an allegation, the complainant should aim to demonstrate that there are sufficient grounds for concern and that it is not done as a malicious act against an individual. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were no complaints under this policy. The Whistle Blower policy is available in the website of the Company at the following address <http://www.elgi.com/wp-content/uploads/Whistle-Blower-Policy.pdf>

### Shareholder Initiatives

- Your Company adheres strictly to all the statutory and other legal compliances;
- Your Company has in place the regulations for preventing and regulating Insider Trading. The designated employees are required to adhere to the Company's Code of Conduct and Business Ethics;
- Your Company regularly intimates the shareholders (through quarterly newsletters) on

the performance of the Company, even though it is not mandatory;

- Your Company has consistently paid Dividend through the years;
- Your Company has been prompt and regular in its replies to your queries received by it;
- Your Company also replies within the stipulated time to all legal and statutory authorities;
- The custodial charges and listing fees are promptly paid by the Company to the depositories and the stock exchanges;
- During this year, your Company de-matted 93,420 shares; with this, the total number of shares de-matted as on 31<sup>st</sup> March, 2017 are 15,61,82,563 shares, which represents 98.57% shares of the Company.

### Acknowledgement

Your Directors thank the Shareholders, Customers, Suppliers, Bankers and all other Stakeholders for their continued support during the year. Your Directors also place on record their appreciation of the contributions made by employees at all levels towards the growth of the Company.

For and on behalf of the Board

Place : Coimbatore  
Date : 09/05/2017

**Jairam Varadaraj**  
Managing Director  
DIN:00058056

**N. Mohan Nambiar**  
Director  
DIN:00003660

## **Annexure 'A'**

### **DIVIDEND POLICY**

#### **INTRODUCTION**

Dividend is the financial return for a shareholder's investment in the Company in its share capital. Declaration of dividend is one of the most important decisions for the Company. The Company exists for the benefit of its shareholders. It is the Company's endeavour to maximise returns on shareholders' investments. The Company has been maintaining a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth.

#### **PURPOSE**

The purpose of this policy is to set the guidelines to be followed while deciding the amount of dividend to be paid out to the shareholders. The Company needs to adhere to the dividend policy while deciding the proportion of earnings to be distributed and the frequency of the distribution.

#### **DIVIDEND POLICY**

The Company's dividend policy is based on making the minimum explicit while leaving the discretion for a higher pay-out recommendation to the Board. And at the same time, tying this minimum to the performance of the Company in a given year. Accordingly, a minimum of 20% of profits available after tax shall be paid as dividend on equity shares, including all taxes. Profits of the standalone operations alone will be considered for the recommendation of dividend. The Board may recommend a buyback of shares in lieu of dividend in any given year. This would be based on the assessment of the long term outlook in terms of cash requirement for the business. The Board may recommend interim dividend depending upon the cash flow situation of the Company. During periods of losses, the Board will use

its discretion to recommend to distribute dividend from reserves based on the expected future outlook at those times. The dividend distribution, as per recommendation of the Board of Directors, shall always be decided at the general meeting of shareholders, taking into account the then current laws and other regulations applicable to the Company.

#### **PARAMETERS TO BE ADOPTED FOR VARIOUS CLASSES OF SHARES**

As far as dividend is concerned, all classes of equity shareholders would be treated equally. In cases other than equity shareholders, the dividend would be based on the terms on which such shares were issued.

#### **INTERNAL AND EXTERNAL FACTORS THAT WILL BE CONSIDERED FOR DECLARING DIVIDEND**

The stated minimum dividend would be recommended by the Board as long as there are profits made by the Company. Any additional dividend over this minimum would be considered for recommendation, based on funds required for future growth of the Company and any abnormal expenses anticipated in the future for which some provisions have to be made.

#### **HOW RETAINED EARNINGS WILL BE USED**

Retained earnings would be used to fund the growth of the Company and thus to enhance its future value. This funding could be capital expenses for capacity enhancement, new product development, new market development and working capital expenses to support growth in revenue.



**Annexure 'B'****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN**

As at the financial year ended 31/03/2017 Pursuant to section 92(3) of The Companies Act, 2013 and Rule 12(1) of The Companies (Management and Administration) Rules, 2014.

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L29120TZ1960PLC000351
ii)	Registration Date	14/03/1960
iii)	Name of the Company	ELGI EQUIPMENTS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company having share capital / Non-Government Company
v)	Address of the Registered office and contact details	Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 Phone: 91-422-2589555 Fax: 91-422-2573697 E-mail: investor@elgi.com Website: www.elgi.com
vi)	Whether listed Company	YES
vii)	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED Coimbatore Branch No. 35, Surya, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore – 641028. Phone: 0422 - 2314 792 Email Id: coimbatore@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl.No	Name and Description of main products/services	NIC Code of the Product/service	% to Total Turnover of the Company
1.	COMPRESSORS	2813 - Manufacture of Compressors	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**  
**(No. of Companies for which information is being filled)**

Sl.No	Name and Address of the Company	CIN/GL	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	<b>ELGI EQUIPMENTS (ZHEJIANG) LIMITED</b> No. 6, Building, No. 466 Yunhai Road Jiaying, Zhejiang, P. R. China - 314033	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
2.	<b>ELGI COMPRESSORS TRADING (SHANGHAI) CO. LTD*</b> Room 912, No. 8 & 9 Lane1500, South Lianhua Road, Min Hang District, Shanghai, P. R. China - 201108	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
3.	<b>ELGI GULF (FZE)</b> P.O. Box: 120695, P6-027, SAIF Zone, Sharjah, U.A.E.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
4.	<b>ELGI COMPRESSORES DO BRAZIL IMP. E. EXP. LTDA</b> Avenida Emilio Checchinato, 4195-B: Cep:13295-000, Bairro: Sao Roque da Chave: Itupeva - SP, Brasil	N.A.	Subsidiary	100%	Section 2 (87) (ii)
5.	<b>ELGI AUSTRALIA PTY LTD.</b> 38, Richard Avenue, COOPERS PLAINS, 4108, Brisbane, Queensland	N.A.	Subsidiary	100%	Section 2 (87) (ii)
6.	<b>ELGI COMPRESSORS ITALY S.R.L.</b> Rome(RM) Via Del Babuino 51, 00187	N.A.	Subsidiary	100%	Section 2 (87) (ii)
7.	<b>ROTAIR SPA</b> <b>Step down Subsidiary of Elgi Compressors Italy S.R.L.</b> Via Bernezzo 67, 12023 Caraglio (CN) Italy	N.A.	Subsidiary	100%	Section 2 (87) (ii)
8.	<b>ELGI COMPRESSORS USA, INC.</b> 3335 Pelton St., Charlotte, NC 28217 USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
9.	<b>PATTON'S INC.</b> <b>Step down Subsidiary of Elgi Compressors USA Inc.,</b> 3201 South Boulevard. Charlotte, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
10.	<b>PATTON'S MEDICAL LLC.</b> <b>Step down Subsidiary of Pattons Inc.,</b> 3201 South Boulevard. Charlotte, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)

\* Elgi Compressors Trading (Shanghai) Co. Ltd. is in the process of Winding Up.

Sl.No	Name and Address of the Company	CIN/GL	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
11.	<b>PT ELGI EQUIPMENTS INDONESIA</b> KawasanPergudangan, BIZPARK Commercial Estate, Pulogadung Jl. Raya Bekasi KM 21, 5 Blok A3 No. 12, Kel. RawaTerate, Kec. Cakung, Pulogadung Jakarta Timur 13920.	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
12.	<b>ATS ELGI LIMITED</b> Private Industrial Estate, Kurichy, Coimbatore - 641021	U34300TZ2007PLC014125	Subsidiary	100%	Section 2 (87) (ii)
13.	<b>ADISONS PRECISION INSTRUMENTS MANUFACTURING COMPANY LIMITED</b> Elgi Industrial Complex Trichy Road, Coimbatore Tamil Nadu, India - 641005	U32109TZ1972PLC008922	Subsidiary	100%	Section 2 (87) (ii)
14.	<b>ERGO DESIGN PRIVATE LIMITED</b> India House, New No 1443/1 Trichy Road, Coimbatore 641018	U29299TZ2012PTC018828	Subsidiary	100%	Section 2 (87) (ii)
15.	<b>ELGI SAUER COMPRESSORS LIMITED</b> Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore 641005	U29120TZ2008PLC014639	Joint Venture	26.00%	Section 2 (6)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## i) Category-wise Shareholding

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (as on 01/04/2016)				Shareholding at the end of the year (as on 31/03/2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>									
<b>[1]</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	17692114	0	17692114	11.17	17366317	0	17366317	10.96	-0.21
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	31602386	0	31602386	19.94	31920836	0	31920836	20.14	0.20
(e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (Specify)									
	Trusts	1253920	0	1253920	0.79	1261130	0	1261130	0.80	0.01
	<b>Sub Total (A)(1)</b>	<b>50548420</b>	<b>0</b>	<b>50548420</b>	<b>31.90</b>	<b>50548283</b>	<b>0</b>	<b>50548283</b>	<b>31.90</b>	<b>-0.00</b>
<b>[2]</b>	<b>Foreign</b>									
(a)	NRIs -Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Others-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>50548420</b>	<b>0</b>	<b>50548420</b>	<b>31.90</b>	<b>50548283</b>	<b>0</b>	<b>50548283</b>	<b>31.90</b>	<b>-0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>[1]</b>	<b>Institutions</b>									
(a)	Mutual Funds	21068392	0	21068392	13.30	20305492	0	20305492	12.82	-0.49
(b)	Banks / FI	153929	1030	154959	0.10	145386	1030	146416	0.09	-0.00
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	FIIIs	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investor	22186791	0	22186791	14.00	23535566	0	23535566	14.85	0.85
(j)	Foreign Mutual Fund	337655	0	337655	0.21	345596	0	345596	0.22	0.01
(k)	Foreign Bank	2000	0	2000	0.00	2000	0	2000	0.00	0.00
(l)	UTI	0	500	500	0.00	0	500	500	0.00	0.00
(m)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (B) (1)</b>	<b>43748767</b>	<b>1530</b>	<b>43750297</b>	<b>27.61</b>	<b>44334040</b>	<b>1530</b>	<b>44335570</b>	<b>27.98</b>	<b>0.37</b>

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (as on 01/04/2016)				Shareholding at the end of the year (as on 31/03/2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	<b>Non-Institutions</b>									
(a)	Bodies Corp.									
(i)	Indian	16395696	138112	16533808	10.44	20403391	138112	20541503	12.96	2.53
(ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	17233066	1918119	19151185	12.09	17312295	1850879	19163174	12.09	0.01
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	25618903	0	25618903	16.17	21048147	0	21048147	13.28	-2.89
(c)	Others (specify)									
	Clearing Member	17858	0	17858	0.01	19729	0	19729	0.01	0.00
	Market Maker	1311	0	1311	0.00	1575	0	1575	0.00	0.00
	NRI (Repatriable)	215367	36304	251671	0.16	239804	36424	276228	0.17	0.01
	NRI (Non Repatriable)	496973	0	496973	0.31	481204	0	481204	0.30	-0.01
	Office Bearers	116196	271300	387496	0.24	91275	245000	336275	0.21	-0.03
	Unclaimed Shares	511760	0	511760	0.32	499609	0	499609	0.32	0.00
	HUF	1184626	0	1184626	0.75	1203011	0	1203011	0.76	0.01
	Trusts	200	0	200	0.00	200	0	200	0.00	0.00
	<b>Sub Total (B) (2)</b>	<b>61791956</b>	<b>2363835</b>	<b>64155791</b>	<b>40.49</b>	<b>61300240</b>	<b>2270415</b>	<b>63570655</b>	<b>40.12</b>	<b>-0.37</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>105540723</b>	<b>2365365</b>	<b>107906088</b>	<b>68.10</b>	<b>105634280</b>	<b>2271945</b>	<b>107906225</b>	<b>68.10</b>	<b>0.00</b>
(C)	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total (A)+(B)+(C)</b>	<b>156089143</b>	<b>2365365</b>	<b>158454508</b>	<b>100.00</b>	<b>156182563</b>	<b>2271945</b>	<b>158454508</b>	<b>100.00</b>	



## ii) Shareholding Pattern of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2016)			Shareholding at the end of the year (as on 31/03/2017)			% change in shareholding during the year
		No. of Shares Held	% of total Shares of the Company	% of Shares Pledged /encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged /encumbered to total shares	
1.	DARK HORSE PORTFOLIO INVESTMENT LIMITED	25190940	15.90	0.00	25509390	16.10	0.00	0.20
2.	JAIRAM VARADARAJ	14478728	9.13	0.00	14160478	8.94	0.00	-0.20
3.	ELGI ULTRA INDUSTRIES LIMITED	6079366	3.84	0.00	6079366	3.84	0.00	0.00
4.	L.G.B.PUBLIC WELFARE SOCIETY	1253920	0.79	0.00	1261130	0.79	0.00	0.00
5.	ANVAR JAY VARADARAJ	962624	0.61	0.00	962624	0.61	0.00	0.00
6.	VARUN JAY VARADARAJ	958342	0.60	0.00	958342	0.60	0.00	0.00
7.	MAYA JAY VARADARAJ	958324	0.60	0.00	958324	0.60	0.00	0.00
8.	ELGI RUBBER COMPANY LIMITED	332080	0.21	0.00	332080	0.21	0.00	0.00
9.	UDAY BALAJI	64000	0.04	0.00	64000	0.04	0.00	0.00
10.	VANITHA MOHAN	57720	0.04	0.00	57720	0.04	0.00	0.00
11.	SUDARSAN VARADARAJ	41786	0.03	0.00	41786	0.03	0.00	0.00
12.	HARSHA VARADARAJ	40000	0.03	0.00	40000	0.03	0.00	0.00
13.	VARSHINI VARADARAJ	40000	0.03	0.00	40000	0.03	0.00	0.00
14.	T BALAJI	31000	0.02	0.00	31000	0.02	0.00	0.00
15.	GAYATHRI BALAJI	21000	0.01	0.00	20863	0.01	0.00	-0.00
16.	VIREN MOHAN	19980	0.01	0.00	19980	0.01	0.00	0.00
17.	VINAY BALAJI	11000	0.01	0.00	11000	0.01	0.00	0.00
18.	VARADARAJULU L. G (Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	7210	0.00	0.00	0	0.00	0.00	-0.00
19.	L.G. VARADARAJULU (Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	400	0.00	0.00	200	0.00	0.00	-0.00
	<b>Total</b>	<b>50548420</b>	<b>31.90</b>	<b>0.00</b>	<b>50548283</b>	<b>31.90</b>	<b>0.00</b>	<b>-0.00</b>

## iii) Change in Promoters' shareholding

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01/04/2016)		Cumulative Shareholding during the year	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares Of The Company
1.	DARK HORSE PORTFOLIO INVESTMENT LIMITED				
	At the beginning of the year	25190940	15.90	25190940	15.90
	Transfer of Shares as on 25/11/2016	318450	0.20	25509390	16.10
	At the end of the year			25509390	16.10
2.	JAIRAM VARADARAJ				
	At the beginning of the year	14478728	9.14	14478728	9.14
	Transmission of shares as on 08/07/2016	200	0.00	14478928	9.14
	Transfer of shares as on 25/11/2016	(318450)	0.20	14160478	8.94
	At the end of the year			14160478	8.94
3.	L.G.B. PUBLIC WELFARE SOCIETY				
	At the beginning of the year	1253920	0.79	1253920	0.79
	Transfer of Shares as on 29/04/2016	7210	0.00	1261130	0.79
	At the end of the year			1261130	0.79
4.	GAYATHRI BALAJI				
	At the beginning of the year	21000	0.01	21000	0.01
	Transfer of Shares as on 10/06/2016	(10000)	0.00	11000	0.01
	Transfer of Shares as on 17/06/2016	976	0.00	11976	0.01
	Transfer of Shares as on 24/06/2016	8884	0.00	20860	0.01
	Transfer of Shares as on 30/06/2016	3	0.00	20863	0.01
	At the end of the year			20863	0.01
5.	L.G. VARADARAJULU				
	At the beginning of the year	400	0.00	400	0.00
	Transmission of Shares as on 08/07/2016	(200)	0.00	200	0.00
	At the end of the year			200	0.00
6.	VARADARAJULU L. G				
	At the beginning of the year	7210	0.00	7210	0.00
	Transfer of Shares as on 22/04/2016	(7210)	0.00	0	0.00
	At the end of the year			0	0.00

Note: There are no changes in the shareholding of other promoters

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01/04/2016)		Cumulative Shareholding during the year	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares Of The Company
1.	<b>SBI EMERGING BUSINESSES FUND</b>				
	At the beginning of the year	14377243	9.07	14377243	9.07
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			14377243	9.07
2.	<b>PARI WASHINGTON INDIA MASTER FUND, LTD.</b>				
	At the beginning of the year	8765714	5.53	8765714	5.53
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			8765714	5.53
3.	<b>GAGANDEEP CREDIT CAPITAL PVT LTD</b>				
	At the beginning of the year	8152575	5.15	8152575	5.15
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			8152575	5.15
4.	<b>NALANDA INDIA EQUITY FUND LIMITED</b>				
	At the beginning of the year	4442385	2.80	4442385	2.80
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			4442385	2.80
5.	<b>EAST SAIL</b>				
	At the beginning of the year	4388965	2.77	4388965	2.77
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			4388965	2.77
6.	<b>ICICI PRUDENTIAL MIDCAP FUND</b>				
	At the beginning of the year	3060315	1.93	3060315	1.93
	Transfer of shares as on 03/06/2016	(47810)	0.03	3012505	1.90
	At the end of the year			3012505	1.90
7.	<b>NEMISH S SHAH</b>				
	At the beginning of the year	2680000	1.69	2680000	1.69
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			2680000	1.69
8.	<b>HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAGE FUND</b>				
	At the beginning of the year	2247749	1.42	2247749	1.42
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			2247749	1.42

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01/04/2016)		Cumulative Shareholding during the year	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares Of The Company
9.	<b>FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS INDIAN SUBCONTINENT FUND</b>				
	At the beginning of the year	1491622	0.94	1491622	0.94
	Date wise increase / decrease in shareholding during the year	-	-	-	-
	At the end of the year			1491622	0.94
10.	<b>OPTIMUM STOCK TRADING CO. PVT LTD **</b>				
	At the beginning of the year	0	0.00	0	0.00
	Transfer of shares as on 30/12/2016	1480000	0.93	1480000	0.93
	At the end of the year			1480000	0.93
11.	<b>ANUJ ANANTRAI SHETH ##</b>				
	At the beginning of the year	1600000	1.01	1600000	1.01
	Transfer of shares as on 23/12/2016	(500000)	0.32	1100000	0.69
	At the end of the year			1100000	0.69

Note:

\*\* Not in the list of Top 10 shareholders as on 31/03/2016. The same has been reflected above since the shareholder was one of the Top 10 shareholder as on 31/03/2017.

## Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 31/03/2016

## v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 01/04/2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>JAIRAM VARADARAJ (Managing Director)</b>				
	At the beginning of the year	14478728	9.14	14478728	9.14
	Transfer of shares as on 25/11/2016	(318250)	0.20	14160478	8.94
	At the end of the year			14160478	8.94
<b>2.</b>	<b>DR T BALAJI NAIDU (Non-Executive Director)</b>				
	At the beginning of the year	31000	0.02	31000	0.02
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year			31000	0.02
<b>3.</b>	<b>SUDARSAN VARADARAJ (Non-Executive Director)</b>				
	At the beginning of the year	41786	0.03	41786	0.03
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year			41786	0.03
<b>4.</b>	<b>DR GANESH DEVARAJ (Independent Director)</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year			-	-
<b>5.</b>	<b>M RAMPRASAD (Independent Director)</b>				
	At the beginning of the year	8000	0.01	8000	0.01
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year			8000	0.01



Sl.no	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>6.</b>	<b>N MOHAN NAMBIAR (Independent Director)</b> At the beginning of the year  Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  At the end of the year	-	-	-	-
<b>7.</b>	<b>B VIJAYAKUMAR (Independent Director)</b> At the beginning of the year  Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  At the end of the year	50000	0.03	50000	0.03
<b>8.</b>	<b>DR MADHAVI GOPINATH (Independent Director)</b> At the beginning of the year  Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  At the end of the year	-	-	-	-
<b>9.</b>	<b>HARJEET SINGH WAHAN (Non-Executive Director)</b> At the beginning of the year  Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  At the end of the year	10000	0.00	10000	0.00
<b>10.</b>	<b>S SRIRAM (Chief Financial Officer)</b> At the beginning of the year  Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  At the end of the year	350	0.00	350	0.00

Sl.No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>11.</b>	<b>VAISHNAVI P. M. (Company Secretary)</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year			-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹. In Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans (Banks & Others)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	194.00	443.97	-	637.97
ii) Interest due but not paid	-	3.62	-	3.62
iii) Interest accrued but not due	-	0.32	-	0.32
<b>Total (i+ii+iii)</b>	<b>194.00</b>	<b>447.91</b>	<b>-</b>	<b>641.91</b>
Change in Indebtedness during the financial year				
* Addition	234.86	1183.94	-	1418.80
* Reduction	430.14	1128.36	-	1558.50
Exchange Difference	1.28	-14.63		-13.35
<b>Net Change</b>	<b>-194.00</b>	<b>40.94</b>	<b>-</b>	<b>-153.06</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	484.91	-	484.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.26	-	0.26
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>485.17</b>	<b>-</b>	<b>485.17</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹. In Million)

Sl.No	Particulars of Remuneration	Mr. Jairam Varadaraj Managing director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others	-
5.	Others	-
	<b>Total (A)</b>	<b>12.05</b>
	Overall ceiling as per the Act	5% of the Net Profit

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## B.Remuneration to other Directors:

## 1. Independent Directors

(₹. In Million)

Name of Directors	Particulars of Remuneration			Total (B)(1)
	Fee for attending Board / Committee Meetings	Commission	Others, please specify	
Mr. M. Ramprasad	0.37	-	-	0.37
Dr. Ganesh Devaraj	0.28	-	-	0.28
Mr. B. Vijayakumar	0.13	-	-	0.13
Mr. N. Mohan Nambiar	0.28	-	-	0.28
Dr. Madhavi Gopinath	0.13	-	-	0.13
<b>Total</b>	<b>1.19</b>	<b>-</b>	<b>-</b>	<b>1.19</b>

## 2. Non - Executive Directors

(₹. In Million)

Name of Directors	Particulars of Remuneration			Total (B)(2)	Total Managerial Remu- neration (A+B1+B2)
	Fee for attending Board / Committee Meetings	Commission	Others, please specify		
Dr. T. Balaji Naidu	0.11	-	-	0.11	
Mr. Sudarsan Varadaraj	0.06	-	-	0.06	
Mr. Harjeet Singh Wahan	0.24	-	1.53*	1.77	
<b>Total</b>	<b>0.41</b>	<b>-</b>	<b>1.53</b>	<b>1.94</b>	<b>15.18</b>

\*Payment of consultancy fees to Mr. Harjeet Sigh Wahan, Non-Executive Director, for rendering services in the nature of business process consulting vide an Ordinary Resolution approved by the shareholders of the Company on 31<sup>st</sup> July, 2015.

The maximum Sitting fee payable per Meeting to each Director is ₹ 1 lakh as per The Companies Act, 2013.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹. In Million)

Sl. No	Particulars of Remuneration	Mr. S.Sriram Chief Financial Officer	Mrs. Vaishnavi P. M Company Secretary	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8.38	0.80	9.18
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	<b>Total</b>	<b>8.38</b>	<b>0.80</b>	<b>9.18</b>

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

(₹. In Million)

Type	Section of the Companies Act	Brief Description	Punishment / compounding fees imposed	[RD/NCLT/COURT]	if any (give details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board

Place : Coimbatore  
Date : 09/05/2017

**Jairam Varadaraj**  
Managing Director  
DIN:00058056

**N. Mohan Nambiar**  
Director  
DIN:00003660

## Annexure C

### Criteria for selection of Non-Executive Directors:

The Non Executive Director shall:-

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

## Annexure D

### REMUNERATION POLICY

The Board of Directors (the "Board") of Elgi Equipments Limited (the "Company"), upon recommendations of the Nomination and Remuneration Committee, has adopted the following policy and procedures with regard to remuneration of the Board members, Key Managerial Personnel, Senior Management and Employees as below. The Board may review and amend this policy from time to time. This Policy will be applicable to the Company effective 1<sup>st</sup> October, 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

#### 1. BACK GROUND

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

- "Board" means the Board of Directors of the Company
- "Company" means Elgi Equipments Limited, India
- "Directors" means the Directors on the Board of the Company, including the Managing Director, Independent Directors and Non-Executive Directors
- "Employees" means all other Employees of the Company
- "Independent Directors" shall carry the same meaning as in The Companies Act, 2013 and the listing agreement that the Company has signed with the stock exchanges
- "Key Managerial Personnel" means the Managing Director, Chief Financial Officer and Company Secretary of the Company
- "Managing Director" means the person designated as such by the Board and shareholders of the Company and who has substantial powers of

management of the Company

- "Nomination and Remuneration Committee" means a committee constituted amongst Board members as per The Companies Act, 2013 and the listing agreement that the Company has signed with the stock exchanges
- "Senior Management" means the senior managerial personnel directly reporting to the Managing Director and includes all persons in M5 cadre of the Company

#### 2. OBJECTIVE

The objectives of this policy are:

- (a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company aimed at attracting, retaining and motivating people of the quality required to run the Company successfully;
- (b) encourage people to perform to their highest level of competence;
- (c) allow the Company to compete in each relevant employment market;
- (d) to ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (e) provide consistency in remuneration involving a balance between fixed and performance based remuneration throughout the Company; and
- (f) align the performance of the business with the performance of the Board, Key Managerial Personnel, Senior Management and other Employees within the Company.

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

#### 3. CONTRACT

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

qualifications, positive attributes and independence of a Director while the Head-Human Resources of the Company will be responsible for formulating a criteria for all other Employees.

#### **4. FORMS OF REMUNERATION**

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

##### **4.1 Fixed Remuneration**

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

##### **4.2 Performance Based Remuneration**

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

##### **4.3 Equity Based Remuneration**

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

##### **4.4 Joining Bonuses and Termination payments**

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

##### **4.5 Employees Entitlements**

The Company will comply with all legal obligations in determining the appropriate entitlement to salary advance, long service, annual, personal and parental leave. The Head-Human Resources, may in consultation with the Managing Director, introduce/provide on certain conditions, appropriate interest free salary advances, housing loan benefits, credit card policy, city

grade allowance policy, death & PTD benefits policy, data card policy, Employees referral policy, transfer expenses policy, family meet allowance policy, mediclaim policy, personal accident benefit policy, superannuation scheme, increment policy, laptop policy, mobile phone policy, subsidised canteen policy, suggestions and rewards policy and any other similar policies aimed at motivating and encouraging the Key Managerial Personnel, Senior Management and other Employees to perform better.

#### **5. REVIEW**

##### **5.1 Performance Appraisal**

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

##### **5.2 Board**

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

##### **5.3 Nomination & Remuneration Committee**

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

##### **5.4 Monitoring the Policy**

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

#### **6. DISCLOSURE AND DEVIATION**

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



## Annexure E

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

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

#### A. Conservation of Energy

##### I Steps taken for conservation of energy:

To set the energy base line, the Company is implementing ISO 50001:2011 EnMS (Energy Management System) Standards. During the year, the Company installed On-line energy monitoring system at Air Compressor Plant to capture all the energy data with 120 different energy sources. The Company was able to co-relate the energy Vs machine shop variables by using this energy data. Currently, the Company is using regression analysis to see the trends of the energy sources and normalizing the energy. The Company is storing all the energy data in a centralized server. The Company has prepared a procedural manual matching the requirements of ISO 50001:2011 for distribution of all the energy circuits and for mapping the energy process at Air Compressor Plant. Based on the energy data, the Company is executing energy saving projects. Currently, the Company is executing a lighting feeder to optimize the energy consumption, which is monitored on a daily basis. The Company is measuring Co<sub>2</sub> emission. The energy saving projects, helps the Company to reduce Co<sub>2</sub> emissions by 10% year on year.

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

The Company is planning to increase the consumption of captive wind mill energy. At present, the Company's wind mill generator contributes 15% of the total energy requirements. The Company is studying a proposal for harnessing solar power at the Air Compressor Plant.

##### III Capital investment on energy conservation equipment

₹ 20.00 Lakhs were spent during the year for setting up an On-line energy monitoring system.

#### B. Technology Absorption:

##### I Efforts made towards technology absorption

- Algorithm developed and tested to save energy when multiple compressors are in use.
- In-house software tool developed for the electro - magnetic design of motors.

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

- Designed, developed and launched 600-230 silenced version Diesel Engine driven Rotary Air

Compressors for C&M and water well application.

- Designed, developed and launched 175-100 version Diesel Engine driven Rotary Air Compressors for C & M.
- Designed and developed the Oil Free air cooled compressors for India and US markets with a range from OF90A to OF300A ( OA1,OA2,OA3).
- Designed, developed HL, HOC & HBR dryers for India & India like Market for different range of compressors.
- Designed, developed and launched DCI -TS 05 LD 12 Industrial Reciprocating Compressor.
- Designed, developed and launched ELGI - MPV 300 CFM for 30, 37, 45 kW packages.
- Designed, and developed CG 5000 ( 4000 to 5000 CFM ) Centrifugal Air Compressors.
- Designed and developed Heat Recovery system for oil injected screw compressor of 55kW, 75kW, 90kW, 110kW, 132kW and 160kW.
- Designed and developed 20 to 100% Variable Frequency Drive (VFD) turndown project for 30kW, 37kW, 45kW, 55kW & 75kW.

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

NIL

##### IV Expenditure incurred on Research & Development

(₹. In Million)

Expenditure on R&D	2016-17	2015-16
Capital	12.56	66.37
Revenue	278.67	262.06
Total	291.23	328.43
R & D Expenditure as a percentage on turnover	3.30%	3.80%

#### C. Foreign Exchange Earnings and Outgo

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

## Annexure F

### Annual Report on Corporate Social Responsibility (CSR) Activities

#### 01. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company has been engaged in Education and Community development projects in and around Coimbatore for a number of decades. The Company contributed significantly for reconstructing houses belonging to the poor in Villupuram District through Aurobindo Foundation. The Company has also provided aid by contributing for treatment in cancer affected children through Cankids - Kidscan, a registered charitable National Society. The Company has always contributed its mite to enhancing societal sustainability along with economic and environment sustainability. The Company's CSR Policy and programs are directed mainly towards Education. The Company through a Registered Trust supports a school financially as well as through involvement in its Management and Administration. Apart from education, the Company's CSR Policy also strives to promote gender equality, women empowerment, environmental sustainability, protection of national heritage, music, drama, dance, sports, fine arts, helping Widows, aged persons, physically and mentally challenged persons and rural development projects. The Company was one of the primary sponsors of the Coimbatore Marathon event.

The Company also contributed to the Coimbatore Zoological Park, Women's Voluntary services, Amrit Centre and various other social welfare activities. Web-link to the Company's CSR Policy is "<http://www.elgi.com/wp-content/uploads/CSR-policy.pdf>".

#### 02. Composition of CSR Committee

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

- |                                                   |                                |
|---------------------------------------------------|--------------------------------|
| • Mr. Jairam Varadaraj<br>(Managing Director)     | - Chairman<br>of the Committee |
| • Dr. T. Balaji Naidu<br>(Non Executive Director) | - Member<br>of the Committee   |
| • Mr. B. Vijayakumar<br>(Independent Director)    | - Member<br>of the Committee   |
| • Dr. Madhavi Gopinath<br>(Independent Director)  | - Member<br>of the Committee   |

#### 03. Average Net Profit of the Company for last three Financial Years:

Average net profit: ₹ 919.43 Million.

#### 04. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

The Company was required to spend ₹ 18.39 Million towards CSR during the year

**05. Details of CSR spent during the Financial Year 2016-17****(a) Total amount spent for the financial year:** ₹ 32.03 Million**(b) Amount unspent, if any;** Nil**(c) Manner in which the amount spent during the financial year is detailed below:**

(In ₹)

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	District and State where projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the project or programs	Cumulative Expenditures up to the reporting period	Amount spent, direct or through implementing agencies
1.	Promoting Education & Rural Development	Educations	Coimbatore, Tamilnadu	2,75,20,000	2,75,20,000	2,75,20,000	Through a Registered Trust
2.	Sports promotion activities	Rural Sports	Coimbatore & Karur, Tamilnadu	2,05,000	2,05,000	2,05,000	Direct
3.	Zoological Park Association	Animal Welfare	Coimbatore, Tamilnadu	1,20,000	1,20,000	1,20,000	Direct
4.	Cankids Kidscan-Cancer Foundation for Children	Medical Relief	New Delhi	10,00,000	10,00,000	10,00,000	Direct
5.	Marathon - Coimbatore Cancer Foundation	Medical Relief	Coimbatore, Tamilnadu	15,00,000	15,00,000	15,00,000	Direct
6.	Flood Relief & Rehabilitation	Public Welfare	Villupuram, Tamilnadu	9,26,228	9,26,228	9,26,228	Direct
7.	Medical Relief & Public Welfare activities	Public & Woman Welfare	Coimbatore, Tamilnadu	7,60,844	7,60,844	7,60,844	Direct
			<b>Total</b>	<b>3,20,32,072</b>	<b>3,20,32,072</b>	<b>3,20,32,072</b>	

**06. Responsibility statement of the CSR Committee:**

The CSR Committee confirms that the implementation and governance of CSR Programs have been elaborated in the Company's CSR policy. The CSR Committee further confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and policy of the Company.

**Jairam Varadaraj**

Chairman of  
CSR Committee  
DIN:00058056

**N. Mohan Nambiar**

Director  
DIN:00003660

Place: Coimbatore  
Date : 09/05/2017

## Annexure G

### Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017

[Pursuant to section 204(1) of The Companies Act, 2013 and Rule No.9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Elgi Equipments Limited  
(CIN: L29120TZ1960PLC000351)  
Elgi Industrial Complex III,  
Trichy Road, Singanallur,  
Coimbatore – 641005.

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

Based on my verification of **M/s. Elgi Equipments Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Companies Act, 1956 and the Rules made thereunder (to the extent applicable);
- iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iv) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;

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

- a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding The Companies Act and dealing with client;

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

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

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

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the

Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws, as applicable.

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

#### **I further report that**

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

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

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

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

**I further report that** during the period, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of The Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

**M D SELVARAJ**

MDS & Associates

Place: Coimbatore

Company Secretaries

Date : 09/05/2017

FCS No.: 960, C P No.: 411

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

#### **'Annexure A'**

To

The Members,  
Elgi Equipments Limited  
(CIN: L29120TZ1960PLC000351)  
Elgi Industrial Complex III,  
Trichy Road, Singanallur,  
Coimbatore – 641005.

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable standards, laws, rules and regulation is the responsibility of Management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**M D SELVARAJ**

MDS & Associates

Place: Coimbatore

Company Secretaries

Date : 09/05/2017

FCS No.: 960, C P No.: 411

## Annexure H

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

### Particulars of Employees

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

(₹. In Million)

Name	Date of joining	Designation	Qualification & Experience	Age	% of Share holding	Remuneration	Last employed
Jairam Varadaraj	29/05/1992	Managing Director	B.Com., MBA, PhD (USA) 28 years	56	8.9%	12.05	-
Rajendra Singh	22/09/2010	Director-Technology	B.E., MS 40 years	58	-	10.65	Delphi-TVS Continental Automotive
Ramesh Ponnuswami *	07/11/2011	Director-ISAAME	B.E., MBA 24 years	48	-	5.87	EID Parry (I) Limited
Jayashankar Jayaraman	02/11/2009	Director-HR	B.A., LLB, PGDPM 29 years	55	-	8.93	Watanmal Group
Sreeramachandra Murthy K	10/11/2010	Director-Technology & Operations	M.E.,(Tools) PG Diploma (Finance & Marketing) 28 years	50	-	8.85	Hindustan Motors Limited
Sriram S	11/07/2007	Chief Financial Officer & Director-COSEA	B.Sc., FCA,FCMA, CISA 34 years	58	0.00%	8.38	Cholayil Private Limited
Jayakanthan R	07/01/2009	Director- Product, Systems & Strategy	B.Com, 30 years	52	0.00%	6.73	Kennametal India Limited
Salim P.R	09/03/2009	VP-Technology (Group E&E)	MS, 29 years	51	0.00%	6.55	LG Electronics Limited
VenuMadhav K	31/01/1998	VP-Technology	M.Tech., PhD 21 years	45	-	6.18	Gas Turbine Research Establishment
Raghavan N *	02/02/2007	Director-ISAAME	B.E., PG Diploma 30 years	50	0.00%	6.92	Rane TRW Steering Systems Ltd

\*part of the financial year 2016-17

Note:

1. Nature of employment of Mr. Jairam Varadaraj, Managing Director of the Company is contractual. All other Executives are on the permanent rolls of the Company.
2. Mr. Jairam Varadaraj is related to Mr. Sudarsan Varadaraj as per definition of "Relative" under Section 2 (77) of The Companies Act, 2013. No other employees mentioned above are related to any Directors of the Company.
3. Remuneration includes salary, allowances, contribution to Provident Fund and other taxable perquisites and also performance linked pay paid during the year.



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

**a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year is given below:**

Name	Ratio
Mr. Jairam Varadaraj (Managing Director)	24.0: 1
Mr. Sudarsan Varadaraj (Director)	0.1: 1
Dr. T. Balaji Naidu (Director)	0.2: 1
Mr. M. Ramprasad (Director)	0.7: 1
Dr. Ganesh Devaraj (Director)	0.5: 1

Name	Ratio
Mr. B. Vijayakumar (Director)	0.2:1
Mr. N. Mohan Nambiar (Director)	0.5:1
Dr. Madhavi Gopinath (Director)	0.2:1
Mr. Harjeet Singh Wahan (Director)	2.9:1

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

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

Mr. Jairam Varadaraj - (Managing Director)	: 8%
Mr. S Sriram - (Chief Financial Officer)	: 8%
Mrs. Vaishnavi PM - (Company Secretary)	: 8%

**c) The percentage increase in the median remuneration of employees in the financial year: 11%**

**d) The number of permanent employees on the rolls of company: 1248 (excluding subsidiaries)**

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

Average increase in remuneration is 11% for Employees and Managerial Personnel

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

For and on behalf of the Board

Place: Coimbatore  
Date : 09/05/2017

**Jairam Varadaraj**  
Managing Director  
DIN:00058056

**N. Mohan Nambiar**  
Director  
DIN:00003660

## Annexure I

### BUSINESS RESPONSIBILITY REPORT

#### Introduction

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31<sup>st</sup> March, 2017, pursuant to Regulation 34 (2)(f) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Section A: General Information about the Company

1.	Corporate Identity Number (CIN):	L29120TZ1960PLC000351
2.	Name of the Company:	ELGI EQUIPMENTS LIMITED
3.	Registered Address:	ELGI INDUSTRIAL COMPLEX III, TRICHY ROAD, SINGANALLUR, COIMBATORE -641005.
4.	Website:	www.elgi.com
5.	E-mail id:	vaishnavi@elgi.com
6.	Year reported:	2016-2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	2813 – Manufacture of Compressors
8.	Three key products/services manufactured (as in Balance Sheet):	Compressors
9.	Total number of locations where business activity is undertaken:	25 Locations
	Number of International Locations (5 major):	11 Locations Major Locations – China, Australia, Brazil, Italy, Middle-East, USA
	Number of national locations:	13 Locations
10.	Markets served by the Company:	Local/State/National/International

#### Section B: Financial details of the Company

1.	Paid up Capital:	15,84,54,508/-
2.	Total Turnover(including excise duty):	₹ 14381 Million
3.	Total profit after taxes:	₹ 740 Million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of PAT:	4.33%
5.	List of activities in which expenditure in 4 above has been incurred:	The Company's contributions are predominantly in education through a registered trust. The Company however expends its budget on other areas too. In this year, the Company sponsored a flood rehabilitation project and one for treatment of cancer afflicted children.

**Section C: Other Details**

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

Sl. No	Name of the Company
1.	ADISONS PRECISION INSTRUMENTS MFG. CO. LIMITED
2.	ATS ELGI LIMITED
3.	ERGO DESIGN PRIVATE LIMITED
4.	ELGI EQUIPMENTS (ZHEJIANG) LIMITED
5.	ELGI COMP. TRADING (SHANGHAI) CO. LTD CHINA
6.	ELGI GULF-(FZE)
7.	ELGI COMPRESSORES DO BRASIL IMP.E.EXP.LTDA
8.	ELGI AUSTRALIA PTY LTD
9.	ELGI COMPRESSORS ITALY S.R.L
10.	ROTAIR SPA
11.	ELGI COMPRESSORS USA INC
12.	PATTON'S INC
13.	PATTON'S MEDICAL LLC
14.	PT ELGI EQUIPMENTS INDONESIA

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

ELGI has subsidiaries in India and in Foreign Countries and will encourage subsidiaries to participate in Business Responsibility (BR) initiatives.

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

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

**Section D: BR Information****1. a. Details of Director/Directors responsible for BR implementation of the BR policy/policies**

- i. Name : Mr. Jairam Varadaraj  
 ii. DIN Number : 00058056  
 iii. Designation : Managing Director  
 iv. Telephone Number : 0422-2589555  
 v. E-mail id : investors@elgi.com

**b. Details of BR head**

- i. Name : Mr. Jairam Varadaraj  
 ii. Designation : Managing Director  
 iii. Telephone Number : 0422-2589555  
 iv. E-mail id : investors@elgi.com

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

P1 Business Ethics	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2 Product Responsibility	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3 Well being of Employees	Businesses should promote the well-being of all employees
P4 Stakeholder Engagement	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5 Human Rights	Businesses should respect and promote human rights
P6 Environment	Business should respect, protect and make efforts to restore the environment
P7 Public Policy	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8 CSR	Businesses should support inclusive growth and equitable development
P9 Customer Relations	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	N	Y	N	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	N	Y	N	Y	N
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	N	Y	N	Y	N
		The policies are in line with international Standards and Practices such as ISO 9001: 2008 , ISO 14001- BS OHSAS 18001.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	N	Y	N	Y	N
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	N	Y	N	Y	N
		<a href="http://www.elgi.com">http://www.elgi.com</a> Not all policies may be available in this link in due course access to all policies will be provided.								

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	N	Y	N	Y	N
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	N	Y	N	Y	N
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	N	Y	N	Y	N
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	N	Y	N	Y	N

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

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles					The Company has understood the Principles but does not have a policy yet in place		The Company has understood the Principles but does not have a policy yet in place		The Company has understood the Principles but does not have a policy yet in place
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles					Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.		Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.		Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.
3.	The company does not have financial or manpower resources available for the task					Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.		Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.		Since this is the first year this document is being reported, the Company is not in a position to adequately put these policies in place.

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	It is planned to be done within next 6 months					NO		NO		NO
5.	It is planned to be done within the next 1 year					YES		YES		YES
6.	Any other reason (please specify)					None		None		None

### 3. Governance related to BR:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

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

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

BR report is published on annual basis. ELGI is publishing the report for the first time for year ended March 31st, 2017.

Hyperlink for viewing the BR Report is <http://www.elgi.com>

### Section E: Principle-wise performance

#### Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability.

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

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

#### Whistle Blower Policy

The Audit Committee of the Board has adopted a Whistle Blower Policy to promote reporting of unethical or improper practice or violation of the Company's Code of Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the

Company. It gives a platform to the whistle blowers to report any unethical or improper practice and to define processes for receiving any investigating complaints to report the complaints on the above mentioned practices to the Managing Director or Director (HR). The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. The Whistle Blower policy is available in the website of the Company at the following address <http://www.elgi.com/wp-content/uploads/Whistle-Blower-Policy.pdf>. The Confidentiality of such reporting is maintained and the Whistle blower is protected from any discrimination action.

#### Employee Communication Meetings:

Employee Communication meetings are conducted bi-monthly at the two factory premises (viz., Singanallur and Kinathukadavu), which provide a platform for transparent two way communication between the Company management and all employees. In these Employee Communication meetings, employees who had performed well are rewarded. The Company's values are communicated through short films in which the employees themselves are encouraged to participate. The Managing Director of the Company shares the current business scenario, challenges and the way forward. This is followed by a question-answer session, where employees ask for information and clarifications regarding work practices, business challenges and future plans of the Company.

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.  
There is a structured mechanism to capture and resolve complaints from shareholders related to compliance and governance deficiencies.

There were 27 complaints received from Shareholders during the 2016-17. Each and every complaint was addressed on time satisfactorily.

During the year, there are no cases filed against the Company by shareholders, nor are any cases pending regarding unfair trade practices, irresponsible advertising and / anti-competitive behavior.



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

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

3% energy efficiency has been achieved in compressors through design improvement. We have also expanded the range of oil free compressors.

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

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

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

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

**a. Energy Consumption/** Air end( 15-16) – 575 Kwh/ Air end Improved to ( 16-17) – 538 Kwh/ Air end

**b. Water Consumption/ man** ( 15-16) - 144 Lts/ Man improved to ( 16-17) – 96 Lts/ Man

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

The usage of new products (compressors) with 3% energy efficiency will normally result in a corresponding 3% reduction in energy consumption at consumers' sites.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes

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

The Company has suppliers on board ranging from Micro, Small & Medium Enterprises (MSME) to Multi National Companies, listed companies etc .The Company possesses a commodity specific sustainable sourcing plan. There are suppliers on board for more than two decades located within Coimbatore region itself, which is the result of a "Sustainable Sourcing Plan". The Company supports many MSME's.

4. Has the company taken any steps to procure goods and services from local & small producers, including

communities surrounding their place of work?  
Yes, please see answer to 3 a above.

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

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

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

The Company does recycle Foundry Sand waste to convert them to bricks to the extent of 20 Tons / Yr.

The Company generates minimal quantities of hazardous waste, electronic waste, used oil waste and used batteries; all of which are disposed of in accordance with prevailing pollution control laws.

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

1. Please indicate the Total number of employees:  
2013 (Including Domestic & Overseas Subsidiaries)

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

3. Please indicate the Number of permanent women employees:  
84 Women employees

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

5. Do you have an employee association that is recognized by management:  
There are no formal associations but the management engages with employee committees on a continuous basis.

6. What percentage of your permanent employees is members of this recognized employee association?  
27%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

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

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

(a) Permanent Employees: 45%

(b) Permanent Women Employees: 49%

(c) Casual/Temporary/Contractual Employees: 65%

(d) Employees with Disabilities: Nil

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

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

Yes.

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

The Company has identified the disadvantaged and marginalized stakeholders amongst its employees and vendors ; while for other stakeholders, it is yet to be taken up.

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

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

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company proposes to extend its policy to other stakeholders in the ensuing financial year.

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

None

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The environmental policy and safety policy apply to the Company, its Suppliers and Contractors.

The Company's Code of Conduct demonstrates its commitment towards the preservation of human rights across value chain. The Company is an equal opportunity employer and does not discriminate based on gender, caste, race, sexual orientation or religion. The Company has a grievance redressal mechanism in place to deal with the issues related to discrimination, retaliation and harassment. The Company has in place, an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. An internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. The complaints are assured of complete anonymity and confidentiality.

There have been no complaints received and disposed regarding violation of human rights during the year 2016-17.

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

The Company does have initiatives to address climate change and global warming. Energy conservation measures are an ongoing exercise and annually the initiatives are spelt out in the Company's annual report. Going forward, the Company has set itself an internal target of reducing carbon emissions, that are in any case very minimal, by 10% every year. Suitable energy

conservation and Energy Management System (EnMS: ISO 50001:2011) is initiated and implemented to achieve this set targets. The Company also owns five windmills that have contributed to minimising the impact of global warming and climate change. The windmills contribute 15% of the total energy requirements.

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

The Company has carried out an Aspect/Impact analysis for the entire manufacturing process. This will be carried out on a continuous basis based on the process change.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

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

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

Energy conservation projects are being undertaken from time to time. Hyperlink to web page is not available currently but will be provided in due course.

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

Yes

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

None

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

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

Confederation of Indian Industry, Coimbatore Chamber of Commerce, Indo Australian Chamber of Commerce.

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

No

**Principle 8: Businesses should support inclusive growth and equitable development**

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

Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which the Company operates. The Company's CSR Policy is consistent with and meets the compliance requirements of The Companies Act, 2013. The Company's sustainability strategy is based on one main pillar – Education. Details are available in the "Annexure F" of this report.

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

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

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

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

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

Project undertaken	CSR contribution (Amount in ₹)
Flood relief project through Aurobindo Trust Pondicherry	9,26,228
Support to Cankids - Kidscan, Delhi	10,00,000
Support to School through Ellargi Trust	2,75,00,000

- The Company is supporting a School with 1500 students through a registered trust in Vellalore, Coimbatore. This school caters primarily to those living in the vicinity.

ELGI MATRICULATION SCHOOL



ELGI MATRICULATION SCHOOL LIBRARY



ELGI MATRICULATION SCHOOL CLASS ROOMS



ELGI MATRICULATION SCHOOL CHEMISTRY LAB





- During the last year the Company has contributed to a flood relief project in Cuddalore district Tamilnadu, through Aurobindo trust, Pondicherry.

**PICTURES OF THE RENOVATED HOUSES**



**RENEWATION OF A COMMUNITY HALL - SATYAM**



- The Company is also extending financial support to Cankids- Kidscan, a NGO involved in holistic treatment of cancer afflicted children. Support for Cankids-Kidscan spread for three financial years at ₹ 10.00 Lakhs/year.

**Cankids - Kidscan**



**Play & Non Formal School Room at Pediatric Oncology Department, Nil Ratan Sircar Medical College and Hospital (NRS) Kolkata**



**Child Friendly Ward at Department of Pediatrics, J.K. Lone Hospital Jaipur**



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

Yes. The Company monitors school activities continuously on a day to day basis. In regard to the flood relief project, the Company has regularly supervised implementation by deputing its personnel periodically to obtain a first-hand report. With respect to the support to the Cankids - Kidscan, the Company monitors by seeking progress reports from time to time.

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

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

The Company has an on-line system of addressing consumer complaints that are attended to promptly. Since the complaints redressal mechanism is an on-going process, the number of complaints at any given point in time may not convey the correct picture. The Company strives to resolve all complaints to the satisfaction of its customers. For a Company of this size, the number of consumer cases are very minimal and very often they relate to problems in the engine for which the engine manufacturer extends a separate warranty. There are no consumer cases that have any material impact on the financials of the Company.

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

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

1. Model Number
2. Operating Pressure
3. Flow
4. Fab no:
5. Manufacturing year.
6. Industry standards – Like CE marking.

In packing

1. Model number
2. Fabrication number
3. Handling details as per norms.

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

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

None.

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

Yes.

The Company has a policy for attending the Customer Complaints. The Company carries out surveys on an ongoing basis with customers who log into its on-line Customer Care System.

For and on behalf of the Board

**Jairam Varadaraj**  
Managing Director  
DIN:00058056

**N. Mohan Nambiar**  
Director  
DIN:00003660

Place: Coimbatore  
Date : 09/05/2017

**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

**BOARD OF DIRECTORS**

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

The Board met four times during the Financial Year on 27<sup>th</sup> May, 2016, 29<sup>th</sup> July, 2016, 15<sup>th</sup> November, 2016 and 10<sup>th</sup> February, 2017. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year are as under:-

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies #	No. of Committee Positions held in All Companies \$	
		Board meeting	Last AGM		Chairman	Member
Mr. Jairam Varadaraj (DIN No.00058056)	Managing Director Promoter	4	Yes	8	1	3
Mr. Sudarsan Varadaraj (DIN No.00133533)	Non-Executive Promoter	2	Yes	5	1	1
Dr. T. Balaji Naidu (DIN No.00002755)	Non-Executive Promoter	3	Yes	2	-	1
Mr. B. Vijayakumar (DIN No.00015583)	Non-Executive Independent	3	No	6	-	3
Mr. N. Mohan Nambiar (DIN No.00003660)	Non-Executive Independent	4	Yes	4	1	1
Mr. M. Ramprasad (DIN No.00004275)	Non-Executive Independent	4	Yes	2	1	-
Dr. Ganesh Devaraj (DIN No.00005238)	Non-Executive Independent	3	No	-	-	1
Dr. Madhavi Gopinath (DIN No.00096061)	Non-Executive Independent	3	Yes	1	-	-
Mr. Harjeet Singh Wahan (DIN No.00003358)	Non-Executive Non-Independent	4	Yes	2	-	1

# Excludes directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

Mr. Jairam Varadaraj, Managing Director and Mr. Sudarsan Varadaraj, Director are related to each other as brothers. None of the other Directors are related to each other.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 Committees nor are they the Chairman / Chairperson of more than 5 Committees, and therefore meet the requirements of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Statement showing number of Equity Shares held by the Non-Executive Directors as on 31<sup>st</sup> March, 2017:-

<b>Name of the Director</b>	<b>No of Shares held (as on 31/03/2017)</b>
Mr. M. Ramprasad	8000
Mr. B. Vijayakumar	50000
Dr. T. Balaji Naidu	31000
Mr. Sudarsan Varadaraj	41786
Mr. Harjeet Singh Wahan	10000

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

## **INDEPENDENT DIRECTORS**

### **Familiarization Program for Independent Directors:**

At every Board Meeting, the concerned Senior Management personnel of the Company presents to the Directors, region-wise operational and financial aspects of the Company and its subsidiaries. The Directors are also appraised about the new products and related aspects. During the year, a technology road map as well as a presentation on a proposed new project were presented to the Directors.

The familiarization program for Independent Directors has been posted on the Company's website at <http://www.elgi.com/independent-directors/> and the appointment letters of the Independent Directors have been posted on the Company's website [http:// www.elgi.com / wp-content / uploads / Independent -Directors-Letter –of-Appointment.pdf](http://www.elgi.com/wp-content/uploads/Independent-Directors-Letter-of-Appointment.pdf).

### **Performance Evaluation of Non-Executive and Independent Directors:**

Pursuant to the provisions of The Companies Act, 2013 and Regulation 37(10) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committee, CSR Committee and Stakeholder Relationship Committee. A self assessment apart from a peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

### **Separate Meeting of the Independent Directors:**

The Independent Directors held a Meeting on 09<sup>th</sup> May, 2017, without the attendance of Non-Independent Directors and members of Management. Majority of the Independent Directors were present at the meeting. The following matters were discussed in detail:

- I) Review of the performance of Non-Independent Directors and the Board as a whole;
- II) Review of the performance of the Managing Director of the Company, taking into account the views of Non-Executive Directors.
- III) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **COMMITTEES OF THE BOARD**

The Board at present has four Committees:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders Relationship Committee
- 4) Corporate Social Responsibility Committee.

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

**AUDIT COMMITTEE**

Majority of the members of the Audit Committee are independent and have knowledge of finance, accounts and engineering industry. The quorum for the Audit Committee meeting is a minimum of two Independent Directors.

The role, powers and functions of the Audit Committee are as per Section 177 of The Companies Act, 2013 and The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of The SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the year under review, the Committee met four times on 27<sup>th</sup> May, 2016, 29<sup>th</sup> July, 2016, 15<sup>th</sup> November, 2016 and 10<sup>th</sup> February, 2017. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. M. Ramprasad (Chairman)	Independent – Non-Executive	4	4
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive	4	4
Dr. Ganesh Devaraj (Member)	Independent – Non-Executive	4	3
Mr. Harjeet Singh Wahan (Member)	Non-Independent - Non-Executive	4	4

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, Internal Auditor and Chief Financial Officer of the Company have also attended the Committee meetings as invitees. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the accounts for the year 2016-17, before it was placed in the Board.

**NOMINATION AND REMUNERATION COMMITTEE**

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of The Companies Act, 2013 and the guidelines set out in The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of Reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of The SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Committee comprises of the following Directors as its Members.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Dr. Ganesh Devaraj (Chairman)	Independent – Non-Executive	1	1
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive	1	1
Mr. M. Ramprasad (Member)	Independent – Non-Executive	1	1

This Committee would basically look into and determine the Company's policy on remuneration packages of the Executive Directors and Senior Management. During the year under review, the Committee had met once on 27<sup>th</sup> May, 2016.

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

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at <http://www.elgi.com/wp-content/uploads/remuneration-policy.pdf>.

## DETAILS OF REMUNERATION

### Managing Director

The Company's Board at present comprises of one Executive Director, Mr. Jairam Varadaraj – Managing Director. The remuneration of Managing Director is governed by a resolution which has been approved by the Board of Directors and the shareholders. The remuneration broadly comprises fixed and variable components. The increment of the Managing Director is determined on the basis of the Company's performance and individual contribution. The Managing Director is not entitled to sitting fees for attending meetings of the Board and Committees.

**Details of remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2017 is as follows:**

Name	Designation	Total Remuneration (₹ In Million)
Mr. Jairam Varadaraj	Managing Director	12.05

Except for Mr. Harjeet Singh Wahan, vide an Ordinary Resolution as approved by the members of the Company dated 31st July, 2015, the Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

**The details of sitting fees paid during the year ended 31<sup>st</sup> March, 2017 to the Non-Executive Directors are as under:**

Name of the Director	Sitting Fees (In ₹)	Name of the Director	Sitting Fees (In ₹)
Mr. N. Mohan Nambiar	2,80,000	Dr. T. Balaji Naidu	1,10,000
Mr. M. Ramprasad	3,70,000	Mr. Sudarsan Varadaraj	60,000
Dr. Ganesh Devaraj	2,80,000	Dr. Madhavi Gopinath	1,30,000
Mr. B. Vijayakumar	1,30,000	Mr. Harjeet Singh Wahan	2,40,000

The Company currently does not operate any Stock Option Scheme.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. N. Mohan Nambiar (Chairman)	Independent – Non-Executive	31	31
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	31	31
Dr. T. Balaji Naidu (Member)	Non-Executive - Promoter	31	31

In view of her maternity leave, Mrs. Vaishnavi P. M., Company Secretary of the Company, was the Compliance Officer upto 14<sup>th</sup> November, 2016.

Mr. Shyam Vasudevan, Head- Legal & Secretarial of the Company was the Compliance Officer with effect from 15<sup>th</sup> November, 2016 until 15<sup>th</sup> May, 2017.

The Committee deals with matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints such as non-receipt of shares, non-receipt of dividends etc. and other matters related to shares.

The Share Transfers/transmissions approved by the committee are placed at the Board Meetings from time to time.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31<sup>st</sup> March, 2017, was 27. There were no outstanding complaints as on 31<sup>st</sup> March, 2017.

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

### **Unclaimed Suspense Account**

Pursuant to Regulation 34(3) read with Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had transferred on 07/12/2015, its unclaimed shares to "Elgi Equipments Limited Unclaimed Securities Suspense Account", opened with M/s. Coimbatore Capital Limited. The claim details of the Unclaimed Securities Suspense Account are given below:

<b>Unclaimed Shares as on 01/04/2016</b>		<b>Shares claimed during the period</b>		<b>Unclaimed Shares as on 31/03/2017</b>	
<b>No. of shareholders</b>	<b>No. of shares</b>	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>No. of shareholders</b>	<b>No. of shares</b>
1768	511760	22	12151	1746	499609

The voting rights of the shares lying in the Unclaimed Securities Suspense Account will remain frozen till the rightful owner claims the shares.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

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

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

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII:
- To recommend the amount of expenditure to be incurred on the activities referred to in Clause A:
- To monitor the CSR policy of the Company from time to time :
- Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with The Companies Act, 2013 and Rules made thereunder or any other statutory laws of India:

The Committee comprises four members Mr. Jairam Varadaraj, Mr. B. Vijayakumar, Dr. T. Balaji Naidu and Dr. Madhavi Gopinath as members. During the year under review, the Committee had met once on 27<sup>th</sup> May, 2016.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis forms part of this Annual Report.

**GENERAL BODY MEETINGS**

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

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2015-16	29/07/2016	4.30 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641018	-Nil-
2014-15	31/07/2015	3.45 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641018	-Nil-
2013-14	25/09/2014	10.30 am	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641018	Appointment of Dr. Ganesh Devaraj, Mr. M. Ramprasad, Mr. B. VijayaKumar and Mr. N. Mohan Nambiar as Independent Directors by passing Special Resolutions.

**EGM AND POSTAL BALLOT:**

During the year, no EGM was held. No resolutions were put through Postal Ballot last year. No Special Resolution requiring Postal Ballot is being proposed.

**MEANS OF COMMUNICATION**

The quarterly results and annual results are published in newspapers viz. Business Line (all editions), The Hindu (Vernacular paper) and simultaneously posted on the Company's web site ([www.elgi.com](http://www.elgi.com)).

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

The presentations, if any, made to institutional investors or to the analysts are also posted on Company's website.

**GENERAL SHAREHOLDER INFORMATION****57<sup>th</sup> Annual General Meeting**

Date and Time : 28<sup>th</sup> day of July, 2017 at 04:00 PM

Venue: ARDRA, No 9 North Huzur Road, Coimbatore – 641 018.

**FINANCIAL CALENDAR****Period of reporting****Financial year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018**

Quarter ending 30<sup>th</sup> June, 2017

Quarter ending 30<sup>th</sup> September, 2017

Quarter ending 31<sup>st</sup> December, 2017

Year ending 31<sup>st</sup> March, 2018

Date of Book closure

Dividend Payment Date

**Proposed Board Meeting Dates**

Last week of July, 2017

First week of November, 2017

First week of February, 2018

Last week of May, 2018

22/07/2017 to 28/07/2017 (both days inclusive)

25/08/2017

### Listing of shares on Stock Exchanges BSE Limited

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

### National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor, Plot No. C/1'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.  
Annual listing fees for the year 2016-17 were paid to BSE Limited & National Stock Exchange of India Limited.

### STOCK MARKET DATA

Type of Security: Equity

### Stock Code:

BSE Limited - **522074**

National Stock Exchange of India Limited - **ELGIEQUIP**

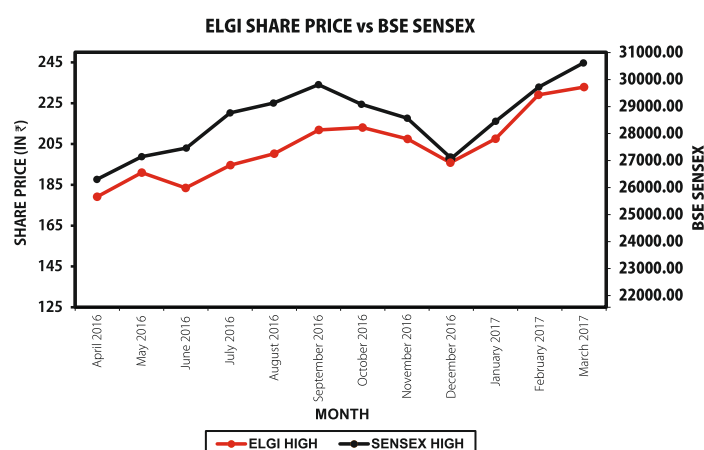
ISIN number allotted for equity shares: **INE 285A01027**

(Fully paid ₹ 1/- each)

### Stock Price Data:

For the Period: April, 2016 to March, 2017

Month	NSE			BSE		
	HIGH (In ₹)	LOW (In ₹)	QTY	HIGH (In ₹)	LOW (In ₹)	QTY
APRIL 2016	173.60	125.00	11,61,508	173.80	126.55	2,92,011
MAY	184.50	155.50	11,94,168	184.50	155.55	2,17,304
JUNE	179.00	160.10	5,44,034	178.40	162.05	1,07,972
JULY	188.70	167.95	7,31,795	188.50	169.00	1,01,098
AUGUST	191.80	158.30	14,23,943	193.00	159.00	1,91,768
SEPTEMBER	203.80	176.00	8,87,046	203.30	179.80	1,30,854
OCTOBER	204.00	185.35	3,36,267	204.70	185.60	53,615
NOVEMBER	197.50	162.00	4,12,584	200.00	160.25	1,25,894
DECEMBER	191.90	168.95	31,79,860	189.90	169.00	16,36,743
JANUARY 2017	195.00	175.30	5,46,353	199.90	178.45	3,23,377
FEBRUARY	228.00	188.05	8,04,480	220.00	189.55	1,71,877
MARCH	222.80	210.00	3,57,598	222.95	200.05	5,99,965
<b>TOTAL</b>			<b>1,15,79,636</b>			<b>39,52,478</b>



**REGISTRAR AND SHARE TRANSFER AGENTS**

(For both physical and demat segments)

**Link Intime India Private Ltd****Head Office :**

C-101, 247 Park, L.B.S.Marg, Vikroli (West), Mumbai 400 083  
Tel: 022-49186270, E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Coimbatore Branch:**

"Surya", 35, May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore -641028.  
Tel: 91-0422-2314792 & 2315792, Fax: 91-0422-2314792, E-mail: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

**Details of Compliance Officer:**

Mr. Shyam Vasudevan

Head- Legal & Secretarial / Compliance Officer

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

Tel: 91- 422- 2589136, 2589187, Fax: 91-422-2573697, e-mail : [investor@elgi.com](mailto:investor@elgi.com)

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

**Share Transfer System**

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets as and when required to effect the shares received for transfer in physical form.

**Categories of Shareholders as on 31<sup>st</sup> March, 2017**

Category	No. of Shares	% To Total
PROMOTERS	5,05,48,283	31.90
FINANCIAL INSTITUTIONS/BANKS	1,46,416	0.09
MUTUAL FUNDS	2,03,05,992	12.82
FIIIs	2,38,83,162	15.08
BODIES CORPORATE	2,05,41,503	12.96
NON -RESIDENT INDIANS	7,57,432	0.48
MARKET MAKER	1,575	0.00
CLEARING MEMBERS	19,729	0.01
EMPLOYEES	3,36,275	0.21
PUBLIC	4,19,14,141	26.45
<b>TOTAL</b>	<b>15,84,54,508</b>	<b>100.00</b>



**Distribution of Shares as on 31<sup>st</sup> March, 2017**

No. of shares	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	17277	95.12	70,61,943	4.46
5001 to 10000	339	1.87	25,05,012	1.58
10001 to 20000	228	1.25	32,80,951	2.07
20001 to 30000	72	0.40	18,29,182	1.15
30001 to 40000	50	0.28	17,76,716	1.12
40001 to 50000	27	0.15	12,28,722	0.78
50001 to 100000	55	0.30	41,51,318	2.62
100001 & above	115	0.63	13,66,20,664	86.22
<b>Total</b>	<b>18163</b>	<b>100.00</b>	<b>15,84,54,508</b>	<b>100.00</b>

**Dematerialization of Shares and liquidity**

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

During the financial year 2016-17, 93,420 shares were dematted. As on 31<sup>st</sup> March, 2017, out of 15,84,54,508 shares, total shares in demat form is 15,61,82,563 shares and 22,71,945 shares are in physical form. The dematted portion represents 98.57% shares of the company and 1.43% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26.6.2000 for all investors.

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

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

**Plant locations****ELGI EQUIPMENTS LIMITED**

Elgi Industrial Complex

Trichy Road, Singanallur, Coimbatore – 641005

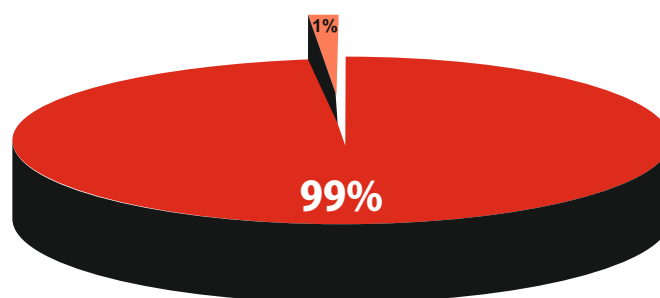
**ELGI EQUIPMENTS LIMITED**

SF No 221, 221/2 & 221/3

Kothavadi Road, Kodangipalayam Village

Singarampalayam (PO), Kinathukkadavu Taluk

Coimbatore – 642109

**Elgi Demat Percentage**

■ Demat ■ Physical

**Address for Correspondence****Mrs. Vaishnavi P.M**

Company Secretary

Elgi Equipments Ltd

Elgi Industrial Complex,

Trichy Road, Singanallur,

Coimbatore – 641005.

e-mail : investor@elgi.com

Tel: 91- 422- 2589136, 2589187

Fax: 91-422-2573697

**DISCLOSURES:**

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

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

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

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

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

No Penalties and/or strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

- c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the company. Besides this, the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not, is placed before the Audit Committee for its perusal and comments.

- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all the mandatory norms of Corporate Governance as enumerated in The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted the following non-mandatory requirements.

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

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

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

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

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

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

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

During the financial year ended 31/03/2017, the Company did not engage in commodity hedging activities

- h) Disclosure on accounting treatment.

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

- i) Disclosure on risk management.

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

There has been no instance of non-compliance of any requirement of corporate governance report as stated above.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Certificate from CEO / CFO.**

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 9<sup>th</sup> May, 2017, as required under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**CODE OF CONDUCT**

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

**CODE FOR PREVENTION OF INSIDER TRADING**

The Company has framed a code of conduct for monitoring the trading done by Insiders based on The SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated Employees.

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

**DECLARATION FOR CODE OF CONDUCT**

I hereby affirm and state that all Board Members and Senior Management personnel of the Company have given a declaration in accordance with Regulation 26(3) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2016-2017.

Place: Coimbatore  
Date : 09/05/2017

**Jairam Varadaraj**  
Managing Director  
DIN:00058056

**Certificate on Corporate Governance for the year ended 31/03/2017**

To

The Members of M/s. Elgi Equipments Limited

Dear Sirs,

I have examined the compliance conditions of Corporate Governance by M/s. Elgi Equipments Limited (The Company) for the financial year ended March 31, 2017 as stipulated under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Coimbatore  
Date : 09/05/2017

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries in Practice  
FCS No.: 960, C P No.: 411

## Group Performance for Ten Years

(₹. In Million)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenue from Operations	14,381	14,660	13,621	14,081	12,101	10,490	10,006	7,155	5,990	5,575
Total Income	14,482	14,751	13,945	14,172	12,263	10,637	10,124	7,179	6,036	5,623
Total Expenditure	12,969	13,453	12,737	13,088	11,106	9,389	8,644	6,175	5,300	4,966
PBDIT	1,513	1,299	1,208	1,084	1,157	1,248	1,480	1,004	736	657
Depreciation / Amortisation	446	436	366	262	182	135	115	108	90	77
Interest Income(+)/ Expenditure(-)	(78)	(122)	(158)	(97)	(45)	(7)	(4)	44	8	10
Profit Before Tax	989	741	684	725	931	1,106	1,361	940	654	589
Income Tax	264	244	203	269	329	350	472	361	247	171
Share of profit from Associates & Joint ventures	16	13	-	-	-	-	-	-	-	-
Profit After Tax	740	509	481	455	602	756	890	579	407	419
Dividend (%)	100	100	100	100	100	100	100	200	130	120
Capital Employed (LT)	7,035	6,853	6,622	6,781	6,534	3,976	3,383	2,648	1,967	1,671
Net Worth	6,069	5,462	4,934	4,636	4,336	3,976	3,383	2,621	1,967	1,671
Total Loan Funds	966	1,391	1,688	2,145	2,198	-	-	28	-	-
Gross Fixed Assets (incl. Investment Property)	7,428	7,279	7,005	5,773	4,669	2,404	2,071	1,810	1,581	1,383
Net Block incl. Capital WIP	4,445	4,683	4,643	4,772	3,726	1,162	904	731	666	516
Investments	102	60	148	149	149	149	173	143	143	143
Current Assets	6,415	6,198	6,706	6,484	6,332	4,819	4,581	4,270	2,526	2,746
Current Liabilities	3,974	4,079	4,728	4,696	3,823	2,196	2,329	2,497	1,372	1,759
Net Working Capital	2,441	2,119	1,978	1,788	2,509	2,624	2,252	1,773	1,154	987
Total Assets	11,266	11,208	11,668	11,758	10,549	6,216	5,746	5,133	3,310	3,414

## Notes:

1. The Company acquired Rotair S.p.a and Pattons Inc during 2012-13 and Belair SAS ceased to be a subsidiary in March 2016.
2. Total Income and total expenditure include Exceptional Items.
3. Share of profit from joint ventures and arrangements is shown separately from 2015-16, as per Ind AS. Share of Income & Expenditure of the joint ventures are included in the respective line items up to 2014-15.
4. 2016-17 & 2015-16 are not comparable with earlier years due to change in the method of consolidation of joint operations and joint ventures as per Ind AS.

## Analysis of Performance

RATIO CATEGORY / Ratio	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>OPERATIONAL PERFORMANCE</b>								
Material Consumption ratio (%)	55.43	55.94	56.03	58.26	59.45	61.63	59.94	60.56
Regular Personnel expenses (%)	17.65	17.46	18.32	16.67	13.30	10.24	8.42	7.80
Profit sharing expenses (%)	1.01	0.95	0.84	0.73	1.06	0.87	1.35	1.72
Other Expenses ratio (%)	16.27	17.16	18.52	17.56	17.73	16.30	15.43	14.40
Interest component ratio (%)	0.57	0.88	1.21	0.73	0.39	0.07	0.04	0.01
Depreciation component ratio (%)	3.28	3.13	2.80	1.96	1.60	1.37	1.23	1.55
Tax component ratio (%)	1.83	1.66	1.48	1.90	2.68	3.29	4.66	5.03
Other Income / Total Income (%)	1.39	1.08	1.19	1.25	1.60	1.57	1.36	0.52
Sales (net) per employee (₹ in million)	6.78	7.00	6.50	6.54	5.99	5.90	5.90	4.54
<b>FINANCIAL STRUCTURING</b>								
Long Term Debt Equity Ratio	0.16	0.25	0.34	0.46	0.51	-	-	-
Net Working Capital / Total Assets	0.35	0.31	0.29	0.25	0.37	0.65	0.66	0.67
Investments / Total Assets	0.01	0.01	0.02	0.02	0.02	0.04	0.05	0.05
Inventory / Current Assets	0.35	0.36	0.40	0.39	0.37	0.25	0.25	0.19
Trade Receivables/ Current Assets	0.38	0.41	0.36	0.37	0.35	0.27	0.25	0.21
<b>LIQUIDITY</b>								
Current Ratio	1.61	1.52	1.42	1.38	1.66	2.20	1.97	1.71
Liquidity Ratio	1.05	0.97	0.86	0.84	1.05	1.65	1.47	1.39
<b>EFFICIENCY</b>								
Current Assets Turnover Ratio (CATR)	2.07	2.08	1.98	2.09	2.04	2.10	2.12	1.99
Average Current Assets - no. of days	176	176	185	175	179	174	173	184
Average Inventory - No. of days								
RM & Components	47	50	57	53	50	47	44	43
WIP	7	6	7	9	9	6	5	5
Finished Goods	29	32	33	26	18	8	7	10
Trade Receivables turnover ratio (DTR)	5.69	5.83	5.57	5.99	6.77	8.45	9.67	8.30
Trade Receivables - no of days of net sales	64	63	66	61	54	43	38	44
Trade Creditors' Turnover Ratio (TCTR)	4.35	4.36	4.10	4.57	5.63	7.16	5.63	4.20
Trade Creditors - no of days	84	84	89	80	65	51	65	87
Capital Turnover Ratio	1.96	2.04	1.95	2.01	2.16	2.68	3.10	2.92
Net Fixed Assets Turnover Ratio (NFATR)	3.05	3.08	3.09	3.89	5.60	10.08	11.85	9.89
Gross Fixed Assets Net Turnover ratio (GFATR)	1.83	1.93	2.04	2.56	3.21	4.41	4.82	3.98
<b>PROFITABILITY</b>								
Gross Profit Margin (%)	10.45	9.10	7.17	7.65	9.43	11.74	14.62	13.99
PBIT Margin (%)	7.36	6.15	4.51	5.80	7.95	10.47	13.48	12.53
Pre-tax Profit Margin (%)	6.94	5.11	4.98	5.11	7.59	10.40	13.45	13.10
Net Profit Margin (%)	5.11	3.45	3.51	3.21	4.91	7.10	8.79	8.07
Post Tax Margin from Operations (%)	4.89	3.21	1.94	2.57	4.18	6.51	8.55	8.24
ROTA (%)	17.77	19.30	14.05	15.73	21.56	33.72	48.97	43.56
ROCE (%)	15.37	13.29	9.23	12.35	18.56	30.25	45.26	38.98
<b>SHAREHOLDER'S EARNINGS</b>								
RONW (%)	12.84	9.64	5.38	10.15	14.48	20.54	29.64	25.25
Earnings Per Share (current equity)	4.67	3.21	3.04	2.87	3.80	4.77	5.62	7.34
Dividend Per Share (₹)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.83
Dividend Payout Ratio (%)	21.41	31.11	32.94	34.79	26.33	20.97	17.81	24.99
Price Earnings Ratio (current equity)	45.29	40.32	48.12	28.94	22.14	15.65	21.53	9.20
Dividend Yield	0.47	0.77	0.68	1.20	1.19	1.34	0.83	2.72
Dividend to Net Worth Ratio (%)	2.61	2.90	3.21	3.42	3.65	3.98	4.68	5.52
Book Value per share (₹)	38.25	34.47	31.14	29.26	27.36	25.09	21.35	33.20

## Notes :

1. Net Profit Margin Includes Exceptional Items
2. The Company acquired Rotair S.p.a and Pattons Inc during 2012-13 and Belair SAS ceased to be a subsidiary in March 2016.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of

### ELGI EQUIPMENTS LIMITED

### Report on the Standalone Ind AS financial Statements

We have audited the accompanying standalone Ind AS financial statements of ELGI EQUIPMENTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income) and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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 31st March, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matters

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), which were audited by us and on which we expressed an unmodified opinion dated May 27, 2016 and May 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to Ind AS have been audited by us.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, ("the Order"), and on the basis of such checks of the books and records of the



Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

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

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 42 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017, for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 50.

Place : Coimbatore

Date : 09/05/2017

**For RJC ASSOCIATES**

Chartered Accountants

Firm Reg. No. 003496S

**R. JAYACHANDRAN**

Partner

Membership No.021848



## **"Annexure - A" to the Independent Auditor's Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. (a) The management has conducted the physical verification of Inventory at reasonable intervals.

(b) The discrepancies noticed on physical verification of the inventory as compared to book records which has been properly dealt with in the books of accounts were not material.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the disputed central excise and sales tax aggregating ₹ 54.89 million have not been deposited since matters are pending with relevant forum as indicated below:

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/ Adj.	Forum where dispute is pending
Sales Tax	LST, CST & Penalty	52.81	27.35	Department Appeal Authorities
	LST, CST & Penalty	13.01	8.55	Tribunal
	LST, CST & Penalty	16.82	11.50	High Court, Chennai
Central Excise	Excise Duty & Penalty	9.66	0.01	Department Appeal Authorities
	Service Tax & Penalty	2.73	0.30	Tribunal Authorities
	Service Tax & Penalty	7.58	-	Department Appeal Authorities
		<b>102.61</b>	<b>47.72</b>	

4. In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided guarantees, and security to the parties covered under section 185 and 186 of the Companies Act, 2013. However the Company has made Investments, provided guarantees and loans to its Wholly Owned Subsidiaries which are within the limits specified in the Section 186 of Companies Act, 2013.

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10. According to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit, nor have we been informed of any such case by the Management.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

Place : Coimbatore

Date : 09/05/2017

**For RJC ASSOCIATES**

Chartered Accountants

Firm Reg. No. 003496S

**R. JAYACHANDRAN**

Partner

Membership No.021848

## **"Annexure - B" to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Elgi Equipments Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material

misstatement of the standalone Ind AS 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 audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Ind AS 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 Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RJC ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 003496S

**R. JAYACHANDRAN**  
Partner  
Membership No.021848

Place : Coimbatore  
Date : 09/05/2017

**Standalone Financial Statements for the year ended March 31, 2017**

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

**Balance Sheet as at March 31, 2017**

Particulars	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	2,368.35	2,553.15	2,694.20
Capital work-in-progress	3 (iii)	2.58	5.16	63.46
Investment Property	4	57.24	57.95	58.78
Other Intangible assets	3	19.21	15.22	5.66
Financial assets				
(i) Investments	5	1,376.33	1,184.43	1,246.80
(ii) Loans	6	49.72	18.67	15.91
(iii) Other financial assets	7	32.13	33.39	25.21
Other non-current assets	8	17.12	10.09	10.93
<b>Total non-current assets</b>		<b>3,922.68</b>	<b>3,878.06</b>	<b>4,120.95</b>
<b>Current assets</b>				
Inventories	9	1,003.73	977.70	1,129.78
Financial assets				
(i) Trade receivables	10	1,591.67	1,597.28	1,642.21
(ii) Cash and cash equivalents	11	424.87	279.78	93.71
(iii) Bank balances other than (ii) above	12	112.13	101.25	133.82
(iv) Loans	13	145.12	105.49	131.26
(v) Other financial assets	14	27.67	12.67	7.19
Current tax assets (Net)	15	15.50	0.23	0.58
Other current assets	16	430.18	361.46	389.55
<b>Total current assets</b>		<b>3,750.87</b>	<b>3,435.86</b>	<b>3,528.10</b>
<b>Total assets</b>		<b>7,673.55</b>	<b>7,313.92</b>	<b>7,649.05</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share capital	17	158.45	158.45	158.45
Other Equity	18	5,249.88	4,720.81	4,800.81
<b>Total Equity</b>		<b>5,408.33</b>	<b>4,879.26</b>	<b>4,959.26</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions	19	35.91	28.56	21.26
Deferred tax liabilities (Net)	20	98.32	38.11	73.33
Government grants	21	31.86	46.99	55.85
<b>Total non-current liabilities</b>		<b>166.09</b>	<b>113.66</b>	<b>150.44</b>

**Standalone Financial Statements for the year ended March 31, 2017**

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

**Balance Sheet as at March 31, 2017 (Continued)**

Particulars	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	22	484.91	637.97	1,133.40
(ii) Trade payables	23			
(a) Total outstanding dues of micro enterprises and small enterprises		133.34	147.15	123.90
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,016.33	1,024.27	872.67
(iii) Other financial liabilities	24	219.29	193.83	157.43
Provisions	25	113.70	173.52	77.21
Current tax liabilities (Net)	26	-	5.56	6.88
Other current liabilities	27	123.30	129.85	158.93
Government grants	21	8.26	8.85	8.93
<b>Total current liabilities</b>		<b>2,099.13</b>	<b>2,321.00</b>	<b>2,539.35</b>
<b>Total liabilities</b>		<b>7,673.55</b>	<b>7,313.92</b>	<b>7,649.05</b>

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

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Standalone Financial Statements for the year ended March 31, 2017**

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

**Statement of Profit & Loss for the year ended March 31, 2017**

Particulars	Note	March 31, 2017	March 31, 2016
Revenue From Operations	28	9,487.14	9,207.77
Other Income	29	143.05	135.34
<b>Total Income</b>		<b>9,630.19</b>	<b>9,343.11</b>
<b>Expenses</b>			
Cost of materials consumed	30	4,216.37	4,140.18
Purchases of Stock-in-trade	31	913.98	811.05
Changes in Inventories of finished goods, work-in-progress and Traded goods	32	22.25	51.62
Excise duty		570.00	551.58
Employee benefits expense	33	1,179.59	1,063.02
Depreciation and Amortisation Expense	34	368.36	369.47
Other Expenses	35	1,464.69	1,478.39
Finance costs	36	12.24	35.12
<b>Total Expenses</b>		<b>8,747.48</b>	<b>8,500.43</b>
<b>Profit Before Exceptional items and Tax</b>		<b>882.71</b>	<b>842.68</b>
Exceptional Items	45	-	551.76
<b>Profit Before Tax</b>		<b>882.71</b>	<b>290.92</b>
<b>Tax expense</b>	37		
- Current tax		173.38	239.85
- Deferred tax		25.50	(42.87)
<b>Profit for the year from continuing operations</b>		<b>683.83</b>	<b>93.94</b>
Profit/(loss) from discontinued operations (after tax)		-	-
<b>Profit for the year</b>		<b>683.83</b>	<b>93.94</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations		(25.11)	(28.16)
Change in fair value of FVOCI equity instruments		41.80	1.58
Income tax relating to these items		8.69	9.74
<b>Other comprehensive income for the year, net of tax</b>		<b>25.38</b>	<b>(16.84)</b>
<b>Total comprehensive income for the year</b>		<b>709.21</b>	<b>77.10</b>
<b>Earnings per Equity Share</b>	47		
<b>Nominal value of the shares</b>		1.00	1.00
(1) Basic		4.32	0.59
(2) Diluted		4.32	0.59

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

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Standalone Financial Statements for the year ended March 31, 2017**

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

**Statement of changes in equity****1) Equity Share Capital**

	Notes	Amounts
<b>Balance as at April 1, 2015</b>	17	<b>158.45</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2016</b>	17	<b>158.45</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2017</b>		<b>158.45</b>

**2) Other equity**

Description	Notes	Reserve and Surplus						Other Reserve			
		Capital Reserve	Statutory reserve	Securities Premium	General Reserve	Treasury Stock	Retained earnings	Total	FVOCI-Equity instruments	Total	Total equity
<b>Balance at April 1, 2015</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,116.80</b>	<b>(11.40)</b>	<b>3,058.31</b>	<b>4,759.98</b>	<b>40.83</b>	<b>40.83</b>	<b>4,800.81</b>
Profit for the year	18	-	-	-	-	-	93.94	93.94	-	-	93.94
Other Comprehensive Income	18	-	-	-	-	-	(18.42)	(18.42)	1.58	1.58	(16.84)
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75.52</b>	<b>75.52</b>	<b>1.58</b>	<b>1.58</b>	<b>77.10</b>
MAT credit entitlement in respect of earlier years	18	-	-	-	-	-	23.42	23.42	-	-	23.42
Transfer to General Reserve	18	-	-	-	23.80	-	(23.80)	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>											
Dividend Paid (including dividend distribution tax)	40	-	-	-	-	-	(180.52)	(180.52)	-	-	(180.52)
<b>Balance at March 31, 2016</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,140.60</b>	<b>(11.40)</b>	<b>2,952.93</b>	<b>4,678.40</b>	<b>42.41</b>	<b>42.41</b>	<b>4,720.81</b>
<b>Balance at April 1, 2016</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,140.60</b>	<b>(11.40)</b>	<b>2,952.93</b>	<b>4,678.40</b>	<b>42.41</b>	<b>42.41</b>	<b>4,720.81</b>
Profit for the year	18	-	-	-	-	-	683.83	683.83	-	-	683.83
Other Comprehensive Income	18	-	-	-	-	-	(16.42)	(16.42)	41.80	41.80	25.38
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667.41</b>	<b>667.41</b>	<b>41.80</b>	<b>41.80</b>	<b>709.21</b>
Others		-	-	-	-	-	0.38	0.38	-	-	0.38
<b>Transactions with owners in their capacity as owners:</b>											
Dividend Paid (including dividend distribution tax)	40	-	-	-	-	-	(180.52)	(180.52)	-	-	(180.52)
<b>Balance at March 31, 2017</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,140.60</b>	<b>(11.40)</b>	<b>3,440.20</b>	<b>5,165.67</b>	<b>84.21</b>	<b>84.21</b>	<b>5,249.88</b>

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

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848



**Standalone Financial Statements for the year ended March 31, 2017**

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

**Statement of cash flows**

Particulars	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	<b>882.71</b>	<b>290.92</b>
Adjustments for:		
Depreciation and amortisation expense	368.36	369.47
Provision for bad and doubtful debts	11.43	106.79
Provision for doubtful loans	-	73.52
(Gain)/loss on disposal of property, plant and equipment	(0.46)	(7.04)
Amortisation of government grants	(8.85)	(8.93)
Dividend and interest income classified as investing cash flows	(95.75)	(82.76)
Finance costs	12.24	35.12
Provision for financial guarantees	-	68.86
Provision for impairment of investment	52.91	411.91
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	(5.82)	(61.86)
(Increase)/decrease in inventories	(26.03)	152.08
Increase/(decrease) in trade payables	(21.75)	174.85
(Increase) in other financial assets	(7.29)	(8.24)
(Increase)/decrease in other current assets	(68.72)	28.09
Increase/(decrease) in provisions	(77.58)	6.59
Increase in other financial liabilities	29.12	34.55
Increase in other current liabilities	(6.55)	(29.08)
<b>Cash generated from operations</b>	<b>1,037.97</b>	<b>1,554.84</b>
Income taxes paid	(157.69)	(200.02)
<b>Net cash inflow from operating activities</b>	<b>880.28</b>	<b>1,354.82</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangible assets	(191.66)	(179.90)
Investments in subsidiaries / joint ventures	(203.00)	(347.96)
(Investment) / Redemption of bank deposits (net)	(10.88)	32.57
Loans to employees and subsidiaries	(70.68)	(50.51)
Proceeds from sale of property, plant and equipment	0.83	8.94
Dividends received	58.37	59.31
Interest received	30.93	18.03
<b>Net cash outflow from investing activities</b>	<b>(386.09)</b>	<b>(459.52)</b>

**Standalone Financial Statements for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>Cash flows from financing activities</b>		
Repayment of loans to banks and related parties	(153.06)	(495.43)
Dividends paid to company's shareholders	(158.30)	(157.76)
Interest paid	(15.56)	(33.86)
Dividend Tax paid	(22.18)	(22.18)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(349.10)</b>	<b>(709.23)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>145.09</b>	<b>186.07</b>
Cash and cash equivalents at the beginning of the financial year	279.78	93.71
<b>Cash and cash equivalents at end of the year</b>	<b>424.87</b>	<b>279.78</b>

The above Cash flow statement should be read in conjunction with the accompanying notes.

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**General Information**

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

**1 Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

**(a) Basis of preparation****(i) Compliance with Ind AS**

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 51 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value; and

b) defined benefit plans — plan assets measured at fair value.

**(b) Accounting for Joint Operations**

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 51 (C-1).

**(c) Segment reporting**

Operating segments are reported in a manner

consistent with the internal reporting provided to the chief operating decision maker. The Managing Director (MD) of the company has been identified as the chief operating decision maker of Elgi Equipments Limited who assesses the financial performance and position of the Company, and makes strategic decisions. The business activities of the Company comprise of manufacturing and sale of compressors. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

**(d) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.

**(iii) Foreign operations**

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

Assets and liabilities are translated at the closing rate at the date of that balance sheet.

Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions), and all resulting foreign exchange differences are recognised in other comprehensive income.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as a part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The results and financial position of foreign operation which have a functional currency similar to the company are translated using the same principle enumerated in Note (d) (ii) above.

**(e) Revenue recognition**

Revenue is recognised at fair value of the consideration received and receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amount collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

**Sale of goods :** Revenue from sale of goods is recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per terms of the contract.

**Duty drawback :** Income from duty drawback is recognised on an accrual basis.

**Royalty :** Royalty is recognised on accrual basis in accordance with terms of respective agreements.

**Rent :** Rental Income is recognised on accrual basis in accordance with terms of respective rent agreements.

**(f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

**(g) Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(h) Leases**

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(j) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(k) Trade receivables**

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

**(l) Inventories****Raw materials and stores, work in progress, traded and finished goods**

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

**(m) Investments and other financial assets****(i) Classification**

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

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



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

b) those measured at amortised cost.

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

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

**a) Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**b) Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from

equity to profit or loss and recognised in other income/ (expense). Interest income from these financial assets is included in other income using the effective interest rate method.

**c) Fair value through profit or loss:**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ (expense) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The Company measures all equity investments at fair value, except for investments forming part of interest in subsidiaries and joint ventures, which are measured at cost. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ (expense) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii) Impairment of financial assets**

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

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

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when

- a) The Company has transferred the rights to receive cash flows from the financial asset or
- b) The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(v) Income recognition****a) Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**b) Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**Derivatives**

(i) Derivatives that are not designated as hedges: The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / (expense).

**(n) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(o) Property, Plant and Equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS on transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP adjusted for the impact of outstanding government grant relating to purchase of property plant and equipment and use the value so arrived as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on Schedule II to the Companies Act, 2013, except roads where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Asset	Useful Life
Roads	10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income / (expense).

**(p) Investment Properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost,



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

**(q) Intangible assets**

The intangible asset includes technical know-how and computer software which are recorded at the cost of acquisition and are amortised over a period of five years or their legal / useful life whichever is less.

**(r) Research and development**

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**(s) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(t) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in

profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(u) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(v) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries / joint ventures are provided for no compensation, the fair values are accounted for as

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

contributions and recognised as part of the cost of the investment.

**(w) Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(x) Employee Benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liability in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund and Superannuation fund.

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plans**

The Company pays provident fund and superannuation fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and Life Insurance Corporation of India respectively. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(iv) Bonus plans**

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

**(x) Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(y) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**(z) Earnings Per Share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

= the profit attributable to owners of the Company

=by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 47).

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

=the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

=the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(aa) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**(ab) Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, Statement of Cash Flows and Ind AS 102, Share-Based Payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of Cash Flows and IAS 2, Share-Based Payment, respectively. The amendments are applicable to the Company from April 1, 2017.

**Amendment to Ind AS 7**

The amendment to Ind AS 7 requires entities to provide disclosures that enable the users of financial statements to evaluate changes in financial liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities from financing activities, to meet the disclosure requirements.

The Company is evaluating the disclosure requirements of the amendment and the effect of the same on the financial statements.

**Amendment to Ind AS 102**

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have any share based payment transactions and therefore there is no impact on the financial statements of the company arising from the amendment to be notified.

**2. Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**The areas involving critical estimates or judgements are:**

Estimation of provision for warranty claims	– <b>Note 25</b>
Estimation of defined benefit obligation	– <b>Note 25 (a)</b>
Estimation of current tax expense and payable	– <b>Note 37</b>

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**3 Property, Plant and Equipment and Intangible Assets**

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and fixtures	Vehicle	Canteen Equipments	Total	Intangible Assets	Total of Tangible and Intangible assets
<b>Year ended March 31, 2016</b>										
<b>Gross Carrying Amount</b>										
Deemed Cost as at April 1, 2015	232.00	959.48	1,391.51	9.43	87.48	1.52	12.78	2,694.20	5.66	2,699.86
Additions	-	14.67	198.35	5.08	4.36	0.01	1.97	224.44	14.60	239.04
Disposal	(0.05)	(0.14)	(10.43)	-	-	-	-	(10.62)	-	(10.62)
<b>Closing gross carrying amount</b>	<b>231.95</b>	<b>974.01</b>	<b>1,579.43</b>	<b>14.51</b>	<b>91.84</b>	<b>1.53</b>	<b>14.75</b>	<b>2,908.02</b>	<b>20.26</b>	<b>2,928.28</b>
<b>Accumulated depreciation</b>										
For the year	-	123.60	192.53	5.58	36.52	0.29	5.08	363.60	5.04	368.64
Disposal	-	(0.12)	(8.61)	-	-	-	-	(8.73)	-	(8.73)
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>123.48</b>	<b>183.92</b>	<b>5.58</b>	<b>36.52</b>	<b>0.29</b>	<b>5.08</b>	<b>354.87</b>	<b>5.04</b>	<b>359.91</b>
<b>Net carrying amount</b>	<b>231.95</b>	<b>850.53</b>	<b>1,395.51</b>	<b>8.93</b>	<b>55.32</b>	<b>1.24</b>	<b>9.67</b>	<b>2,553.15</b>	<b>15.22</b>	<b>2,568.37</b>
<b>Year Ended March 31, 2017</b>										
<b>Gross Carrying Amount</b>										
Opening gross carrying amount	231.95	974.01	1,579.43	14.51	91.84	1.53	14.75	2,908.02	20.26	2,928.28
Additions	1.62	30.65	130.36	6.87	8.16	-	0.49	178.15	9.06	187.21
Disposal	-	-	(17.20)	(0.40)	(0.89)	(0.10)	-	(18.59)	-	(18.59)
<b>Closing gross carrying amount</b>	<b>233.57</b>	<b>1,004.66</b>	<b>1,692.59</b>	<b>20.98</b>	<b>99.11</b>	<b>1.43</b>	<b>15.24</b>	<b>3,076.58</b>	<b>29.32</b>	<b>3,096.90</b>
<b>Accumulated depreciation</b>										
Opening accumulated depreciation	-	123.48	183.92	5.58	36.52	0.29	5.08	354.87	5.04	359.91
For the year	-	110.15	219.03	6.43	22.95	0.26	3.76	362.58	5.07	367.65
Disposal	-	-	(16.93)	(0.37)	(0.82)	(0.10)	-	(18.22)	-	(18.22)
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>233.63</b>	<b>386.02</b>	<b>11.64</b>	<b>58.65</b>	<b>0.45</b>	<b>8.84</b>	<b>699.23</b>	<b>10.11</b>	<b>709.34</b>
<b>Net carrying amount</b>	<b>233.57</b>	<b>771.03</b>	<b>1,306.57</b>	<b>9.34</b>	<b>40.46</b>	<b>0.98</b>	<b>6.40</b>	<b>2,368.35</b>	<b>19.21</b>	<b>2,387.56</b>

**i) Property, plant and equipment pledged as security**

Refer Note 48 for information on property, plant and equipment pledged as security by the company.

**ii) Contractual obligations**

Refer to note 43 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**iii) Capital work-in-progress**

Capital work-in-progress mainly comprises machinery additions at the Company's factory premises.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**4 Investment property**

Particulars	March 31, 2017	March 31, 2016
<b>Gross carrying amount:</b>		
Opening gross carrying amount / Deemed cost	58.78	58.78
Additions	-	-
<b>Closing gross carrying amount</b>	<b>58.78</b>	<b>58.78</b>
<b>Accumulated depreciation:</b>		
Opening accumulated depreciation	0.83	-
Depreciation charge	0.71	0.83
<b>Closing accumulated depreciation</b>	<b>1.54</b>	<b>0.83</b>
<b>Net carrying amount</b>	<b>57.24</b>	<b>57.95</b>

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

Particulars	March 31, 2017	March 31, 2016
Rental income	17.49	17.09
Direct operating expenses from property that generated rental income	(0.68)	(0.73)
Direct operating expenses from property that did not generate rental income	-	-
<b>Profit from investment properties before depreciation</b>	<b>16.82</b>	<b>16.36</b>
Depreciation	0.71	0.83
<b>Profit from investment property</b>	<b>16.10</b>	<b>15.53</b>

(ii) Fair value

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investment property	747.24	747.95	748.79

**Estimation of fair value**

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**5. Non current investments**

Particulars	No.of Shares	Face Value Per Share (in ₹)	March 31, 2017	March 31, 2016	April 1, 2015
<b>Investments in equity instruments (fully paid-up) (Unquoted) At cost</b>					
<b>Investment In Subsidiaries (Refer Note below)</b>					
ATS Elgi Limited (Share 100%)	9,000	10.00	180.90	180.90	180.90
ELGI GULF-(FZE) (Share 100%)	1		1.78	1.78	1.78
Elgi Equipments (Zhejiang) Limited - China (Share 100%)			416.48	363.57	350.90
Less : Impairment			(416.48)	(363.57)	
Elgi Compressors Trading (Shanghai) Co.Ltd - China (Share 100%)			28.68	28.68	28.68
Less : Impairment			(28.68)	(28.68)	
SAS Belair - France (Share 100%)			19.66	19.66	-
Less : Impairment			(19.66)	(19.66)	
Elgi Compressor Do BRASIL IMPE.EXP. Ltd. - Brazil (Share 100%)	6,22,11,889	1.77	-	-	-
Elgi Australia Pty Ltd - Australia (Share 100%)	100	55.02	3.54	3.54	3.54
Elgi Compressors S.r.l. - Italy (Share 100%)	15,000	69.66	215.57	213.94	78.29
Elgi Compressors USA Inc. (Share 100%)	10,000	55.96	761.86	614.50	434.62
Elgi Equipments Indonesia PT (Share 99.71%)			19.00	19.00	19.00
Ergo Design Limited (Share 100%)	10,000	1.00	0.10	0.10	-
Adisons Precision Instruments Mfg. Co. Ltd. (Share 100%)	7,43,350	10.00	89.06	89.06	89.06
<b>Investment In Joint Ventures</b>					
ELGI Sauer Compressors Ltd [Share 26%]	1,69,000	10.00	1.69	1.69	1.69



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	No.of Shares	Face Value Per Share (in ₹)	March 31, 2017	March 31, 2016	April 1, 2015
<b>Investment in Equity Instruments (fully paid-up) (Quoted)</b>					
<b>At Fair Value through Other Comprehensive Income</b>					
Lakshmi Machine Works Ltd	50	10.00	0.21	0.17	0.19
State Bank of India	3,600	1.00	1.05	0.69	0.96
HDFC Bank Limited	2,500	2.00	3.61	2.68	2.56
HDFC Limited	12,000	2.00	18.03	13.27	15.73
Magna Electro Castings Ltd	80,000	10.00	13.92	9.72	9.07
Rajshree Sugars & Chemicals Ltd	2,29,000	10.00	14.26	8.82	4.36
Pricol Ltd	94,245	1.00	7.47	4.05	2.86
L.G.Balakrishnan & Bros.Ltd.	2,496	10.00	1.55	1.09	1.38
LGB Forge Limited	18,720	1.00	0.13	0.11	0.12
Elgi Rubber Company Limited	7,63,700	1.00	41.51	19.32	21.12
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	50.00	-	-	-
<b>Investment In Limited Liability Partnership</b>					
Industrial Air Solutions LLP			1.1	-	-
<b>Total</b>			<b>1,376.33</b>	<b>1,184.43</b>	<b>1,246.80</b>
Aggregate amount of quoted investments and market value thereof			101.73	59.92	58.34
Aggregate amount of unquoted investments			1,274.60	1,124.51	1,188.46
Aggregate amount of impairment in the value of investments			464.82	411.91	-

Note :

The value of the investment in subsidiaries is after giving effect to the deemed cost as at April 1, 2015.

Also refer note 51.



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>6 Loans (Non-current)</b>			
Unsecured, considered good			
Loans to employees	49.72	18.67	15.91
	<b>49.72</b>	<b>18.67</b>	<b>15.91</b>
<b>7 Other financial assets</b>			
Security Deposits	32.13	33.39	25.21
	<b>32.13</b>	<b>33.39</b>	<b>25.21</b>
<b>8 Other non-current assets</b>			
Capital Advances	17.12	10.09	10.93
	<b>17.12</b>	<b>10.09</b>	<b>10.93</b>
<b>9 Inventories</b>			
(a) Raw Materials	573.74	535.30	640.53
(b) Work-in-progress	99.61	127.07	116.34
(c) Finished goods	255.22	236.02	296.37
(d) Stock-in-trade	15.33	21.74	25.56
(e) Stores and spares	9.52	11.20	11.89
(f) Loose Tools	43.93	40.59	32.01
(g) Packing materials	6.38	5.78	7.08
	<b>1,003.73</b>	<b>977.70</b>	<b>1,129.78</b>
Note: Raw materials, Work-in-progress and Finished goods include R&D inventory also.			
<b>10 Trade receivables</b>			
Unsecured, considered good	1,591.67	1,597.28	1,642.21
Doubtful	42.45	126.74	28.73
	<b>1,634.12</b>	<b>1,724.02</b>	<b>1,670.94</b>
Less : Allowance for doubtful debts	(42.45)	(126.74)	(28.73)
	<b>1,591.67</b>	<b>1,597.28</b>	<b>1,642.21</b>
<b>11 Cash and cash equivalents</b>			
(a) Cash on hand	0.14	0.20	0.66
(b) Cheques, drafts on hand	10.43	-	-
(c) Balance with banks			
-In current accounts	73.34	101.72	79.81
-In deposit accounts	335.65	172.59	8.55
(with original maturity of 3 months or less)			
Balance in unclaimed dividend account*	5.31	5.27	4.69
	<b>424.87</b>	<b>279.78</b>	<b>93.71</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

\* Earmarked for payment of unclaimed dividend.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>12 Other bank balances</b>			
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	112.13	101.25	133.82
	<b>112.13</b>	<b>101.25</b>	<b>133.82</b>
*Includes margin money deposit			
<b>13 Loans (Current)</b>			
Unsecured, considered good:			
Loan to subsidiaries (refer note 41 and 53)	100.73	83.23	108.88
Loan to employees	44.39	22.26	22.38
Doubtful:			
Loan to subsidiaries (refer note 41 and 53)	73.52	73.52	
Less: Allowance for doubtful loans	(73.52)	(73.52)	-
	<b>145.12</b>	<b>105.49</b>	<b>131.26</b>

**Disclosure required as per Section 186**

The company has advanced loans to its subsidiaries to meet their working capital requirements. The loans carry interest rates which are at par with the prevailing market rates.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>14 Other Financial Assets</b>			
Interest accrued	18.73	12.28	6.86
Others	8.94	0.39	0.33
	<b>27.67</b>	<b>12.67</b>	<b>7.19</b>
<b>15 Current Tax Assets (Net)</b>			
Opening Balance	(5.33)	0.58	0.63
Add : Tax Paid	157.69	(0.24)	-
Less : Current tax payable for the year	(164.69)	(0.11)	(0.05)
Add : MAT Credit utilised	27.83		
	<b>15.50</b>	<b>0.23</b>	<b>0.58</b>
<b>16 Other Current Assets</b>			
Income / refund receivable	67.72	65.19	73.89
Prepaid expenses	30.52	22.59	24.56
Balance with Government authorities	98.98	87.66	94.01
Rent advances	2.50	2.50	2.50
Advance to suppliers	112.85	72.69	75.93
Others	117.61	110.83	118.66
	<b>430.18</b>	<b>361.46</b>	<b>389.55</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**17 Equity share capital**

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of Rs. 1 each		
<b>As at April 1, 2015</b>	<b>300.00</b>	<b>300.00</b>
Increase during the year	-	-
<b>As at March 31, 2016</b>	<b>300.00</b>	<b>300.00</b>
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>300.00</b>	<b>300.00</b>

(iii) Movements in equity share capital :

Particulars	Number of shares (in millions)	Equity sharecapital (par value)
Equity shares of ₹ 1 each		
<b>As at April 1, 2015</b>	<b>158.45</b>	<b>158.45</b>
<b>As at March 31, 2016</b>	<b>158.45</b>	<b>158.45</b>
<b>As at March 31, 2017</b>	<b>158.45</b>	<b>158.45</b>

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Equity sharecapital (par value)
Equity shares of Rs. 1 each		
<b>As at April 1, 2015</b>	<b>158.45</b>	<b>158.45</b>
Increase during the year	-	-
<b>As at March 31, 2016</b>	<b>158.45</b>	<b>158.45</b>
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>158.45</b>	<b>158.45</b>

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of Rs. 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2017, the amount of dividend per share recognized as distributions to equity shareholders is Rs. 1/- (March 31, 2016: Rs. 1/-).

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

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	2,55,09,390	16.10%	2,51,90,940	15.90%	2,51,90,940	15.90%
SBI Emerging Businesses Fund	1,43,77,243	9.07%	1,43,77,243	9.07%	1,42,20,736	8.97%
Jairam Varadaraj	1,41,60,478	8.94%	1,23,24,928	7.78%	1,23,24,928	7.78%
Pari Washington Co. P. Ltd, A/c Pari Washington India Master Fund, Ltd.	87,65,714	5.53%	87,65,714	5.53%	81,90,892	5.17%
Gagandeep Credit Capital Pvt. Limited	81,52,575	5.15%	81,52,575	5.15%	81,52,575	5.15%

(v) ESPS / Bonus issue during the last 5 years:

Particulars	Face Value (in Rs.)	Number of shares	Financial Year
Employees Stock Purchase Scheme	1	5,83,600	2010-11
Bonus Shares	1	7,89,35,454	2010-11

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>18 Other Equity</b>			
<b>Reserves &amp; Surplus</b>			
a) Capital reserve	181.41	181.41	181.41
b) Securities premium reserve	409.37	409.37	409.37
c) Statutory reserve	5.49	5.49	5.49
d) General reserve	1,140.60	1,140.60	1,116.80
e) Retained earnings	3,440.20	2,952.93	3,058.31
f) Treasury Stock	(11.40)	(11.40)	(11.40)
g) Other Reserves:			
FVOCI - Equity instruments	84.21	42.41	40.83
	<b>5,249.88</b>	<b>4,720.81</b>	<b>4,800.81</b>

Particulars	March 31, 2017	March 31, 2016
<b>a) Capital reserve</b>		
Opening balance	181.41	181.41
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>181.41</b>	<b>181.41</b>
<b>b) Securities Premium reserve</b>		
Opening balance	409.37	409.37
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>409.37</b>	<b>409.37</b>
<b>c) Statutory reserve</b>		
Opening balance	5.49	5.49
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>5.49</b>	<b>5.49</b>
<b>d) General reserve</b>		
Opening balance	1,140.60	1,116.80
Additions during the year	-	23.80
Deductions / Adjustments during the year	-	-
<b>Closing balance</b>	<b>1,140.60</b>	<b>1,140.60</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>e) Retained earnings</b>		
Opening balance	2,952.93	3,058.31
Net profit for the year	683.83	93.94
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	(16.42)	(18.42)
- MAT credit entitlement in respect of earlier years	0.38	23.42
- Others		
Appropriations		
General Reserve	-	(23.80)
Dividend on equity shares (including dividend distribution tax (net of credit of dividend distribution tax))	(180.52)	(180.52)
<b>Closing balance</b>	<b>3,440.20</b>	<b>2,952.93</b>
<b>f) Treasury Stock</b>		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions / Adjustments during the year	-	-
<b>Closing balance</b>	<b>(11.40)</b>	<b>(11.40)</b>
<b>g) Other Reserves</b>		
<b>FVOCI - Equity instruments</b>		
Opening balance	42.41	40.83
Additions during the year	41.80	1.58
Deductions / Adjustments during the year	-	-
<b>Closing balance</b>	<b>84.21</b>	<b>42.41</b>

**Nature and purpose of other reserves****FVOCI equity investments**

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>19 Provisions (Non-current)</b>			
Provision for compensated absences	35.91	28.56	21.26
	<b>35.91</b>	<b>28.56</b>	<b>21.26</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>20 Deferred Tax Liabilities (Net)</b>			
Depreciation	138.17	153.92	143.51
Set-off of deferred tax assets pursuant to set-off of:			
Provision for compensated absences	(13.56)	(9.78)	(5.68)
Provision for Warranty	(16.65)	(22.68)	(15.80)
Provision for expected credit loss and guarantee	(3.00)	(51.79)	(7.48)
MAT Credit entitlement	(3.45)	(31.28)	(38.92)
Other timing differences	(3.20)	(0.28)	(2.30)
	<b>98.32</b>	<b>38.11</b>	<b>73.33</b>

**Movements in deferred tax liabilities:**

Particulars	Depreciation	Provision for compensated absences	Provision for Warranty	Provision for expected credit loss and guarantee	MAT Credit entitlement	Other timing differences	Total
<b>At April 1, 2015</b>	<b>143.51</b>	<b>(5.68)</b>	<b>(15.80)</b>	<b>(7.48)</b>	<b>(38.92)</b>	<b>(2.30)</b>	<b>73.33</b>
MAT credit entitlement in respect of earlier years recognised in retained earnings	-	-	-	-	(23.42)	-	(23.42)
MAT credit adjusted against current tax payable	-	-	-	-	31.06	-	31.06
(Charged) / credited:							
- to profit or loss	10.41	(4.10)	(6.88)	(44.31)	-	2.02	(42.86)
- to other comprehensive income	-	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>153.92</b>	<b>(9.78)</b>	<b>(22.68)</b>	<b>(51.79)</b>	<b>(31.28)</b>	<b>(0.28)</b>	<b>38.11</b>
(Charged)/credited:							
- to profit or loss	(15.75)	(3.78)	6.03	48.79	-	(2.92)	32.38
- to other comprehensive income	-	-	-	-	-	-	-
- adjusted against current tax payable	-	-	-	-	27.83	-	27.83
<b>At March 31, 2017</b>	<b>138.17</b>	<b>(13.56)</b>	<b>(16.65)</b>	<b>(3.00)</b>	<b>(3.45)</b>	<b>(3.20)</b>	<b>98.32</b>



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>21 Government Grants</b>			
Deferred Income			
<b>Non-Current Portion</b>	31.86	46.99	55.85
<b>Current Portion</b>	8.26	8.85	8.93
	<b>40.12</b>	<b>55.84</b>	<b>64.78</b>
<b>22 Borrowings (Current)</b>			
Loans repayable on demand			
<i>Secured</i>			
- from Banks	-	194.00	179.86
<i>Unsecured</i>			
- from Banks	484.91	373.97	913.54
- from related parties	-	70.00	40.00
	<b>484.91</b>	<b>637.97</b>	<b>1,133.40</b>

Secured borrowings and assets pledged as security:

(a) The borrowings from banks as at March 31, 2016 and April 1, 2016 are secured by charges on assets as disclosed in note 48.

(b) The borrowings of the Company comprise of packing credit facility from the Banks and in addition includes a loan from subsidiary as at March 31, 2016 and April 1, 2015. The borrowing from Bank are repayable within 180 days from the date of borrowing and carry an interest rate of LIBOR/ EURIBOR plus 30 to 50 bps. The borrowings from subsidiary are payable on terms as may be mutually agreed and carry an interest rate of 8.50% as at March 31, 2016 and 9.25% as at April 01, 2015.

There are no defaults in repayment of the above borrowings.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>23 Trade payables</b>			
Due To Micro, Small and Medium Enterprises (Refer Note 46)	133.34	147.15	123.90
Others	1,016.33	1,024.27	872.67
	<b>1,149.67</b>	<b>1,171.42</b>	<b>996.57</b>
<b>24 Other Financial liabilities</b>			
<b>Derivatives not designated as hedges</b>			
Derivative Instruments	1.39	0.82	-
<b>Others</b>			
Interest accrued but not due on borrowings	0.26	3.58	2.32
Unclaimed dividends	5.31	5.27	4.69
Dealer deposits	20.46	20.73	23.79
Employee benefit expenses payable	180.18	163.43	126.63
Others	11.69	-	-
	<b>219.29</b>	<b>193.83</b>	<b>157.43</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>25 Provisions</b>			
Provision for Warranty	67.87	65.53	45.65
Provision for Financial Guarantee	6.40	68.86	-
Provision for Gratuity (Refer Note 25(a))	39.43	39.13	31.44
Others	-	-	0.12
	<b>113.70</b>	<b>173.52</b>	<b>77.21</b>

**(i) Information about individual provisions and significant estimates****Provision for Warranty**

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

**Provision for Financial Guarantee**

The Company has provided financial guarantee to lenders of money to its subsidiaries. In accordance with the expected credit loss model prescribed under Ind AS, the Management has recognised a provision for these guarantees based on its best estimate of the outflow expected to be paid in the event such guarantees are invoked by the respective lenders.

**(ii) Movements in provisions**

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision For Warranty	Provision for Financial Guarantee
<b>As at April 1, 2016</b>	65.53	68.86
Charged/(credited) to profit or loss	-	-
Additional provisions recognised	67.87	-
Amounts used during the year	(65.53)	(62.46)
<b>As at March 31, 2017</b>	<b>67.87</b>	<b>6.40</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**25(a) Employee benefit obligations****(i) Leave obligations**

The leave obligations cover the Company's liability for earned leave.

**(ii) Post-employment benefit obligations - Gratuity**

Particulars	Present value of obligation	Fair value of plan assets	Total
<b>April 1, 2015</b>	<b>124.60</b>	<b>93.20</b>	<b>31.40</b>
Current service cost	10.16	-	10.16
Past service cost	-	-	-
Interest expense/(income)	9.55	9.32	0.23
<b>Total amount recognised in profit or loss</b>	<b>19.71</b>	<b>9.32</b>	<b>10.39</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in assumptions	5.08	-	5.08
Experience (gains)/losses	23.35	0.27	23.08
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>28.43</b>	<b>0.27</b>	<b>28.16</b>
Employer contributions	-	30.83	(30.83)
Benefit payments	(4.24)	(4.24)	-
<b>March 31, 2016</b>	<b>168.50</b>	<b>129.38</b>	<b>39.12</b>
<b>April 1, 2016</b>	<b>168.50</b>	<b>129.38</b>	<b>39.12</b>
Current service cost	12.74	-	12.74
(Gains) and losses on curtailment and settlement	-	-	-
Interest expense/(income)	12.98	11.40	1.58
<b>Total amount recognised in profit or loss</b>	<b>25.72</b>	<b>11.40</b>	<b>14.32</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	25.36	0.24	25.12
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>25.36</b>	<b>0.24</b>	<b>25.12</b>
Employer contributions	-	38.39	(38.39)
Benefit payments	(8.47)	(8.47)	-
<b>March 31, 2017</b>	<b>211.11</b>	<b>170.94</b>	<b>40.17</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations	211.11	168.50	124.60
Fair value of plan assets	170.94	129.38	93.20
<b>Deficit of funded plan</b>	<b>40.17</b>	<b>39.12</b>	<b>31.40</b>
<b>Deficit of unfunded plans</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deficit of gratuity plan</b>	<b>40.17</b>	<b>39.12</b>	<b>31.40</b>

**(iii) Defined contribution plans**

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is INR 57.11 Million (March 31, 2016 – INR 51.79 Million).

**(iv) Post-employment benefits**

The significant actuarial assumptions were as follows

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount Rate	7.30%	7.90%	7.80%
Rate of increase in compensation levels	9.00%	8.00%	6.00%
Attrition Rate	3.00%	3.00%	3.00%
Expected rate of return on Plan Assets	7.30%	7.90%	7.80%

**(v) Sensitivity Analysis**

Particulars	March 31, 2017	March 31, 2016
A. Discount Rate + 50 BP	7.80%	8.40%
Defined Benefit Obligation [PVO]	201.36	161.08
Current Service Cost	14.65	12.01
B. Discount Rate - 50 BP	6.80%	7.40%
Defined Benefit Obligation [PVO]	221.62	176.50
Current Service Cost	16.67	13.53
C. Salary Escalation Rate +50 BP	9.50%	8.50%
Defined Benefit Obligation [PVO]	219.07	175.27
Current Service Cost	16.11	13.30
D. Salary Escalation Rate -50 BP	8.50%	7.50%
Defined Benefit Obligation [PVO]	203.31	161.97
Current Service Cost	15.10	12.24

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.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**(v) Major Category of Plan Assets as a % of total Plan Assets**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Balance with LIC of India	<b>100.00%</b>	<b>100.00%</b>

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

**(vi) Risk exposure**

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

**(vii) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 10.49 years (March 31, 2016 – 10.08 years, March 31, 2015 – 9.67 years).

<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>April 1, 2015</b>
<b>26 Current Tax Liabilities (Net)</b>			
Opening Balance	5.56	6.88	(54.08)
Less : Regrouped to Current Tax Assets	(5.56)		
Current tax payable for the year	-	230.00	131.63
Less : Tax Paid	-	(200.26)	(70.67)
Less : MAT Credit		(31.06)	
	<b>-</b>	<b>5.56</b>	<b>6.88</b>
<b>27 Other Current Liabilities</b>			
Advances received from customers	114.41	119.69	154.20
Statutory payable	7.39	8.62	3.19
Rental advances received	1.50	1.54	1.54
	<b>123.30</b>	<b>129.85</b>	<b>158.93</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>28 Revenue from Operations</b>		
Sale of products (including excise duty)	9,285.22	9,039.55
Sale of services	115.97	111.86
Other operating revenues	85.95	56.36
	<b>9,487.14</b>	<b>9,207.77</b>
<b>29 Other Income</b>		
Interest Income	37.38	23.45
Dividend Income (i)	58.37	59.31
Miscellaneous Income (Net)	17.99	16.65
Profit on sale of assets	0.54	8.21
Rental receipts	19.92	18.79
Government Grants (ii)	8.85	8.93
	<b>143.05</b>	<b>135.34</b>

(i) All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.

(ii) Government grants are related to import duties saved on import of property, plant and equipment. The Company has an export obligation calculated at a specified percentage of duty saved, which has to be fulfilled within a specified period from the date of import. There are no other unfulfilled conditions or contingencies attaching to these grants.

Particulars	March 31, 2017	March 31, 2016
<b>30 Cost of material consumed</b>		
Opening Stock of Raw Materials	513.14	626.34
Purchases	4,245.93	4,026.98
	<b>4,759.07</b>	<b>4,653.32</b>
<b>Less:</b>		
Inventory of materials at the end of the year	542.70	513.14
	<b>4,216.37</b>	<b>4,140.18</b>
<b>31 Purchases of Stock-in-trade</b>		
Oil	120.95	122.95
Others	793.03	688.10
	<b>913.98</b>	<b>811.05</b>



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>32 Changes in Inventory</b>		
Opening inventory:		
-Finished goods	210.09	268.44
-WIP	97.50	86.95
-Stock in trade	21.74	25.56
Closing inventory:		
-Finished goods	219.92	210.09
-WIP	71.83	97.50
-Stock in trade	15.33	21.74
	<b>22.25</b>	<b>51.62</b>
<b>33 Employee Benefit Expenses</b>		
Salaries, wages and bonus	1,026.51	935.96
Contribution to Provident fund & Superannuation scheme	57.11	51.79
Gratuity	15.30	6.00
Staff welfare expenses	80.67	69.27
	<b>1,179.59</b>	<b>1,063.02</b>
<b>34 Depreciation and Amortisation Expense</b>		
Depreciation of property, plant and equipment	362.58	363.59
Depreciation on investment properties	0.71	0.83
Amortisation of intangible assets	5.07	5.04
	<b>368.36</b>	<b>369.47</b>
<b>35 Other expenses</b>		
Packing & Forwarding	127.43	136.20
Consumption of stores	53.16	48.04
Tools Consumed	47.12	40.27
Commission & discounts	125.47	84.53
<i>Repairs and maintenance:</i>		
- Building	38.94	37.69
- Plant and machinery	46.93	43.57
- Others	24.65	19.89
Communication expenses	15.64	14.71
Royalty expenses	2.56	2.69
Power and fuel	126.54	130.83
Transport charges	85.38	82.82
Travelling & conveyance	102.31	91.84
Insurance	9.19	9.58
Advertisement & Publicity	26.11	23.75
Printing and stationery	7.94	7.72

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
Research & Development Expenses (Refer Note 49)	54.66	54.75
After sales expenses	116.82	171.51
Factory Expenses	12.62	13.02
Rates and taxes	11.42	12.38
Payment to the auditors (refer note 35(a) below)	2.23	1.85
Subscription & Membership	1.32	3.14
CSR Expenses (refer note 35 (b) below)	32.03	38.58
Rent	22.14	22.37
Legal and Consultancy charges	249.87	181.60
Directors' sitting fees	1.56	1.08
Bank Charges	9.06	8.65
Excise Duty	29.08	32.32
Net Loss on foreign currency transaction and translation	6.80	0.07
Loss on sale of assets	0.08	1.17
Bad debts written off & Provision for Doubtful Advances and Debts	11.43	20.80
Provision for dimunition in value of investments	-	19.66
Provision for Financial Guarantee	-	68.86
Fair value losses on derivatives not designated as hedges (net)	-	0.82
Miscellaneous expenses	64.20	51.63
	<b>1,464.69</b>	<b>1,478.39</b>
<b>35 (a) Details of payments to auditors</b>		
Payment to the auditors		
- audit fees	1.72	1.47
- other services	0.51	0.38
	<b>2.23</b>	<b>1.85</b>
<b>35 (b) Corporate social responsibility expenditure</b>		
Contribution to Ellargi Trust	27.50	34.50
Contribution to Others	4.53	4.08
	<b>32.03</b>	<b>38.58</b>
Amount required to be spent as per Section 135 of the Companies Act, 2013	18.39	18.07
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	32.03	38.58

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>36 Finance costs</b>		
Interest Expenses	12.24	35.12
	<b>12.24</b>	<b>35.12</b>
<b>37 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<i>Current tax:</i>		
Current tax on profits for the year	173.38	239.85
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>173.38</b>	<b>239.85</b>
<i>Deferred tax:</i>		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	25.50	(42.87)
<b>Total deferred tax expense/(benefit)</b>	<b>25.50</b>	<b>(42.87)</b>
<b>Income tax expense</b>	<b>198.88</b>	<b>196.98</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
Profit from continuing operations before income tax expense	882.71	290.92
<b>Tax at the Indian tax rate of 34.608% (2015-2016 – 34.608%)</b>	<b>305.49</b>	<b>100.68</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Deduction under Section 35(2AB) for expenditure on research and development	(78.03)	(105.31)
Provision for diminution and doubtful debts for loans and investments	6.75	181.48
Dividend Income from equity instruments exempt u/s 10(34)	(20.16)	(20.53)
Provisions for expenses disallowed	(16.29)	13.29
Unrealised gain/(loss) on deemed investment	-	19.21
Corporate social responsibility expenditure (net of benefit u/s 80G)	5.88	6.44
Deduction u/s 24 of IT Act (Income from house property)	(1.85)	(1.86)
Income on Government Grant received	(3.06)	-
Others	0.15	3.58
<b>Income tax expense</b>	<b>198.88</b>	<b>196.98</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**38 Fair value measurements****Financial instruments by category**

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investments									
- Equity instruments	-	101.73	-	-	59.92	-	-	58.34	-
Loans			194.84			124.16	-		147.17
Trade receivables	-	-	1,591.67	-	-	1,597.28	-	-	1,642.21
Cash and bank balances	-	-	537.00	-	-	381.03	-	-	227.53
Security deposits	-	-	32.13	-	-	33.39	-	-	25.21
Others	-	-	27.67	-	-	12.67	-	-	7.19
<b>Total financial assets</b>	<b>-</b>	<b>101.73</b>	<b>2,383.31</b>	<b>-</b>	<b>59.92</b>	<b>2,148.53</b>	<b>-</b>	<b>58.34</b>	<b>2,049.31</b>
<b>Financial liabilities</b>									
Borrowings	-	-	484.91	-	-	637.97	-	-	1,133.40
Trade payables	-	-	1,149.67	-	-	1,171.42	-	-	996.57
Dealer Deposits	-	-	20.46	-	-	20.73	-	-	23.79
Derivative Financial Liabilities	1.39	-	-	0.82	-	-	-	-	-
Employee benefit expenses payable	-	-	180.18	-	-	163.43	-	-	126.63
Others	-	-	17.26	-	-	8.85	-	-	7.01
<b>Total financial liabilities</b>	<b>1.39</b>	<b>-</b>	<b>1,852.48</b>	<b>0.82</b>	<b>-</b>	<b>2,002.40</b>	<b>-</b>	<b>-</b>	<b>2,287.40</b>

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI:					
Quoted Equity Investments	5	101.73	-	-	101.73
<b>Total financial assets</b>		<b>101.73</b>	<b>-</b>	<b>-</b>	<b>101.73</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts	24	-	1.39	-	1.39
<b>Total financial liabilities</b>		<b>-</b>	<b>1.39</b>	<b>-</b>	<b>1.39</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

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

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	6	-	-	52.31	52.31
Security deposits	7	-	-	32.13	32.13
<b>Total financial assets</b>		-	-	<b>84.44</b>	<b>84.44</b>
<b>Financial Liabilities</b>		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

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

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI:					
Quoted Equity Investments	5	59.92	-	-	59.92
<b>Total financial assets</b>		<b>59.92</b>	-	-	<b>59.92</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts	24	-	0.82	-	0.82
<b>Total financial liabilities</b>		-	<b>0.82</b>	-	<b>0.82</b>

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

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	6	-	-	18.67	18.67
Security deposits	7	-	-	33.39	33.39
<b>Total financial assets</b>		-	-	<b>52.06</b>	<b>52.06</b>
<b>Financial Liabilities</b>		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

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

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI					
Quoted Equity Investments	5	58.34	-	-	58.34
<b>Total financial assets</b>		<b>58.34</b>	-	-	<b>58.34</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

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

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	6	-	-	15.91	15.91
Security deposits	7	-	-	25.21	25.21
<b>Total financial assets</b>		-	-	<b>41.12</b>	<b>41.12</b>
<b>Financial Liabilities</b>		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**(iii) Fair value of financial assets and liabilities measured at amortised cost**

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Loans						
Loans to employees	49.72	52.31	18.67	18.67	15.91	15.91
Security deposits	32.13	32.13	33.39	33.39	25.21	25.21
<b>Total financial assets</b>	<b>81.85</b>	<b>84.44</b>	<b>52.06</b>	<b>52.06</b>	<b>41.12</b>	<b>41.12</b>
<b>Financial Liabilities</b>	-	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-	-	-

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, current loans to employees and subsidiaries, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**39 Financial risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward Foreign Exchange Contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The Company's risk management is carried out by a central treasury department under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**(A) Credit risk**

Credit risk arises from cash and cash equivalents, investments carried at fair value and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

**(i) Credit risk management**

Credit risk is managed on a Company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a Company basis for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk

C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are included -

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Company and changes in the operating results of the borrower.

Macro economic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

**(ii) Provision for expected credit losses**

The Company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

**Year ended March 31, 2017:**

(a) The estimated gross carrying amount at default is ₹ 538.34 million (March 31, 2016: 485.43 million, April 1, 2015: Nil) for Investments and loans and deposits. Consequently expected credit loss of an amount of ₹ 52.91 million for the year ended March 31, 2017 (March 31, 2016 - ₹ 485.43 million) has been recognised.

(b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the Company based on the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

**(iv) Reconciliation of loss allowance provision – Trade receivables**

Loss allowance on April 1, 2015	28.73
Write-offs	(8.79)
Changes in loss allowance	106.80
<b>Loss allowance on March 31, 2016</b>	<b>126.74</b>
Write-offs	(97.42)
Changes in loss allowance	13.13
<b>Loss allowance on March 31, 2017</b>	<b>42.45</b>

**(B) Liquidity risk**

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

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>Floating rate</b>			
Expiring within one year (bank overdraft and other facilities)	4,533.28	3,394.89	2,140.55

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

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

**(ii) Maturities of financial liabilities**

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

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

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

**Contractual maturities of financial liabilities:**

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<b>March 31, 2017</b>						
<b>Non-derivatives</b>						
Borrowings	65.73	419.18	-	-	-	484.91
Trade payables	1,149.67	-	-	-	-	1,149.67
Other financial liabilities	217.90	-	-	-	-	217.90
<b>Total non-derivative liabilities</b>	<b>1,433.30</b>	<b>419.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,852.48</b>
Derivatives (Net Settled)	1.39	-	-	-	-	1.39
<b>Total non-derivative liabilities</b>	<b>1.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.39</b>
<b>March 31, 2016</b>						
<b>Non-derivatives</b>						
Borrowings	-	567.97	-	70.00	-	637.97
Trade payables	1,171.42	-	-	-	-	1,171.42
Other financial liabilities	193.01	-	-	-	-	193.01
<b>Total non-derivative liabilities</b>	<b>1,364.43</b>	<b>567.97</b>	<b>-</b>	<b>70.00</b>	<b>-</b>	<b>2,002.40</b>
<b>Derivatives (Net Settled)</b>	<b>0.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.82</b>
<b>Total non-derivative liabilities</b>	<b>0.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.82</b>
<b>April 1, 2015</b>						
<b>Non-derivatives</b>						
Borrowings	350.00	743.40	-	40.00	-	1,133.40
Trade payables	996.57	-	-	-	-	996.57
Other financial liabilities	157.43	-	-	-	-	157.43
<b>Total non-derivative liabilities</b>	<b>1,504.00</b>	<b>743.40</b>	<b>-</b>	<b>40.00</b>	<b>-</b>	<b>2,287.40</b>
<b>Derivatives (Net Settled)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total non-derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**Market risk****( i) Foreign currency risk**

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	USD	EUR	AUD	USD	EUR	AUD	USD	EUR	AUD
<b>Financial assets</b>									
Trade receivables	8.82	1.66	1.06	6.44	2.14	0.48	9.30	1.27	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>8.82</b>	<b>1.66</b>	<b>1.06</b>	<b>6.44</b>	<b>2.14</b>	<b>0.48</b>	<b>9.30</b>	<b>1.27</b>	<b>-</b>
<b>Financial liabilities</b>									
Foreign currency loan	6.70	0.72		8.49		11.76			-
Trade payables	0.96	0.08					0.86	0.09	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>7.66</b>	<b>0.80</b>	<b>-</b>	<b>8.49</b>	<b>-</b>	<b>11.76</b>	<b>0.86</b>	<b>0.09</b>	<b>-</b>

**Sensitivity**

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

**Impact on profit after tax**

	March 31, 2017	March 31, 2016
USD sensitivity		
INR/USD Increases by 5%	2.45	(4.44)
INR/USD Decreases by 5%	(2.45)	4.44
EURO sensitivity		
INR/EURO Increases by 5%	1.92	(15.56)
INR/EURO Decreases by 5%	(1.92)	15.56
AUD sensitivity		
INR/AUD Increases by 5%	1.72	(18.68)
INR/AUD Decreases by 5%	(1.72)	18.68

**(ii) Price risk**

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.  
To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

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

**Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

**Impact on other components of equity**

	March 31, 2017	March 31, 2016
NSE Nifty 50 – increase 5%	5.09	3.00
NSE Nifty 50 – decrease 5%	(5.09)	(3.00)

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

**40 Capital management****(a) Risk management**

The Company's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	60.04	358.19	1,039.69
Total equity	5,408.33	4,879.26	4,959.26
<b>Net debt to equity ratio</b>	<b>1%</b>	<b>7%</b>	<b>21%</b>

**(i) Loan covenants**

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

**(b) Dividends**

Particulars	March 31, 2017	March 31, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2015	-	158.45
Final dividend for the year ended March 31, 2016	158.45	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (March 31, 2016 – ₹ 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**41 Related party transactions****(a) Name of the related parties and nature of relationship:****(i) Where control exists:****Subsidiaries**

Name of entity	Place of business	Ownership interest held by the company			Principal Activities
		March 31, 2017 %	March 31, 2016 %	April 1, 2015 %	
ATS Elgi Limited	India	100	100	100	Manufacture and trading of automobile service equipments
Elgi Equipments Limited (Zhejiang)	China	100	100	100	Trading of air compressors
Elgi Compressors Trading Co. Limited (Shanghai)	China	100	100	100	Trading of air compressors
Belair SAS*	France	-	-	100	Manufacturing and trading of air compressors
Elgi Gulf (FZE)	UAE	100	100	100	Trading of air compressors
Elgi Compressors Do Brazil Imp. E. EXP.LTDA	Brazil	100	100	100	Assembly and trading of air compressors
Elgi Australia PTY Ltd.	Australia	100	100	100	Trading of air compressors and machinery related consumables
Elgi Compressors Italy S.R.L	Italy	100	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	100	Manufacture of compressors, tracked carriers and hydraulic hammers and trading of the same products
Elgi Compressors USA Inc.	America	100	100	100	Trading of air compressors
Patton's Inc	America	100	100	100	Trading of air compressors
Patton's Medical LLC.	America	100	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	100	Trading of air compressors and machinery related consumables
Ergo Design Private Limited	India	100	100	-	Design services

\* Belair SAS ceased to be a subsidiary w.e.f. March 31, 2016.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Key management personnel	Mr. Jairam Varadaraj, Managing Director Mr. Sriram S, Chief Financial Officer
Relatives of Key Management Personnel	Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj Mr. Varun Jay Varadaraj, son of Mr. Jairam Varadaraj
Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited Elgi Ultra Industries Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited Elgi Automotive Services Private Limited

**Details of Joint Ventures**

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

Industrial Air Solutions LLP is engaged in the distribution of products of ELGi Equipments Limited.

**Details of Joint Operations**

The Company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership together with Elgi Ultra Industries Limited to earn rental income from Investment Property.

The Company has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Industries Limited.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**(b) Particulars of transactions with related parties**

The following transactions occurred with related parties:

Particulars	Subsidiaries		Joint Venture & Others		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Purchase of goods	75.84	130.27	94.16	107.16	-	-
Sale of goods	986.22	1,012.13	124.93	106.61	-	-
Receiving Services	10.26	2.74	18.99	18.34	-	-
Providing Services	19.78	5.16	6.16	5.65	-	-
Finance					-	-
- Received from related parties	30.00	250.00	-	-	-	-
- Given to related parties	38.21	359.34	-	-	-	-
Interest					-	-
- Received from related parties	5.53	5.43	-	-	-	-
- Paid to related parties	4.76	12.03	-	-	-	-
Reimbursement of Expenses					-	-
- To related parties	22.53	27.90	0.01	0.17	-	-
- By related parties	28.5	57.33	0.03	2.78	-	-
Investments	164.08	113.87	-	0.10	-	-
Dividend Receipts		-		-	-	-
- Received from related parties	49.50	49.50	7.94	9.30	-	-
Key management personnel compensation						
Short-term employee benefits	-	-	-	-	19.44	16.51
Other long-term benefits	-	-	-	-	0.99	0.93
Remuneration	-	-	1.96	1.63		

**(c) Outstanding balances arising from sales/purchases of goods and services**

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

Description	Subsidiaries			Joint Venture & Others		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Payable at the end of the year	28.28	34.37	41.20	-	11.06	1.39
<b>Total payables to related parties</b>	<b>28.28</b>	<b>34.37</b>	<b>41.20</b>	<b>-</b>	<b>11.06</b>	<b>-</b>
Receivable at the end of the year	462.87	478.67	509.25	16.58	14.33	6.30
<b>Total receivables from related parties</b>	<b>462.87</b>	<b>478.67</b>	<b>509.25</b>	<b>16.58</b>	<b>14.33</b>	<b>6.30</b>

An allowance of ₹ 159.51 million as at March 31, 2017 (March 31, 2016 - ₹ 85.99 million, April 1, 2015 - Nil) has been recognised in respect of impaired receivables and loans to related parties.

**(d) Terms and conditions**

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**42 Contingent liabilities and contingent assets****(a) Contingent liabilities**

( i) Claims against the Company not acknowledged as debts

**March 31, 2017**

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/Adj.	Forum where dispute is pending
<b>Sales Tax</b>	LST, CST & Penalty	52.81	27.35	Department Appeal Authorities
	LST, CST & Penalty	13.01	8.55	Tribunal
<b>Central Excise</b>	LST, CST & Penalty	16.82	11.50	High Court, Chennai
	Excise Duty & Penalty	9.66	0.01	Department Appeal Authorities
	Service Tax & Penalty	2.73	0.30	Tribunal Authorities
	Service Tax & Penalty	7.58	-	Department Appeal Authorities
		<b>102.61</b>	<b>47.72</b>	

The Company has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.

**March 31, 2016**

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/Adj.	Forum where dispute is pending
Sales Tax	LST, CST & Penalty	36.18	23.95	Tribunal
	LST, CST & Penalty	74.75	8.51	High Court, Chennai
Central Excise	Excise Duty & Penalty	9.40	-	Departmental Authorities
	Service Tax & Penalty	8.99	0.11	Tribunal Authorities
	Service Tax & Penalty	2.57	0.32	CESTAT-Tribunal
		<b>131.89</b>	<b>32.89</b>	

The Company has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Guarantees and Letters of credit	45.77	251.53	298.80

**43 Commitments****(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts remaining to be executed on capital account	80.63	62.51	10.93

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**44 Events occurring after the reporting period**

Refer Note 40 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

**45 Exceptional Item**

Exceptional items constitute the below:

Consequent to the Company's announcement that it would restructure its China (Shanghai and Zheijiang) operations by closing down Elgi Compressors Trading (Shanghai) Co Ltd and continue to carry on only its trading operations in Elgi Compressors (Zheijiang) Co Ltd, the Company has written down the value of the assets relating to Chinese operations as set out below.

	March 31, 2017	March 31, 2016
a) Provision for diminution in value of investments	-	392.25
b) Provision for advances that may not be recoverable	-	73.52
c) Provision for doubtful Trade Receivables (net of payables)	-	85.99
	-	551.76

**46 Details of dues to Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprise Development Act, 2006.**

Particulars		March 31, 2017	March 31, 2016	April 1, 2015
The Principal amount due to supplier under the Act.	S 22 (i)	133.34	147.15	123.90
Interest accrued and due to suppliers on the above amount (Other than Section 16)	S 22 (i)	Nil	Nil	Nil
Interest paid to suppliers under the act (Section 16)	S 22 (ii)	Nil	Nil	Nil
Interest due and payable for delay (for payments during the year beyond due date)	S 22 (iii)	Nil	Nil	Nil
Payments made to suppliers (other than interest) beyond the appointed day, during the year.	S 22 (iii)	Nil	Nil	Nil
Interest accrued & remaining unpaid at the end of year to suppliers under the Act	S 22 (iv)	Nil	Nil	Nil
Interest due & payable to suppliers under the Act for payments already made	S 22 (v)	Nil	Nil	Nil

The information has been given in respect of vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with the Company.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**47 Earnings per share**

Particulars	March 31, 2017	March 31, 2016
<b>(a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	4.32	0.59
<b>(b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	4.32	0.59
<b>(c) Reconciliations of earnings used in calculating earnings per share</b>		
<i>Basic earnings per share</i>		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	683.83	93.94
<i>Diluted earnings per share</i>		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	683.83	93.94
- used in calculating diluted earnings per share	683.83	93.94
Profit attributable to equity holders of the Company used in calculating basics earnings per share	683.83	93.94
<b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	<b>158.34</b>	<b>158.34</b>
Adjustments for calculation of diluted earnings per share:	-	-
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	<b>158.34</b>	<b>158.34</b>

**48 Assets Pledged as security**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current</b>			
a. Charge on entire Current Assets, both present and future	2,595.40	2,574.98	2,771.99
b. Charge on specific land, building & machinery	1385.33	1382.27	1370.91
c. Cash Margin of INR 100 Million	100	100	100

**49 Details of R&D Expenses**

Particulars	March 31, 2017	March 31, 2016
i) Capital	12.56	66.37
ii) Salaries & wages	196.86	182.05
iii) R&D materials	54.66	54.75
iv) Maintenance	0.11	0.21
v) Other Expense	27.04	25.05
	<b>291.23</b>	<b>328.43</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**50 Disclosures relating to specified Bank Notes \* (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016**

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	0.74	0.01	0.75
( + ) Permitted Receipts	-	0.92	0.92
( - ) Permitted Payments	-	0.87	0.87
( - ) Amount deposited into Banks	0.74	-	0.74
Closing cash in hand as on December 30, 2016	-	0.06	0.06

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

**51 Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions****A.1.1 Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief

from full retrospective application that would require restatement of all business combinations prior to the transition date or the specific date prior to the transition date so chosen. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in joint ventures.

**A.1.2 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value adjusted for the impact of outstanding government grant relating to purchase of property plant and equipment and use the value so arrived as the deemed cost of the property, plant and equipment, intangible assets and investment property.

**A.1.3 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investments in equity investments.

**A.1.4 Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts / arrangements.

**A.1.5 Investments in subsidiaries and joint ventures**

If a first-time adopter measures investments in subsidiary, joint venture or associate at cost in accordance with Ind AS 27, Ind AS 101 allows the entity to measure such investments at one of the following amounts in its separate opening Ind AS Balance Sheet.

- (a) Cost determined in accordance with Ind AS 27 or
- (b) Deemed cost.

The deemed cost of such an investment shall be its

- (i) fair value at the entity's date of transition to Ind AS in its separate financial statements or
- (ii) previous GAAP carrying amount at that date.

The above options can be selected for each investment. Accordingly the Company has elected to measure all investments in subsidiary and joint venture at their previous GAAP carrying value, except for investments in its subsidiary SAS Belair (France) and Elgi Compressores Do Brazil Imp. E. Exp. LTDA which have been measured at fair value on the date of transition.

**A.1.6 Joint Operations**

Ind AS 101 provides an exemption for changing from equity method to accounting for share of assets and liabilities. As per the exemption, when changing from the equity method to accounting for share of assets and

liabilities in respect of its interest in a joint operation, an entity shall, at the date of transition to Ind AS, derecognise the investment that was previously accounted for using the equity method and any other items that formed part of the entity's net investment in the arrangement and recognise its share of each of the assets and the liabilities in respect of its interest in the joint operations.

The Company has elected to apply this exemption for its joint operation.

**A.2 Ind AS mandatory exceptions****A.2.1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.
- Provision for constructive obligations.

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**A.2.3 Impairment of financial assets**

Ind AS 101 provides that if at the date of transition the determination of increase in credit risk since initial recognition is difficult, loss allowance to be provided at an amount equal to lifetime expected credit losses at each reporting date until de-recognition.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**B. Reconciliations between previous GAAP and Ind AS**

Reconciliation of equity as at date of transition (April 1, 2015)

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	1,13	2,516.67	177.53	2,694.20
Capital work-in-progress		63.46	-	63.46
Investment Property	5	-	58.78	58.78
Other Intangible assets		5.66	-	5.66
Financial Assets				
(i) Investments	1,2,3,4,5	1,234.30	12.50	1,246.80
(ii) Loans		15.91	-	15.91
(iii) Other Financial Assets		25.21	-	25.21
Other non-current assets		10.93	-	10.93
<b>Total non-current assets</b>		<b>3,872.14</b>	<b>248.81</b>	<b>4,120.95</b>
<b>Current assets</b>				
Inventories		1,129.78	-	1,129.78
Financial assets				
(i) Trade receivables	6	1,663.83	(21.62)	1,642.21
(ii) Cash and cash equivalents	1	93.52	0.19	93.71
(iii) Bank balances other than (ii) above		133.82	-	133.82
(iv) Loans	2	832.91	(701.65)	131.26
(v) Other Financial Assets	1	6.86	0.33	7.19
Current Tax Assets (Net)	1	-	0.58	0.58
Other current assets	1	390.18	(0.63)	389.55
<b>Total current assets</b>		<b>4,250.90</b>	<b>(722.80)</b>	<b>3,528.10</b>
<b>Total Assets</b>		<b>8,123.04</b>	<b>(473.99)</b>	<b>7,649.05</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share capital		158.45	-	158.45
Other Equity	1,15,16	5,171.46	(370.65)	4,800.81
<b>Total equity</b>		<b>5,329.91</b>	<b>(370.65)</b>	<b>4,959.26</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions		21.26	-	21.26
Deferred tax liabilities (Net)	14	96.62	(23.28)	73.33
Government Grants	13	-	55.85	55.85
<b>Total non-current liabilities</b>		<b>117.88</b>	<b>32.57</b>	<b>150.44</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings		1,133.40	-	1,133.40
(ii) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises		123.90	-	123.90
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1	872.66	0.01	872.67
(iii) Other financial liabilities		157.43	-	157.43
Provisions	7,8	222.27	(145.06)	77.21
Current Tax Liabilities (Net)		6.88	-	6.88
Other current liabilities	1	158.72	0.21	158.93
Government Grants	13	-	8.93	8.93
<b>Total current liabilities</b>		<b>2,675.26</b>	<b>(135.91)</b>	<b>2,539.35</b>
<b>Total liabilities</b>		<b>2,793.13</b>	<b>(103.34)</b>	<b>2,689.79</b>
<b>Total equity and liabilities</b>		<b>8,123.04</b>	<b>(474.00)</b>	<b>7,649.05</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**C. Reconciliation of equity as at March 31, 2016**

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	1,13	2,384.56	168.59	2,553.15
Capital work-in-progress		5.16	-	5.16
Investment Properties	5	-	57.95	57.95
Other Intangible assets		15.22	-	15.22
Financial Assets				
(i) Investments	1,2,3,4,5,6	956.08	228.35	1,184.43
(ii) Loans		18.67	-	18.67
(iii) Other Financial Assets		33.39	-	33.39
Other non-current assets		10.09	-	10.09
<b>Total non-current assets</b>		<b>3,423.17</b>	<b>454.89</b>	<b>3,878.06</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Current assets</b>				
Inventories		977.70	-	977.70
Financial assets				
(i) Trade receivables	6	1,631.03	(33.75)	1,597.28
(ii) Cash and cash equivalents	1	279.51	0.27	279.78
(iii) Bank balances other than (ii) above		101.25	-	101.25
(iv) Loans	2	1,095.75	(990.26)	105.49
(v) Other Financial Assets	1	12.28	0.39	12.67
Current Tax Assets (Net)	1	-	0.23	0.23
Other current assets	1	361.85	(0.39)	361.46
<b>Total current assets</b>		<b>4,459.37</b>	<b>(1,023.52)</b>	<b>3,435.86</b>
<b>Total Assets</b>		<b>7,882.54</b>	<b>(568.62)</b>	<b>7,313.92</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital		158.45	-	158.45
Other equity	1,15,16	5,252.07	(531.26)	4,720.81
<b>Total equity</b>		<b>5,410.52</b>	<b>(531.26)</b>	<b>4,879.26</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions		28.56	-	28.56
Deferred tax liabilities (Net)	14	76.06	(37.95)	38.11
Government Grants	13	-	46.99	46.99
<b>Total non-current liabilities</b>		<b>104.62</b>	<b>9.04</b>	<b>113.66</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings		637.97	-	637.97
(ii) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises		147.15	-	147.15
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1	1,024.23	0.04	1,024.27
(iii) Other financial liabilities	1,9	193.01	0.82	193.83
Provisions	7,8,12	229.84	(56.32)	173.52
Current Tax Liabilities (Net)		5.56	-	5.56
Other current liabilities	1	129.64	0.21	129.85
Government Grants	13	-	8.85	8.85
<b>Total current liabilities</b>		<b>2,367.40</b>	<b>(46.40)</b>	<b>2,321.00</b>
<b>Total liabilities</b>		<b>2,472.02</b>	<b>(37.36)</b>	<b>2,434.66</b>
<b>Total equity and liabilities</b>		<b>7,882.54</b>	<b>(568.62)</b>	<b>7,313.92</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**Reconciliation of total comprehensive income for the year ended March 31, 2016**

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	10	8,691.33	516.44	9,207.77
Other income	1,13	126.05	9.29	135.34
<b>Total income</b>		<b>8,817.38</b>	<b>525.73</b>	<b>9,343.11</b>
<b>Expenses</b>				
Cost of materials consumed		4,140.18	-	4,140.18
Purchases of Stock-in-Trade		811.05	-	811.05
Changes in Inventories of finished goods, work-in-progress and Traded goods		51.62	-	51.62
Excise duty	10	-	551.58	551.58
Employee benefits Expense	11	1,091.18	(28.16)	1,063.02
Depreciation and Amortisation Expense	13	360.53	8.94	369.47
Other Expenses	1,2,6,7,9,10	1,336.32	142.07	1,478.39
Finance Costs		35.12	-	35.12
<b>Total expenses</b>		<b>7,826.00</b>	<b>674.44</b>	<b>8,500.43</b>
<b>Profit before exceptional items and tax</b>		<b>991.38</b>	<b>(148.71)</b>	<b>842.68</b>
Exceptional items	12	551.76	-	551.76
<b>Profit before tax</b>		<b>439.62</b>	<b>(148.71)</b>	<b>290.92</b>
Income tax expense				
Current tax	1, 11	230.00	9.85	239.85
Deferred tax	14	(28.20)	(14.67)	(42.87)
<b>Profit for the period</b>		<b>237.82</b>	<b>(143.89)</b>	<b>93.94</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:				
Change in fair value of FVOCI equity instruments	4	-	1.58	1.58
Remeasurement of post-employment benefit obligations	11	-	(28.16)	(28.16)
Income tax relating to these items		-	9.74	9.74
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>(16.84)</b>	<b>(16.84)</b>
<b>Total comprehensive income for the period</b>		<b>237.82</b>	<b>(160.74)</b>	<b>77.10</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**I) Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

Particulars	Notes to first time adoption	March 31, 2016	April 1, 2015
<b>Total equity (shareholders' funds) as per previous GAAP</b>		<b>5,410.52</b>	<b>5,329.91</b>
<b>Adjustments</b>			
Treasury Shares Adjustment	1	(11.40)	(11.40)
Exchange differences	2	(55.51)	-
Deemed Cost adjustments for Investment in Subsidiaries	3	(546.80)	(546.80)
Fair Valuation of Investments in Equity Shares	4	42.41	40.83
Impairment of financial assets	6	(53.41)	(21.62)
Provisions for constructive obligations	7	(65.53)	(45.65)
Proposed dividend and Dividend distribution tax	8	190.71	190.71
Fair Valuation of Derivatives	9	(0.82)	-
Fair valuation of Guarantees	12	(68.86)	-
Deferred Tax effects on adjustments	14	37.95	23.28
<b>Total adjustments</b>		<b>(531.26)</b>	<b>(370.65)</b>
<b>Total equity as per Ind AS</b>		<b>4,879.26</b>	<b>4,959.26</b>

**II) Reconciliation of total comprehensive income for the year ended March 31, 2016**

Particulars	Notes to first time adoption	March 31, 2016
<b>Profit after tax as per previous GAAP</b>		<b>237.82</b>
<b>Adjustments</b>		
Adjustment on account of inclusion of joint operations	1	(0.12)
Exchange differences	2	(55.51)
Impairment of financial assets	6	(31.78)
Provisions for constructive obligations	7	(19.88)
Fair valuation of derivatives	9	(0.82)
Remeasurements of post employment benefit obligations	11	18.42
Fair valuation of Guarantees	12	(68.86)
Deferred Tax effects on adjustments	14	14.67
<b>Total adjustments</b>		<b>(143.88)</b>
<b>Profit after tax as per Ind AS</b>		<b>93.94</b>
<b>Other comprehensive income</b>	16	<b>(16.84)</b>
<b>Total comprehensive income as per Ind AS</b>		<b>77.10</b>

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**III) Impact of Ind AS adoption on cash flow statement**

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	982.58	372.24	1,354.82
Net cash flow from investing activities	(107.33)	(352.19)	(459.52)
Net cash flow from financing activities	(721.83)	12.60	(709.23)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>153.42</b>	<b>32.65</b>	<b>186.07</b>
<b>Cash and cash equivalents as at April 1, 2015</b>	<b>227.34</b>	<b>(133.63)</b>	<b>93.71</b>
<b>Cash and cash equivalents as at March 31, 2016</b>	<b>380.76</b>	<b>(100.98)</b>	<b>279.78</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**C. Notes to first-time adoption****1. Joint Operations**

Under previous GAAP, L.G. Balakrishnan & Bros. and Elgi Services were accounted for using the equity method. Under Ind AS, L.G. Balakrishnan & Bros. and Elgi Services have been classified as jointly controlled entities and accounted for using the proportionate consolidation method since the partnership does not have a separate legal form.

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement. The Company has measured the initial carrying amounts of the assets and liabilities by disaggregating them from the carrying amount of the investment of ₹ 124 million and ₹ 0.4 million in L.G. Balakrishnan & Bros. and Elgi Services respectively at the date of transition to Ind AS on the basis of the information used by the entity in applying the equity method.

**Impact on account of equity accounting previously recognised of the joint venture under previous GAAP:****( i ) The following share of assets and liabilities has been recognised under Ind AS**

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	31-Mar-16	01-Apr-15	31-Mar-16	01-Apr-15
<b>Non-current assets</b>				
Property, plant and equipment	112.32	112.32	0.43	0.43
<b>Financial assets</b>				
(i) Investments	-	-	-	-
<b>Total non-current assets</b>	<b>112.32</b>	<b>112.32</b>	<b>0.43</b>	<b>0.43</b>
<b>Current assets</b>				
(i) Cash and cash equivalents	0.26	0.18	0.01	0.01
(ii) Other financial assets	0.39	0.33	-	-
Current Tax Assets (Net)	0.23	0.58	-	-
Other current assets	0.02	0.02	-	-
<b>Total current assets</b>	<b>0.90</b>	<b>1.11</b>	<b>0.01</b>	<b>0.01</b>
<b>Total Assets</b>	<b>113.22</b>	<b>113.43</b>	<b>0.44</b>	<b>0.44</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables	0.04	0.01	-	-
Other current liabilities	0.21	0.21	-	-
<b>Total current liabilities</b>	<b>0.25</b>	<b>0.22</b>	<b>-</b>	<b>-</b>
<b>Net Assets Recognised</b>	<b>112.97</b>	<b>113.21</b>	<b>0.44</b>	<b>0.44</b>



**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**(ii) The following have been de-recognised on discontinuance of accounting under equity method under previous GAAP:**

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	31-Mar-16	01-Apr-15	31-Mar-16	01-Apr-15
Investments	124.00	124.00	0.40	0.40
Treasury Stock	(11.40)	(11.40)	-	-
Inter Company Assets/Liabilities	0.37	0.61	0.04	0.04
<b>Net Assets De-recognised</b>	<b>112.97</b>	<b>113.21</b>	<b>0.44</b>	<b>0.44</b>

**(iii) The following share of income and expenditure has been recognised under Ind AS:**

Particulars	L.G. Balakrishnan & Bros.	Elgi Services
	31-Mar-16	31-Mar-16
Revenue	0.57	-
Expenses:		
Other expenses	0.50	0.00
Current tax expense	0.11	-
<b>Profit after tax</b>	<b>(0.04)</b>	<b>(0.00)</b>

**(iv) The following is the impact on account of equity accounting of the joint venture under previous GAAP:**

Particulars	L.G. Balakrishnan & Bros.	Elgi Services
	31-Mar-16	31-Mar-16
Share of profits of joint venture recognised as per equity method	(0.22)	0.00
Inter Company Expense Reversal	0.14	-
Inter Company Dividend adjusted in retained earnings	0.12	-
	<b>0.04</b>	<b>0.00</b>

**2. Classification - Debt vs. Equity and corresponding impact of changes in foreign exchange rate**

Under the previous GAAP there was no separate standard on financial instruments and classification of financial instrument into debt or equity was based on the legal form of the instrument. Under Ind AS the accounting and classification of Financial Instruments are governed by Ind AS 109 and Ind AS 32. These standards provide for classification and measurement of instruments based on substance rather than legal form.

The Company has assessed the amounts previously classified as loan under the earlier GAAP and has determined the same to be in the nature of equity per the requirements of Ind AS. Accordingly a sum of

Rs. 934.75 million as at March 31, 2016 (April 1, 2015 - Rs. 701.65 million) has been reclassified from loans to investment in subsidiaries.

Consequent to above reclassification, the said amounts no longer satisfy the definition of monetary item under Ind AS 21. Accordingly the Company has reversed foreign exchange gain amounting to Rs. 55.51 million with corresponding decrease in profit for the year ended March 31, 2016.

**3. Deemed Cost for Investment in Subsidiaries**

As detailed in Note A.1.5 above, the Company has elected to measure all investments in subsidiaries and joint venture at their previous GAAP carrying value, except for investments in its subsidiary SAS Belair (France) and Elgi Compressores Do Brazil Imp. E. Exp.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

LTDA which have been measured at fair value on the date of transition. Accordingly the Company has accounted for a loss of Rs. 546.80 million in its opening retained earnings as at April 1, 2015, being the difference between the fair value of the investments and their carrying amount under previous GAAP.

**4. Fair valuation of investments**

Under the previous GAAP, long-term investments in equity instruments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments (other than interests in subsidiaries, associates and joint ventures) are required to be measured at fair value.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Investment Fair valuation reserve as at the date of transition and subsequently in the statement of other comprehensive income for the year ended March 31, 2016. Consequent to the above, the total equity as at March 31, 2016 has increased by Rs. 42.41 million (April 1, 2015 - Rs. 40.83 million) and other comprehensive income for the year ended March 31, 2016 increased by Rs. 1.58 million.

**5. Investment property**

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. Accordingly a sum of Rs. 57.95 million as at March 31, 2016 (April 1, 2015 - Rs. 58.78 million) has been reclassified from non-current investments to investment property. There is no impact on the total equity or profit as a result of this adjustment.

**6. Expected Credit Loss**

Under the previous GAAP, allowance for financial assets were recognised upon the occurrence of the loss event. As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowances for financial assets. As a result, the allowance for trade receivables has increased by Rs. 33.75 million and allowance for impairment of investment has increased by Rs. 19.66 million as at March 31, 2016 (April 1, 2015 – Rs. 21.62 million and nil respectively). Consequently, the total equity as at March 31, 2016 has decreased by Rs. 53.41 million (April 1, 2015 – Rs. 21.62 million) and profit for the year ended March 31, 2016 has decreased by Rs. 31.79 million.

**7. Provisions for constructive obligations**

Under the previous GAAP, provisions were not recognised for constructive obligations. Under Ind AS, provisions are measured for present obligations (both legal and constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Accordingly the Company has recognised a provision for certain after sales expenses resulting from a constructive obligation amounting to

Rs. 65.53 million as at March 31, 2016 (April 1, 2015 - Rs. 45.65 million). Consequently, the total equity as at March 31, 2016 has decreased by Rs. 65.53 million (April 1, 2015 - Rs. 45.65 million) and profit for the year ended March 31, 2016 has decreased by Rs. 19.88 million.

**8. Proposed dividend**

Under the previous GAAP, dividend proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as an adjusting event. Accordingly, provision for proposed dividend including dividend distribution tax was recognised as a liability. Under Ind AS, such dividend is recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 190.71 Million as at March 31, 2016 (April 1, 2015 – Rs. 190.71 Million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently the amount approved by the shareholders amounting to Rs. 190.71 million for the period 2014-15 has been recognised as a liability in the year ended March 31, 2016.

**9. Forward Contracts not designated as hedging instruments**

Under the previous GAAP, the Company applied the requirements of Accounting Standard 11, 'The effects of changes in foreign exchange rates' to account for forward exchange contract for hedging foreign exchange risk related to recognised trade payables. At the inception of the contract, the forward premium was separated and amortised as expense over the tenure of the contract. The underlying trade payables and the forward contract were restated at the closing spot exchange rate. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in Statement of profit and loss. The above transition resulted in a net loss of Rs. 0.82 Million for the year ended March 31, 2016.

**10. Revenue**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by Rs. 551.58 Million. There is no impact on the total equity and profit.

Under the previous GAAP, discounts in the nature of cash and volume discount have presented as item of expense in the statement of profit and loss account. However under Ind AS revenue is to be recognised at the fair value of consideration received or receivable after considering such discounts. Consequently, revenue from operations for the year ended March 31, 2016 has decreased by Rs. 35.14 million with a corresponding decrease in other expenses. There is no impact on the total equity and profit.

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

Consequent to the above adjustments, net impact on revenue for the year ended March 31, 2016 is an increase of Rs. 516.44 million with no impact on total equity and profit.

**11. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 28.16 Million. There is no impact on the total equity as at March 31, 2016.

**12. Provision for Financial Guarantee**

The Company has provided financial guarantee to lenders of money to its subsidiary Elgi Equipments (Zhejiang) Limited and its erstwhile subsidiary Belair SAS. Under the previous GAAP financial guarantees so provided were disclosed as contingent liability. Under Ind AS, such guarantees are to be recorded initially at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate. Accordingly the management has recognised a provision for these guarantees based on its best estimate of the outflow expected to be paid in the event such guarantees are invoked by the respective lenders amounting to Rs. 68.86 million for the year ended March 31, 2016 (April 1, 2015 - Rs. nil).

**13. Government Grant**

Under the previous GAAP, the Company had reduced the Government grants related to procurement of assets

from the carrying amount of fixed asset. Under Ind AS, asset related government grants shall not be reduced from the carrying amount of asset but are required to be presented as deferred income and amortised over the useful life of the asset. Consequently the Company has recognised the outstanding government grant as at the transition date amounting to Rs. 64.78 million (Non current portion - Rs.55.85 million and current portion - Rs. 8.93 million) pertaining to capital goods imported under EPCG Scheme and recognised the same as deferred income with the corresponding impact in property, plant and equipment. As a result of the above recognition, there has been an increase in depreciation expense amounting to Rs. 8.94 million with a corresponding increase in other income for the year ended March 31, 2016. There is no impact on the total equity as at March 31, 2016 and April 1, 2015 as a result of the above transition.

**14. Deferred tax**

Deferred tax has been recognised on the adjustments made on transition to Ind AS.

**15. Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**16. Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

**52. The annual accounts of the below listed Subsidiary Companies and the related detailed information will be made available on the website of the company viz. [www.elgi.com](http://www.elgi.com). Also, the accounts will be made available for inspection at the Registered Office of the Holding Company.**

- 1 ATS Elgi Limited, Coimbatore, India
- 2 Adisons Precision Instruments Mfg.Co. Limited, Coimbatore, India
- 3 Elgi Equipments (Zhejiang) Limited, Jiaying, China
- 4 Elgi Gulf (FZE), Sharjah, U.A.E
- 5 Elgi Compressors Trading (Shanghai) Co. Ltd, China
- 6 Elgi Compressor Do BRASIL IMP.E.EXP.Ltda- Brazil
- 7 Elgi Australia Pty Ltd, Australia
- 8 Elgi Compressors Italy S.r.l.
- 9 Elgi Compressors USA Inc
- 10 Ergo Design Private Limited, Bangalore, India
- 11 Patton's Inc, USA
- 12 Patton's Medical LLC., USA
- 13 PT Elgi Equipments Indonesia
- 14 Rotair Spa, Italy

**Notes to the Standalone financial statements as at and for the year ended March 31, 2017**

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

**53. DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATION AND DISCLOSURES AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013**

Particulars	March 31, 2017	March 31, 2016
<b>Loans and advances to subsidiaries</b>		
<b>Loan to Elgi Compressor Do BRASIL IMP.E.EXP.Ltda- Brazil</b>		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
<b>Loan to Elgi Australia Pty Ltd - Australia</b>		
Balance as at the year end	98.2	101.02
Maximum amount outstanding at any time during the year	101.02	112.08
<b>Loan to Elgi Compressors S.r.l. - Italy</b>		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
<b>Loan to Elgi Compressors USA Inc. - USA</b>		
Balance as at the year end	0.93	-
Maximum amount outstanding at any time during the year	0.93	-
<b>Loan to Elgi Equipments (Zhejiang) Limited- China</b>		
Balance as at the year end	72.52	72.51
Maximum amount outstanding at any time during the year	72.52	72.51

Previous year figures adjusted for Ind AS adjustments.

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**INDEPENDENT AUDITOR'S REPORT ON  
CONSOLIDATED FINANCIAL STATEMENTS****To the Members of Elgi Equipments Limited****Report on the Consolidated Indian Accounting  
Standards (Ind AS) Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of ELGI EQUIPMENTS LIMITED ("hereinafter referred to as the Holding Company") and its three Indian Subsidiaries and three foreign subsidiaries, while the rest of the subsidiaries were audited by other auditors (whose reports were considered for the purpose of this report) (the Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures and jointly controlled entities; (refer Note 45 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

**Management's Responsibility for the  
Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its joint ventures and jointly controlled entities in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its joint ventures and partners of jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and jointly controlled entities respectively and for preventing and detecting frauds and other irregularities; the 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 financial statements that give a

true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit and on the audit reports of the entities not audited by us. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports and emphasis of matter referred to in paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its joint ventures and jointly controlled entities as at March 31, 2017, and their consolidated total comprehensive



income (comprising of consolidated profit/ loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Emphasis of Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 27, 2016 and May 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

### Other Matter

We did not audit the financial statements of eight subsidiaries and one joint venture whose financial statements reflect total assets of ₹ 3,980.83 million and net assets of ₹ 437.92 million as at March 31, 2017, total revenue of ₹ 3,857.96 million, total comprehensive income ₹ 49.56 million and net cash outflow amounting to ₹ 1.26 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the joint venture and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint venture, is based solely on the reports of the other auditors.

The financial statements of eleven subsidiaries, included in the consolidated financial statements, which constitute total assets of ₹ 4,220.69 million and net assets of ₹ 298.87 million as at 31st March 2017, total revenue of ₹ 4,198.40 million, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹ 16.28 million and net cash inflows amounting to ₹ 24.27 million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and joint ventures incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, joint ventures incorporated in India and jointly controlled entities in India, including relevant records relating to the preparation of the consolidated Ind AS financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies, and joint ventures incorporated in India is disqualified as on March 31, 2017 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 over financial reporting of the Holding Company, its subsidiary companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure-A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group, its joint ventures and jointly controlled entities – Refer Note 47 to the consolidated Ind AS financial statements.

ii. The Group, its joint ventures and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2017.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education

and Protection Fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India during the year ended March 31, 2017.

iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies, its joint ventures and jointly controlled entities in India and as produced to us by the Management – Refer Note -53.

**For RJC ASSOCIATES**

Chartered Accountants

Firm Reg. No. 003496S

**R. JAYACHANDRAN**

Partner

Membership No.021848

Place : Coimbatore

Date : 09/05/2017

#### **Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the consolidated Ind AS financial statements for the year ended 31 March 2017

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Elgi Equipments Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the consolidated 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Ind AS 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.

Place : Coimbatore

Date : 09/05/2017

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RJC ASSOCIATES**

Chartered Accountants

Firm Reg. No. 003496S

**R. JAYACHANDRAN**

Partner

Membership No.021848

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Balance Sheet as at March 31, 2017**

Particulars	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	3,169.30	3,386.10	3,489.47
Capital work-in-progress	3(ii)	35.60	19.72	101.79
Investment Property	4	43.27	43.76	43.86
Goodwill	5	1,171.62	1,212.48	1,194.91
Other Intangible assets	5	24.78	21.21	9.07
Investments accounted for using the equity method	45	50.90	44.84	43.76
Financial assets				
(i) Investments	6	101.86	60.06	58.47
(ii) Loans	7	50.60	22.26	18.93
(iii) Other financial assets	8	39.28	42.83	34.61
Deferred Tax assets	9	145.98	146.55	106.30
Other non-current assets	10	17.73	10.09	10.93
<b>Total non-current assets</b>		<b>4,850.92</b>	<b>5,009.90</b>	<b>5,111.78</b>
<b>Current Assets</b>				
Inventories	11	2,260.47	2,256.40	2,651.45
Financial assets				
(i) Trade receivables	12	2,456.85	2,530.67	2,432.21
(ii) Cash and cash equivalents	13	819.48	726.71	623.53
(iii) Bank balances other than (ii) above	14	239.63	101.25	133.82
(iv) Loans	15	51.42	27.04	26.63
(v) Other financial assets	16	25.69	16.65	18.72
Current Tax assets (Net)	17	26.79	24.10	20.14
Other current assets	18	534.81	515.41	587.40
<b>Total current assets</b>		<b>6,415.14</b>	<b>6,198.23</b>	<b>6,493.90</b>
<b>Total Assets</b>		<b>11,266.06</b>	<b>11,208.13</b>	<b>11,605.68</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share capital	19	158.45	158.45	158.45
Other Equity	20	5,910.54	5,303.68	4,921.13
<b>Total Equity</b>		<b>6,068.99</b>	<b>5,462.13</b>	<b>5,079.58</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Long Term Borrowings	21	965.76	1,391.23	1,687.80
Provisions	22	35.91	34.95	25.42
Deferred tax liabilities (Net)	23	169.25	177.70	186.66
Government grants	24	52.48	63.20	73.53
<b>Total non-current liabilities</b>		<b>1,223.40</b>	<b>1,667.08</b>	<b>1,973.41</b>

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Balance Sheet as at March 31, 2017**

Particulars	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	25	1,144.87	1,225.57	1,610.07
(ii) Trade payables	26	1,690.96	1,695.76	1,646.67
(iii) Other financial liabilities	27	709.81	706.48	809.30
Provisions	28	222.13	155.52	101.98
Current Tax Liabilities (Net)	29	-	-	6.88
Other current liabilities	30	195.67	284.77	366.89
Government grants	24	10.23	10.82	10.90
<b>Total current liabilities</b>		<b>3,973.67</b>	<b>4,078.92</b>	<b>4,552.69</b>
<b>Total liabilities</b>		<b>11,266.06</b>	<b>11,208.13</b>	<b>11,605.68</b>

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

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Statement of Profit & Loss for the year ended March 31, 2017**

Particulars	Note	March 31, 2017	March 31, 2016
Revenue From Operations	31	14,380.50	14,660.17
Other Income	32	101.41	91.22
<b>Total Income</b>		<b>14,481.91</b>	<b>14,751.39</b>
<b>Expenses</b>			
Cost of materials consumed	33	5,320.64	5,553.80
Purchases of Stock-in-Trade	34	2,202.37	2,098.40
Changes in Inventories of finished goods, work-in-progress and Traded goods	35	15.71	145.98
Excise duty		679.38	651.97
Employee benefits expense	36	2,538.21	2,567.38
Depreciation and amortisation expense	37	446.41	435.75
Other expenses	38	2,212.82	2,391.46
Finance costs	39	77.54	122.33
<b>Total expenses</b>		<b>13,493.08</b>	<b>13,967.07</b>
<b>Profit before exceptional items, share of net profits of investments accounted for using equity method and tax</b>		<b>988.83</b>	<b>784.32</b>
Share of net profit of joint ventures accounted for using the equity method		15.66	12.66
<b>Profit Before exceptional items and tax</b>		<b>1,004.49</b>	<b>796.98</b>
Exceptional Items	50	-	43.51
<b>Profit Before tax</b>		<b>1,004.49</b>	<b>753.47</b>
<b>Tax expense</b>			
- Current tax	40	220.77	284.72
- Deferred tax		43.72	(40.55)
<b>Profit for the year</b>		<b>740.00</b>	<b>509.30</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations		(25.11)	(28.16)
Change in fair value of FVOCI equity instruments		41.80	1.58
Income tax relating to these items		8.69	9.74
Share of other comprehensive income of joint ventures accounted for using the equity method		0.05	-
<i>Items that will be reclassified to profit or loss:</i>			
Changes in Foreign Currency Translation Reserve		16.06	48.70
<b>Other comprehensive income for the year, net of tax</b>		<b>41.49</b>	<b>31.86</b>
<b>Total comprehensive income for the year</b>		<b>781.49</b>	<b>541.16</b>
<b>Earnings per Equity Share</b>			
<b>Nominal value of the shares</b>		1.00	1.00
(1) Basic		4.67	3.22
(2) Diluted		4.67	3.22

The above consolidated Statement of Profit &amp; Loss should be read in conjunction with the accompanying notes.

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Statement of changes in equity****1) Equity Share Capital**

	Note	Amounts
<b>Balance as at April 1, 2015</b>	19	<b>158.45</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2016</b>	19	<b>158.45</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2017</b>		<b>158.45</b>

**2) Other equity**

Description	Note	Reserve and Surplus						Total	Other Reserve		Total	Total equity
		Capital Reserve	Statutory reserve	Securities Premium	General Reserve	Treasury Stock	Retained earnings		FVOCI-Equity instruments	Foreign Currency Translation Reserve		
<b>Balance at April 1, 2015</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,121.57</b>	<b>(11.40)</b>	<b>3,173.85</b>	<b>4,880.29</b>	<b>40.83</b>	<b>-</b>	<b>40.83</b>	<b>4,921.13</b>
Profit for the year	20	-	-	-	-	-	509.30	509.30	-	-	-	509.30
Other Comprehensive Income	20	-	-	-	-	-	(18.42)	(18.42)	1.58	48.70	50.28	31.86
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490.88</b>	<b>490.88</b>	<b>1.58</b>	<b>48.70</b>	<b>50.28</b>	<b>541.16</b>
MAT credit entitlement in respect of earlier years	20	-	-	-	-	-	23.63	23.63	-	-	-	23.63
Transfer to General Reserve	20	-	-	-	33.41	-	(33.41)	-	-	-	-	-
Provision for tax on dividend in respect of earlier years written back	20	-	-	-	-	-	10.08	10.08	-	-	-	10.08
Share of dividend distribution tax of Elgi Sauer Compressors Limited	20	-	-	-	-	-	(1.98)	(1.98)	-	-	-	(1.98)
<b>Transactions with owners in their capacity as owners:</b>												
Dividend (including dividend distribution tax)	43	-	-	-	-	-	(190.33)	(190.33)	-	-	-	(190.33)
<b>Balance at March 31, 2016</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,154.98</b>	<b>(11.40)</b>	<b>3,472.72</b>	<b>5,212.57</b>	<b>42.41</b>	<b>48.70</b>	<b>91.11</b>	<b>5,303.68</b>
<b>Balance at April 1, 2016</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,154.98</b>	<b>(11.40)</b>	<b>3,472.72</b>	<b>5,212.57</b>	<b>42.41</b>	<b>48.70</b>	<b>91.11</b>	<b>5,303.68</b>
Profit for the year	20	-	-	-	-	-	740.00	740.00	-	-	-	740.00
Other Comprehensive Income	20	-	-	-	-	-	(16.42)	(16.42)	41.80	24.01	65.81	49.39
Share of other comprehensive income of joint ventures accounted for using the equity method	20	-	-	-	-	-	0.05	0.05	-	-	-	0.05
<b>Total Comprehensive Income for the year</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>723.63</b>	<b>723.63</b>	<b>41.80</b>	<b>24.01</b>	<b>65.81</b>	<b>789.44</b>
Share of dividend distribution tax of Elgi Sauer Compressors Limited	20	-	-	-	-	-	(2.34)	(2.34)	-	-	-	(2.34)
Transfer to General Reserve	20	-	-	-	7.65	-	(7.65)	-	-	-	-	-
Provision for tax on dividend in respect of earlier years written back	20	-	-	-	-	-	10.08	10.08	-	-	-	10.08

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Statement of changes in equity**

Description	Note	Reserve and Surplus						Total	Other Reserve		Total	Total equity
		Capital Reserve	Statutory reserve	Securities Premium	General Reserve	Treasury Stock	Retained earnings		FVOCI-Equity instruments	Foreign Currency Translation Reserve		
<b>Transactions with owners in their capacity as owners:</b>	20											
Dividend (including dividend distribution tax)	43	-	-	-	-		(190.33)	(190.33)	-	-	-	(190.33)
<b>Balance at March 31, 2017</b>		<b>181.41</b>	<b>5.49</b>	<b>409.37</b>	<b>1,162.63</b>	<b>(11.40)</b>	<b>4,006.11</b>	<b>5,753.61</b>	<b>84.21</b>	<b>72.71</b>	<b>156.93</b>	<b>5,910.54</b>

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

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Statement of cash flows**

Particulars	March 31, 2017	March 31, 2016
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	<b>1,004.49</b>	<b>753.47</b>
Adjustments for		
Depreciation and amortisation expense	446.41	435.75
Provision for bad and doubtful debts	25.64	20.26
(Gain)/loss on disposal of property, plant and equipment	0.38	(7.15)
Amortisation of government grants	(10.82)	(10.41)
Share of profits of joint ventures	(15.66)	(12.66)
Exchange difference on translation of foreign operations (excluding differences arising from property, plant and equipment)	46.53	(25.37)
Dividend and interest income classified as investing cash flows	(53.27)	(38.21)
Loss on deconsolidation of subsidiary	-	48.55
Finance costs	77.54	122.33
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	48.18	(140.11)
(Increase)/decrease in inventories	(4.07)	312.19
Increase/(decrease) in trade payables	(4.80)	107.96
(Increase)/decrease in other financial assets	(5.70)	(12.19)
(Increase)/decrease in other non-current assets	(0.61)	-
(Increase)/decrease in other current assets	(47.53)	58.31
Increase/(decrease) in provisions	42.46	34.91
Increase/(decrease) in other financial liabilities	3.29	(72.89)
Increase/(decrease) in other current liabilities	(89.10)	(62.73)
<b>Cash generated from operations</b>	<b>1,463.36</b>	<b>1,512.01</b>
Income taxes paid	(195.35)	(255.07)
<b>Net cash inflow from operating activities</b>	<b>1,268.02</b>	<b>1,256.94</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangible assets	(272.71)	(237.74)
Loans to employees	(52.72)	(3.74)
Proceeds from sale of property, plant and equipment	1.35	11.80
Dividends received	0.81	0.52
Dividends received from associate and joint venture	7.94	9.30
(Investments)/Redemption of bank deposits	(138.38)	32.57
Interest received	52.67	39.81
<b>Net cash outflow from investing activities</b>	<b>(401.04)</b>	<b>(147.48)</b>



**Consolidated Financial Statements for the year ended March 31, 2017**

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

**Statement of cash flows (Contd..)**

Particulars	March 31, 2017	March 31, 2016
<b>Cash flows from financing activities</b>		
Interest paid	(77.75)	(124.45)
Repayment of Borrowings	(506.17)	(680.89)
Dividends paid to company's shareholders	(158.03)	(157.49)
Dividend Tax paid	(32.26)	(32.26)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(774.21)</b>	<b>(995.09)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	92.77	114.37
Cash and cash equivalents at the beginning of the financial year	726.71	623.53
Impact on Cash and cash equivalent resulting from deconsolidation of subsidiary	-	(11.18)
<b>Cash and cash equivalents at the end of the year</b>	<b>819.48</b>	<b>726.71</b>

The above Cash flow statement should be read in conjunction with the accompanying notes.

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**General Information**

Elgi Equipments Limited is a Company engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. The Company is a public limited Company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

**Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for the group consisting of ELGi Equipments Limited ("the Company") and its subsidiaries.

**(a) Basis of preparation****(i) Compliance with Ind AS**

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 54 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows.

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

a) certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value; and

b) defined benefit plans — plan assets measured at fair value.

**(b) Principles of consolidation and equity accounting****(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group

controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

**(ii) Joint arrangements**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. ELGi Equipments Limited has both joint operations and joint ventures.

**Joint operations:**

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 54 (C).

**Joint ventures:**

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated balance sheet.

**(iii) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

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When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(i) below.

**(c) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Managing Director (MD) of the Company has been identified as the chief operating decision maker of ELGi Equipments Limited who assesses the financial performance and position of the group, and makes strategic decisions. Refer note 44 for segment information presented.

**(d) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried

at fair value are reported as a part of the fair value gain or loss.

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- assets and liabilities are translated at the closing rate at the date of that balance sheet

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions), and

- all resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The results and financial position of foreign operation which have a functional currency similar to the Company are translated using the same principle enumerated in Note (d)(ii) above.

**(e) Revenue recognition**

Revenue is recognised at fair value of the consideration received and receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amount collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

**Sale of goods :** Revenue from sale of goods is recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per terms of the contract.

**Duty drawback :** Income from duty drawback is recognised on an accrual basis.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Royalty :** Royalty is recognised on accrual basis in accordance with terms of respective agreements.

**Rent :** Rental Income is recognised on accrual basis in accordance with terms of respective rent agreements.

**(f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

**(g) Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(h) Leases**

As a lessee

Leases of property, plant and equipment where the group, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a lessor**

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(j) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(k) Trade receivables**

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

**(l) Inventories****Raw materials and stores, work in progress, traded and finished goods**

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net

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

**(m) Investments and other financial assets****(i) Classification**

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

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

b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

**(ii) Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

**Debt instruments**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

**a) Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**b) Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/ (expense). Interest income from these financial assets is included in other income using the effective interest rate method.

**c) Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ (expense) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The group measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ (expense) in the statement of profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Impairment of financial assets**

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42 details how the group determines whether there has been a significant increase in credit risk.

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

**Derecognition of financial assets**

A financial asset is derecognised only when

- a) The group has transferred the rights to receive cash flows from the financial asset or
- b) The group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Income recognition****a) Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.



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

**b) Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

**Derivatives***(i) Derivatives that are not designated as hedges*

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / (expense).

**(n) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counter party.

**(o) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

*Transition to Ind AS*

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP adjusted for the impact of outstanding government grant relating to purchase of property plant and equipment and use the value so arrived as the deemed cost of the property, plant and equipment.

*Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives."

The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Asset	Useful Life
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Roads	10 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income / (expense).

**(p) Investment Properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

*Transition to Ind AS*

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.



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

**(q) Intangible assets**

The intangible asset includes technical know-how and computer software which are recorded at the cost of acquisition and are amortised over a period of five years or their legal / useful life whichever is less.

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**(r) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(s) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(t) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(u) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

**(v) Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(w) Employee Benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other financial liability in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**(iii) Post-employment obligations**

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plans**

The group pays provident fund and superannuation fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and Life Insurance Corporation of India, respectively. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(iv) Bonus plans**

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

**(x) Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(y) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period

**(z) Earnings Per Share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 51).

**(aa) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**(ab) Standards issued but not yet effective**

In March 2017, the Ministry of Corporate affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, Statement of Cash Flows and Ind AS 102, Share-Based Payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of Cash Flows and IAS 2, Share-Based Payment, respectively. The amendments are applicable to the group from April 1, 2017.

**Amendment to Ind AS 7**

The amendment to Ind AS 7 requires entities to provide disclosures that enable the users of financial statements to evaluate changes in financial liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities from financing activities, to meet the disclosure requirements.

The group is evaluating the disclosure requirements of the amendment and the effect of the same on the standalone financial statements.

**Amendment to Ind AS 102**

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance

conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of hours expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled then share based payment transaction, the transaction is accounted for as such from the date of modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The group has no transactions and balances in relation to share-based payments for the years ended March 31, 2017, March 31, 2016 and as at April 1, 2015. The group is therefore not required to apply this Ind AS.

**Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**The areas involving critical estimates or judgements are:**

Estimated goodwill impairment	–	<b>Note 5</b>
Estimation of provision for warranty claims	–	<b>Note 28</b>
Impairment of trade receivables	–	<b>Note 42</b>

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**3. Property, plant and equipment**

Particulars	Land	Building*	Plant & Machinery*	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total
<b>Year ended March 31, 2016</b>								
<b>Gross Carrying Amount</b>								
Deemed Cost as at April 1, 2015	549.56	1,196.48	1,544.38	11.56	111.83	21.56	54.09	3,489.47
Additions	-	21.69	233.87	5.79	9.86	15.80	15.10	302.11
Disposal	(0.05)	(0.14)	(10.82)	(2.73)	(0.21)	(1.45)	(2.44)	(17.84)
Disposal during deconsolidation	-	-	(1.85)	-	-	-	(5.64)	(7.50)
Exchange differences	12.60	20.74	15.43	0.09	4.81	3.17	0.08	56.92
<b>Closing gross carrying amount</b>	<b>562.11</b>	<b>1,238.77</b>	<b>1,781.00</b>	<b>14.71</b>	<b>126.29</b>	<b>39.08</b>	<b>61.20</b>	<b>3,823.17</b>
<b>Accumulated depreciation</b>								
For the year	-	139.34	218.47	6.61	47.21	11.04	7.20	429.87
Disposal	-	(0.12)	(8.19)	(2.45)	-	(1.59)	(1.20)	(13.55)
Disposal during deconsolidation	-	-	(0.41)	-	-	-	(1.24)	(1.65)
Exchange differences	-	3.35	12.45	0.03	3.31	3.07	0.20	22.40
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>142.57</b>	<b>222.32</b>	<b>4.19</b>	<b>50.52</b>	<b>12.52</b>	<b>4.95</b>	<b>437.07</b>
<b>Net carrying amount</b>	<b>562.11</b>	<b>1,096.21</b>	<b>1,558.68</b>	<b>10.52</b>	<b>75.78</b>	<b>26.56</b>	<b>56.25</b>	<b>3,386.10</b>
<b>Year Ended March 31, 2017</b>								
<b>Gross Carrying Amount</b>								
Opening gross carrying amount	562.11	1,238.77	1,781.00	14.71	126.29	39.08	61.20	3,823.17
Additions	1.62	40.54	166.85	7.02	20.06	2.83	0.49	239.41
Disposal	-	-	(20.48)	(0.40)	(0.89)	(2.66)	-	(24.43)
Exchange differences	(4.52)	(12.36)	(14.45)	0.44	(1.97)	(1.42)	(0.29)	(34.57)
<b>Closing gross carrying amount</b>	<b>559.21</b>	<b>1,266.95</b>	<b>1,912.92</b>	<b>21.77</b>	<b>143.49</b>	<b>37.83</b>	<b>61.40</b>	<b>4,003.58</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation	-	142.57	222.32	4.19	50.52	12.52	4.95	437.07
For the year	-	127.96	249.59	8.32	34.23	11.33	8.32	439.75
Disposal	-	-	(18.91)	(0.37)	(0.82)	(2.60)	-	(22.70)
Exchange differences	-	(2.86)	(13.45)	0.09	(2.13)	(1.26)	(0.23)	(19.84)
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>270.53</b>	<b>453.00</b>	<b>12.14</b>	<b>83.93</b>	<b>21.25</b>	<b>13.27</b>	<b>834.28</b>
<b>Net carrying amount</b>	<b>559.21</b>	<b>996.43</b>	<b>1,459.92</b>	<b>9.63</b>	<b>59.57</b>	<b>16.58</b>	<b>48.13</b>	<b>3,169.30</b>

\* Include assets pledged as security for borrowings.

**i) Contractual obligations**

Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**ii) Capital work-in-progress**

Capital work-in-progress mainly comprises machinery additions at the group's factory premises

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**4. Investment property**

Particulars	March 31, 2017	March 31, 2016
<b>Gross carrying amount</b>		
Opening gross carrying amount / Deemed cost	43.86	43.86
Reclassification	(0.41)	-
<b>Closing gross carrying amount</b>	<b>43.45</b>	<b>43.86</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	0.10	-
Depreciation charge	0.08	0.10
<b>Closing accumulated depreciation</b>	<b>0.18</b>	<b>0.10</b>
<b>Net carrying amount</b>	<b>43.27</b>	<b>43.76</b>

**(i) Amounts recognised in profit or loss for Investment properties**

Particulars	March 31, 2017	March 31, 2016
<b>Rental income</b>		
Direct operating expenses from property that generated rental income	12.84	12.67
Direct operating expenses from property that did not generate rental income	0.46	0.51
<b>Profit from Investment properties before depreciation</b>	<b>12.38</b>	<b>12.16</b>
Depreciation	0.18	0.10
<b>Profit from Investment properties</b>	<b>12.20</b>	<b>12.06</b>

**(ii) Fair value**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investment properties	599.66	599.75	599.84

**Estimation of fair value**

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located increased by the depreciated value of buildings. All the resulting fair value estimate of the investment properties are included in level 2.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**5. Intangible assets**

Particulars	Intangible Assets	Total	Goodwill
<b>Year ended March 31, 2016</b>			
<b>Gross Carrying Amount</b>			
<b>Deemed Cost as at April 1, 2015</b>	<b>9.07</b>	<b>9.07</b>	<b>1,194.91</b>
Additions	18.54	18.54	0.49
Disposal during deconsolidation	(0.86)	(0.86)	(22.10)
Exchange differences	2.03	2.03	39.18
<b>Closing gross carrying amount</b>	<b>28.78</b>	<b>28.78</b>	<b>1,212.48</b>
<b>Accumulated amortisation</b>			
For the year	5.78	5.78	-
Disposal during deconsolidation	-	-	-
Exchange differences	1.79	1.79	-
<b>Closing accumulated amortisation</b>	<b>7.57</b>	<b>7.57</b>	<b>-</b>
<b>Closing net carrying amount</b>	<b>21.21</b>	<b>21.21</b>	<b>1,212.48</b>
<b>Year Ended March 31, 2017</b>			
<b>Gross Carrying Amount</b>			
<b>Opening gross carrying amount</b>	<b>28.78</b>	<b>28.78</b>	<b>1,212.48</b>
Additions	10.39	10.39	-
Exchange differences	(1.78)	(1.78)	(40.86)
<b>Closing gross carrying amount</b>	<b>37.39</b>	<b>37.39</b>	<b>1,171.62</b>
<b>Accumulated amortisation</b>			
Opening accumulated amortisation	7.57	7.57	-
For the year	6.58	6.58	-
Exchange differences	(1.54)	(1.54)	-
<b>Closing accumulated amortisation</b>	<b>12.61</b>	<b>12.61</b>	<b>-</b>
<b>Closing net carrying amount</b>	<b>24.78</b>	<b>24.78</b>	<b>1,171.62</b>

## (i) Impairment tests for goodwill

Goodwill is monitored by management at the level of each country where the group operates.

A country-level summary of the goodwill allocation is presented below.

Particulars	Italy	USA	India	France
<b>March 31, 2017</b>	393.46	777.67	0.49	-
<b>March 31, 2016</b>	421.36	790.63	0.49	-
<b>March 31, 2015</b>	428.27	746.24	-	20.40

## (ii) Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

The following table sets out the key assumptions for those countries that have significant goodwill allocated to them:

Particulars	Italy	USA
<b>March 31, 2017</b>		
Sales volume (% annual growth rate)	7.20	6.30
Budgeted gross margin (%)	31.90	32.90
Other operating costs (INR-Million)	363.67	749.10
Annual capital expenditure (INR-Million)	6.93	12.97
Long term growth rate (%)	1.46	3.00
Post-tax discount rate (%)	10.90	10.50
<b>March 31, 2016</b>		
Sales volume (% annual growth rate)	6.00	6.30
Budgeted gross margin (%)	32.86	31.00
Other operating costs (INR-Million)	316.36	764.24
Annual capital expenditure (INR-Million)	6.61	12.85
Long term growth rate (%)	0.85	3.00
Post-tax discount rate (%)	11.42	10.50
<b>April 1, 2015</b>		
Sales volume (% annual growth rate)	10.00	6.30
Budgeted gross margin (%)	31.00	31.00
Other operating costs (INR-Million)	348.23	-
Annual capital expenditure (INR-Million)	6.85	12.72
Long term growth rate (%)	1.46	3.00
Post-tax discount rate (%)	10.90	10.50

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.



## Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017

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

### 6. Investments

Particulars	No. of Shares	Face Value Per Share (in ₹)	March 31, 2017	March 31, 2016	April 1, 2015
<b>Non current investments</b>					
<b>Investment in Equity Instruments (fully paid-up) (Unquoted)</b>					
At Cost					
SAS Belair - France* (share 100%)			19.66	19.66	-
Less: Impairment			(19.66)	(19.66)	-
<b>Investment in Equity Instruments (fully paid-up) (Quoted)</b>					
<b>At Fair Value through Other Comprehensive Income</b>					
Lakshmi Machine Works Ltd	50	10.00	0.21	0.17	0.19
State Bank of India	3,600	1.00	1.05	0.69	0.96
HDFC Bank Limited	2,500	2.00	3.61	2.68	2.56
HDFC Limited	12,000	2.00	18.03	13.27	15.73
Magna Electro Castings Ltd	80,000	10.00	13.92	9.72	9.07
Rajshree Sugars & Chemicals Ltd	2,29,000	10.00	14.26	8.82	4.36
Pricol Ltd	94,245	1.00	7.47	4.05	2.86
L.G.Balakrishnan & Bros.Ltd.	2,496	10.00	1.55	1.09	1.38
LGB Forge Limited	18,720	1.00	0.13	0.12	0.12
Elgi Rubber Company Limited	7,63,700	1.00	41.51	19.32	21.12
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	50.00	-	-	-
Marol Co-operative Industrial Estate Limited			0.11	0.11	0.11
B.C.C. Caraglio-Rotair Spa.			0.02	0.02	0.02
			<b>101.86</b>	<b>60.06</b>	<b>58.47</b>

\* SAS Belair ceased to be a subsidiary of the Group w.e.f. March 31, 2016. Refer note 54(C3).

Particulars	No. of Shares	Face Value Per Share (in ₹)	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate amount of quoted investments and market value thereof			101.73	59.93	58.34
Aggregate amount of unquoted investments			0.13	0.13	0.13
Aggregate amount of impairment in the value of investments			-	-	-

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>7. Loans</b>			
Unsecured, considered good			
Loans to employees	50.60	22.26	18.93
	<b>50.60</b>	<b>22.26</b>	<b>18.93</b>
<b>8. Other financial assets</b>			
Security Deposits	39.28	41.69	34.61
Others	-	1.14	-
	<b>39.28</b>	<b>42.83</b>	<b>34.61</b>
<b>9. Deferred Tax Assets</b>			
The balance comprises temporary differences attributable to:			
Unabsorbed business losses of subsidiaries	146.25	132.86	57.62
Other timing differences	(0.27)	13.69	48.68
	<b>145.98</b>	<b>146.55</b>	<b>106.30</b>
<b>10. Other non-current assets</b>			
Capital Advances	17.12	10.09	10.93
Other non-current assets	0.61	-	-
	<b>17.73</b>	<b>10.09</b>	<b>10.93</b>
<b>11. Inventories</b>			
(a) Raw Materials	878.31	870.35	1,082.62
(b) Work-in-progress	225.66	273.14	274.30
(c) Finished goods	1,078.92	971.05	1,160.80
(d) Stock-in-trade	15.33	81.06	79.77
(e) Stores and spares	9.52	11.39	12.13
(f) Loose Tools	46.20	42.78	34.10
(g) Packing materials	6.53	6.62	7.73
	<b>2,260.47</b>	<b>2,256.40</b>	<b>2,651.45</b>
<b>12 Trade receivables</b>			
Unsecured, considered good	2,456.85	2,530.67	2,432.21
Doubtful	82.51	56.87	4.54
	2,539.36	2,587.54	2,436.75
Less : Allowance for doubtful debts	(82.51)	(56.87)	(4.54)
	<b>2,456.85</b>	<b>2,530.67</b>	<b>2,432.21</b>
<b>13 Cash and cash equivalents</b>			
(a) Cash on hand	2.04	1.39	2.02
(b) Cheques, drafts on hand	10.43		
(c) Balance with banks			
- In current accounts	224.98	231.38	291.79
- In deposit accounts (with original maturity of 3 months or less)	576.72	488.67	325.03
Balance in unclaimed dividend account*	5.31	5.27	4.69
	<b>819.48</b>	<b>726.71</b>	<b>623.53</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

\* Earmarked for payment of unclaimed dividend

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>14. Other bank balances</b>			
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	239.63	101.25	133.82
	<b>239.63</b>	<b>101.25</b>	<b>133.82</b>
<b>* Includes margin money deposit</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>15 Loans (Current)</b>			
Unsecured, considered good			
Loan to employees	51.42	27.04	26.63
	<b>51.42</b>	<b>27.04</b>	<b>26.63</b>
<b>16 Other Financial Assets</b>			
Interest accrued	16.06	16.27	18.39
Others	8.73	0.38	0.33
Security Deposits	0.90	-	-
	<b>25.69</b>	<b>16.65</b>	<b>18.72</b>
<b>17 Current Tax Assets (Net)</b>			
Opening Balance	24.10	20.14	20.19
Less : Regrouped from current tax liabilities	-	(6.88)	-
Add : Tax Paid	223.47	295.56	(0.05)
Less : Current tax payable for the year	(220.77)	(284.72)	
	<b>26.79</b>	<b>24.10</b>	<b>20.14</b>
<b>18 Other Current Assets</b>			
Income / refund receivable	73.11	65.20	92.04
Minimum Alternate Tax credit entitlement	3.47	31.59	38.92
Prepaid expenses	58.51	90.56	89.04
Balance with Government authorities	134.17	129.35	125.40
Advance to suppliers	128.13	92.75	124.51
Others	137.42	105.96	117.50
	<b>534.81</b>	<b>515.41</b>	<b>587.40</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**19 Equity share capital**

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
<b>As at April 1, 2015</b>	<b>300.00</b>	<b>300.00</b>
Increase during the year	-	-
<b>As at March 31, 2016</b>	<b>300.00</b>	<b>300.00</b>
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>300.00</b>	<b>300.00</b>

(iii) Movements in equity share capital :

Particulars	Number of shares (in millions)	Equity sharecapital (par value)
Equity shares of ₹ 1 each		
<b>As at April 1, 2015</b>	<b>158.45</b>	<b>158.45</b>
<b>As at March 31, 2016</b>	<b>158.45</b>	<b>158.45</b>
<b>As at March 31, 2017</b>	<b>158.45</b>	<b>158.45</b>

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Equity sharecapital (par value)
Equity shares of Rs. 1 each		
<b>As at April 1, 2015</b>	<b>158.45</b>	<b>158.45</b>
Increase during the year	-	-
<b>As at March 31, 2016</b>	<b>158.45</b>	<b>158.45</b>
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>158.45</b>	<b>158.45</b>

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2017, the amount of dividend per share recognized as distributions to equity shareholders is ₹ 1/- (March 31, 2016: ₹ 1/-).

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

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	2,55,09,390	16.10%	2,51,90,940	15.90%	2,51,90,940	15.90%
SBI Emerging Businesses Fund	1,43,77,243	9.07%	1,43,77,243	9.07%	1,42,20,736	8.97%
Jairam Varadaraj	1,41,60,478	8.94%	1,23,24,928	7.78%	1,23,24,928	7.78%
Pari Washington Co. P. Ltd, A/c Pari Washington India Master Fund, Ltd.	87,65,714	5.53%	87,65,714	5.53%	81,90,892	5.17%
Gagandeep Credit Capital Pvt. Limited	81,52,575	5.15%	81,52,575	5.15%	81,52,575	5.15%

(v) EPS / Bonus issue during the last 5 years:

Particulars	Face Value (in Rs.)	Number of shares	Financial Year
Employees Stock Purchase Scheme	1	5,83,600	2010-11
Bonus Shares	1	7,89,35,454	2010-11

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>20. Other Equity</b>			
<b>Reserves &amp; Surplus</b>			
a) Capital reserve	181.41	181.41	181.41
b) Securities premium reserve	409.37	409.37	409.37
c) Statutory reserve (Amalgamation)	5.49	5.49	5.49
d) General reserve	1,162.63	1,154.98	1,121.57
e) Retained earnings	4,006.11	3,472.72	3,173.85
f) Treasury Stock	(11.40)	(11.40)	(11.40)
g) Other Reserves	156.93	91.11	40.83
	<b>5,910.54</b>	<b>5,303.68</b>	<b>4,921.13</b>

Particulars	March 31, 2017	March 31, 2016
<b>a) Capital reserve</b>		
Opening balance	181.41	181.41
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>181.41</b>	<b>181.41</b>
<b>b) Securities Premium reserve</b>		
Opening balance	409.37	409.37
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>409.37</b>	<b>409.37</b>
<b>c) Statutory reserve</b>		
Opening balance	5.49	5.49
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>5.49</b>	<b>5.49</b>
<b>d) General reserve</b>		
Opening balance	1,154.98	1,121.57
Additions during the year	-	-
Transfer from Profit and Loss Account	7.65	33.41
Deductions / Adjustments during the year	-	-
<b>Closing balance</b>	<b>1,162.63</b>	<b>1,154.98</b>
<b>e) Retained earnings</b>		
Opening balance	3,472.72	3,173.85
Profit for the year	740.00	509.30
Provision for tax on dividend in respect of earlier years written back	10.08	10.08
Share of dividend distribution tax of Elgi Sauer Compressors Limited	(2.34)	(1.98)

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars		March 31, 2017	March 31, 2016
Item of other comprehensive income recognised directly in retained earnings:			
- Remeasurement of post-employment benefit obligation, net of tax		(16.42)	(18.42)
- Share of other comprehensive income of joint ventures accounted for using the equity method		0.05	-
Appropriations:			
General Reserve		(7.65)	(33.41)
MAT credit entitlement in respect of earlier years		-	23.63
Dividend on equity shares		(158.07)	(158.07)
Dividend distribution tax on above		(32.26)	(32.26)
<b>Closing balance</b>		<b>4,006.11</b>	<b>3,472.72</b>
<b>f) Treasury Stock</b>			
Opening balance		(11.40)	(11.40)
Additions during the year		-	-
Deductions / Adjustments during the year		-	-
<b>Closing balance</b>		<b>(11.40)</b>	<b>(11.40)</b>

Particulars	FVOCI - Equity instruments	Foreign Currency Translation Reserve	Total
<b>g) Other Reserves</b>			
<b>As at April 1, 2015</b>	<b>40.83</b>	-	<b>40.83</b>
Additions during the year	1.58	48.70	50.28
Deductions / Adjustments during the year	-	-	-
<b>As at March 31, 2016</b>	<b>42.41</b>	<b>48.70</b>	<b>91.11</b>
Additions during the year	41.80	24.01	65.81
Deductions / Adjustments during the year	-	-	-
<b>As at March 31, 2017</b>	<b>84.21</b>	<b>72.71</b>	<b>156.93</b>

**Nature and purpose of other reserves****FVOCI equity investments**

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>21 Borrowings (Non-current)</b>			
<b>Secured</b>			
Borrowing from Bank	955.31	1,380.61	1,687.80
Finance Lease Obligation	10.45	10.62	-
	<b>965.76</b>	<b>1,391.23</b>	<b>1,687.80</b>

**Terms of borrowings**

Particulars	Elgi Compressors Italy S.R.L.	Elgi Compressors USA Inc.
Terms of repayment	20 Equated Quarterly installments.	12 Equated Half Yearly installment
Interest rate	EURIBOR + 1.1 (March 31, 2016 : EURIBOR + 3.2, April 1, 2015 : EURIBOR + 3.2)	LIBOR + 2.4
Security	Charge / lien on current assets, specific fixed assets and fixed deposits.	Charge / lien on specific fixed assets and fixed deposits.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>22 Provisions</b>			
Provision for compensated absences	35.91	34.95	25.42
	<b>35.91</b>	<b>34.95</b>	<b>25.42</b>
<b>23 Deferred Tax Liabilities (Net)</b>			
Property, plant and equipment	164.17	177.62	163.88
Other timing differences	5.08	0.08	22.78
	<b>169.25</b>	<b>177.70</b>	<b>186.66</b>
<b>24 Government Grants</b>			
Deferred Income	62.71	74.02	84.43
	<b>62.71</b>	<b>74.02</b>	<b>84.43</b>
<b>Current Portion</b>	10.23	10.82	10.90
<b>Non-current Portion</b>	52.48	63.20	73.53
<b>25 Borrowings (Current)</b>			
Loans repayable on demand			
Secured			
- from Banks	659.96	851.60	696.53
Unsecured			
- from Banks	484.91	373.97	913.54
	<b>1,144.87</b>	<b>1,225.57</b>	<b>1,610.07</b>

**Terms of borrowings**

The borrowings of the group include packing credit facility from banks repayable within 180 days from the date of borrowing and carry an interest rate of LIBOR / EURIBOR plus 30 to 50 bps. The borrowings are secured by charge/lien on specific fixed assets and fixed deposits.



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>26 Trade payables</b>	<b>1,690.96</b>	<b>1,695.76</b>	<b>1,646.67</b>
<b>27 Other Financial liabilities</b>			
Derivatives not designated as hedges:			
Derivative Instruments	1.67	1.15	0.20
Others:			
Current maturities of long-term debt	402.91	423.96	369.63
Deferred purchase consideration	-	-	136.84
Unclaimed dividends	5.31	5.27	4.69
Dealer deposits	26.88	26.80	30.68
Employee benefit expenses payable	260.56	249.30	267.26
Others	12.48	-	-
	<b>709.81</b>	<b>706.48</b>	<b>809.30</b>
<b>28 Provisions</b>			
Provision for Warranty (Refer note (i) and (ii) below)	79.41	75.94	55.03
Provision for Financial Guarantee (Refer note (i) and (ii) below)	-	9.55	-
Provision for Gratuity	73.18	66.45	44.67
Others	69.54	3.58	2.28
	<b>222.13</b>	<b>155.52</b>	<b>101.98</b>

**(i) Information about individual provisions and significant estimates****Provision for Warranty**

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

**Provision for Financial Guarantee**

The Company has provided financial guarantee to lenders of money to its subsidiary Elgi Equipments (Zhejiang) Limited and its erstwhile subsidiary Belair SAS. In accordance with the expected credit loss model prescribed under Ind AS, the Management has recognised a provision for these guarantees based on its best estimate of the outflow expected to be paid in the event such guarantees are invoked by the respective lenders.

**(ii) Movements in provisions**

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision For Warranty	Provision For Financial Guarantee
<b>As at April 1, 2016</b>	<b>75.94</b>	<b>9.55</b>
Charged/(credited) to profit or loss	-	-
Additional provisions recognised	79.41	-
Amounts used during the year	(75.94)	(9.55)
<b>As at March 31, 2017</b>	<b>79.41</b>	<b>-</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
<b>29 Current Tax Liabilities (Net)</b>			
Opening Balance	-	6.88	(54.08)
Less : Regrouped to Current Tax Assets	-	(6.88)	-
Current tax payable for the year	-	-	131.63
Less : Tax Paid	-	-	(70.67)
	-	-	<b>6.88</b>
<b>30 Other Current Liabilities</b>			
Advances received from customers	124.26	185.72	205.48
Statutory payable	42.42	28.86	11.18
Other Payables	28.99	70.19	150.23
	<b>195.67</b>	<b>284.77</b>	<b>366.89</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>31 Revenue from Operations</b>		
Sale of products (including excise duty)	13,700.12	13,902.74
Sale of services	580.87	689.13
Other operating revenues	99.51	68.30
	<b>14,380.50</b>	<b>14,660.17</b>
<b>32 Other Income</b>		
Interest Income	52.46	37.69
Dividend Income (i)	0.81	0.52
Miscellaneous Income (Net)	22.01	20.89
Profit on sale of assets	1.01	8.32
Rental receipts	14.30	13.39
Government Grants (ii)	10.82	10.41
	<b>101.41</b>	<b>91.22</b>

(i) All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.

(ii) Government grants are related to import duties saved on import of property, plant and equipment. The Group has an export obligation calculated at a specified percentage of duty saved, which has to be fulfilled within a specified period from the date of import. There are no other unfulfilled conditions or contingencies attaching to these grants.

Particulars	March 31, 2017	March 31, 2016
<b>33 Cost of material consumed</b>		
Opening Stock of Raw Materials	848.71	1,067.86
Purchases	5,314.58	5,367.71
	6,163.29	6,435.57
<b>Less:</b>		
Inventory of materials at the end of the year*	842.65	881.77
	<b>5,320.64</b>	<b>5,553.80</b>
<b>34 Purchases of Traded goods</b>		
Oil	120.95	122.95
Others	2,081.42	1,975.45
	<b>2,202.37</b>	<b>2,098.40</b>

\* Closing inventory as at March 31, 2016 for the purposes of determining cost of materials consumed includes inventory of Belair SAS which ceased to be a subsidiary of the group with effect from March 31, 2016. Refer note 54(C3).

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
<b>35 Changes in Inventory</b>		
Opening inventory		
-Finished goods	940.12	1,132.86
-WIP	246.36	244.92
-Stock in Trade	81.06	79.77
Closing inventory *		
-Finished goods	1,038.63	986.95
-WIP	197.87	243.56
-Stock in Trade	15.33	81.06
	<b>15.71</b>	<b>145.98</b>

\* Closing inventory as at March 31, 2016 for the purposes of determining changes in inventory includes inventory of Belair SAS which ceased to be a subsidiary of the group with effect from March 31, 2016. Refer note 54(C3).

Particulars	March 31, 2017	March 31, 2016
<b>36 Employee Benefit Expenses</b>		
Salaries & Wages	2,173.28	2,255.50
Manegetrial remuneration (excluding performance pay)	25.34	-
Performance pay	137.01	132.97
Contribution to Provident fund & Superannuation scheme	71.42	64.42
Gratuity	16.10	9.46
Staff welfare expenses	115.06	105.04
	<b>2,538.21</b>	<b>2,567.38</b>
<b>37 Depreciation and Amortisation Expense</b>		
Depreciation of property, plant and equipment	439.75	429.86
Depreciation on investment properties	0.08	0.10
Amortisation of intangible assets	6.58	5.78
	<b>446.41</b>	<b>435.75</b>
<b>38 Other expenses</b>		
Packing & Forwarding	162.78	178.01
Consumption of stores	64.55	60.03
Tools Consumed	52.50	45.64
Commission & discounts	137.62	157.54
Excise duty paid	32.31	36.23
<i>Repairs and maintenance:</i>		
Building	53.51	54.00
Plant and machinery	56.22	51.41
Others	88.31	85.50
Communication expenses	40.11	45.26
Royalty expenses	2.56	2.69
Power and fuel	156.68	161.04
Transport charges	130.44	198.09
Travelling & conveyance	186.80	194.50
Insurance	42.33	45.30

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
Advertisement & Publicity	58.77	64.33
Printing and stationery	17.75	20.97
Research & Development Expenses	73.51	57.77
After sales expenses	208.58	231.15
Factory Expenses	18.44	13.45
Rates and taxes	28.51	30.68
Payment to the auditors		
Audit fees	12.21	11.39
Other services	0.60	0.77
Subscription & Membership	4.41	4.99
CSR Expenses	35.03	41.83
Rent	78.28	95.01
Legal and Consultancy charges	339.93	273.77
Directors' sitting fees	1.92	1.22
Bank Charges	15.69	17.17
Net loss / (gain) on foreign currency transaction	(19.37)	40.13
Loss on sale of assets	1.39	1.17
Bad debts written off & Provision for Doubtful Advances and Debts	25.64	20.26
Provision for Financial Guarantee	-	9.55
Loss on deconsolidation of Belair SAS	-	48.55
Miscellaneous expenses	104.81	92.06
	<b>2,212.82</b>	<b>2,391.46</b>
<b>39 Finance costs</b>		
Interest Expenses	77.54	122.33
	<b>77.54</b>	<b>122.33</b>
<b>40 Income tax expense</b>		
Current tax		
Current tax on profits for the year	220.77	284.72
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>220.77</b>	<b>284.72</b>
<b>Total deferred tax expense/(benefit)</b>	<b>43.72</b>	<b>(40.55)</b>
<b>Income tax expense</b>	<b>264.49</b>	<b>244.17</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Financial instruments and risk management****41 Fair value measurements****Financial instruments by category**

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investments									
- Equity instruments		101.86			60.06			58.47	
Loans			102.02			49.30			45.56
Trade receivables			2,456.85			2,530.67			2,432.21
Cash and cash equivalents			819.48			726.71			623.53
Other bank balances			239.63			101.25			133.82
Security deposits			39.28			41.69			34.61
Others			25.69			17.79			18.72
<b>Total financial assets</b>		<b>101.86</b>	<b>3,682.95</b>		<b>60.06</b>	<b>3,467.41</b>		<b>58.47</b>	<b>3,288.45</b>
<b>Financial liabilities</b>									
Borrowings			2,513.54			3,040.76			3,667.50
Trade payables			1,690.96			1,695.76			1,646.67
Dealer Deposits			26.88			26.80			30.68
Derivative Financial Liabilities	1.67			1.15			0.20		
Others			278.35			254.57			408.79
<b>Total financial liabilities</b>	<b>1.67</b>		<b>4,509.73</b>	<b>1.15</b>		<b>5,017.89</b>	<b>0.20</b>		<b>5,753.65</b>

**( i ) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI:					
Quoted Equity Investments	6	101.73	-	0.13	101.86
<b>Total financial assets</b>		<b>101.73</b>	<b>-</b>	<b>0.13</b>	<b>101.86</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts	27	-	1.67	-	1.67
<b>Total financial liabilities</b>		<b>-</b>	<b>1.67</b>	<b>-</b>	<b>1.67</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Financial instruments and risk management****Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	7	-	-	53.19	53.19
Security deposits	8	-	-	39.28	39.28
<b>Total financial assets</b>		-	-	<b>92.47</b>	<b>92.47</b>
<b>Financial Liabilities</b>					
Borrowings	21	-	-	955.31	955.31
<b>Total financial liabilities</b>		-	-	<b>955.31</b>	<b>955.31</b>

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

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI:					
Quoted Equity Investments	6	59.93	-	0.13	60.06
<b>Total financial assets</b>		<b>59.93</b>	-	<b>0.13</b>	<b>60.06</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts	27	-	1.15	-	1.15
<b>Total financial liabilities</b>		-	<b>1.15</b>	-	<b>1.15</b>

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

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	7	-	-	22.26	22.26
Security deposits	8	-	-	41.69	41.69
<b>Total financial assets</b>		-	-	<b>63.95</b>	<b>63.95</b>
<b>Financial Liabilities</b>					
Borrowings	21	-	-	1,380.61	1,380.61
<b>Total financial liabilities</b>		-	-	<b>1,380.61</b>	<b>1,380.61</b>

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

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVOCI					
Quoted Equity Investments	6	58.34	-	0.13	58.47
<b>Total financial assets</b>		<b>58.34</b>	-	<b>0.13</b>	<b>58.47</b>
<b>Financial liabilities</b>					
Foreign Exchange Forward Contracts	27	-	0.20	-	0.20
<b>Total financial liabilities</b>		-	<b>0.20</b>	-	<b>0.20</b>



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Financial instruments and risk management****Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans					
Loans to employees	7	-	-	18.93	18.93
Security deposits	8	-	-	34.61	34.61
<b>Total financial assets</b>		-	-	<b>53.54</b>	<b>53.54</b>
<b>Financial Liabilities</b>					
Borrowings	21	-	-	1,687.80	1,687.80
<b>Total financial liabilities</b>		-	-	<b>1,687.80</b>	<b>1,687.80</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and deposits included in level 3.

There are no transfers between levels 1 and 2 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(v) Fair value of financial assets and liabilities measured at amortised cost**

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Loans:						
Loans to employees	51.42	53.19	22.26	22.26	18.93	18.93
Security deposits	39.28	39.28	41.69	41.69	34.61	34.61
<b>Total financial assets</b>	<b>90.70</b>	<b>92.47</b>	<b>63.95</b>	<b>63.95</b>	<b>53.54</b>	<b>53.54</b>
<b>Financial Liabilities</b>						
Borrowings	955.31	955.31	1,380.61	1,380.61	1,687.80	1,687.80
<b>Total financial liabilities</b>	<b>955.31</b>	<b>955.31</b>	<b>1,380.61</b>	<b>1,380.61</b>	<b>1,687.80</b>	<b>1,687.80</b>

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, current loans to employees and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**42 Financial risk management**

The group's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward Foreign Exchange Contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**(A) Credit risk**

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

**(i) Credit risk management**

Credit risk is managed on a group basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, the group assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk

C2 : Doubtful assets, credit-impaired

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are included -

- Internal credit rating

- External credit rating (as far as available)

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

**(ii) Provision for expected credit losses**

The group provides for expected credit loss based on the following

Internal rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C1	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

For the years ended March 31, 2017, March 31, 2016 and as at April 1, 2015:

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

The estimated gross carrying amount at default is ₹ 19.66 million (March 31, 2016: Nil, April 1, 2015: Nil) for Investments and loans and deposits. Consequently, expected credit loss of an amount of ₹ 19.66 million for the year ended March 31, 2017 has been recognised.

**(b) Expected credit loss for trade receivables under simplified approach**

Customer credit risk is managed by the group based on the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for their recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(ii) Reconciliation of loss allowance provision – Trade receivables**

<b>Loss allowance on April 1, 2015</b>	<b>4.54</b>
Write-offs	(1.68)
Changes in loss allowance	54.01
<b>Loss allowance on March 31, 2016</b>	<b>56.87</b>
Write-offs	-
Changes in loss allowance	25.64
<b>Loss allowance on March 31, 2017</b>	<b>82.51</b>

**B. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**(i) Financing arrangements**

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

<b>Particulars</b>	<b>March 31, 2017</b>	<b>March 31, 2017</b>	<b>April 1, 2015</b>
<b>Floating rate</b>			
Expiring within one year (bank overdraft and other facilities)	4,946.95	3,871.55	2,570.68

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

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

**(ii) Maturities of financial liabilities**

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

a) all non-derivative financial liabilities, and

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

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

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Contractual maturities of financial liabilities:**

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<b>March 31, 2017</b>						
<b>Non-derivatives</b>						
Borrowings	718.81	828.97	-	404.94	560.82	2,513.54
Trade payables	1,690.96	-	-	-	-	1,690.96
Other financial liabilities	303.56	-	-	-	-	303.56
<b>Total non-derivative liabilities</b>	<b>2,713.33</b>	<b>828.97</b>	<b>-</b>	<b>404.94</b>	<b>560.82</b>	<b>4,508.06</b>
Derivatives (Net Settled)	1.67	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>1.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>March 31, 2016</b>						
<b>Non-derivatives</b>						
Borrowings	591.33	991.93	66.26	491.10	900.13	3,040.76
Trade payables	1,695.76	-	-	-	-	1,695.76
Other financial liabilities	280.22	-	-	-	-	280.22
<b>Total non-derivative liabilities</b>	<b>2,567.31</b>	<b>991.93</b>	<b>66.26</b>	<b>491.10</b>	<b>900.13</b>	<b>5,016.74</b>
Derivatives (Net Settled)	1.15	-	-	-	-	1.15
<b>Total derivative liabilities</b>	<b>1.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.15</b>
<b>April 1, 2015</b>						
<b>Non-derivatives</b>						
Borrowings	764.84	1,113.03	101.82	394.07	1,293.73	3,667.50
Trade payables	1,646.67	-	-	-	-	1,646.67
Other financial liabilities	439.28	-	-	-	-	439.28
<b>Total non-derivative liabilities</b>	<b>2,850.79</b>	<b>1,113.03</b>	<b>101.82</b>	<b>394.07</b>	<b>1,293.73</b>	<b>5,753.45</b>
Derivatives (Net Settled)	0.20	-	-	-	-	0.20
<b>Total derivative liabilities</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.20</b>

**C. Market risk****( i ) Foreign currency risk**

The group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	USD	EUR	AUD	USD	EUR	AUD	USD	EUR	AUD
<i>Financial assets</i>									
Trade receivables	10.01	4.82	0.10	9.83	5.15	0.18	7.52	6.20	0.24
<b>Net exposure to foreign currency risk (assets)</b>	<b>10.01</b>	<b>4.82</b>	<b>0.10</b>	<b>9.83</b>	<b>5.15</b>	<b>0.18</b>	<b>7.52</b>	<b>6.20</b>	<b>0.24</b>
<i>Financial liabilities</i>									
Loans	20.95	7.02	-	27.91	7.39	-	36.16	8.47	-
Trade payables	1.14	3.31	0.02	0.86	2.84	-	(0.03)	4.07	0.07
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>22.09</b>	<b>10.33</b>	<b>0.02</b>	<b>28.77</b>	<b>10.23</b>	<b>-</b>	<b>36.13</b>	<b>12.54</b>	<b>0.07</b>

**Sensitivity**

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

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
USD sensitivity:				
INR/USD Increases by 5%	(13.76)	(17.87)	(12.22)	(23.42)
INR/USD Decreases by 5%	13.76	17.87	12.22	23.42
EURO sensitivity:				
INR/EURO Increases by 5%	(9.11)	(6.96)	(10.65)	(12.39)
INR/EURO Decreases by 5%	9.11	6.96	10.65	12.39
AUD sensitivity:				
INR/AUD Increases by 5%	(0.04)	-	0.12	0.29
INR/AUD Decreases by 5%	0.04	-	(0.12)	(0.29)

**(ii) Price risk**

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

**Sensitivity**

The table below summarises the impact of increases/decreases of the index on the group's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the group's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2017	March 31, 2016
NSE Nifty 50 – increase 5%	4.38	2.56
NSE Nifty 50 – decrease 5%	(4.38)	(2.56)

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

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**43 Capital management****(a) Risk management**

The group's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:  
Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the group is as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	1,694.06	2,314.05	3,043.97
Total equity	6,068.99	5,462.13	5,079.58
<b>Net debt to equity ratio</b>	<b>28%</b>	<b>42%</b>	<b>60%</b>

**(b) Dividends**

Particulars	March 31, 2017	March 31, 2016
(i) Equity shares		
Final dividend for the year ended 31 March, 2015	-	158.45
Final dividend for the year ended 31 March, 2016	158.45	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (March 31, 2016 – ₹ 1 ). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Group information****44 Segment Information****(a) Description of segments and principal activities**

The chief operating decision maker (CODM) (i.e. the Managing Director of ELGi Equipments Limited) examines the group's performance from a product perspective and has identified two reportable segments of its business:

- a) Air compressors
- b) Automotive equipments

**(b) Segment Revenue**

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2017	March 31, 2016
Air Compressors	12,367.58	12,620.51
Automotive equipments	1,750.04	1,579.47
Others	262.88	460.19
<b>Income from operations</b>	<b>14,380.50</b>	<b>14,660.17</b>

**(c) Segment profit before tax**

Segment profit before tax is measured as the profit before other income, interest expense and share of net profit of joint ventures accounted for using the equity method.

Particulars	March 31, 2017	March 31, 2016
Air Compressors (including exceptional item)	900.50	671.04
Automotive equipments	64.46	100.87
<b>Total</b>	<b>964.96</b>	<b>771.92</b>
Adjustments for		
i) Interest expenses	(77.54)	(122.33)
ii) Other income	101.41	91.22
iii) Share of net profit of joint ventures accounted for using the equity method	15.66	12.66
<b>Total profit before tax</b>	<b>1004.49</b>	<b>753.47</b>

**(d) Segment Assets**

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

Particulars	March 31, 2017	March 31, 2016
Air Compressors	9,806.50	9,788.83
Automotive equipments	1,081.66	1,079.67
Others	130.06	133.03
Other Unallocable Corporate Assets	239.89	206.60
<b>Total Segment Assets</b>	<b>11,258.11</b>	<b>11,208.13</b>

**(e) Segment Liabilities**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	March 31, 2017	March 31, 2016
a) Air Compressors	3,676.49	3,773.61
b) Automotive equipments	291.76	299.38
c) Others	5.42	5.93
d) Other unallocable Corporate Liabilities	-	
<b>Total Segment Liabilities</b>	<b>3,973.67</b>	<b>4,078.92</b>

**(f) Capital Employed**

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2017	March 31, 2016
a) Air Compressors	6,130.01	6,015.22
b) Automotive equipments	789.90	780.29
c) Others	124.64	127.10
d) Other unallocable Corporate Assets	239.89	206.60
<b>Total Capital employed</b>	<b>7,284.44</b>	<b>7,129.21</b>

Note:

i) The Company has provided the segment information to the extent consistently reviewed by the CODM.

ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.

**Group information****45 Interests in other entities****(a) Subsidiaries**

The group's subsidiaries at March 31, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group			Principal Activities
		March 31, 2017	March 31, 2016	April 1, 2015	
ATS Elgi Limited	India	100	100	100	Manufacture and trading of automobile service equipments
Elgi Equipments Limited (Zhejiang)	China	100	100	100	Trading of air compressors
Elgi Compressors Trading Co. Limited (Shanghai)	China	100	100	100	Trading of air compressors
Belair SAS*	France	*	*	100	Manufacture and trading of compressors
Elgi Gulf (FZE)	UAE	100	100	100	Trading of air compressors
Elgi Compressors Do Brazil Imp. E. EXP.LTDA	Brazil	100	100	100	Assembly and trading of air compressors
Elgi Australia PTY Ltd.	Australia	100	100	100	Trading of air compressors and machinery related consumables
Elgi Compressors Italy S.R.L	Italy	100	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	100	Manufacture of compressors, tracked carriers and hydraulic hammers and trading of the same products

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Name of entity	Place of business	Ownership interest held by the group			Principal Activities
		March 31, 2017	March 31, 2016	April 1, 2015	
Elgi Compressors USA Inc.	America	100	100	100	Trading of air compressors
Patton's Inc	America	100	100	100	Trading of air compressors
Patton's Medical LLC.	America	100	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	100	Trading of air compressors and machinery related consumables
Ergo Design Private Limited	India	100	100	-	Design services

\* Belair SAS ceased to be a subsidiary of the Group w.e.f. March 31, 2016. Refer note 54 (C3).

**(b) Joint Operations**

The company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership together with Elgi Ultra Industries Limited to earn rental income from Investment Property.

The company has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Industries Limited.

The principal place of business of the joint operations are in India.

Significant judgement: classification of joint arrangements

The joint venture agreements in relation to the above joint arrangements require unanimous consent from both parties for all relevant activities. The partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. These entities are therefore classified as joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

**(c) Joint Venture**

Set out below are the associates and joint ventures of the group as at March 31, 2017 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Principal Place of business	Proportion of the ownership interest	Relationship	Quoted fair value			Carrying amount		
				March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	*	50.48	44.84	43.44
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	*	0.42	-	-
<b>Total equity accounted investments</b>				-	-	-	<b>50.90</b>	<b>44.84</b>	<b>43.44</b>

\*Unlisted entity – no quoted price available.

Elgi Sauer Compressors Limited was set up as a company together with JP Sauer & Sohn Maschinenbau GMBH to sell compressors and their parts along with rendering engineering services.

Industrial Air Solutions LLP is engaged in the distribution of products of Elgi Equipments.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(i) Contingent liabilities in respect of joint ventures**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Contingent liabilities – joint ventures			
Share of joint ventures' contingent liabilities in respect of legal matters against the entity and guarantees	55.42	61.83	55.11

**(ii) Summarised financial information for joint ventures**

The tables below provide summarised financial information for the joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

Summarised Balance Sheet	Elgi Sauer Compressors Limited			Industrial Air Solutions LLP**		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Current assets						
Cash and cash equivalents	77.77	89.79	100.13	-	-	-
Other assets	214.55	105.53	79.58	6.07	-	-
<b>Total current assets</b>	<b>292.32</b>	<b>195.32</b>	<b>179.71</b>	<b>6.07</b>	-	-
<b>Total non-current assets *</b>	<b>37.44</b>	<b>37.78</b>	<b>36.69</b>	<b>2.24</b>	-	-
Current liabilities						
Financial liabilities (excluding trade payables)	15.85	7.06	6.08	-	-	-
Other liabilities	109.88	52.09	41.41	6.57	-	-
<b>Total current liabilities</b>	<b>125.73</b>	<b>59.15</b>	<b>47.49</b>	<b>6.57</b>	-	-
Non-current liabilities						
Employee benefit obligations	0.94	0.62	0.60	-	-	-
<b>Total non-current liabilities</b>	<b>0.94</b>	<b>0.62</b>	<b>0.60</b>	-	-	-
<b>Net assets</b>	<b>203.09</b>	<b>173.33</b>	<b>168.31</b>	<b>1.74</b>	-	-

\* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in ELGi Equipments Limited

\*\*The entity was incorporated during the year ended March 31, 2017 and hence no amounts have been disclosed as at March 31, 2016 and April 1, 2015

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Reconciliation to carrying amounts:**

Particulars	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2017	March 31, 2016	March 31, 2017***	March 31, 2016
Opening net assets	173.33	168.31	2.61	-
Profit for the year	66.34	48.81	(0.87)	-
Other comprehensive income*	0.19	(0.51)	-	-
Dividends paid including dividend distribution tax	(36.77)	(43.28)	-	-
<b>Closing net assets</b>	<b>203.09</b>	<b>173.33</b>	<b>1.74</b>	<b>-</b>
Group's share in %	26%	26%	50%	50%
Group's share in INR millions	52.80	45.07	0.87	-
Unrealised profit in stock	(2.33)	(0.22)	(0.44)	-
<b>Carrying amount</b>	<b>50.48</b>	<b>44.84</b>	<b>0.42</b>	<b>-</b>

\* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in ELGi Equipments Limited

\*\*\* The entity was incorporated during the year ended March 31, 2017. The amount shown as opening net assets represents the capital contribution on incorporation.

**Summarised statement of profit and loss:**

Particulars	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Revenue	292.36	284.22	2.15	-
Interest income	4.23	4.87	-	-
Depreciation and amortisation	(1.26)	(1.30)	0.26	-
Income tax expense	(35.82)	(24.10)	-	-
<b>Profit for the year</b>	<b>66.34</b>	<b>48.81</b>	<b>(0.87)</b>	<b>-</b>
Other comprehensive income	0.19	(0.51)	-	-
<b>Total comprehensive income</b>	<b>66.53</b>	<b>48.30</b>	<b>(0.87)</b>	<b>-</b>
Dividends received	7.94	9.30	-	-

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**46 Related party transactions****(a) Name of the related parties and nature of relationship:**

(i) Where control exists:

Subsidiaries

Interests in subsidiaries are set out in note 45.

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

Joint ventures	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Key management personnel	Mr. Jairam Varadaraj, Managing Director Mr. Sriram S, Chief Financial Officer
Relatives of Key Management Personnel	Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj Mr. Varun Jay Varadaraj, son of Mr. Jairam Varadaraj
Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited Elgi Ultra Industries Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited Elgi Automotive Services Private Limited

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>(a) Transactions during the year</b>						
Purchase of Goods	95.41	111.50	-	-	95.41	111.50
Sale of Goods	124.93	101.00	-	-	124.93	101.00
Receiving of Services	18.99	18.34	-	-	18.99	18.34
Providing of Services	6.16	4.20	-	-	6.16	4.20
Reimbursement of Expenses					-	-
To Related Parties	0.01	0.17	-	-	0.01	0.17
By Related Parties	3.15	-	-	-	3.15	-
Remuneration	1.96	2.88	90.89	54.05	92.85	56.93

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Description	Joint Ventures & Others			Key Management Personnel			Total		
	2016-17	2015-16	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17	2014-15
<b>(b) Balances at Year end</b>									
Investments accounted for using the equity method	50.90	44.84	43.44	-	-	-	-	-	-
Receivable at the end of the year	16.58	11.19	2.51	-	-	-	16.58	11.19	2.51
Payable at the end of the year	-	11.84	8.30	-	-	-	-	11.84	8.30

**(c) Terms and conditions**

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

**47. Contingent liabilities and contingent assets****(a) Contingent liabilities:**

(i) Claims against the group not acknowledged as debts  
March 31, 2017

(In Million)

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/ Adj.	Forum where dispute is pending
<b>Sales Tax</b>	LST,CST & Penalty	36.18	23.95	Tribunal
	LST,CST & Penalty	74.75	8.51	High Court, Chennai
	CST	30.77	16.90	Sales Tax Appellate DC, Coimbatore
<b>Central Excise</b>	Excise Duty & Penalty	9.40	-	Departmental Authorities
	Service Tax & Penalty	8.99	0.11	Tribunal Authorities
	Service Tax & Penalty	35.29	3.05	CESTAT-Tribunal
		<b>195.38</b>	<b>52.52</b>	

The group has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.

March 31, 2016

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/ Adj.	Forum where dispute is pending
<b>Sales Tax</b>	LST, CST & Penalty	52.81	27.35	Tribunal
	LST, CST & Penalty	13.01	8.55	High Court, Chennai
	LST, CST & Penalty	16.82	11.50	High Court, Chennai
	CST	30.77	13.86	Sales Tax Appellate DC, Coimbatore
<b>Central Excise</b>	Excise Duty & Penalty	9.66	0.01	Departmental Authorities
	Service Tax & Penalty	2.73	0.30	Tribunal Authorities
	Service Tax & Penalty	40.30	2.73	CESTAT-Tribunal
		<b>166.10</b>	<b>64.31</b>	

The group has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Guarantees and Letters of credit	53.02	251.53	298.80

(ii) Joint ventures:

For contingent liabilities relating to joint ventures refer note 45.



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**48 Commitments**

Capital commitments:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts remaining to be executed on capital account	89.98	62.51	10.93

**49 Events occurring after the reporting period**

Refer note 43 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

**50 Exceptional Item**

Exceptional item for the year ended March 31, 2016 pertains to provision made for non-moving stock lying with the subsidiary Rotair SPA since its acquisition amounting to ₹ 43.51 million.

**51 Earnings per share**

Particulars	March 31, 2017	March 31, 2016
<b>(a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	4.67	3.22
<b>(b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	4.67	3.22
<b>(c) Reconciliations of earnings used in calculating earnings per share</b>		
<i>Basic earnings per share:</i>		
Profit attributable to equity holders of the company used in calculating basis earnings per share	740.00	509.30
<i>Diluted earnings per share:</i>		
Profit attributable to equity holders of the company		
- used in calculating basis earnings per share	740.00	509.30
- used in calculating diluted earnings per share	740.00	509.30
Profit attributable to equity holders of the company used in calculating basis earnings per share	740.00	509.30
<b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	<b>158.34</b>	<b>158.34</b>
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	158.34	158.34

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**52 Additional information required by Schedule III**

Name of the Entity	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated total comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Parent</b>								
<b>ELGi Equipments Limited</b> (Refer note 1)								
March 31, 2017	85%	5,177.91	85%	631.22	100%	41.44	86%	672.66
March 31, 2016	85%	4,656.68	113%	574.92	100%	31.86	112%	606.78
<b>Subsidiaries</b>								
<b>Indian</b>								
<b>ATS Elgi Limited</b>								
March 31, 2017	9%	562.51	10%	76.55	0%		10%	76.55
March 31, 2016	10%	541.12	19%	96.20	0%		18%	96.20
<b>Adisons Precision Instruments Manufacturing Company Limited</b>								
March 31, 2017	0%	(10.38)	0%	0.23	0%		0%	-
March 31, 2016	0%	(9.72)	0%	0.24	0%		0%	0.23
<b>Ergo Design Private Limited</b>								
March 31, 2017	0%	(9.13)	0%	0.06	0%		0%	0.24
March 31, 2016	0%	0.66	0%	0.46	0%		0%	-
<b>Foreign</b>								
<b>Elgi Equipments Limited (Zhejiang)</b>								
March 31, 2017	-8%	(459.02)	-4%	(27.49)	0%		-4%	0.06
March 31, 2016	-9%	(494.65)	-21%	(104.78)	0%		-19%	0.46
<b>Elgi Compressors Trading Co. Limited (Shanghai)</b>								
March 31, 2017	-2%	(141.10)	0%	(3.14)	0%		0%	-
March 31, 2016	-3%	(157.63)	0%	0.06	0%		0%	(27.49)
<b>Elgi Gulf (FZE)</b>								
March 31, 2017	11%	653.36	3%	25.51	0%		3%	(104.78)
March 31, 2016	12%	666.62	9%	46.06	0%		9%	-
<b>Elgi Compressors Do Brazil Imp. E. EXP.LTDA</b>								
March 31, 2017	-1%	(88.33)	-4%	(29.11)	0%		-4%	25.51
March 31, 2016	-1%	(61.94)	-13%	(64.35)	0%		-12%	46.06
								-
								(29.11)
								(64.35)

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**52 Additional information required by Schedule III (contd.)**

Name of the Entity	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated total comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Parent</b>								
<b>Eelgi Australia PTY Ltd.</b>								
March 31, 2017	-1%	(77.64)	-1%	(4.16)	0%		-1%	-
March 31, 2016	-2%	(101.02)	-4%	(20.68)	0%		-4%	(4.16)
<b>Elgi Compressors Italy S.R.L</b>								
March 31, 2017	3%	180.28	2%	13.90	0%		2%	(20.68)
March 31, 2016	4%	201.39	3%	14.10	0%		3%	-
<b>Elgi Compressors USA Inc.</b>								
March 31, 2017	3%	155.61	3%	24.20	0%		3%	13.90
March 31, 2016	2%	128.05	-11%	(57.13)	0%		-11%	14.10
<b>PT Elgi Equipments Indonesia</b>								
March 31, 2017	1%	75.71	2%	16.58	0%		2%	-
March 31, 2016	1%	49.43	2%	11.51	0%		2%	24.20
<b>Joint Ventures</b>								
<b>(investment as per equity method)</b>								
<b>Indian</b>								
<b>Elgi Sauer Compressors Ltd</b>								
March 31, 2017	1%	48.79	2%	16.54	0%	0.05	2%	-
March 31, 2016	1%	43.15	2%	12.69	0%		2%	16.59
<b>Industrial Air Solutions LLP</b>								
March 31, 2017	0%	0.42	0%	(0.88)	0%		0%	12.69
March 31, 2016	0%	-	0%	-	0%		0%	-
<b>Total</b>								
March 31, 2017	100%	6,068.99	100%	740.00	100%	41.49	100%	(0.88)
March 31, 2016	100%	5,462.13	100%	509.30	100%	31.86	100%	-
								781.49
								541.16

Note 1 : Includes the group's share in the net assets and results of L.G. Balakrishna &amp; Bros. and Elgi Services classified as joint operations.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**53 Disclosures relating to specified Bank Notes \* (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016**

Particulars	SBNs *	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	0.81	0.01	0.82
( + ) Permitted Receipts	-	1.23	1.23
( - ) Permitted Payments	-	1.14	1.14
( - ) Amount deposited into Banks	0.81	-	0.81
Closing cash in hand as on December 30, 2016	-	0.10	0.10

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the November 8, 2016.

**54 Transition to Ind AS**

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017 the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions****A.1.1 Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The group has applied same exemption for investment in joint ventures.

**A.1.2 Prospective application of Ind AS 21 to business combinations**

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

The Group has elected to apply this exemption.

**A.1.3 Cumulative translation differences**

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

**A.1.4 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value adjusted for the impact of outstanding government grant relating to purchase of property plant

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

and equipment and use the value so arrived as the deemed cost of the property, plant and equipment, intangible assets and investment property.

**A.1.5 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

**A.1.6 Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts / arrangements.

**A.1.7 Joint Operations**

Ind AS 101 provides an exemption for changing from equity method to accounting for share of assets and liabilities. As per the exemption, when changing from the equity method to accounting for share of assets and liabilities in respect of its interest in a joint operation, an entity shall, at the date of transition to Ind AS, derecognise the investment that was previously accounted for using the equity method and any other items that formed part of the entity's net investment in the arrangement and recognise its share of each of the assets and the liabilities in respect of its interest in the joint operations.

The Group has elected to apply this exemption for its joint operation.

**A.1.8 Joint ventures**

Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognise its investment in the joint venture at transition date to Ind AS. That initial investment should

be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition.

The Group has elected to apply this exemption for its joint venture.

**A.2 Ind AS mandatory exceptions****A.2.1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

-Investment in equity instruments carried at FVPL or FVOCI;

-Impairment of financial assets based on expected credit loss model.

-Provision for Constructive Obligations.

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**A.2.3 Impairment of financial assets**

Ind AS 101 provides that if at the date of transition the determination of increase in credit risk since initial recognition is difficult, loss allowance to be provided at an amount equal to lifetime expected credit losses at each reporting date until de-recognition.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**First time adoption of Ind AS.****B. Reconciliations between previous GAAP and Ind AS****Reconciliation of equity as at date of transition (April 1, 2015)**

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	IND AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,2,13	3,293.51	195.96	3,489.47
Capital work-in-progress		101.79	-	101.79
Investment Property	5	-	43.86	43.86
Goodwill		1,194.91	-	1,194.91
Other intangible assets		9.07	-	9.07
Investments accounted for using the equity method	2	-	43.44	43.44
Financial assets				
i. Investments	1,2,4,5	191.86	(133.39)	58.47
ii. Loans		18.93	-	18.93
iii. Other financial assets	2	34.62	(0.01)	34.61
Deferred Tax Assets (Net)	2	106.43	(0.13)	106.30
Other non-current assets		10.93	-	10.93
<b>Total non-current assets</b>		<b>4,962.05</b>	<b>149.73</b>	<b>5,111.78</b>
<b>Current assets</b>				
Inventories	2	2,662.58	(11.13)	2,651.45
Financial assets				
i. Trade receivables	2	2,440.31	(8.10)	2,432.21
ii. Cash and cash equivalents	1,2	649.37	(25.84)	623.53
iii. Bank balances other than (ii) above		133.82	-	133.82
iv. Loans		26.63	-	26.63
v. Other financial assets	1,2	18.64	0.08	18.72
Current Tax Assets (Net)	1,2	20.30	(0.16)	20.14
Other current assets	1,2	589.60	(2.20)	587.40
<b>Total current assets</b>		<b>6,541.25</b>	<b>(47.35)</b>	<b>6,493.90</b>
<b>Total Assets</b>		<b>11,503.30</b>	<b>102.38</b>	<b>11,605.68</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	IND AS
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		158.45	-	158.45
Other equity	16,17	4,775.78	145.35	4,921.13
<b>Total equity</b>		<b>4,934.23</b>	<b>145.35</b>	<b>5,079.58</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long Term Borrowings		1,687.80	-	1,687.80
Provisions	2	25.57	(0.15)	25.42
Deferred tax liabilities (net)	15	155.91	30.75	186.66
Government Grants	13	-	73.53	73.53
<b>Total non-current liabilities</b>		<b>1,869.28</b>	<b>104.13</b>	<b>1,973.41</b>
<b>Current liabilities</b>				
Financial liabilities				
i. Borrowings		1,610.07	-	1,610.07
ii. Trade payables	1,2	1655.89	(9.22)	1,646.67
iii. Other financial liabilities	2,8	809.59	(0.29)	809.30
Provisions	2,6,7	250.13	(148.15)	101.98
Current Tax Liabilities (Net)		6.88	-	6.88
Other current liabilities	1,2	367.23	(0.34)	366.89
Government Grants	13	-	10.90	10.90
<b>Total current liabilities</b>		<b>4,699.79</b>	<b>(147.10)</b>	<b>4,552.69</b>
<b>Total liabilities</b>		<b>6,569.07</b>	<b>(42.97)</b>	<b>6,526.10</b>
<b>Total equity and liabilities</b>		<b>11,503.30</b>	<b>102.38</b>	<b>11,605.68</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of equity as at March 31, 2016**

	Notes to first time adoption	Previous GAAP*	Adjustments	IND AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,2,3,13	3,206.42	179.68	3,386.10
Capital work in progress		19.84	(0.12)	19.72
Investment property	5	-	43.76	43.76
Goodwill	3	1,234.58	(22.10)	1,212.48
Other intangible assets	2,3	21.87	(0.66)	21.21
Investments accounted for using the equity method	2	-	44.84	44.84
Financial assets				
I. Investments	1,2,4,5	191.76	(131.70)	60.06
iii. Loans		22.26	-	22.26
iv. Other financial assets	2,3	46.03	(3.20)	42.83
Deferred Tax Assets	2	146.70	(0.15)	146.55
Other non-current assets		10.09	-	10.09
<b>Total non-current assets</b>		<b>4,899.55</b>	<b>110.35</b>	<b>5009.90</b>



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	IND AS
<b>Current assets</b>				
Inventories	2,3	2,351.62	(95.22)	2,256.40
Financial assets				
i. Trade receivables	2,3	2,565.74	(35.07)	2,530.67
ii. Cash and cash equivalents	1,2,3	760.97	(34.26)	726.71
iii. Bank balances other than (ii) above		101.25	-	101.25
iv. Loans		27.04	-	27.04
v. Other financial assets	1,2,3	17.18	(0.53)	16.65
Current Tax Assets (Net)	1,2	25.01	(0.91)	24.10
Other current assets	1,2,3	523.61	(8.20)	515.41
<b>Total current assets</b>		<b>6,372.42</b>	<b>(174.19)</b>	<b>6,198.23</b>
<b>Total Assets</b>		<b>11,271.97</b>	<b>(63.84)</b>	<b>11,208.13</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		158.45	-	158.45
Other equity	16,17	5,251.07	52.61	5,303.68
<b>Total equity</b>		<b>5,409.52</b>	<b>52.61</b>	<b>5,462.13</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long Term Borrowings		1,391.23	-	1,391.23
Provisions	2	35.11	(0.16)	34.95
Deferred tax liabilities (net)	15	131.12	46.58	177.70
Government grants	13	-	63.20	63.20
<b>Total non-current liabilities</b>		<b>1,557.46</b>	<b>109.62</b>	<b>1,667.08</b>
<b>Current liabilities</b>				
Financial liabilities				
i. Borrowings	3	1,225.75	(0.18)	1,225.57
ii. Trade payables	1,2,3	1,765.64	(69.88)	1,695.76
iii. Other financial liabilities	2,3,8	736.80	(30.32)	706.48
Provisions	2,6,7,12	271.49	(115.97)	155.52
Other current liabilities	1,2,3	305.31	(20.54)	284.77
Government grants	13	-	10.82	10.82
<b>Total current liabilities</b>		<b>4,304.99</b>	<b>(226.07)</b>	<b>4,078.92</b>
<b>Total liabilities</b>		<b>5,862.45</b>	<b>(116.45)</b>	<b>5,746.00</b>
<b>Total equity and liabilities</b>		<b>11,271.97</b>	<b>(63.84)</b>	<b>11,208.13</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Reconciliation of total comprehensive income for the year ended March 31, 2016**

Particulars	Notes to first time adoption	Previous GAAP*	Adjustments	IND AS
<b>Income</b>				
Revenue from operations	2,9	14,123.65	536.52	14,660.17
Other income	1,2,14	91.71	(0.49)	91.22
<b>Total income</b>		<b>14,215.36</b>	<b>536.03</b>	<b>14,751.39</b>
<b>Expenses</b>				
Cost of materials consumed	2	5,560.99	(7.19)	5,553.80
Purchases of Stock-in-Trade	2	2,130.27	(31.87)	2,098.40
Changes in Inventories of finished goods, work-in-progress and Traded goods	2	145.29	0.69	145.98
Excise duty	9	-	651.97	651.97
Employee benefits Expense	2,10	2,602.43	(35.05)	2,567.38
Depreciation and Amortisation Expense	2,14	425.68	10.07	435.75
Other Expenses	1,2,3,6,8,9,12	2,326.74	64.72	2,391.46
Finance Costs		122.33	-	122.33
<b>Total expenses</b>		<b>13,313.73</b>	<b>653.36</b>	<b>13,967.07</b>
<b>Profit before exceptional items, share of net profits of investments accounted for using equity method and tax</b>		<b>901.63</b>	<b>(117.33)</b>	<b>784.32</b>
Share of net profit of associates and joint ventures accounted for using the equity method	2	-	12.66	12.66
<b>Profit before exceptional items and tax</b>		<b>901.63</b>	<b>(104.67)</b>	<b>796.98</b>
Exceptional items		43.51	-	43.51
<b>Profit before tax</b>		<b>858.12</b>	<b>(104.67)</b>	<b>753.47</b>
Income tax expense				
Current tax	1,2,10	281.16	3.56	284.72
Deferred tax	2,15	(56.55)	16.00	(40.55)
<b>Profit for the period</b>		<b>633.51</b>	<b>(124.23)</b>	<b>509.30</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit obligations	10	-	(28.16)	(28.16)
Change in fair value of FVOCI equity instruments	4	-	1.58	1.58
Income tax relating to these items		-	9.74	9.74
Items that will be reclassified to profit or loss				
Share of other comprehensive income of associates and joint ventures accounted for using the equity method				
Changes in Foreign Currency Translation Reserve	11		48.70	48.70
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>31.86</b>	<b>31.86</b>
<b>Total comprehensive income for the period</b>		<b>633.51</b>	<b>(92.37)</b>	<b>541.16</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(i) Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

Particulars	Notes	March 31, 2016	April 1, 2015
<b>Total equity (shareholders' funds) as per previous GAAP</b>		<b>5,409.52</b>	<b>4,934.23</b>
<b>Adjustments</b>			
Treasury Shares Adjustment	1	(11.40)	(11.40)
Loss on deconsolidation of subsidiary	3,12	(58.10)	-
Fair Valuation of Investments in equity shares	4	42.41	40.83
Provisions for constructive obligations	6	(75.94)	(55.03)
Proposed dividend and Dividend distribution tax	7	190.71	190.71
Impact of equity accounting of joint venture	7	9.48	11.19
Fair Valuation of Derivatives	8	(1.15)	(0.20)
Deferred Tax effects on adjustments	15	(46.75)	(30.75)
FCTR adjustment	14	3.35	-
<b>Total adjustments</b>		<b>52.61</b>	<b>145.35</b>
<b>Total equity as per Ind AS</b>		<b>5,462.13</b>	<b>5,079.58</b>

**(ii) Reconciliation of total comprehensive income for the year ended March 31, 2016**

Particulars	Notes	March 31, 2016
<b>Profit after tax as per previous GAAP</b>		<b>633.51</b>
<b>Adjustments</b>		
Elimination of dividend received from Group Company	2	(9.36)
Loss on deconsolidation of subsidiary	3,12	(58.10)
Fair Valuation of Derivatives	8	(0.95)
Provisions for constructive obligations	6	(20.91)
Remeasurements of post employment benefit obligations	10	28.16
Reversal of exchange difference	14	(37.21)
Tax effects on adjustments	15	(25.84)
<b>Total adjustments</b>		<b>(124.21)</b>
Profit after tax as per Ind AS		509.30
Other comprehensive income	4,10,15	31.86
<b>Total comprehensive income as per Ind AS</b>		<b>541.16</b>

**(iii) Impact of Ind AS adoption on cash flow statement**

Particulars	Previous GAAP*	Adjustments	IND AS
Net cash flow from operating activities	1,342.14	(85.20)	1,256.94
Net cash flow from investing activities	(250.82)	103.34	(147.48)
Net cash flow from financing activities	(1,012.29)	17.20	(995.09)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>79.03</b>	<b>35.34</b>	<b>114.36</b>
<b>Cash and cash equivalents as at April 1, 2015</b>	<b>783.19</b>	<b>(159.66)</b>	<b>623.53</b>
Impact on cash and cash equivalent resulting from deconsolidation of subsidiary			(11.18)
<b>Cash and cash equivalents as at March 31, 2016</b>	<b>862.22</b>	<b>(135.50)</b>	<b>726.71</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**C. Notes to first-time adoption****1. Joint Operations - Transition from Equity accounting to proportionate consolidation**

Under previous GAAP, L.G. Balakrishnan & Bros. and Elgi Services were accounted for using the equity method. Under Ind AS, L.G. Balakrishnan & Bros. and Elgi Services have been classified as jointly controlled entities and accounted for using the proportionate consolidation method.

The Group has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement. The Group has measured the initial carrying amounts of the assets and liabilities by disaggregating them from the carrying amount of the investment of ₹ 124 million and ₹ 0.4 million in L.G. Balakrishnan & Bros. and Elgi Services respectively at the date of transition to Ind ASs on the basis of the information used by the entity in applying the equity method.

**Impact on account of equity accounting previously recognised of the joint venture under previous GAAP:****( i ) The following share of assets and liabilities has been recognised under Ind AS**

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	31-Mar-16	01-Apr-15	31-Mar-16	01-Apr-15
<b>Non-current assets</b>				
Property, plant and equipment	112.32	112.32	0.43	0.43
<b>Financial assets</b>				
i. Investments	-	-	-	-
<b>Total non-current assets</b>	<b>112.32</b>	<b>112.32</b>	<b>0.43</b>	<b>0.43</b>
<b>Current assets</b>				
(i) Cash and cash equivalents	0.26	0.18	0.01	0.01
(ii) Other financial assets	0.38	0.33	-	-
Current Tax Assets (Net)	0.23	0.58	-	-
Other current assets	0.02	0.02	-	-
<b>Total current assets</b>	<b>0.89</b>	<b>1.11</b>	<b>0.01</b>	<b>0.01</b>
<b>Total Assets</b>	<b>113.21</b>	<b>113.43</b>	<b>0.44</b>	<b>0.44</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables	0.04	0.01	-	-
Other current liabilities	0.21	0.21	-	-
<b>Total current liabilities</b>	<b>0.25</b>	<b>0.22</b>	<b>-</b>	<b>-</b>
<b>Net Assets Recognised</b>	<b>112.96</b>	<b>113.21</b>	<b>0.44</b>	<b>0.44</b>

**(ii) The following have been de-recognised on discontinuance of accounting under equity method under previous GAAP:**

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	31-Mar-16	01-Apr-15	31-Mar-16	01-Apr-15
Investments	124.00	124.00	0.40	0.40
Treasury Stock	(11.40)	(11.40)	-	-
Inter Company Assets/ Liabilities	0.36	0.61	0.04	0.04
<b>Net Assets De-recognised</b>	<b>112.96</b>	<b>113.21</b>	<b>0.44</b>	<b>0.44</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(iii) The following share of income and expenditure has been recognised under Ind AS:**

Particulars	L.G. Balakrishnan & Bros.	Elgi Services
	31-Mar-16	31-Mar-16
Revenue	0.57	-
Expenses		
Other expenses	0.50	-
Current tax expense	0.11	-
<b>Profit after tax</b>	<b>(0.04)</b>	<b>-</b>

**(iv) The following Impact on account of equity accounting of the joint venture under previous GAAP:**

Share of profits of joint venture recognised as per equity method	(0.22)
Inter Company Expense Reversal	0.14
Inter Company Dividend adjusted in retained earnings	0.12
	<b>0.04</b>

**2. Joint Venture - Transition from proportionate consolidation to Equity accounting**

The Group has investment in Elgi Sauer Compressors Limited (a public limited company) which meets the definition of investment in joint venture. Under the previous GAAP such investments in joint venture were accounted using the proportionate consolidation method. However under Ind AS, investment in joint venture are to be accounted using the equity method.

For the purposes of applying the equity method, the investment in Elgi Sauer Compressors Limited as at the date of transition, has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. An impairment assessment has been performed as at April 1, 2015 and no impairment provision is considered necessary.

**( i ) The following assets and liabilities of Elgi Sauer Compressors Limited proportionately consolidated under previous GAAP have been derecognised :**

Particulars	Proportionate share of assets and liabilities eliminated after considering Inter-Company adjustments	
	31-Mar-16	01-Apr-15
<b>Non-current assets</b>		
Property, plant and equipment	1.06	1.23
Capital work in progress	0.12	-
Goodwill	-	-
Other intangible assets	0.17	-
Financial assets		
i. Investments	5.96	5.96
ii. Other financial assets	0.01	0.01
Deferred Tax Assets	0.15	0.13
Other non-current assets		
<b>Total non-current assets</b>	<b>7.47</b>	<b>7.33</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

Particulars	Proportionate share of assets and liabilities eliminated after considering Inter-Company adjustments	
	31-Mar-16	01-Apr-15
<b>Current assets</b>		
Inventories	12.37	11.13
Financial assets		
i. Trade receivables	14.49	8.90
ii. Cash and cash equivalents	23.34	26.03
iii. Other financial assets	0.18	0.25
Current Tax Assets	1.14	0.74
Other current assets	1.46	1.57
<b>Total current assets</b>	<b>52.98</b>	<b>48.62</b>
<b>Non Current Liabilities</b>		
Provisions	0.16	0.15
<b>Total non-current liabilities</b>	<b>0.16</b>	<b>0.15</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Trade payables	11.05	9.23
ii. Other financial liabilities	0.96	0.49
Provisions	10.76	12.47
Other current liabilities	1.36	0.55
<b>Total current liabilities</b>	<b>24.13</b>	<b>22.74</b>
<b>Total liabilities</b>	<b>24.29</b>	<b>22.89</b>
<b>Net assets derecognised</b>	<b>36.16</b>	<b>33.06</b>

**(ii) The following assets and liabilities have been recognised on transition to equity accounting :**

Particulars	March 31, 2017	March 31, 2016
Inter company trade payable recognised	-	-
Inter company trade receivable recognised	0.82	0.80
Share of networth to be recognised on account of equity method	44.84	43.44
	<b>45.66</b>	<b>44.24</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(iii) The following items of income and expenditure were proportionately consolidated under previous GAAP have been derecognised :**

Particulars	31-Mar-16
Revenue	73.47
Other Income	2.33
<b>Total Income</b>	<b>75.80</b>
Expenses	
Cost of materials consumed	7.19
Purchases of Stock in Trade	31.87
Changes in Inventories of finished goods, work-in-progress and Traded goods	(0.69)
Employee benefits Expense	6.89
Depreciation and Amortisation Expense	0.34
Other Expenses	9.38
<b>Total Expense</b>	<b>54.98</b>
<b>Profit before tax</b>	<b>20.82</b>
<b>Tax Expense</b>	
Current tax	6.29
Deferred tax	(0.03)
<b>Profit after tax</b>	<b>14.56</b>

**(iv) The following share of profit in Elgi Sauer for the year ended March 31, 2016 has been recognised on transition to equity accounting :**

Share of Profit in Joint Venture for the year ended March 31, 2016	12.62
Inter Company Sales recognised	1.45
Inter Company Income recognised	0.37
Decrease/ (Increase) in Unrealised gain on closing stock	0.04
<b>Share of profits of joint venture recognised as per equity method under IGAAP</b>	<b>14.48</b>

The adjustment (i) to (iv) made above on account of transition to equity method has a net impact on total equity amounting to ₹ 9.49 million as at March 31, 2016 (March 31, 2015 - ₹ 11.19 million).

**3. Deconsolidation of subsidiary**

Under previous GAAP, one entity controls another entity when it has the ownership of more than one-half of the voting power of the other entity or control of the composition of the board of directors so as to obtain economic benefits from its activities. Based on the control assessment carried out by the Group under Ind AS 110, the Group has identified that as at March 31, 2016 Belair SAS no longer meets the definition of subsidiary as the Company has no longer control over Belair SAS. Accordingly, the assets, liabilities, incomes and expenses of Belair SAS have been deconsolidated as at March 31, 2016.



**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**(i) The following assets and liabilities of Belair SAS consolidated under previous GAAP have been derecognised :**

Particulars	31-Mar-16
<b>Non-current assets</b>	
Property, plant and equipment	5.85
Goodwill	22.10
Other intangible assets	0.49
Financial assets	
i. Other financial assets	3.19
<b>Total non-current assets</b>	<b>31.63</b>
<b>Current assets</b>	
Inventories	82.86
Financial assets	
i. Trade receivables	32.81
ii. Cash and cash equivalents	11.18
iii. Other financial assets	0.73
Other current assets	6.36
<b>Total current assets</b>	<b>133.94</b>
<b>Total Assets</b>	<b>165.57</b>
<b>Current liabilities</b>	
Financial liabilities	
i. Borrowings	0.18
ii. Trade payables	58.87
iii. Other financial liabilities	30.51
Other current liabilities	19.39
<b>Total current liabilities</b>	<b>108.95</b>
<b>Total liabilities</b>	<b>108.95</b>
<b>Net assets derecognised</b>	<b>56.62</b>

**(ii) The following assets and liabilities of Elgi Equipments Limited representing its investment and receivables from Belair SAS have been recognised on discontinuance of consolidation**

Fair value of Investment on the date of loss of control	-
Trade receivable from Belair SAS	45.17
Provision for impairment of trade receivables	(33.75)
	<b>11.42</b>

The above recognised assets have been tested for impairment and accordingly an impairment allowance of ₹ 17.08 million and ₹ 21.62 million has been provided under expected credit loss for loan and trade receivable respectively.

**(iii) The total impact on equity as a result of the above adjustments are as below**

Loss on account of derecognition of Belair SAS assets	(56.62)
Fair value of Investment on the date of loss of control	-
Recognition of trade receivable from Belair SAS	45.17
Derecognition of FCTR balance on deconsolidation	(3.35)
Provision for impairment of trade receivable under expected credit loss model	(33.75)
<b>Net Profit / (Loss) recognised on deconsolidation of subsidiary</b>	<b>(48.55)</b>

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**4. Fair valuation of investments**

Under the previous GAAP, long-term investments in equity instruments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Investment Fair valuation reserve as at the date of transition and subsequently in the statement of other comprehensive income for the year ended March 31, 2016. Consequent to the above, the total equity as at March 31, 2016 increased by ₹ 42.41 Million (April 1, 2015 - ₹ 40.83 Million) and other comprehensive income for the year ended March 31, 2016 increased by ₹ 1.58 Million.

**5. Investment property**

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. Accordingly a sum of ₹ 43.76 million as at March 31, 2016 (April 1, 2015 - ₹ 43.86 million) has been reclassified from non-current investments to investment property. There is no impact on the total equity or profit as a result of this adjustment.

**6. Provisions for constructive obligations**

Under the previous GAAP, provisions are not recognized for constructive obligations. Under Ind AS, provisions are measured for present obligations (both legal and constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Accordingly the Group has recognised a provision for certain after sales expenses resulting from a constructive obligation amounting to ₹ 75.94 million as at March 31, 2016 (April 1, 2015 - ₹ 55.03 million). Consequently, the total equity as at March 31, 2016 has decreased by ₹ 75.94 million (April 1, 2015 - ₹ 55.03 million) and profit for the year ended March 31, 2016 has decreased by ₹ 20.91 million.

**7. Proposed dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 190.71 Million as at March 31, 2016 (April 1, 2015 - ₹ 190.71 Million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently the amount approved by the shareholders amounting to ₹ 190.71 million for the period 2014-15 has been recognised as a liability in the year ended March 31, 2016.

**8. Forward Contracts not designated as hedging instruments**

Under the previous GAAP, the Group applied the requirements of Accounting Standard 11 The effects of changes in foreign exchange rates to account for forward exchange contract for hedging foreign exchange risk related to recognised trade payables. At the inception of the contract, the forward premium was separated and amortised as expense over the tenure of the contract. The underlying trade payables and the forward contract were restated at the closing spot exchange rate.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in Statement of profit and loss. The above transition resulted in a net loss of ₹ 0.95 million for the year ended March 31, 2016. Consequently, other financial liabilities has increased by ₹ 1.15 million (April 1, 2015 - ₹ 0.20 million).

**9. Revenue**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 651.97 Million. There is no impact on the total equity and profit.

Under the previous GAAP, discounts in the nature of cash and volume discount have presented as item of expense in the statement of profit and loss account. However under Ind AS revenue is to be recognised at the fair value of consideration received or receivable after considering such discounts. Consequently, revenue from operations for the year ended March 31, 2016 has decreased by ₹ 43.44 million with a corresponding decrease in other expenses. There is no impact on the total equity and profit.

Consequent to the above adjustments, net impact on revenue for the year ended March 31, 2016 is an increase of ₹ 608.53 million with no impact on total equity and profit.

**10. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 28.16 million. There is no impact on the total equity as at March 31, 2016.

**11. Foreign currency translation reserve**

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2015. Accordingly, translation reserve balance under

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

previous GAAP of ₹ 30.06 million has been transferred to retained earnings as at March 31, 2016. There is no impact on total equity as a result of this adjustment.

**12. Provision for Financial Guarantee**

The Group has provided financial guarantee to lenders of money to its erstwhile subsidiary Belair SAS. Under the previous GAAP financial guarantees so provided were disclosed as contingent liability. Under Ind AS, such guarantees are to be recorded initially at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate. Accordingly the Management has recognised a provision for these guarantees based on its best estimate of the outflow expected to be paid in the event such guarantees are invoked by the respective lenders amounting to ₹ 9.55 million for the year ended March 31, 2016 (April 1, 2015 - ₹ Nil).

**13. Government Grant**

The group has imported capital goods under EPCG Scheme. Under the previous GAAP, the Group had exercised the option for reducing such grants from the cost of the related asset. Under Ind AS, government grants related to purchase of property, plant and equipment shall not be reduced from the cost of the asset but are to be recognised as deferred income and amortised over the useful life of the asset. Accordingly, the Group has recognised a deferred income amounting to ₹ 74.02 million as at March 31, 2016 (March 31, 2015 - ₹ 84.43 million) representing the unamortised portion of the government grant on purchase of property, plant and equipment.

The corresponding effect of the above amounts have been made in the value of property, plant and equipment. Consequently there has been an increase in the depreciation expense and other income amounting to ₹ 10.41 million for the year ended March 31, 2016 representing the additional depreciation on account of increased cost and amortisation of deferred income. There is no impact on equity and total comprehensive income for the period as a result of this change.

**14. Adjustment related to FCTR**

Under the previous GAAP there was no separate standard on Financial Instrument and classification of Financial Instrument into Debt or Equity was based on the legal form of the instrument. Under Ind AS the accounting and classification of Financial Instruments are governed by Ind AS 109 and Ind AS 32. These standards provide for classification and measurement of instruments based on substance rather than legal form.

The Group has assessed the amounts previously classified as loan under the earlier GAAP and has determined the same to be in the nature of equity per the requirements of Ind AS. Consequent to above reclassification the said amounts no longer satisfy the definition of monetary item under Ind AS 21. Accordingly the company has reversed the foreign exchange gain amounting to ₹ 37.21 million with corresponding decrease in profit for the year ended March 31, 2016.

**15. Deferred tax**

Under previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind AS, deferred taxes are also recognised on inter company elimination of unrealised gain and on undistributed profits of joint ventures. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

**16. Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**17. Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**FORM AOC-1****Part "A" : Subsidiaries****Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014****Statement Containing Salient Features of the Financial statement of Subsidiaries :-**

Name of the Subsidiary Company	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Compressors Trading (Shanghai) Co.Ltd	Elgi Gulf (FZE)	Elgi Compressors Do BRAZIL IMP. E.EXP.Ltd.	Elgi Australia Pty Ltd.	Elgi Compressors Italy S.r.l.	Rotair Spa	Elgi Compressors USA Inc.	Patton's Inc.	Patton's Medical LLC.	PTElgi Equipments Indonesia	Ergo Design Private Limited	Adisons Precision Instruments Mfg. Co. Limited
Reporting Currency	INR	RMB	RMB	DHS	BRL	AUD	EURO	EURO	USD	USD	USD	IDR	INR	INR
Financial Year of the Subsidiary ended on	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017	31st March 2017
Exchange Rate	-	9.42	9.42	17.93	20.77	49.44	69.25	69.25	64.84	64.84	64.84	0.0049		
Share Capital	0.90	377.39	28.68	1.78	110.06	0.01	188.45	37.13	792.41	0.00	0.00	19.05	0.10	7.43
Reserves and Surplus	759.41	(472.03)	(143.21)	312.63	(199.23)	(125.96)	71.69	234.74	(49.00)	1413.88	(292.75)	15.95	0.03	71.79
Total Liabilities	321.35	164.07	118.47	121.64	342.48	165.56	475.44	710.19	2027.94	92.77	530.62	25.85	5.08	2.56
Total Assets (Excluding Investments)	1081.66	69.42	3.94	436.05	253.31	39.60	735.58	982.04	2771.35	1506.66	237.87	60.85	5.21	81.68
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	0.02				-	-	0.11
Turnover	1755.84	64.23	0.00	426.81	239.85	71.30	0.00	1112.70	562.14	1366.91	533.98	110.71	12.35	-
Profit before Tax	91.01	(25.83)	(4.13)	25.51	(29.11)	(4.16)	71.73	50.40	28.67	19.02	(2.31)	21.37	0.51	0.23
Provision for Taxation	14.46	-	-	-	0.00	-	(1.31)	14.57	8.49	11.91	(0.72)	4.79	0.44	0.09
Profit after Tax	76.55	(25.83)	(4.13)	25.51	(29.11)	(4.16)	73.04	35.84	20.18	7.11	(1.59)	16.58	0.06	0.14
Proposed Dividend	49.50	-	-	-	-	-	-	-				-	-	-
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100

**Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2017**

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

**Part "B" : Associates and Joint Ventures****Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures**

Sl. No.	Name of Joint Ventures/Joint Operations	Elgi Sauer Compressor Limited	Industrial Air Solutions Llp	L.G.Balakrishnan & Bros (Firm)	Elgi Services
1.	Latest Audited Balance Sheet Date	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
2.	Shares if Associate / Joint Ventures held by the Company on the year end :				
	No of Shares	169000			
	Amount of Investment in Associates/Joint Venture (₹ Million)	1.69	1.1	124.0	0.40
	Extent of Holding	26%	50%	98%	80%
3.	Description of how there is significant influence	Shareholding of more than 20%	Share more than 20%	Share more than 20%	Share more than 20%
4.	Reason why the associate/joint venture is not consolidated	Consolidated to the extent of holding i.e 26%	Consolidated to the extent of holding i.e 50%	Consolidated to the extent of holding i.e 98%	Consolidated to the extent of holding i.e 80%
5.	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Million)	51.28	0.66	124.38	0.40
6.	Profit / Loss for the Year				
	i. Considered in Consolidation (₹ Million)	16.54	-0.88	0.36	0.00
	ii. Not Considered in Consolidation (₹ Million)	47.08	-0.44	0.01	0.00

For and on behalf of the Board

As per our report of even date

**JAIRAM VARADARAJ**

Managing Director

DIN: 00058056

**N. MOHAN NAMBIAR**

Director

DIN: 00003660

**For RJC ASSOCIATES**

Chartered Accountants

FRN: 003496S

Place : Coimbatore

Date : May 9, 2017

**VAISHNAVI P. M.**

Company Secretary

**S. SRIRAM**

Chief Financial Officer

**R. JAYACHANDRAN**

Partner

Membership No. 021848

## Factory & Registered Office, Subsidiary Offices, Branch Offices and Overseas Offices

### BRANCH OFFICES

<b>Ahmedabad</b>	: "ELGI HOUSE" 2, Mill Officer's Colony, Behind La-Gajjar Chambers, (Old Reserve Bank), Opp. Times of India, Ashram Road, Ahmedabad - 380 009, Tel: 91-79-2683736, 26581274, Fax: 91-79-6587683, E-mail: enquiry@elgi.com
<b>Bangalore</b>	: 15,16 Richmond Road, Bangalore - 560 025, Tel: 91-80-22537200, Fax: 91-080-22293274, E-mail: enquiry@elgi.com
<b>Chennai</b>	: S4-II Floor, Apollo Dubai Plaza, No-100, Mahalingapuram Main Road, Nungambakkam, Chennai - 600 034, Tel: 91-44-28172599, 28172699, 28173599, Fax: 91-44-28174699, E-mail: enquiry@elgi.com
<b>Coimbatore</b>	: 1st Floor, No.622-A, Near ELGi industrial Complex, Trichy Road, Singanallur, Coimbatore - 641 005, Tel: 91-422-2589555, Fax: 91-422-2573697, E-mail: enquiry@elgi.com
<b>Hyderabad</b>	: H.NO: 12-13-188, II nd Floor, Street No. 2, Taranaka, Hyderabad - 500 017, Tel: 91-40-27000435, 27000437, 27000439, 27000431, Fax: 91-40-27000438, E-mail: enquiry@elgi.com
<b>Jaipur</b>	: 602, 6th Floor, Diamond Tower, Purani Chungi, Ajmer Road, Jaipur - 302 021, Tel: 91-141-2970120, Fax: 91-141-2970121, E-mail: enquiry@elgi.com
<b>Kochi</b>	: 1st Floor, Asset Summit Suites, National Highway 47, Near SCMS, Kalamassery, Kochi - 683106. Tel: 91-484-2360155, 2351904, E-mail: enquiry@elgi.com
<b>Kolkata</b>	: Space No. 502, Block - C, 5th Floor, Axis Mall, Action Area - 1C, New Town, Premises No. CF - 9, Kolkata - 700 156, Tel: 91-33-2324-4270, 2324-4271, Fax: 91-33-2324-4272, E-mail: enquiry@elgi.com
<b>Mumbai</b>	: Marol Co-op Industrial Estate Ltd. Plot No.48, Mathurdas Vassanji Road, Near Sakinaka, Andheri (East), Mumbai - 400 059, Tel: 91-22-42161000, Fax: 91-22-28591601, E-mail: enquiry@elgi.com
<b>New Delhi</b>	: 23, Shivaji Marg, Near Karampura, Opp.DCM, New Delhi - 110 015, Tel: 91-11-25928095, 25928593, Fax: 91-11-25459375, E-mail: enquiry@elgi.com
<b>Pune</b>	: White House, Ground Floor, 388/A-1/2240, Mumbai - Pune Road, Opp. Sandvik(Asia), Dapodi, Pune - 411 012, Tel: 91-20-30635454, Fax: 91-20-4073759, E-mail: enquiry@elgi.com
<b>Raipur</b>	: Om1, 1st Floor, Ashoka Milllennium, Ring Road No.1, Raipur - 492 003, Chhattisgarh, Tel: 91-20-27145288, 27148892, Fax: 91-771-4073759, E-mail: enquiry@elgi.com
<b>Tiruchengode</b>	: 4/2, Nandhini Complex, 1st Floor, Velur Road, Tiruchengode - 637 211, Tel: 91-4288-257137, Fax: 91-4288-257693, E-mail: enquiry@elgi.com

### OVERSEAS OFFICES

<b>Malaysia</b>	: <b>ELGI EQUIPMENTS LIMITED</b> , No. 2A-4-6, Jalan Jubli Perak, 22/1, Section 22, 40400, Shah Alam, Selangor, Malaysia, Tel: 1800-816-553 (Toll-Free No.), Web: www.elgi.com.my
<b>Thailand</b>	: <b>ELGI EQUIPMENTS LIMITED</b> , 223/66, 14th Floor, Building A, Country Complex, Sanphawut Road, Bang Na, Bangkok, Thailand - 10260, Tel: +662-7455160, 001800 13204 2905 (Toll-Free No.), Local Use: 02-7455160, E-mail: thailand-enquiry@elgi.com, Web: www.elgi.co.th

### OVERSEAS FELLOW SUBSIDIARIES

<b>Australia</b>	: <b>ELGI EQUIPMENTS AUSTRALIA PVT LTD</b> , 38 Richland Avenue, Coopers Plain, QLD 4108, Australia, Tel: +61-7 3106 0589, 1800 813 1777 (Toll-Free No.), Fax: +61-7 3106 0537, Email: enquiry@elgi.com.au, Web: www.elgi.com.au
<b>Brazil</b>	: <b>ELGI COMPRESSORES DO BRASIL LTD</b> , Av. Emílio Chechinatto, 4195 - Bairro São Roque da Chave, CEP:13.295-000, Itupeva - São PauloBrasil, Tel: 4496 5519, 4496 6611, E-mail: enquiry@elgi.com.br



- China** : **ELGI EQUIPMENTS (ZHEJIANG) LIMITED**, West of 1st Floor, Building 2, No. 232, Yunhai Road, Jiaxing 314033 P.R. China, Tel: +86-573-82079100, Hotline: 400-826-3585  
E-mail: enquiry.cn@elgi.com, Web: elgi.cn
- : **ELGI COMPRESSORS TRADING (SHANGHAI) CO.,LTD.** Rm 912-913, No. 8-9, Lane 1500, South Lianhua Road, Shanghai 201108 P.R. China, Tel: +86-21-33581191, Hotline: 400-826-3585, E-mail: enquiry.cn@elgi.com, Web: elgi.cn
- Indonesia** : **PT ELGI EQUIPMENTS INDONESIA**, Kawasan Pergudangan, Bizpark Commercial Estate, Pulogadung Jl, Raya Bekasi Km. 21, 5 Block A3 No. 12, Kel. Rawa Terate, Kec. Cakung, Pulogadung Jakarta Timur 13920, Tel: +62-21-46827388, 46822216, 46827388, E mail: indonesia-enquiry@elgi.com, Web: www.elgi.co.id
- Italy** : **ROTAIR Spa**, Via Bernezzo-67, 12023, Caraglio (CN), Italy, Tel: +39-0171619676, Fax: +39-0171619677, E-mail: info@rotairspa.com, Web: www.rotairspa.com
- Middle East** : **ELGI GULF FZE**, PO Box: 120695, P6-27, SAIF Zone, Sharjah, U.A.E. Tel: +971 6 557 9970, +971 50 457 6470, Fax: +971 6 557 9980, E-mail: gulfenquiry@elgi.com, Web: www.elgigulf.com
- USA** : **ELGI COMPRESSORS USA, INC.** 1500 Suite N Continental Blvd, Charlotte, NC 28273, USA. Tel: 704-943-7966, E-mail: usa.sales@elgi.com

### FELLOW SUBSIDIARIES (DOMESTIC)

**ATS ELGI LIMITED**, Kurichy Private Industrial Estate, Kurichy, Coimbatore - 641 021, India, Tel: +91-422-2589999, 2672201-3, Fax: +91-422-2675446, E-mail: enquiry@ats-elgi.com, Web: www.ats-elgi.com

#### ADISONS PRECISION INSTRUMENTS MFG.CO.LIMITED

Elgi Industrial Complex, Singanallur, Coimbatore - 641 005

**ERGO DESIGN PVT LTD**, 150, 2nd Main, 2nd Cross, Chelekare, Kalyan Nagar, Bengaluru, Karnataka 560043, Tel: 099450 06565

### JOINT VENTURE

**ELGI SAUER COMPRESSORS LIMITED**, Elgi Industrial Complex III, Singanallur, Coimbatore - 641 005, India, Tel: +91-422-2589555, 2589634, 2589510, Fax: +91-422-2573697, E-mail: info@elgisauer.com, Web: www.elgisauer.com

**INDUSTRIAL AIR SOLUTIONS LLP**, 1, R R Industrial Estate, Opposite Shanthi Gears Regd Office, Singanallur, Coimbatore, Tamil Nadu 641005, Tel: 0422 227 1862

### DIVISION

#### PRESSURE VESSEL DIVISION

1473 - Trichy Road, Coimbatore - 641 018, Tel: 0422-2589777, Email: enquiry@elgi.com

### FACTORY & REGISTERED OFFICE

**ELGI EQUIPMENTS LIMITED**, Singanallur, Coimbatore - 641 005, India (CIN:L29120TZ1960PLC000351), Tel: +91-422-2589555, Fax: +91-422-2573697, +91-422-2589401 (for international markets), E-mail: enquiry@elgi.com, Web: www.elgi.com

**ELGI EQUIPMENTS LIMITED (Foundry Division)**, SF No: 212/1A, 213/1, Kodangipalayam Village, Nallatipalayam Road, Singarampalayam Post, Kinathukkadavu, Pollachi Taluk, Coimbatore - 642 109, Tel: 04259-241201, 241401

**GLOBAL SUPPORT CENTRE**, SF NO 221, 221/2 & 221/3, Kothavadi Road, Kodangipalayam Village, Singarampalayam (PO), Kinathukkadavu Taluk, Coimbatore - 642 109, Tel: 04259-241018.

**ELGI EQUIPMENTS LIMITED AIR COMPRESSOR PLANT**, SF NO 221/1 to 3, 4pt,5,222/1B,2,223/1pt, 2,225/1, 2, 226/1, 2C,227/1, 2A,2B, 2C1,228/1, 2A, 229/B1, B2, B3, 232/B1, B2, 234/B1, 264/B1 and 264/B2, Kothavadi Road, Kodangipalayam Village, Singarampalayam (PO), Kinathukkadavu Taluk, Coimbatore - 642 109.



**National Electronic Clearing Service  
(NECS Mandate Form)  
(For Shares held in Physical Form)**

1. First Shareholder's Name :

2. Shareholders' Folio No. :

3. Particulars of Bank Account

a) Bank Name :

b) Branch Name :

c) Account No. :

d) Account Type : SB ☐ Current ☐ Cash Credit ☐  
(tick the correct box)

e) Ledger folio no. of the :  
Bank A/c (if appearing on  
the cheque book)

f) 9 Digit code No. of the  
Bank & Branch appearing :     
on the MICR cheque  
issued by the bank

Important :

1. Please attach the photocopy of a cheque of a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code numbers.
2. I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Date :

Signature of First Shareholder

## Notes



**ELGI EQUIPMENTS LIMITED**

Trichy Road, Singanallur,  
Coimbatore – 641 005,  
Tamil Nadu, India.

**Tel :** + 91-422-2589555

**Fax :** +91-422-2573697, +91-422-2589401

**E-mail :** [enquiry@elgi.com](mailto:enquiry@elgi.com)

**Web :** [www.elgi.com](http://www.elgi.com)



# ELGi

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## ELGI EQUIPMENTS LIMITED



Singanallur, Coimbatore - 641 005, Tel: +91-422-2589555 Fax: +91-422-2573697

E-mail: investor@elgi.com Visit us at: www.elgi.com

(CIN: L29120TZ1960PLC000351)

FORM NO. MGT - 11

### PROXY FORM

[Pursuant to Section 105(6) of The Companies Act, 2013 and Rule 19(3) of The Companies (Management and Administration) Rules, 2014]

Folio No. / Demat ID :

Name & Address of  
the member(s) :

I/We being the member(s) holding ..... shares of the above named Company, hereby appoint:

- 1) Name : .....  
Address : .....  
Email ID : ..... Signature ..... or failing him/her
- 2) Name : .....  
Address : .....  
Email ID : ..... Signature ..... or failing him/her
- 3) Name : .....  
Address : .....  
Email ID : ..... Signature .....

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 57<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, July 28, 2017 at 04.00 PM at Ardra, Kaanchan, 9, North Huzur Road, (Near Codissia Building) Coimbatore - 641 018 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

..... ✂ Cut here .....

### E-Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

EVS (Electronic Voting Sequence Number)	*Default PAN / Sequence Number
170619001	

..... ✂ Cut here .....

# ELGi

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## ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005

Tel: +91-422-2589555 Fax: +91-422-2573697

E-mail: investor@elgi.com Visit us at: www.elgi.com

(CIN: L29120TZ1960PLC000351)

Folio No. / Demat ID :

Name of the Member :

Name of the Proxy :

No. of  
Shares held:

### ATTENDANCE SLIP

Attendance by  
Please ✓ the appropriate box

- ☐ Member  
☐ Proxy  
☐ Authorised Representative

I hereby record my presence at 57<sup>th</sup> Annual General Meeting held on Friday, July 28, 2017 at 04.00 PM at Ardra, No. 9, North Huzur Road, (Near Codissia Building) Coimbatore - 641 018.

\* Strike out whichever is not applicable

Signature of Member / Proxy\*

Resolution Number	Resolution
<b>Ordinary Business</b>	
1.	To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31 <sup>st</sup> March, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2.	To declare dividend for the financial year ended 31 <sup>st</sup> March, 2017.
3.	To appoint a Director in the place of Mr. Harjeet Singh Wahan, (DIN: 00003358) who retires by rotation and being eligible, offers himself for re-appointment.
4.	To appoint Statutory Auditors and to fix their remuneration.
<b>Special Business</b>	
5.	To consider ratification of Remuneration of Cost Auditors for the financial years 2016-17 and 2017-18.
6.	To consider approval of fee incurred in delivering documents through the specific mode selected by the members.

Signed this ..... day of ..... 2017.

Signature of shareholder .....

Signature of Proxy holder (s) .....

Affix  
₹ 1  
Revenue  
Stamp

Notes:

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.