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Annual Report 2018-19

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ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

59th Annual General Meeting

Date : 02nd Day of August, 2019

Day : Friday

Time : 3.30 PM

Place : ' ARDRA'
No.9, North Huzur Road (Near Codissia Building),
Coimbatore - 641 018.

Book Closure dates: 27th July, 2019 to 02nd August, 2019
(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
Mr. Harjeet Singh Wahan
Dr. Madhavi Gopinath
(Resigned with effect from 17/03/2019)
Mrs. Aruna Thangaraj
(Appointed with effect from 27/05/2019)

Managing Director

Mr. Jairam Varadaraj

Chief Financial Officer

Mr. S. Sriram
(Served as CFO until 02/11/2018)
Mr. Ragunathan Gunabooshanam
(Appointed with effect from 02/11/2018)

Company Secretary

Mrs. Vaishnavi P.M

Statutory Auditors

Price Waterhouse Chartered Accountants LLP
Chartered Accountants

Secretarial Auditor

M/s. MDS & Associates
Company Secretary in Practice

Cost Auditor

M/s. STR & Associates
Cost Accountants

Bankers

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

Registered Office

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

Registrar & Share Transfer Agents

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

Year at a glance - Consolidated Financial Statements

(`. In Million)

Particulars	2018-19	2017-18
Revenue from operations	18,635	16,222
Other income	96	114
Total income	18,731	16,336
Total expenditure		
a) (Increase) / Decrease in inventories	26	(225)
b) Consumption of raw materials	10,285	9,274
c) Excise duty*	-	169
d) Staff cost	3,408	2,813
e) Other expenditure	2,998	2,430
Interest expenditure	90	60
Depreciation / Amortisation	511	438
Total expenditure	17,318	14,959
Exceptional items - VRS	-	27
Profit / Loss Before Tax	1,413	1,350
Tax expenses	404	413
Share of profit from joint ventures	22	16
Net Profit	1,031	953
Paid up Equity share capital	158	158
Reserves and surplus	7,551	6,731
Capital expenditure	544	399
Cash flow from operations	1,719	465
Basic EPS (in `)	6.5	6.0
Dividend per share (in `)	1.30	1.20
No. of shareholders	19285	19205
No. of employees	2195	2026

* Since GST was introduced w.e.f 1st July 2017, the excise duty for 2017-18 is for only 3 months.

Notice of the 59th Annual General Meeting

NOTICE is hereby given that the 59th annual general meeting of the shareholders of the company will be held on **Friday, 2nd August 2019, at 3:30 PM at 'ARDRA', No.9, North Huzur Road (Near Codissia Building), Coimbatore – 641 018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt standalone and consolidated audited financial statements including statement of profit and loss (including other comprehensive Income) the statement of cash flows and the statement of changes in equity for the financial year ended 31st March 2019, the balance sheet as at that date, the reports of the board of directors and the auditors thereon.
2. To declare dividend for the year ended 31st March 2019.
3. To appoint a director in the place of Mr. Sudarsan Varadaraj (DIN: 00133533), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. STR & Associates, cost accountants, (Firm Registration No.000029) who were appointed as cost auditors by the board of directors of the company, to conduct the audit of the cost records of the company for the financial year ending 31st March 2020 on a remuneration of ` 3,00,000/- (Rupees three lakhs only) (exclusive of applicable taxes and out of pocket expenses), be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorised to do all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mr. M.Ramprasad (DIN:00004275), independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 02nd August, 2019 and is not liable to retire by rotation.

RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Dr. Ganesh Devaraj (DIN: 00005238), independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 02nd August, 2019 and is not liable to retire by rotation.

RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorised to do all acts and take all such Steps as may be necessary, proper or expedient to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mr.B Vijayakumar (DIN: 00015583), Independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 02nd August, 2019 and is not liable to retire by rotation.

RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. **To consider and if thought fit, to pass the following resolution as a special resolution:**

 RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mr. N.Mohan Nambiar (DIN: 00003660), independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term from 02nd August, 2019 until 10th April, 2023, the day he attains 75 years of age and is not liable to retire by rotation.

 RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

9. **To consider and if thought fit, to pass the following resolution as an ordinary resolution:**

 RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) as amended and as per the recommendations of the nomination and remuneration committee and board of directors, Mrs. Aruna Thangaraj (DIN: 07444726), who was appointed as an additional director at the meeting of the board of directors of the company held on 27th May, 2019 and who has given her consent for appointment as an independent director (woman director) of the company and has also submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and who is eligible for appointment, be and is hereby appointed as an independent director of the company, to hold office for a term of five consecutive years with effect from 02nd August, 2019 and is not liable to retire by rotation.

 RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. **To consider and if thought fit, to pass the following resolution as a special resolution:**

 RESOLVED THAT pursuant to prospective requirements under Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time, read with Sections 197, 198 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the shareholders of the company be and is hereby accorded for payment of consultancy fees not exceeding ` 21,60,000 exclusive of applicable taxes to Mr. Harjeet Singh Wahan (holding DIN: 00003358), non-executive director for rendering services in the nature of business process consulting with effect from 01st April, 2019 to 31st March, 2020.

 RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4:

The board of directors of the company on the recommendation of the audit committee, approved the appointment of M/s. STR & Associates., cost accountants as the cost auditors of the company for the financial year 2019-20 for a fee of ` 3,00,000/- (exclusive of applicable taxes and out of pocket expenses), for conducting the audit of the cost accounting records of the company and for issuing an audit report on cost accounting records maintained by the company.

Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 ("the Act"), requires the board to appoint an individual, who is a cost accountant or a firm of cost accountants, as cost auditors of the company on such remuneration as may be determined by the board of directors subject to the ratification by the shareholders at the general meeting.

Accordingly, the resolution contained in Item No. 4 of the notice, seeks the approval of the members for ratification of remuneration payable to the cost auditors of the company for the financial year 2019-20.

The board recommends this resolution for your approval.

None of the directors and key managerial personnel of the company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the Notice.

Item No. 5, 6, 7 & 8

As per the provisions of Sections 149, 150, 152, 160 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the company had appointed Mr.M.Ramprasad, Dr.Ganesh Devaraj, Mr. B.Vijayakumar and Mr. N.Mohan Nambiar as independent directors as per the requirements of the Companies Act, 2013 at the 54th annual general meeting held on 25th September, 2014 to hold office for a term of five (5) consecutive years upto 59th annual general meeting.

As the above named independent directors shall be completing their first term of appointment upon completion of five years from the respective dates of their appointment during the current year, they are eligible for re-appointment for another term of five consecutive years subject to approval of the members by way of passing a special resolution.

Accordingly, Mr. M. Ramprasad, Dr. Ganesh Devaraj, Mr. B. Vijayakumar are proposed to be re-appointed for a period of five years with effect from 02nd August, 2019 and Mr. N. Mohan Nambiar is proposed to be re-appointed for a term from 02nd August,2019 till 10th April, 2023, the day he attains 75 years of age.

All the above named persons have consented to their re-appointment and confirmed that they do not suffer from any disqualifications which stand in the way of their re-appointment as independent directors.

The performance evaluation of the independent directors was conducted by the entire board of directors (excluding the director being evaluated) on the basis of a structured questionnaire which was prepared after taking into consideration inputs received from the directors covering various aspects of the board's functioning viz. adequacy of the composition of the board and its committees, board culture, execution and performance of specific duties, obligations and governance.

Accordingly, based on the performance evaluation of the independent directors, the nomination & remuneration committee and the board of directors of the company at their meetings held on 27th May, 2019, respectively have recommended the re-appointment of the aforesaid persons as independent directors for a second term commencing from 02nd August, 2019.

During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The company has received declarations from all the independent directors confirming that they meet the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act and as per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). In the opinion of the board, they fulfill the conditions for re-appointment as independent directors and they are independent of the management.

The brief profile of all the appointee independent directors is mentioned under "profile of directors" forming part of this notice and details of the remuneration paid/payable to them are as provided in the corporate governance report forming part of the annual report for the year 2018-2019.

The company has also received notices from a member under Section 160 of the Companies Act, 2013 (the Act) proposing their re-appointment as independent directors for the second term.

A copy of the draft letter for re-appointment of the independent directors setting out the terms and conditions of their re-appointment is available for inspection by the members at the registered office of the company during the office hours on all working days other than on Saturdays' and Sundays' till the date of the annual general meeting.

The board recommends the resolutions as set out in item nos. 5, 6, 7 and 8 of the notice for approval of the members.

None of the directors or key managerial personnel of the company and their relatives other than the concerned independent directors are in anyway deemed to be concerned or interested, financially or otherwise, in the resolutions as set out in item nos. 5, 6, 7 and 8 of the notice.

Item No. 9

The board of directors of the company, pursuant to the recommendations of the nomination and remuneration committee, has appointed Mrs. Aruna Thangaraj (DIN: 07444726) on 27th May, 2019, as an additional director (woman independent and non-executive) on the board of directors of the company, in terms of Section 161 of the Companies Act, 2013.

Mrs. Aruna Thangaraj holds office up to the date of this annual general meeting pursuant to Section 161 of the Companies Act, 2013. The company has received notice in writing from a member under Section 160 of the Act, proposing her candidature for the office of independent director of the company.

Brief profile of Mrs. Aruna Thangaraj and her other directorships has been included in this Notice.

The company has received a declaration from Mrs. Aruna Thangaraj stating that she meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). In the opinion of the board, she fulfill the conditions for appointment as an independent director and she is independent of the management.

The details of the board and the committee meetings attended by Mrs. Aruna Thangaraj have been given elsewhere in this annual report. Mrs. Aruna Thangaraj will not be paid any remuneration other than sitting fee for attending meetings of the board and committees thereof of which she is a member/ chairperson.

A copy of the draft letter of appointment of Mrs. Aruna Thangaraj setting out the terms and conditions of her appointment is available for inspection by the members at the registered office of the company during the office hours on all working day other than on saturdays and sundays till the date of the annual general meeting.

The board of directors considers it in the interest of the company to appoint Mrs. Aruna Thangaraj as an independent director of the company for a period of five consecutive years with effect from 02nd August, 2019.

None of the directors and key managerial personnel of the company or their relatives, except Mrs. Aruna Thangaraj, is in any way, interested or concerned, financially or otherwise, in this resolution.

The board recommends the resolution set forth in item no. 9 of the notice for approval of the members.

Item No. 10

Pursuant to the provisions of Regulation 17(6) (ca) of SEBI (Listing Obligations and Disclosure Requirements) Amendment, Regulations, 2018, approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty percent of the total annual remuneration payable to all non-executive directors.

The company pays consultancy fee to Mr. Harjeet Singh Wahan for the services rendered by him as business process consultant. The remuneration payable to Mr. Harjeet Singh Wahan, non-executive director, will exceed fifty percent of the annual remuneration payable to all the non-executive directors. The company does not pay any remuneration to the non-executive directors other than sitting fee for attending the board and committee meetings.

In this regard, the board of directors, on recommendation of the nomination and remuneration committee, have at their meeting held on 27th May, 2019 accorded their approval for the payment of consulting fees not exceeding ` 21,60,000 exclusive of applicable taxes to Mr. Harjeet Singh Wahan, non-executive director of the company for rendering services in the nature of business process consultancy with effect from 1st April 2019 to 31st March, 2020. The payment of consultancy fee would be in addition to the sitting fees payable for attending the meetings of the board and committees thereof.

The board recommends the resolution set out in Item No.10 of the Notice for the approval of the members of the company.

Except Mr. Harjeet Singh Wahan, being the beneficiary, none of the directors or key managerial personnel of the company and their relatives are connected or interested, financially or otherwise, in the resolution set out at item no.10 of the notice.

By order of the board
For Elgi Equipments Limited

Vaishnavi. P.M
Company Secretary
ACS: 31824

Place: Coimbatore
Date:24/06/2019

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. Members may note that M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N/N500016), Chennai, the statutory auditors of the company were appointed by the shareholders at their Annual General Meeting (AGM) held on 28th July, 2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this 59th annual general meeting

3. 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.

4. Members / proxies should bring the attendance slips duly filled and signed for attending the meeting.

5. 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.

6. 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 27/07/2019 to 02/08/2019 (both days inclusive) for determining the names of the members eligible for dividend on equity shares, if declared at the meeting.

7. The dividend proposed to be declared at the meeting will be made payable on or before 28/08/2019 to those members whose names appear on the register of members of the company on 26/07/2019.

8. Pursuant to the provisions of Section 124 (5) of the Act, the dividend(s) remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the company, is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government. During the financial year, the dividend declared by the company for the financial year ended 31st March, 2011, which was unclaimed, has been transferred to IEPF. The company has uploaded the details of the unclaimed amounts of dividend(s) of the Members on the website of the company (www.elgi.com) as per the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012.

9. **Compulsory transfer of equity shares to IEPF Authority:**

   Pursuant to the provisions of Section 124 (6) of the Act and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("the IEPF Rules") and amendments thereto, the company has transferred the shares in respect of members who have not claimed/encashed dividend for the last seven consecutive years to the demat account of the IEPF authority. Details of the members whose shares have been transferred to the demat account of the IEPF authority are available at the company's website at www.elgi.com.

10. In the event members do not claim dividend(s) that have remained unpaid/unclaimed for the financial year ended 31st March, 2012, as aforesaid, all the shares in respect of such unpaid/unclaimed dividend(s) would have to be transferred to the IEPF Authority.
11. The members/claimants whose shares, unpaid dividend, etc. have been transferred to the IEPF authority, may claim the shares or apply for refund by making an application in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as may be decided by the IEPF authority from time to time. Mrs. Vaishnavi. P.M, company secretary, is the nodal officer of the company for the purpose of verification of such claims.
12. 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.
13. **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.
14. **Dividend of prior years:** Pursuant to Section 124 of The Companies Act, 2013, the dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund", established by the Central Government. According to the relevant provisions of The Companies Act, 2013, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed dividend so transferred to the said fund. Members who have not encashed the dividend warrant(s) so far, since the financial year 2011-12, are requested to send their claim immediately to the company / registrar for issue of pay order / demand draft in lieu thereof.
15. 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.
16. 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.
17. Copies of the annual report 2018-19, the notice of the 59th 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 2018-19 are being sent through permitted mode.
18. Members may also note that the notice of the 59th annual general meeting and the annual report 2018-19 will be available on the company's website, www.elgi.com. The physical copies of the aforesaid documents will also be available at the company's registered office for inspection during normal business hours on any working day.
19. 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.
20. 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.
21. 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.
22. 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.
23. 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.
24. 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.

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

26. Members are requested to forward their 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.

27. Members are requested to note that the venue of the 59thAnnual General Meeting at **"ARDRA" No.9, North Huzur Road, (Near Codissia Building), Coimbatore – 641 018** and the route map containing the complete particulars of the venue is attached to this Notice.

28. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide its members the facility to exercise their right to vote at the 59th 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, 30th July 2019 at 09.00 AM and ends on Thursday, 01st August 2019 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 26th July 2019, 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.

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 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 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.
- 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 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.

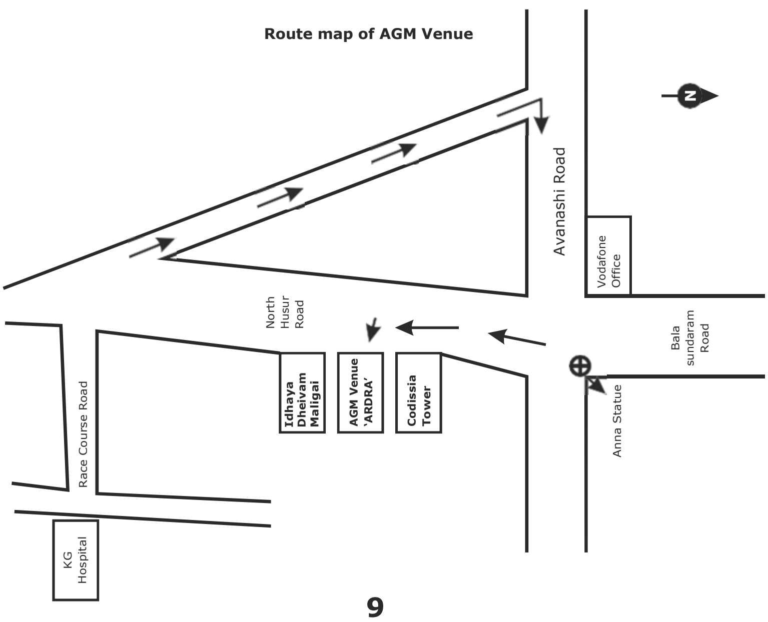
xx) In case you have any queries or issues regarding e-voting, you may refer the frequently asked questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

I. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date of 26.07.2019.

II. Mr. M.D. Selvaraj FCS, 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.

III. 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.

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

Name	Sudarsan Varadaraj	M Ramprasad	Dr. Ganesh Devaraj	B Vijayakumar	N Mohan Nambiar	Aruna Thangaraj
DIN	00133533	00004275	00005238	00015583	00003660	07444726
Date of Birth	22/01/1958	12/07/1966	17/03/1968	22/01/1953	11/04/1949	04/09/1981
Nationality	Indian	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	18/11/1993	25/09/2004	30/10/2003	11/01/1993	16/02/1983	27/05/2019
Relationship with other Directors or Key Managerial Personnel of the Company	Brother of Mr. Jairam Vardaraj, Managing Director	None	None	None	None	None
Qualification	B.E (Hons.), M.S (Mechanical Engg.)	B.Sc., MBA.,	B.E (Electronics and Communication) M.S. (Electrical Engg,) Ph.D (USA)	B.Sc.,	BA (Eco)	B.E (Electronics) Masters in Computer Engineering and HRD.
Experience/ Expertise in functional areas	More than 30 years of experience as an Industrialist.	More than 30 years of experience as a Finance Consultant	More than 25 years of experience as an Industrialist.	More than 30 years of experience as an Industrialist.	More than 45 years of experience as an industrialist.	More than 10 years of experience in Web Designing and Digital Marketing
No. of shares held	41786	8000	-	50000	-	-
Board position held	Non – Executive Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director
Terms and conditions of appointment / re-appointment	Liable to retire by rotation	Appointed as an Independent Director for a second term of five years with effect from 02nd August, 2019	Appointed as an Independent Director for a second term of five years with effect from 02nd August, 2019	Appointed as an Independent Director for a second term of five years with effect from 02nd August, 2019	Appointed as an Independent Director for a second term from 02nd August, 2019 till 10th April, 2023	Appointed as an Independent Director for a term of five years with effect from 02nd August, 2019
Remuneration sought to be paid	Sitting Fee	Sitting Fee	Sitting Fee	Sitting Fee	Sitting Fee	Sitting Fee
Remuneration last drawn (For the year 2018-19)	` 30,000	` 3,90,000	` 2,00,000	` 1,20,000	` 2,80,000	-
No. of Board meetings attended during the year	1	4	3	4	3	-

Directorships held in other Companies	1. Elgi Rubber Company Ltd 2. Treadsdirect Ltd 3. Titan Tyrecare Products Ltd 4. Elgi Ultra Industries Ltd 5. LRG Technologies Ltd 6. Super Spinning Mills Ltd 7. Kovilpatti Lakshmi Roller Flour Mills Ltd	1. MAPE Advisory Group (P) Ltd 2. MAPE Securities (P) Ltd 3. MAPE Autocomp Holdings (P) Ltd 4. Netmeds Marketplace Ltd 5. Vitalic Health(P) Ltd	1. Soliton Technologies (P) Ltd 2. Soliton Automation India (P) Ltd 3. Soliton Technologies Inc, USA	1. L.G. Balakrishnan & Bros Ltd 2. LGB Forge Ltd 3. Super Spinning Mills Ltd 4. South Western Engg. (I) Ltd 5. Federation of Motor Sports Club of India (P) Ltd 6. LG Sports Ltd	1. The Palaniandavar Mills Ltd 2. Adwaith Lakshmi Industries Ltd	1. AGT Electronics Ltd

Name	Sudarsan Varadaraj	M Ramprasad	Dr. Ganesh Devaraj	B Vijayakumar	N Mohan Nambiar	Aruna Thangaraj
Directorships held in other Companies	8. Tyre Point (P) Ltd 9. Elgi Rubber Company Ltd, Kenya 10. Elgi Rubber Company Ltd, Srilanka 11. Elgi Rubber Company LLC, USA 12. Rubber Resources BV, The Netherlands 13. Pincott International Pty, Australia 14. Festo India Pvt Ltd 15. Elgi Rubber Company Holdings BV, The Netherlands 16. Elgi Rubber Company BV, The Netherlands 17. Rubber Compound Holland BV, The Netherlands 18. Borrachas e Equipamentos Elgi Ltda, Brasil 19. LRG Technologies Ltda, Brasil	6. MAPE Consumer Products LLP 7. MAPE Ecomm Ventures LLP 8. MAPE Pharmascience LLP 9. MAPE Autocomps LLP 10. MAPE Citrus Developers LLP 11. MAPE Investment Manager LLP 12. MAPE Kapitale LLP		7. LGB Autoproduct P Ltd 8. LG Farm Products (P) Ltd 9. BCW V Tech India (P) Ltd 10. Renold Chain India (P) Ltd 11. Super speeds (P) Ltd 12. Super Transports (P) Ltd 13. LGB USA Inc 14. GFM Corp LLC		
Chairman/Member of the Committees of the Board of the other companies in which he is a Director	1. Elgi Rubber Company Ltd – Member of stakeholder relationship committee, Chairman of Finance & Administrative Committee and CSR Committee. 2. Super Spinning Mills Ltd - Member of Nomination and Remuneration Committee. 3. Kovilpatti Lakshmi Roller Flour Mills Ltd - Member of Audit Committee, Nomination & Remuneration Committee, CSR Committee and Finance & Administrative Committee.			1. L.G. Balakrishnan & Bros Ltd – Member of Nomination & Remuneration Committee and Stakeholder relationship committee 2. LGB Forge Ltd - Member of Stakeholder relationship committee 3. Super Spinning Mills Ltd- Member of Nomination and Remuneration Committee		

Management Discussion and Analysis

ELGi EQUIPMENTS LIMITED

The financial year 2018-19 witnessed healthy growth in the diverse product segments and markets as a result of steady demand from industries in the domestic market, combined with rising compressor sales in focussed international markets like Italy, USA, and Australia. The company grew double digits on a consolidated basis despite weak industrial production growth in India and an overall sluggish global economy during the financial year 2018-19. Despite low inflation in India, the rupee was volatile during the financial year, driven by global events and impending elections. However, the company being a net exporter, and with business investments overseas, has benefited overall from rupee depreciation.

COMPRESSORS

The compressor business accounted for 90% of the total sales of the company. It accounts for 91% of the profits of the company and 90% of the capital employed. This business presently employs 1788 people.

PERFORMANCE

Notwithstanding reasonable expansion of the world economy, the company faced stiff competition in all markets from established players. Nevertheless, the company was able to record an impressive growth of about 15% in sales when compared to the last financial year.

Mature overseas markets grew as expected and the company's products have been well received in these markets.

The India business grew above industry average and the company believes that this is also the result of painstaking "go-to-market" efforts bearing fruit. The model distributorship arrangement created at Coimbatore is serving as a useful paradigm for developing a similar structure even in developed markets. The overall performance of the company was satisfactory.

The company introduced a ground breaking oil free compressor in the Hannover Comvac Fair at Germany during the first week of April, 2019. This product will save life cycle costs for customers and significantly help in conserving our environment. The company expects good traction from the new product in the coming years.

The company has witnessed reasonable growth in the ASEAN region. During the year, the company acquired one of the oldest compressor distributors in Australia, Pulford Air & Gas. This acquisition has not only added to the company's top line and bottom line but will serve as a vehicle for expanding business in the whole region. Integration of Pulford Air & Gas with the company has been smoothly completed. The company's continued efforts in Australia are yielding results and the company plans to increase its focus in the coming years in line with its long term strategy.

The steady rise in oil prices in the recent months is a cause of concern. The Middle East region is still recovering from a drop in business. The company plans to engage in direct selling as performance of intermediaries has dipped in the last couple of years. The company has also strengthened its Middle East team and now remains optimistic on a turnaround in these markets. The African region once again saw muted growth.

The company currently operates as a trading entity in China. The aim is to re-engineer products suited to Chinese market and introduce them at an appropriate time. Growth in industrial activity in the South East Asian markets continues to be minimal.

The European subsidiary Rotair S.P.A has performed commendably well and the company expects to sustain this growth in the ensuing year. Rotair S.P.A has been continuously exploring ways to improve its profit margins and the company expects to see significant improvement in the coming year.

The company continued to gain share in North America where its compressors are fast gaining reputation for reliability and energy efficiency. The buoyant economic and manufacturing scenario prevailing there provides enhanced opportunities to grow the business. Brazil's economy continues to be a challenge with very high levels of political uncertainty.

USA and Europe have been identified as two key markets where the company would continue to invest to expand its business. A model distributorship arrangement has been planned in USA which is expected to be operational and contribute to revenues in the coming year.

The company will continue to focus on offering the lowest ownership cost for its customers with lower energy and maintenance cost. The IoT (Internet of Things) device which is being introduced as a standard feature in the company's products is well appreciated by its customers. This device helps in predicting failure, scheduling maintenance and improving product reliability. The company continues to invest in products and sales levers to stay on track towards increasing its market share.

The company is in the process of setting up a motor plant in Coimbatore. Electric motors are a key component of electrically powered screw air compressors. In house production of these motors is aimed at improving quality and efficiency needed for optimum performance of the compressor products.

The company is moving steadily towards sustaining its stated goal of being the market player with the lowest life cycle cost experience for its customers. The company has been practising Total Quality Management with the philosophy of continuously improving the quality of its products, services and processes to serve customers' stated needs and unstated wants in order to enhance customer satisfaction. During the early part of next year, the company proposes to obtain a total quality certification from an internationally reputed organisation and a lot of time and efforts have been invested in this endeavour which is companywide.

The company continues to treat information technology as a key element to boost productivity, improve quality and availability of information. The company implemented a

Customer Relationship Management (CRM) software during the year and is exploring opportunities to leverage digital technology in managing its business processes.

OPPORTUNITIES

With a new federal government in place in India, continuity in economic policies is expected with potential for further reforms. This bodes well for economic and industrial growth and, in turn, the demand outlook for the company's products.

The NBFC funding stress has abated and banks and financial institutions are more liquid after favourable resolutions under the new insolvency and bankruptcy code, paving way for fresh funding for capital investments to genuine borrowers.

With stable policy making, inflation levels that are under control, and an improving financial sector, expectations are that India's GDP is poised to grow over 7% per year in the fiscal year2019-20.

Of particular interest to the company is the government's sustained focus on infrastructure segment which augurs well for steel & cement production. Also, the outlook for industrial production growth appears strong with renewed focus expected on investments in new projects and capital goods. The company has recently revamped its go-to-market strategy and augmented its sales resources, ably positioning the company to capitalize on this burgeoning economic outlook.

While the company expects subdued sales growth in geographies like Middle East and Africa, it expects to improve market share in the western markets and Asian region.

THREATS

Slowing demand in automotive industry in the domestic market, threat of rising oil prices and effect of trade cycles in some large overseas markets could affect the demand for the company's products. Increase in prices of raw materials, and conscious spending on adding talent in certain key areas and markets by the company may impact profits in the short term.

Global outlook for export performance appears to be slightly hazy, owing to -

- Trade tension and tariff escalations
- Disruptive effects of Brexit which are still unknown
- Tightening of global financial conditions, and
- The pace of predicted global economic slowdown

ATS ELGI LIMITED

PERFORMANCE

Growth in passenger vehicle sales in India has a significant influence in the revenues of the company. Indian passenger vehicle growth clearly slowed down after encouraging growth trends in previous years. Growth has remained muted when compared to last year and more so during the second half of the year. During the year, the "Autosure" services business was wound up as this business could not be scaled up in spite of sustained efforts. There is no significant impact on sales or profits due to the closure.

OPPORTUNITIES

The company is exploring new avenues of growth through collaborations and technology transfers for select automotive products. Therefore, introduction of new products coupled with expansion into newer markets abroad are expected to increase revenue streams and help grow reasonably well in the ensuing year.

THREATS

Increase in raw material costs is a concern. Fluctuations in rupee and rising oil prices can also impact profits. There is a visible slowdown in capacity expansion in vehicle servicing caused by slowing demand for automobiles and the same may affect the demand for the company's products.

OVERALL PERSPECTIVES

As noted above, with stable economic outlook, India is expected to live up to its billing as the world's fastest growing market. The company has spread its wings in the recent past by penetrating into key overseas markets and its products have been well received by customers in these markets. The new disruptive oil free product launched recently at the Hannover fair in Germany drew significant interest and is expected to be a key component in the company'sgrowth aspirations.

HUMAN RESOURCE DEVELOPMENT

During the year, the company accelerated its efforts on talent acquisition in key geographies and talent development and succession planning for key roles.

A project to design and implement global competency framework was initiated during the year with external consulting support.

A large number of sales engineers from the company and its dealers were imparted basic and advanced products training to upgrade their skills. Executives were sent to various training programmes on quality management to Mahindra Institute of Quality and AOTS/JUSE, Japan. Further, the company has implemented an online learning platform for its employees.

A fresh batch of 40 young students from disadvantaged sections of the society were admitted into ELGi Vocational Training School (EVTS). On successful completion ofthree years' training, these students are taken on employment. Teachers of EVTS were sent to vocational training centres in Germany to learn best practices. They also visited a few large companies during their trip.

A group of 25 young talented engineers, who were selected to undergo a post graduate programme last year, are finishing their course successfully. The company has continued to invest in young leaders program by recruiting graduate and post-graduate engineers as trainees from reputed engineering colleges.

Details of significant changes in key financial ratios forms part of analysis of performance section.

Board's Report

Dear Shareholders,

Your directors hereby present the 59th annual report along with the audited accounts for the year ended 31st March, 2019.

Financial results

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

(`. In Million)

Particulars	2018 - 19		2017 - 18	
Profit before depreciation, exceptional items & tax		**1544.47**		1460.10
Less : Depreciation	**338.47**		356.63	
: Exceptional items	**-**		**27.44**	
Profit Before Tax		**1206.00**		1076.03
Less: Provision for tax (Net of tax expenses)		**358.56**		307.29
Net Profit		**847.44**		768.74
Add: Opening balance in retained earnings		**4041.82**		3440.20
Less : Dividend & dividend distribution tax paid during the year		**(217.07)**		(180.52)
: Transfer to general reserve		**-**		-
: Remeasurement of post-employment benefit obligation, net of tax		**5.72**		13.40
Add : Other adjustments		**-**		-
Closing balance in P&L account		**4677.91**		4041.82

Review of business operations

The company realized an operating revenue of ` 11,771 Million as against ` 10,383 Million in 2017-18. The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis section.

There was no change in the nature of business of the company during the financial year ended 31st March 2019.

Transfer to reserves

The company has not transferred any amount to the general reserve during the year under review. However, an amount of ` 847.44 Million of the current profits has been carried forward under the head retained earnings.

Dividend

For the financial year 2018-19, the board of directors has recommended a dividend of ` 1.30/- per share (130%) on the paid-up share capital of 15,84,54,508 shares. Subject to the approval of shareholders, an amount of ` 248.33 Million will be paid as dividend including dividend distribution tax (previous year ` 229.23 Million).

Pursuant to Regulation 43A of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the dividend distribution policy of the company can be accessed on the company's website at the link http://www.elgi.com/wp-content/uploads/Dividend-Policy.pdf.

Share capital

The paid-up capital of the company as at 31/03/2019 stood at ` 158.45 Million. During the year under review, the company has not made any fresh issue of shares.

Transfer of unclaimed dividend and shares to investor education and protection fund

In terms of Sections 124 and 125 of The Companies Act, 2013, unclaimed or unpaid dividend relating to the financial year 2011-12 is due for remittance on 30/09/2019 to the Investor Education and Protection Fund established by the Central Government.

Further, pursuant to Section 124(6) of The Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 186,399 equity shares of ` 1/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of demat account identified by the IEPF Authority during the year under review.

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, the extract of annual return in form MGT-9, is furnished in **Annexure 'A'** and is attached to this report.

Board and its committee meetings conducted during the period under review

During the year under review, 5 (five) meetings of the board of directors, 4 (four) meetings of the audit committee, 2 (two) meetings of the nomination and remuneration committee, 1 (one) meetings of the corporate social responsibility committee and 37 (thirty seven) meetings of the stakeholders relationship committee were held. Further, details of the same have been enumerated in the corporate governance report annexed herewith.

Statement on compliance with secretarial standards

The directors have devised proper systems to ensure compliance with the provisions of all applicable secretarial standards and that such the systems are adequate and operating effectively.

Directors' responsibility statement

Pursuant to the requirement under Section 134(3) (c) of The Companies Act, 2013, with respect to directors' responsibility statement, it is hereby confirmed that –

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

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

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

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

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

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

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

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

Declaration of independent directors

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

Company's policy relating to directors appointment, payment of remuneration and other matters provided under Section 178(3) of the Companies Act, 2013

The board has, on the recommendation of the nomination and remuneration committee, framed a policy for fixing and revising remuneration of directors, key managerial personnel, senior management personnel and other employees of the company. The remuneration policy and criteria for determining qualifications, positive attributes, and independence of directors and senior management personnel have been stated in **Annexure 'B'** to this report.

The remuneration policy of the company can 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. Price Waterhouse Chartered Accountants LLP, statutory auditors and Mr. M.D. Selvaraj, proprietor of MDS & Associates, secretarial auditor, in their respective reports. In respect of the observation made by the secretarial auditor, the same is self explanatory.

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 2018-19 were in the ordinary course of business and on an arm's length pricing basis. The particulars of contract and arrangement entered into with related parties referred in Section 188(1) of the Companies Act, 2013, which are material in nature are disclosed in **'Annexure 'C'** (Form no. AOC 2)

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:

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year as on 31/03/2019 and the date of this report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

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

Risk management plan implementation

The Company had operationalized a risk management plan by identifying legal and financial risks as the main thread to its business. Given the expansion of business and entry in to new geographies as part of a long term strategy, during the year, the Company appointed an external consultant to identify the top fifty risks for the Company and these which actually threaten the Company's existence. As part of this exercise, the risk management framework and policy were re-drafted and adopted by the Board of Directors at its meeting held on 27th May 2019. The revised risk management framework and policy are available at the following link in the Company's web site viz., www.elgi.com/wp-content/uploads/risk-management-framework.pdf. The Company has also formed a risk management committee of the Board to meet the statutory requirements which came into force from 01.04.2019. Following identification of the top fifty risks, the Company will prioritize them for suitable mitigation plans, identify risk owners and champions and track progress through a software tool that is being implemented specially for this exercise. The Company will thus create a risk awareness culture and provide training and support in the areas of risk and compliance on an ongoing basis.

Details of policy developed and implemented by the company on its corporate social responsibility initiatives

The board had formed a corporate social responsibility committee comprising of the following directors

1. Mr. Jairam Varadaraj
2. Dr. T Balaji Naidu
3. Mr. B.Vijayakumar and
4. Dr. Madhavi Gopinath*

*Resigned with effect from 17/03/2019

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 2018-19, 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 registered trusts. The trusts expend the sums contributed by the company towards educational and related activities only and also for having a corpus for undertaking construction of a new school building within the next 1-3 years. The trusts are supporting construction of a building for the new school with all modern amenities and aims to be a school of international standards in the years to come. During the year under review, plans for a new school campus on a piece of land at vellalore, coimbatore owned by one of the registered trusts were drawn up. Construction has already commenced and is progressing very fast.

The trusts also expend 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 new building and subsequent improvements' corpus.

The annual report on CSR activities is annexed herewith as **Annexure 'E'**.

Annual evaluation of the board on its own performance and of the individual directors

On the advice of the board of directors, the nomination and remuneration committee of the board of directors of the company formulated the criteria for evaluation of the performance of the board & its committees, independent directors, non-independent directors and the managing director of the board. Based on that criteria, performance evaluation has been undertaken. The independent directors of the company had also convened a separate meeting for this purpose.

Directors and key managerial personnel

Mr. Sudarsan Varadaraj, director of the company, retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment. Your directors recommendhis re-appointment.

On recommendation of nomination and remuneration committee, the board appointed Mrs. Aruna Thangaraj (DIN: 07444726) as additional director (woman) with effect from 27th May 2019 with an intention to appoint her as the independent director. The company has received notice from the member under Section 160(1) signifying his intention to propose the candidature of Mrs. Aruna Thangaraj for the office of independent director.

The company has also received declaration from the appointee director that she fulfills the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The board of directors recommends the appointment of the independent director.

Mr. M.Ramprasad, Dr. Ganesh Devaraj, Mr. B.Vijayakumar and Mr. N.Mohan Nambiar were appointed as independent directors of the company pursuant to Section 149 of the Companies Act, 2013 for the first term of 5 years and will hold office upto 2nd August, 2019.Considering their knowledge, expertise and experience in their respective fields and the substantial contribution made by these directors during their tenure as an independent directors since their appointment, the nomination & remuneration committee and the board has recommended the re-appointment of these directors as independent directors on the board of the company, to hold office for the second term of five consecutive years commencing from 2nd August, 2019 and not liable to retire by rotation, excepting Mr. N.Mohan Nambiar whose tenure ends on 10/04/2023, the day he attains 75 years of age. The company has received declaration from all the directors that they continue to fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 (including statutory re-enactment thereof for the time being in force).

In terms of the provisions of Section 160(1) of the Companies Act, 2013, the company has received notice from a member signifying his intention to propose the candidature for the reappointment of Mr. M.Ramprasad, Dr. Ganesh Devaraj, Mr. B.Vijayakumar and Mr. N.Mohan Nambiar for the office of Independent Directors.

The board of directors recommends the re-appointment of the independent directors by way of passing special resolution(s).

Dr. Madhavi Gopinath, independent director resigned from the board with effect from 17/03/2019 due to her personnel pre-occupancies. The Board wishes to place on record its appreciation for the invaluable services rendered by Dr. Madhavi Gopinath during her tenure as an independent director of the company

Mr. Sriram Srinivas served as chief financial officer until 02 / 11 / 2018 and Mr. Ragunathan Gunabooshanam was appointed as chief financial officer of the company in his place with effect from 02/11/2018.

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. Ragunathan Gunabooshanam, 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 17 subsidiaries, a joint venture company and a joint venture LLP. The statement pursuant to Section 129(3) of The Companies Act, 2013, containing the salient features of the financial statements of subsidiary companies, forms part of this annual report. The following companies have become subsidiaries of the company duing the year under review:

a. Industrial Air Compressors Pty Ltd

b. F.R Pulford & Son Pty Ltd

c. Advanced Air Compressors Pty Ltd

d. Elgi Compressors Belgium SPRL

Elgi Compressors Trading (Shanghai) Company Limited was wound up during the year 2018-19 and has ceased to be asubsidiary.

As of 31/03/2019, the company has one material subsidiary, 'Pattons Inc,' USA 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.

The consolidated financial statements of the company and its subsidiaries prepared in accordance with the applicable accounting standards have been annexed to the annual report.

The annual accounts of the subsidiary companies are posted on the website of the company viz.www.elgi.com and will also be kept open for inspection by the shareholders at the registered office of the company. The company will also provide a copy of the annual accounts of subsidiary companies to the shareholders upon their request.

Fixed deposits

During the year, the company did not accept or renew any fixed deposits and no fixed deposits remain unclaimed with the company as on 31st March 2019.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's 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

M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016) Chartered Accountants, Chennai were appointed as the statutory auditors of the company for a period of five years at the 57th annual general meeting of the company held on 28th July 2017. Pursuant to the amendment of Section 139 of the Companies Act, 2013, the company is no longer required to seek the ratification of the appointment of the auditor at every annual general meeting.

The company has received a certificate from M/s. Price Waterhouse Chartered Accountants LLP, confirming that they are not disqualified from continuing as statutory auditors of the company.

Secretarial auditors

Pursuant to the provisions of Section 204 of The Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/S MDS & Associates, company secretaries in practice, to undertake the secretarial audit of the company. The report of the secretarial audit report is annexed herewith as **Annexure 'F'**.

Cost auditors

The board of directors on the recommendation of the audit committee, has appointed M/s. STR & Associates, cost accountants as the cost auditors of the company for the financial year 2019-20. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the year 2019-20 to the cost auditors of the company is subject to ratification by the shareholders at the ensuing annual general meeting. The board recommends their remuneration.

Maintenance of cost records under Sub Section (1) of Section 148 of the Companies Act, 2013

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

Human resources and industrial relations

The company continues to enjoy cordial relationship with its employees at all levels. The total strength of employees as on 31st March 2019 was 2195. (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 'G'**.

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. Company has complied with provisions relating to the constitution of internal complaints committee. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

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

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

Business responsibility reporting

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated 4th November 2015, the business responsibility report is annexed as **Annexure 'H'** to this report.

Corporate governance

A report on corporate governance is annexed to and forms part of this report. The company has complied with the conditions relating to corporate governance as stipulated in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Audit committee

The company has constituted an audit committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Kindly refer to the section on corporate governance, under the head, 'audit committee' for matters relating to the composition, meetings, and functions of the committee. The board has accepted the audit committee's recommendations during the year where ever required and hence no disclosure is required under Section 177(8) of The Companies Act, 2013 with respect to rejection of any recommendations of audit committee by board.

Whistle blower policy

The company has a whistle blower policy to deal with unethical or improper practice or violation of company's code of business conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the company. The policy gives a platform to the whistle blower to report the complaints on the above mentioned practices to the managing director or director (HR). Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for Concern and that it is not done as a malicious act Against an individual. The audit committee of the Board reviews the complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were no Complaints under this policy. The whistle blower policy is available 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 601053 shares; with this, the total number of shares de-matted as on 31st March, 2019 are 15,69,28,235 shares, which represents 99.04% shares of the company.

Acknowledgement

Your directors thank the shareholders, customers, suppliers, bankers and all other stakeholders for their continued support during the year. Your directors also place on record their appreciation of the contributions made by employees at all levels towards the growth of the company.

For and on behalf of the board

	Jairam Varadaraj	**N. Mohan Nambiar**
Place : Coimbatore	Managing Director	Director
Date : 27/05/2019	DIN:00003361	DIN:00003660

Annexure 'A'

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2019

[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 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:

SI.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

Sl.No	Name and Address of the Company	CIN/GL	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	**ELGI EQUIPMENTS (ZHEJIANG) LIMITED** No. 6, Building, No. 466 Yunhai Road Jiaxing, Zhejiang, P. R. China - 314033	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
2.	**ELGI GULF (FZE)** P.O. Box: 120695, P6-027, SAIF Zone, Sharjah, U.A.E.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
3.	**ELGI COMPRESSORES DO BRAZIL IMP. E. EXP. LTDA** Avenida Emilio Checchinato, 4195-B: Cep:13295-000, Bairro: Sao Roque da Chave: Itupeva – SP, Brasil	N.A.	Subsidiary	100%	Section 2 (87) (ii)
4.	**ELGI EQUIPMENTS AUSTRALIA PTY LTD.** 3, Squill Place, Andrell Park, NSW 2148, Australia	N.A.	Subsidiary	100%	Section 2 (87) (ii)
5.	**INDUSTRIAL AIR COMPRESSORS PTY LTD** Level 38, 345 Queen St, Brisbane Old 4000, Australia	N.A.	Subsidiary	100%	Section 2 (87) (ii)
6.	**F.R.PULFORD & SON PTY LTD (Subsidiary of Industrial Air Compressors Pty Ltd)** 3, Squill Place, Andrell Park, NSW 2148, Australia	N.A.	Subsidiary	100%	Section 2 (87) (ii)
7.	**ADVANCED AIR COMPRESSOR PTY LTD (Subsidiary of F.R.Pulford & Son Pty Ltd)** 3, Squill Place, Andrell Park, NSW 2148, Australia	N.A.	Subsidiary	100%	Section 2 (87) (ii)
8.	**ELGI COMPRESSORS EUROPE S.R.L.** Rome(RM) Via Del Babuino 51, 00187	N.A.	Subsidiary	100%	Section 2 (87) (ii)
9.	**ROTAIR SPA (Subsidiary of Elgi Compressors Europe S.R.L.)** Via Bernezzo 67, 12023 Caraglio (CN) Italy	N.A.	Subsidiary	100%	Section 2 (87) (ii)
10.	**ELGI COMPRESSORS BELGIUM SPRL (Subsidiary of Elgi Compressors Europe S.R.L.)** 1170 Watermael-Boitsfort, Avenue du Dirigeable 8, Brussels (Belgium)	N.A.	Subsidiary	100%	Section 2 (87) (ii)

*ELGI COMPRESSORS TRADING (SHANGHAI) CO. LTD was wound up during the year 2018-19.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (continued)

Sl.No	Name and Address of the Company	CIN/GL	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
11.	**ELGI COMPRESSORS USA, INC.** 1500 Continental Blvd., Suite N, Charlotte, NC 28273, USA	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
12.	**PATTONS INC. (Subsidiary of Elgi Compressors USA Inc.,)** 3201 South Boulevard. Charlotee, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
13.	**PATTONS MEDICAL LLC. (Subsidiary of Pattons Inc.,)** 3201 South Boulevard. Charlotee, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
14.	**PT ELGI EQUIPMENTS INDONESIA** KawasanPergudangan, BIZPARK Commercial Estate, Pulogadung Jl. Raya Bekai KM 21, 5 Blok A3 No. 12, Kel. RawaTerate, Kec. Cakung, Pulogadung Jakarta Timur 13920.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
15.	**ATS ELGI LIMITED** Private Industrial Estate, Kurichy, Coimbatore - 641021	U34300TZ2007PLC014125	Subsidiary	100%	Section 2 (87) (ii)
16.	**ADISONS PRECISION INSTRUMENTS MANUFACTURING COMPANY LIMITED** Elgi Industrial Complex Trichy Road, Coimbatore Tamil Nadu, India - 641005	U32109TZ1972PLC008922	Subsidiary	100%	Section 2 (87) (ii)
17.	**ERGO DESIGN PRIVATE LIMITED** India House, New No 1443/1 Trichy Road, Coimbatore 641018	U29299TZ2012PTC018828	Subsidiary	100%	Section 2 (87) (ii)
18.	**ELGI SAUER COMPRESSORS LIMITED** Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore 641005	U29120TZ2008PLC014639	Joint Venture	26%	Section 2 (6)
19.	**INDUSTRIAL AIR SOLUTIONS LLP** 1, RR Industrial Estate, Opp. Shanthi Gears Regd. Office, Singanallur, Coimbatore 641005	AAH9252	Associate/ Joint Venture	50%	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 01/04/2018)				Shareholding at the end of the year (As on 31/03/2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**INDIAN**									
(a)	Individual/ HUF	17016505	-	17016505	10.74	17016505	-	17016505	10.74	0
(b)	Central Govt / State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Banks / FI	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	32270836	-	32270836	20.36	32270836	-	32270836	20.36	0
(e)	Any others									
	Trusts	1261130	-	1261130	0.80	1261130	-	1261130	0.80	-
	Sub- Total (A)(1)	**50548471**	**-**	**50548471**	**31.90**	**50548471**	**-**	**50548471**	**31.90**	**0**
[2]	**FOREIGN**									
(a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**50548471**	**-**	**50548471**	**31.90**	**50548471**	**-**	**50548471**	**31.90**	**-**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds	18180795	-	18180795	11.47	15957167	-	15957167	10.07	(1.4)
(b)	Banks/ FI	38034	530	38564	0.02	36547	30	36577	0.02	-
(c)	Central govt	-	-	-	-	-	-	-	-	-
(d)	State govt	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
(i)	Foreign Portfolio Investor	25513568	-	25513568	16.10	29444552	-	29444552	18.58	2.48
(j)	Foreign Mutual Fund	457504	-	457504	0.29	-	-	-	0.00	(0.29)
(k)	Foreign Bank	2000	-	2000	0.00	2000	-	2000	0.00	0.00
(l)	UTI	-	500	500	0.00	0	0	0	0.00	0.00
(m)	Any other									
	Sub Total (B)(1)	**44191901**	**1030**	**44192931**	**27.89**	**45440266**	**30**	**45440296**	**28.68**	**0.79**

I) Category-wise Shareholding (continued)

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (As on 01/04/2018)				Shareholding at the end of the year (As on 31/03/2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	**NON-INSTITUTIONS**									
(a)	Bodies Corp.									
(i)	Indian	21408641	137112	21545753	13.60	20255776	136111	20391887	12.87	(0.73)
(ii)	Overseas	-	-	-	-	-	-	-	-	
(b)	Individuals									
	-Individual shareholders holding nominal share capital upto ` 1 lakh	16563044	1733340	18296384	11.55	16663654	1240054	17903708	11.30	(0.25)
	-Individual shareholders holding nominal share capital in excess of ` 1 lakh	20737737	-	20737737	13.09	20461617	-	20461617	12.91	(0.18)
(c)	NBFCs registered with RBI	-	-	-	-	221050	-	221050	0.14	0.14
(d)	Any Other									
	IEPF	120758	-	120758	0.07	307157	-	307157	0.19	0.12
	Clearing Member	55225	-	55225	0.03	41996	-	41996	0.03	-
	Market Maker	545	-	545	0.00	1289	-	1289	0.00	-
	NRI (Repatriable)	254925	35344	290269	0.18	246411	16274	262685	0.16	(0.02)
	NRI (Non-Repatriable)	650199	-	650199	0.41	1161695	-	1161695	0.73	0.32
	Office Bearers	85970	220500	306470	0.19	88598	133804	222402	0.14	(0.05)
	Unclaimed Shares	405861	-	405861	0.26	270002	-	270002	0.17	(0.09)
	HUF	1303705	-	1303705	0.82	1220053	-	1220053	0.77	(0.05)
	Trusts	200	-	200	0.00	200	-	200	0.00	0.00
	Sub Total (B)(2)	61586810	2126296	63713106	40.21	60939498	1526243	62465741	39.42	(0.79)
	Total Public Shareholdin (B)=(B)(1)+(B)(2)	**105778711**	**2127326**	**107906037**	**68.10**	**106379764**	**1526273**	**107906037**	**68.10**	**0.00**
(C)	**Shares held by Custodian for GDRs & ADRs**									
	Total (A)+(B)+(c)	**156327182**	**2127326**	**158454508**	**100**	**156928235**	**1526273**	**158454508**	**100**	**0.00**

ii) Shareholding Pattern of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2018)			Shareholding at the end of the year (as on 31/03/2019)			% change in 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 PRIVATE LIMITED	25859390	16.32	0.00	25859390	16.32	0.00	0.00
2.	JAIRAM VARADARAJ	13810478	8.72	0.00	13810478	8.72	0.00	0.00
3.	ELGI ULTRA INDUSTRIES LIMITED	6079366	3.84	0.00	6079366	3.84	0.00	0.00
4.	M/S. L.G.B. PUBLIC WELFARE SOCIETY	1261130	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	20863	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	11188	0.01	0.00	11188	0.01	0.00	0.00
18.	L.G. VARADARAJULU (Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	200	0.00	0.00	200	0.00	0.00	0.00
	TOTAL	**50548471**	**31.90**	**0.00**	**50548471**	**31.90**	**0.00**	**0.00**

iii) Change in Promoters' shareholding

Sl. No	Name & Typeof Transaction	Shareholding at the beginning of the year as on 01/04/2018)		Cumulative Shareholding during the year as on 31/03/2019)	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares of The Company
	There has been no change in the shareholding of the promoters during the year	NIL	NIL	NIL	NIL

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

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2018)		Cumulative shareholding during the year (as on 31/03/2019)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
1.	**SBI CONTRA FUND**				
	At the beginning of the year	13977243	8.82	13977243	8.82
	Acquisition of shares as on 17.08.2018	84822	0.05	14062065	8.87
	Acquisition of shares as on 24.08.2018	20722	0.01	14082787	8.88
	Acquisition of shares as on 31.08.2018	25548	0.02	14108335	8.90
	Acquisition of shares as on 07.09.2018	10664	0.01	14118999	8.91
	Acquisition of shares as on 14.09.2018	8244	0.00	14127243	8.92
	Transfer of shares as on 16.11.2018	(60000)	(0.04)	14067243	8.88
	Acquisition of shares as on 23.11.2018	60000	0.04	14127243	8.92
	Acquisition of shares as on 15.03.2019	200000	0.13	14327243	9.04
	At the end of the year	14327243	9.04	14327243	9.04
2.	**PARI WASHINGTON INDIA MASTER FUND LTD.**				
	At the beginning of the year	8765714	5.53	8765714	5.53
	Acquisition of shares as on 13.07.2018	767400	0.48	9533114	6.02
	Acquisition of shares as on 05.10.2018	2348566	1.48	11881680	7.50
	Acquisition of shares as on 07.12.2018	500000	0.32	12381680	7.81
	Acquisition of shares as on 04.01.2019	1332931	0.84	13714611	8.66
	At the end of the year	13714611	8.66	13714611	8.66
3.	**GAGANDEEP CREDIT CAPITAL PVT LTD**				
	At the beginning of the year	8152575	5.15	8152575	5.15
	Increase / Decrease in shareholding during the year	–	–	–	–
	At the end of the year	8152575	5.15	8152575	5.15
4.	**NALANDA INDIA EQUITY FUND LIMITED**				
	At the beginning of the year	4442385	2.80	4442385	2.80
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	4442385	2.80	4442385	2.80
5.	**NEMISH S SHAH**				
	At the beginning of the year	2680000	1.69	2680000	1.69
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	2680000	1.69	2680000	1.69
6.	**PRESCIENT WEALTH MANAGEMENT PVT LTD****				
	At the beginning of the year	1238000	0.78	1238000	0.78
	Acquisition of shares as on 30.11.2018	1430000	0.90	2668000	1.68
	At the end of the year	2668000	1.68	2668000	1.68
7.	**FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS ASIA PACIFIC FUND**				
	At the beginning of the year	2104378	1.33	2104378	1.33
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	2104378	1.33	2104378	1.33

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2018)		Cumulative shareholding during the year (as on 31/03/2019)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
8.	**WASATCH EMERGING INDIA FUND**				
	At the beginning of the year	1905724	1.20	1905724	1.20
	Acquisition of shares as on 27.04.2018	21654	0.01	1927378	1.22
	Transfer of shares as on 08.06.2018	(42273)	(0.03)	1885105	1.19
	Transfer of shares as on 24.08.2018	(4478)	(0.00)	1880627	1.19
	Transfer of shares as on 31.08.2018	(30496)	(0.02)	1850131	1.17
	Transfer of shares as on 21.09.2018	(10310)	(0.01)	1839821	1.16
	Transfer of shares as on 29.09.2018	(2246)	(0.00)	1837575	1.16
	Transfer of shares as on 12.10.2018	(58644)	(0.04)	1778931	1.12
	Transfer of shares as on 23.11.2018	(2281)	(0.00)	1776650	1.12
	Transfer of shares as on 30.11.2018	(23371)	(0.02)	1753279	1.11
	Acquisition of shares as on 21.12.2018	39336	0.02	1792615	1.13
	Acquisition of shares as on 28.12.2018	57572	0.04	1850187	1.17
	Acquisition of shares as on 31.12.2018	4995	0.00	1855182	1.17
	Acquisition of shares as on 04.01.2019	73041	0.05	1928223	1.22
	Acquisition of shares as on 18.01.2019	79391	0.05	2007614	1.27
	Acquisition of shares as on 25.01.2019	33638	0.02	2041252	1.29
	Acquisition of shares as on 01.02.2019	12632	0.01	2053884	1.30
	At the end of the year	2053884	1.30	2053884	1.30
9.	**FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS INDIAN SUBCONTINENT FUND**				
	At the beginning of the year	1491622	0.94	1491622	0.94
	Acquisition of shares as on 29.09.2018	134403	0.08	1626025	1.03
	Acquisition of shares as on 07.12.2018	77108	0.05	1703133	1.07
	Acquisition of shares as on 14.12.2018	33006	0.02	1736139	1.09
	Acquisition of shares as on 21.12.2018	9569	0.01	1745708	1.10
	Acquisition of shares as on 01.02.2019	5091	0.00	1750799	1.10
	Acquisition of shares as on 08.02.2019	55787	0.04	1806586	1.14
	Acquisition of shares as on 15.02.2019	3277	0.00	1809863	1.14
	Acquisition of shares as on 01.03.2019	1523	0.00	1811386	1.14
	Acquisition of shares as on 29.03.2019	4332	0.00	1815718	1.14
	At the end of the year	1815718	1.14	1815718	1.14
10.	**OPTIMUM STOCK TRADING CO. PVT LTD****				
	At the beginning of the year	1480000	0.93	1480000	0.93
	Increase / Decrease in shareholding during the year	--	-	-	-
	At the end of the year	1480000	0.93	1480000	0.93

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2018)		Cumulative shareholding during the year (as on 31/03/2019)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
11.	**ICICI PRUDENTIAL MIDCAP FUND##**				
	At the beginning of the year	2013660	1.27	2013660	1.27
	Acquisition of shares as on 11.05.2018	182	0.00	2013842	1.27
	Transfer of shares as on 18.05.2018	(43107)	(0.03)	1970735	1.24
	Transfer of shares as on 25.05.2018	(49752)	(0.03)	1920983	1.21
	Transfer of shares as on 01.06.2018	(16241)	(0.01)	1904742	1.20
	Transfer of shares as on 22.06.2018	(2)	(0.00)	1904740	1.20
	Transfer of shares as on 13.07.2018	(1120)	(0.00)	1903620	1.20
	Transfer of shares as on 20.07.2018	(98880)	(0.06)	1804740	1.14
	Transfer of shares as on 27.07.2018	(56)	(0.00)	1804684	1.14
	Transfer of shares as on 29.09.2018	(136682)	(0.09)	1668002	1.05
	Transfer of shares as on 05.10.2018	(809704)	(0.51)	858298	0.54
	Acquisition of shares as on 30.11.2018	21140	0.01	879438	0.55
	Acquisition of shares as on 07.12.2018	123317	0.08	1002755	0.63
	Transfer of shares as on 28.12.2018	(1)	(0.00)	1002754	0.63
	Acquisition of shares as on 29.03.2019	1375	0.00	1004129	0.63
	At the end of the year	1004129	0.63	1004129	0.63
12.	**EAST SAIL##**				
	At the beginning of the year	3600331	2.27	3600331	2.27
	Transfer of shares as on 13.07.2018	(767400)	(0.48)	2832931	1.79
	Transfer of shares as on 05.10.2018	(1500000)	(0.95)	1332931	0.84
	Transfer of shares as on 31.12.2018	(1332931)	(0.84)	0	0
	At the end of the year	0	0	0	0

**Not in the list of Top 10 shareholders as on 31.03.2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2019.

##Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2018.

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 01/04/2018)		Cumulative Shareholding during the year (as on 31/03/2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**JAIRAM VARADARAJ (Managing Director)**				
	At the beginning of the year	13810478	8.72	13810478	8.72
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	13810478	8.72	13810478	8.72
2	**DR T BALAJI NAIDU (Non-Executive Director)**				
	At the beginning of the year	31000	0.02	31000	0.02
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	31000	0.02	31000	0.02
3	**SUDARSAN VARADARAJ (Non-Executive Director)**				
	At the beginning of the year	41786	0.03	41786	0.03
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	41786	0.03	41786	0.03
4	**DR GANESH DEVARAJ (Independent Director)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
5	**M RAMPRASAD (Independent Director)**				
	At the beginning of the year	8000	0.01	8000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	8000	0.01	8000	0.01
6	**N MOHAN NAMBIAR (Independent Director)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
7	**B VIJAYAKUMAR (Independent Director)**				
	At the beginning of the year	50000	0.03	50000	0.03
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	50000	0.03	50000	0.03
8	**HARJEET SINGH WAHAN (Non-Executive Director)**				
	At the beginning of the year	10000	0.01	10000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	10000	0.01	10000	0.01
9	**RAGUNATHAN GUNABOOSHANAM * (Chief Financial Officer)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sl. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 01/04/2018)		Cumulative Shareholding during the year (as on 31/03/2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	**VAISHNAVI P M (Company Secretary)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
11	**S SRIRAM ** (Chief Financial Officer)**				
	At the beginning of the year	350	0.00	350	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	350	0.00	350	0.00
12	**DR MADHAVI GOPINATH # (Independent Director)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

* Appointed on 02/11/2018

** Served as CFO until 02/11/2018.
# Resigned on 17/03/2019.

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	490.40	362.71	-	853.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**490.40**	**362.71**	**-**	**853.11**
Change in indebtedness during the financial year				
* Addition	951.47	907.14	-	1858.61
* Reduction	1162.55	1146.73	-	2309.28
Exchange Difference	4.44	16.89	-	21.33
Net Change	**-206.64**	**-222.71**	**-**	**-429.35**
Indebtedness at the end of the financial year				
i) Principal Amount	283.76	140.00	-	423.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**283.76**	**140.00**	**-**	**423.76**

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	15.32
	(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 Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	
	-others	
	overall Net profit	-
5	Others	-
	Total (A)	**15.32**
	Ceiling as per the Act	5% of Net Profit

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	
Mr.M.Ramprasad	0.39	-	-	0.39
Dr. Ganesh Devaraj	0.20	-	-	0.20
Mr.B. Vijayakumar	0.12	-	-	0.12
Mr.N.Mohan Nambiar	0.28	-	-	0.28
Dr.Madhavi Gopinath*	0.25	-	-	0.25
Total				**1.24**

*Resigned with effect from 17/03/2019

2. Non - Executive Directors

(`. In Million)

Name of Directors	Particulars of Remuneration			Total (B)(2)	Total Managerial Remuneration (A+B1+B2)
	Fee for attending Board / Committee Meetings	Commission	Others		
Dr.T.Balaji Naidu	0.14	-	-	0.14	
Mr.Sudarsan Varadaraj	0.03	-	-	0.03	
Mr.Harjeet Singh Wahan	0.27	-	1.44	1.71	
Total				**1.88**	**18.44**

* 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 31st July 2015

The maximum sitting fee payable per meeting to each director is ` 1 Lakh per meeting 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 * Served until02/11/2018 Remuneration paid for the period 01/04/2018 to 01/11/2018	Mr.Ragunathan Gunabooshanam *Appointed on 02/11/2018 Remuneration paid for the period 02/11/2018 to 31/03/2019	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	7.49	3.99	0.94	12.42
	(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 Option	-	-	-	-
3	Sweat Equity				
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5	Others	-	-	-	-
	Total	**7.49**	**3.99**	**0.94**	**12.42**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

(`. In Million)

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

For and on behalf of the board

Place : Coimbatore
Date : 27/05/2019

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'B'

Criteria for selection of non-executive directors:

The non executive director shall:-

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

REMUNERATION POLICY

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

1. 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;

(d) allow the Company to compete in each relevant employment market;

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

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

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

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

3. CONTRACT

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

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

4. FORMS OF REMUNERATION

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

4.1 Fixed Remuneration

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

4.2 Performance Based Remuneration

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

4.3 Equity Based Remuneration

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

4.4 Joining Bonuses and Termination payments

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

4.5 Employees Entitlements

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

5. REVIEW

5.1 Performance Appraisal

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

5.2 Board

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

5.3 Nomination & Remuneration Committee

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

5.4 Monitoring the Policy

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

6. DISCLOSURE & DEVIATION

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

Annexure 'C'

Form No. AOC-2
[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

Not Applicable

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

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

For and on behalf of the board

Place: Coimbatore Date : 27/05/2019	**Jairam Varadaraj** Managing Director DIN:00003361	**N. Mohan Nambiar** Director DIN:00003660

Annexure 'D'

Conservation of energy, technology absorption And foreign exchange earning and outgo

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

A. Conservation of energy

I Steps taken for conservation of energy:

The company introduced an Internet of Things (IoT) based control system for energy management for all CNC machines at air center plant, which absorb 42% of the total energy consumption of the company. This energy management system controls and optimizes the energy by sensing the variable and fixed electrical loads and shuts off the drive control system of the machines when there is a delay in the manufacturing process of loading and unloading the components or machine idle time or undefined time without machine operations. It contributes significantly towards optimizing energy consumption in machine shops. The IoT based control system helps a lot to see the past and present energy micro level trend data to identify the gaps; especially, if it crosses the energy targets. In each and every manufacturing process, the cycle time of the components has been defined and if there is a delay in the cycle, the machine accessories will stop automatically to optimize the energy consumption. We deployed the system horizontally to all other machines (35 Machines) during the year 2018 -19. The system has reduced the airend manufacturing power cost by 7% , i.e., specific energy consumption per airend equivalent in reduced from 410 Kwh to 386 Kwh and net energy cost saving of INR 2.97 Mn as compared to previous year, and reduced the overall power to sale ratio to 10 % as compared to 16% in the previous year. The company synchronizes the 750 KVA DG set with other DG sets and optimizes the captive generation power cost.

Similarly, the company has introduced weekly timers to switch off the lights, air handling units, fans and air conditioners as per the set times helping the company to save energy. Energy data is being collected and energy base line set for each of the manufacturing process, thus identifying the energy gaps. There is further scope for optimizing energy by replacing energy efficient motors for the plant operating machines and optimizing the maximum demand for the entire plant. The energy management system contributes to carbon emission reduction by 7% as compared to the previous year. During the year, the energy management system was certified by TUV Nord as having conformed to the standards of ISO 50001:2011 at the air center plant. During the ensuing year 2019 -2020, the company is planning to meet ISO 50001:2018 standards.

II Steps taken by the company for utilizing Alternate sources of energy

At present, the company's wind mill generators contribute 15% of the total energy requirements.

III Capital investment on energy conservation equipment

` 15.00 lakhs were spent during the year for modifying the existing system

B. Technology absorption:

I Efforts made towards technology absorption

- Development of rotational vibration system for screw compressor
- In-house development of design tool for dynamic analysis of piping system
- OTA (Over The Air) software updation into controller which will reduce the quality concerns
- Development and deployment of a fault detection and failure prediction mechanism which will reduce the downtime of the compressors
- Installation of a switch less human interface for control panels –capacitive touch interface
- Introduced a dynamic password for secured interface with compressor controller

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

- Designed and developed an energy efficient version of EG22P, EG26, EG30, EG37 & EG45 compressor models for all countries.
- Designed and developed an oil flooded air cooled compressor with variable frequency drive (100 to 20 % Turn down) for US market for compressors of EG30, EG37, EG45, EG55 & EG75 models.
- Designed and developed an oil flooded water cooled compressor EG90, EG110, EG132 & EG160, EG200 & EG250 models for all countries.
- Designed and developed an oil flooded air cooled compressor with integrated dryer for 50Hz market in EG90, EG110, EG132 & EG160 models.
- Designed and developed an oil flooded encapsulated compressor with variable frequency drive for all countries of 5kW, 7kW, 11kW & 15kW capacities.
- Designed, developed 500-175 & 550-200 silenced version diesel engine driven rotary air compressors for water well application
- Designed, developed DCI -TS 03 ,TS 7.5 ,TS 10 industrial reciprocating compressor
- Designed and developed ELGI – seal 55mm, 60mm, 70mm & 80mm and adopted the same in the oil free air end.
- Designed and developed UC – oil filter 75lpm and adopted the same in the compressor packages with capacity between EG11 to EG160.
- Designed and developed an oil free disrupted compressor in the power range between 30 to 45kW and 55 to 110kW for Indian and European markets

- Heat recovery system has been developed as an accessory for all the EG series models from 22kW to 250kW.
- Implementation of IE2 motor in reciprocating compressors from 2.2 kW to 30 kW , IE3 in encapsulated compressors from 2 kW to 15 kW

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	2018 - 19	2017 - 18
Capital	**21.03**	42.43
Revenue	**421.15**	303.71
Total	**442.18**	346.14
R & D Expenditure as a percentage on turnover	**3.8%**	3.4%

C. Foreign exchange earnings and outgo

Particulars are given in the notes forming part of accounts. kindly refer the same.

For and on behalf of the board

Place:Coimbatore	**Jairam Varadaraj**	**N. Mohan Nambiar**
Date:27/05/2019	Managing Director	Director
	DIN:00003361	DIN:00003660

Annexure 'E'

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 has aided 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 registered trusts, supports a school financially as well as through involvement in its management and administration. The trusts have commenced construction of new school building during the year. Apart from education, company's CSR policy is also to promote gender equality, women empowerment, environmental sustainability, protection of national heritage, music, drama, dance, sports, fine arts, helping widows, aged persons, physically and mentally challenged persons and rural development projects. The company was and continues to be one of the primary sponsors of the coimbatore marathon event. The company also contributed to coimbatore zoological park, women's voluntary services, amrit centre and various other social welfare activities. The 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** (Managing Director)
  Chairman of the Committee
- **Dr. Balaji Naidu** (Non-Executive Director)
  Member of the Committee
- **Mr. B Vijayakumar** (Independent Director)
  Member of the Committee
- **Dr. Madhavi Gopinath** (Independent Director)*
  Member of the Committee

*Dr. Madhavi Resigned with effect from 17/03/2019

03. Net profit of the company for the last financial year: ` 1075 Million

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

The Company was required to spend ` 21.50 Million towards CSR during the year

05. Details of CSR spent during the Financial Year 2018-19

(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	Education	Coimbatore, Tamilnadu	4,30,00,000	4,30,00,000	4,30,00,000	Through a Registered Trust*
2.	Sports promotion activities	Rural Sports	Coimbatore & Karur, Tamilnadu	1,30,000	1,30,000	1,30,000	Direct
3.	Zoological Park Association	Animal Welfare	Coimbatore, Tamilnadu	1,50,000	1,50,000	1,50,000	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.	Medical Relief & Public Welfare activities	Public & Woman Welfare	Coimbatore, Tamilnadu	4,62,000	4,62,000	4,62,000	Direct
7.	Kerala Flood Relief Fund	Public Welfare	Elookara Village Kerela	5,74,158	5,74,158	5,74,158	Direct
			Total	**4,68,16,158**	**4,68,16,158**	**4,68,16,158**	

* Details of the trusts have been enumerated in the Boards' Report

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.

For and on behalf of the board

Place: Coimbatore
Date : 27/05/2019

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'F'

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,
Elgi Equipments Limited
(CIN: L29120TZ1960PLC000351)
Elgi Industrial Complex III,
Trichy Road, Singanallur,
Coimbatore – 641 005.

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

Based on my verification of M/s. Elgi Equipments Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, i hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

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

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

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

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of foreign direct investment and overseas direct investment;

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

a) The Securities 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 except that the company has not provided the disclosure pertaining to the list of core skills/ expertise / competencies required by the board of directors in the corporate governance report as required under Regulation 34(3) read with schedule V(C)(2)(h)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as the board of directors are yet to identify the same.

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, 2018;

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

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

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

I further report that

The vacancy caused due to the resignation of a woman director, on 17th March, 2019, has been filled with a new Woman Director on 27th May, 2019 which is within the stipulated time. Accordingly, the board of directors of the company, as on the date of this report, is duly constituted with proper balance of executive directors, non-executive directors, independent directors and woman director. The changes in the composition of the board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at board meetings and committee meetings are carried out unanimously as recorded in the minutes of the meetings of the board of directors or 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 covered under the audit, the company has obtained necessary approval of the shareholders at the annual general meeting held on 10th August, 2018 and has adopted new set of Articles of Association and complied with the provisions of the Companies Act, 2013 read with relevant Rules made thereunder and Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Other than the above, there were no instances of:

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

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

Place: Coimbatore
Date: 27.05.2019

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

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

Place: Coimbatore
Date: 27.05.2019

Annexure'G'

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 on 31-03-2019	Qualification& Experience	Age	% of Share holding	Remune ration	Last employed
Ramesh Ponnuswami	07-11-2011	Executive Director	BE, MBA; 26 years	50	-	17.07	EID Parry (I) Limited
Jairam Varadaraj	29-05-1992	Managing Director	B.Com, MBA, PhD (USA); 30 years	57	8.72%	15.32	-
# Sriram Srinivas	11-07-2007	Director-Operations	Bsc, FCA, FCMA & CISA; 36 years	60	0	12.71	Cholayil Private Limited
Jayakanthan R	07-01-2009	Director-People, Systems & Strategy	B.Com; 32 years	54	0	11.41	Kennametal India Limited
*Sreeramachandra Murthy K	10-11-2010	Director-Technology & Operations	ME, PG Diploma (Finance & Marketing); 29 years	52	-	10.76	Hindustan Motors Limited
Venu Madhav K	31-01-1998	VP-Technology	M.Tech, PhD; 23 years	47	-	10.09	Gas Turbine Research Establishment
*Jayashankar Jayaraman	02-11-2009	Director-HR	BA(Honours),LLB, PGDPM &HR (XLRI); 32 years	57	-	10.00	Watanmal Group
Vijayakumar V.P	01-10-2012	Head-Design	ME; 26 years	52	-	8.68	Ergoform Consulting Private Limited
Salim P.R	09-03-2009	VP-Special Projects (Motor)	MS; 31 years	53	0	7.91	LG Electronics Limited
**Ambat Rajesh Premchandran	04-06-2018	Director-ISAAME	B.E; 27 years	48	-	7.80	Danfoss Industries Pvt Limited
**Ragunathan Gunabooshanam	16-08-2018 02-11-2018	Chief Financial Officer - Designate Chief Financial Officer	B.Com, MBA, ACA, CWA	48	-	7.07	Praxair India Pvt Ltd

Sriram Srinivas served as chief financial officer until 02/11/2018 and serves as Director – Operations from 02/11/2018.
** Ambat Rajesh Premchandran and Ragunathan Gunabooshanam were employed for part of the financial year. Ragunathan Gunabooshanam served as chief Financial Officer – Designate from 16/08/2018 until 02/11/2018 and was designated as and serves as CFO from 02/11/2018 onwards.
* K Sreeramachandra Murthy resigned with effect from 11/02/2019
* Jayashankar Jayaraman resigned with effect from 30/11/2018

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)	27:1
Mr. Sudarsan Varadaraj (Director)	0.05:1
Dr. T Balaji Naidu (Director)	0.2:1
Mr. M Ramprasad (Director)	0.6:1
Dr. Ganesh Devaraj (Director)	0.3:1

Name	Ratio
Mr. B Vijayakumar (Director)	0.2:1
Mr. N Mohan Nambiar (Director)	0.4:1
Dr. Madhavi Gopinath	0.4:1
Mr. Harjeet Singh Wahan	2.6:1

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	: 29.39%
Mr. S Sriram#	-	Chief Financial Officer	: 20.80%
Mr. Ragunathan Gunabooshanam*	-	Chief Financial Officer	: NA
Mrs. Vaishnavi PM	-	Company Secretary	: 9.5%

S Sriram served as chief financial officer until 02/11/2018

*Ragunathan Gunabooshanam was appointed as chief financial officer with effect from 02/11/2018

c) The percentage increase in the median remuneration of employees in the financial year: 8 %

d) The number of permanent employees on the rolls of company:1352 (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 8% for employees and managerial personnel

k) 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 : 27/05/2019

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

Annexure'H'

Business responsibility report

Introduction

The directors present the business responsibility report of the company for the financial year ended on 31st March, 2019, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

Section A: General information about the company

1.	Corporate Identity Number (CIN):	L29120TZ1960PLC000351
2.	Name of the company:	ELGI EQUIPMENTS LIMITED
3.	Registered address:	ELGI INDUSTRIAL COMPLEX III, TRICHY ROAD, SINGANALLUR, COIMBATORE -641 005.
4.	Website:	www.elgi.com
5.	E-mail id:	vaishnavi@elgi.com
6.	Financial year reported:	2018-2019
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):	12 Locations Major locations-China, Australia, Brazil, Italy, Belgium, Middle-East, USA
	Number of national locations:	14 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:	11,771 Million
3.	Total profit after taxes:	847 Million
4.	Total spending on corporate social responsibility (CSR) as percentage of PAT:	5.53%
5.	List of activities in which expenditure in 4 above has been incurred:	Predominantly ineducation

Section C: Other details

1. Does the company have any subsidiary company/ companies?

   Yes, the company has the following subsidiaries:-

Sl. No	Name of the Company
1.	ADISONS PRECISION INSTRUMENTS MFG. CO. LIMITED
2.	ATS ELGI LIMITED
3.	ERGO DESIGN PRIVATE LIMITED
4.	ELGI EQUIPMENTS (ZHEJIANG) LTD
5.	ELGI GULF FZE
6.	ELGI COMPRESSORES DO BRASIL IMP.E.EXP.LTDA
7.	ELGI EQUIPMENTS AUSTRALIA PTY LTD
8.	INDUSTRIAL AIR COMPRESSORS PTY LTD
9.	F.R. PULFORD & SON PTY LTD
10.	ADVANCED AIR COMPRESSORS PTY LTD
11.	ELGI COMPRESSORS EUROPE S.R.L
12.	ROTAIR SPA
13.	ELGI COMPRESSORS USA INC
14.	PATTONS INC
15.	PATTONS MEDICAL LLC
16.	PT.ELGI EQUIPMENTS INDONESIA
17.	ELGI COMPRESSORS BELGIUM SPRL

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

   ELGI has subsidiaries in India and in foreign countries and subsidiaries participate in business responsibility (BR) initiatives.

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

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

Section D: BR information

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

   i. Name: Mr. Jairam Varadaraj
   ii. DIN Number: 00003361
   iii. Designation: Managing Director
   iv. Telephone Number: 0422-2589555
   v. E-mail id: investor@elgi.com

b. Details of BR head

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

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

P1 Business ethics	Business should conduct and govern themselves with ethics, transparency and accountability
P2 Product responsibility	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3 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	N	N	Y	N	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	N	N	Y	N	Y	N
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	N	N	Y	N	Y	N
		The policies are in line with international standards and practices such as ISO 9001: 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	N	Y	N	N	N	N	Y	N
5.	Does the company have a specified committee of the board/ director/ official to oversee the implementation of the policy?	Y	N	Y	N	N	N	N	Y	N
6.	Indicate the link for the policy to be viewed online?	http://www.elgi.com Not all policies may be available in this link in due course access to all policies will be provided.								

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	N	N	Y	N	Y	N
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	N	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	N	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?	N	N	N	N	N	N	N	N	N

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

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the principles				The company has understood the principles but does not have a policy yet in place	The company has understood the principles but does not have a policy yet in place		The company has understood the principles but does not have a policy yet in place		The company has understood the principles but does not have a written policy yet in place.
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles				The company has an unwritten policy of respecting the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. The company does not discriminate between stakeholders.	The company is not in a position to adequately put these policies in place.		The company is not at a stage where it finds itself in a position to formulate and implement this policy.		The company has understood the principles but does not have a policy yet in place

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	The company does not have financial or manpower resources available for the task				The Company does not find a need to have a written policy. Hence, it has not assessed manpower resources for the task.	Since the Company does not find a need to have this policy, it has not assessed manpower resources for the task.		Since the Company does not find a need to have this policy, it has not assessed manpower resources for the task.		The Company is not in a position to adequately put these policies in place, but is working towards it.
4.	It is planned to be done within next 6 months				NO	NO		NO		NO
5.	It is planned to be done within the next 1 year				NO	NO		NO		YES, efforts will be channelized in that direction.
6.	Any other reason (please specify)				None	None		None		None

3. Governance related to BR:

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

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

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

Yes BR report is published on annual basis.

http://www.elgi.com

Section E: Principle-wise performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.

   Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

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

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

There were no complaints from Shareholders and Customers on ethics, transparency or accountability during the 2018-19. Few complaints received from anonymous sources during 2018-19 were examined but not pursued due to lack of proof. Each and every complaint was addressed on time satisfactorily.

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

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

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

We have developed OFD compressors which potentially will replace traditional oil free compressors with a significant improvement in efficiency and initial cost. This product meets the requirement of sensitive applications like pharmaceuticals, food and beverages and electronics.

Developed motors indigenously with an improvement in efficiency and lower cost.

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

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

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

The below savings apply to old and new products put together. We don't have a method yet to capture details separately for old and new products; we are working towards it.

a. **Energy Consumption/ Air end for Manufacturing** (17 -18 : 433 Kwh/ Air end) (1819 :386 Kwh/ Air end)

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

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

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

In Oil Free Disrupted (OFD) compressors, the amount of oil used is one fifth of its equivalent earlier models and also the efficiency will reduce the amount of electricity consumed and consequently the cost to the customers.

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

Yes

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

We have suppliers on board ranging from Micro, Small & Medium Enterprises (MSME) to 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 orso.

The company does recycle foundry sand waste and converts them to solid blocks to the extent of 20 Tons / Yr.

The company generates minimal quantities of hazardous waste, electronic waste, used oil waste, used batteries and foundry fine sand; 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. 2195 (Including subsidiaries)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 540

3. Please indicate the number of permanent women employees: 122

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

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

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

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

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) Permanentemployees: 60%

(b) Permanent women employees: 83%

(c) Casual/temporary/contractual employees: 100%

(d) Employees with disabilities: 100 % (4 employees)

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

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

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

Yes.

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

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

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

All stakeholders are treated on an equal footing. Though no special initiatives have been taken towards disadvantaged, marginalised and vulnerable stakeholders, the company believes that an initiative directed against such stakeholders is not very relevant under current circumstances. The company has however been procuring components from micro and small enterprises. The company 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

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

There have been no complaints received and disposed regarding violation of human rights during the year 2018-19.

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

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

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

None

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

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

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

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

The company does have specific initiatives to address climate change and global warming. Energy conservation measures are an on going exercise and annually, the initiatives are spelt out in the company's annual report. Going forward, the company has set itself an internal target of reducing carbon emissions, that are in any case very minimal, by 10% every year. Suitable energy conservation and Energy Management System (EnMS: ISO 50001:2011) will be initiated and implemented to achieve this set target. The company also owns 250 KW - 5 windmills that have contributed to minimising the impact of global warming and climate change. It contributes 15% of the total energy.

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

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

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

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

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

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

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 we operate. ELGi's CSR Policy is consistent with and meets the compliance requirements of the Companies Act, 2013. The company's sustainability strategy is based on one main pillar – education. Details are available in the CSR Report 2018-19.

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

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

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

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

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

The company is supporting a school with 1500 students through two registered trusts in vellalore, coimbatore. This school caters primarily to those living in the vicinity.

Project undertaken	CSR contribution (Amount in `) during the year 2018-19
Support to School through LRG Foundation	4,30,00,000
Support to Cankids – Kidscan, Delhi	10,00,000
Contribution to Coimbatore Cancer Foundation – Coimbatore Marathon	15,00,000

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. With respect to other projects, the company monitors by seeking progress reports from time to time.

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

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

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

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

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

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

In packing

a) Box dimensions
b) Weight
c) Total no. of boxes
d) Packing slip no.
e) Customer name
f) Item
g) Description
h) MRP
i) Month / year .

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

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive 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 arry out any consumer survey/ consumer satisfaction trends?

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

For and on behalf of the board

Place: Coimbatore
Date : 27/05/2019

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

REPORT ON CORPORATE GOVERNANCE

The directors present the company's report on corporate governance for the year ended March 31, 2019, 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- COMPOSITION, CATEGORY AND ATTENDANCE

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). Dr. Madhavi Gopinath, independent director, resigned from the board with effect from 17/03/2019.

The board met five times during the financial year on 28th May,2018, 31st July 2018, 10th August 2018, 2nd November, 2018 and 1st February,2019. The composition and attendance of directors at the board meetings and the annual general meeting held during the year is as under: -

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies #	No. of Committee Positions held in All Companies $	
		Board meeting	Last AGM		Chairman	Member
Mr. Jairam Varadaraj (DIN:00003361)	Managing Director Promoter	4	Yes	8	1	3
Mr. Sudarsan Varadaraj (DIN:00133533)	Non-Executive Promoter	1	No	5	1	1
Dr. T. Balaji Naidu (DIN:00002755)	Non-Executive Promoter	4	Yes	1	-	1
Mr. B. Vijayakumar (DIN:00015583)	Non-Executive Independent	4	No	5	-	3
Mr. N. Mohan Nambiar (DIN:00003660)	Non-Executive Independent	3	No	2	1	1
Mr. M. Ramprasad (DIN:00004275)	Non-Executive Independent	4	Yes	1	1	-
Dr. Ganesh Devaraj (DIN:00005238)	Non-Executive Independent	3	Yes	0	-	1
Mr. Harjeet Singh Wahan (DIN:00003358)	Non-Executive Independent	5	Yes	1	-	1
Dr. Madhavi Gopinath (DIN:00096061) Resigned with effect from 17.03.2019	Non-Executive Independent	5	Yes	1	-	1
Mrs. Aruna Thangaraj (DIN:07444726) Appointed with effect from 27.05.2019	Non-Executive Independent	-	-	1	-	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.

None of the directors holds directorship in more than 20 companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the directors including independent directors hold directorships in more than the maximum number of directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the directors, none of the directors serve as member of more than 10 committees nor they are the chairman / chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Other Directorships:

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Mr. Jairam Varadaraj (DIN:00003361)	Precot Meridian Limited	Non-Executive-Independent Director
	Elgi Rubber Company Limited	Non-Executive - Non-Independent Director
	Thermax Limited	Non-Executive-Independent Director
	Magna Electro Castings Limited	Non-Executive-Independent Director
Mr. Sudarsan Varadaraj (DIN:00133533)	Kovilpatti Lakshmi Roller Flour Mills limited	Non-Executive - Non-Independent Director
	Super Spinning Mills Limited	Non-Executive-Independent Director
	Elgi Rubber Company Limited	Executive Chairman & Managing Director
Dr. T. Balaji Naidu (DIN:00002755)	Nil	Nil
Mr. B. Vijayakumar (DIN:00015583)	Super Spinning Mills Limited LGB Forge Limited L G Balakrishnan & Bros Limited	Non-Executive-Independent Director Chairman, Non-Executive Director Chairman, Executive Director
Mr. N. Mohan Nambiar (DIN:00003660)	Nil	Nil
Mr. M. Ramprasad (DIN:00004275)	Nil	Nil
Dr. Ganesh Devaraj (DIN:00005238)	Nil	Nil
Dr. Madhavi Gopinath (DIN:00096061) Resigned with effect from 17/03/2019	Nil	Nil
Mr. Harjeet Singh Wahan (DIN:00003358)	Nil	Nil
Mrs. Aruna Thangaraj (DIN:07444726) Appointed with effect from 27.05.2019	Nil	Nil

Statement showing number of equity shares held by the non-executive directors as on 31st March, 2019.
The company has not issued any type of convertible instruments to non-executive directors.

Name of the Director	No of Shares held (as on 31/03/2019)
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 apprised about the new products and related aspects. Salient aspects of the new electrical motor project, the disruptive oil free compressor and significant business transactions of the company and its subsidiaries 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

Key Board Qualifications, expertise and attributes:

The nomination and remuneration committee of the board and the board of directors took cognizance of this new provision as introduced by SEBI (Listing Obligation and Disclosure Requirements) Amendment, Regulations, 2018. The board is evaluating the skills required for the board and against which that available with the directors and this mapping will be done shortly and published from the next annual report.

Confirmation on the fulfillment of the conditions of independence:

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

Resignation of Independent Directors before expiry of tenure:

During the year under review, Dr Madhavi Gopinath, independent director resigned before the expiry of her tenure due to personal pre- occupations. Dr. Madhavi Gopinath has also confirmed that there are no other material reasons for her resignation other than that stated above.

Subject to the above, none of the independent directors has resigned before the expiry of the tenure during the year under review.

Separate Meeting of the Independent Directors:

The independent directors held a meeting during the year, without the attendance of non-independent directors and members of management. The following matters were discussed in detail:

I) Review of the performance of non-independent directors and the board as a whole;

II) Review of the performance of the managing director of the company, taking into account the views of non-executive directors.

III) Assessment of the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

The Board at present has five Committees:

1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee 4) Corporate Social Responsibility Committee and 5) Committee for Acquisition.

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

AUDIT COMMITTEE

The board has constituted a well-qualified audit committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the committee are independent directors including the chairman except Mr. Harjeet Singh Wahan who is a non-executive non independent director. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

The role, powers and functions of the audit committee are as per Section 177 of the Companies Act, 2013 and 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 28th May 2018, 10th August 2018, 2nd November 2018, and 1st February 2019. 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	3
Dr. Ganesh Devaraj (Member)	Independent – Non-Executive	4	2
Mr. Harjeet Singh Wahan (Member)	Non-Independent - Non-Executive	4	4
Mrs.Madhavi Gopinath*(Member) *Appointed on 18.10.2018 & Resigned with effect from 17.03.2019	Independent – Non-Executive	2	2

The chairman of the audit committee attended the annual general meeting held on August 10, 2018.

The company secretary acts as the secretary to the committee. The managing director, statutory auditors and internal auditor and chief financial officer of the company have also attended the committee meetings. The minutes of the audit committee meetings were circulated to the board, and the board discussed and took note of the same. The audit committee considered and reviewed the accounts for the year 2017-18, before it was placed in the board.

NOMINATION AND REMUNERATION COMMITTEE

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

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Dr. Ganesh Devaraj (Chairman)	Independent – Non-Executive	2	1
Mr. N. Mohan Nambiar(Member)	Independent – Non-Executive	2	1
Mr. M. Ramprasad (Member)	Independent – Non-Executive	2	2

The chairman of the nomination and remuneration committee attended the annual general meeting held on August 10, 2018

This committee would look into and determine the company's policy on remuneration packages of the executive directors and senior management. During the year under review, the committee had met two times on 28th May 2018, and 10th August 2018.

This committee shall identify the persons, who are qualified to become directors of the company / who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent 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 websites at http://www.elgi.com/wp-content/uploads/remuneration-policy.pdf.

Performance Evaluation of non-executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its audit, nomination and remuneration committee, CSR committee and stakeholder relationship committee. A peer review was done by all the directors evaluating every other director. They also evaluated various aspects of the board such as adequacy of the composition of the board and its committees, board diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members

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 31st March 2019 as follows:

Name of the Director	Salary, Allowance and Perquisites (` in Million)	Service Contract
Mr. Jairam Varadaraj, Managing Director	15.32	01/04/2016 to 31/03/2021

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).

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

Name of the Director	Salary, Allowance and Perquisites (` in Million)
Mr. Harjeet Singh Wahan, Non-Executive Director	1.44

The details of sitting fees paid during the year ended 31st March 2019 to the non-executive directors are as under:

Name of the Director	Sitting Fees (In `)
Mr. N. Mohan Nambiar	2,80,000
Mr. M. Ramprasad	3,90,000
Dr. Ganesh Devaraj	2,00,000
Mr. B. Vijayakumar	1,20,000

Name of the Director	Sitting Fees (In `)
Dr. T. Balaji Naidu	1,40,000
Mr. Sudarsan Varadaraj	30,000
Dr. Madhavi Gopinath	2,50,000
Mr. Harjeet Singh Wahan	2,70,000

The company currently does not have any stock option scheme.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The committee comprises of the following directors as its members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. N. Mohan Nambiar (Chairman)	Independent – Non-Executive	37	37
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	37	37
Dr. T. Balaji Naidu (Member)	Non-Executive - Promoter	37	37

One of the members of the stakeholders relationship committee, who was authorised by the chairman has attended the annual general meeting held on 10th August, 2018.

The stakeholders relationship committee of the board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approved transfer, transmission, transposition, name deletion and issue of duplicate share certificates.

In addition, the committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2019 was 10. There were no outstanding complaints as on 31st March 2019.

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

Unclaimed Suspense Account

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

Particulars	Number of Shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	1734	4,05,861
Shares transferred to IEPF from unclaimed suspense account during the year	1250	1,21,841
Number of shareholders whose shares were transferred from suspense account during of the year	26	14,018
Total shares transferred from suspense account	1276	1,35,859
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2019	458	2,70,002

The voting rights on the outstanding unclaimed shares as on 31st March 2019 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the company's registrar & share transfer agent.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the company has constituted the corporate social responsibility committee.

The terms of reference of this committee, assigned by their board encompasses the following:

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

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

c. To monitor the CSR policy of the company from time to time :

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

The committee comprises four members Mr. Jairam Varadaraj, Mr. B. Vijayakumar, Dr. T. Balaji Naidu and Dr. Madhavi Gopinath (upto 17/03/2019) as members. During the year under review, the committee had met once on 2nd November 2018.

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 thereat, are as given below:

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2017-2018	10/08/2018	4.00 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	Adoption of New set of Articles of Association of the company
2016-2017	28/07/2017	4.00 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	-Nil-
2015-2016	29/07/2016	4.30 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	-Nil-

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 Tamil (Vernacular paper) and simultaneously posted on the company's web site (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

59th Annual General Meeting

Date and Time : 02nd day of August, 2019 at 03:30 PM

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

Date ofBook closure : 27/07/2019 to 02/08/2019 (both days inclusive)

Dividend Payment Date : 28/08/2019

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 2019-20 were paid to BSE Limited & National Stock Exchange of India Limited.

STOCK MARKET DATA

Type of Security: Equity

Stock Code:

BSE Limited - 522074

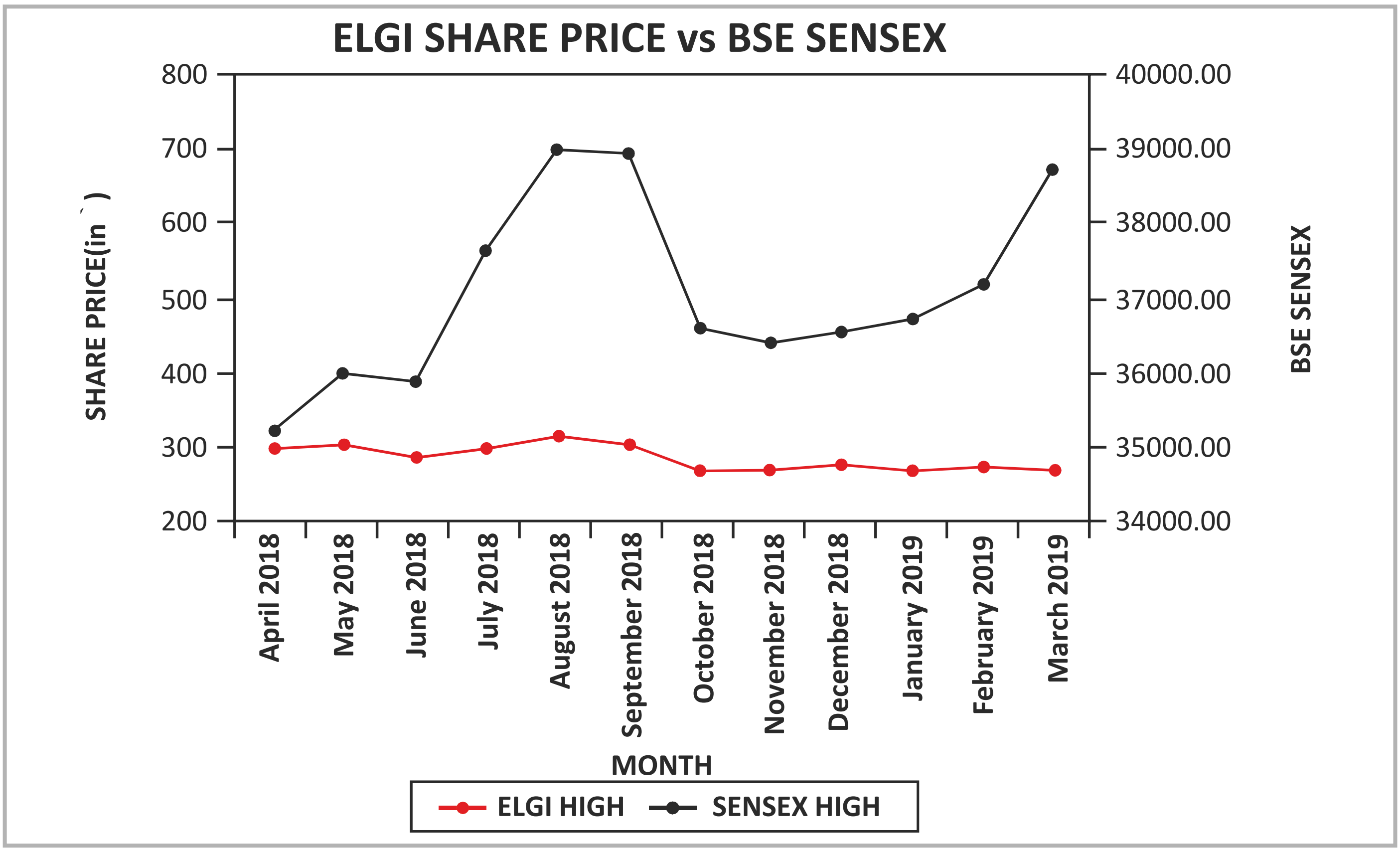
National Stock Exchange of India Limited - **ELGI EQUIP**

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

(Fully paid ` 1/- each)

Month	NSE			BSE		
	HIGH (In `)	LOW (In `)	QTY	HIGH (In `)	LOW (In `)	QTY
APRIL	326.00	257.50	15,39,812	297.40	247.00	6,37,695
MAY	300.00	249.15	17,16,420	303.00	250.55	1,41,629
JUNE	283.10	255.65	4,05,769	287.40	255.15	37,977
JULY	294.70	261.00	13,70,458	296.00	262.00	2,72,344
AUGUST	314.90	281.00	8,57,573	315.00	280.00	84,315
SEPTEMBER	307.30	236.50	17,72,444	305.40	240.75	8,13,649
OCTOBER	265.25	225.00	6,90,012	270.00	225.60	8,26,411
NOVEMBER	267.00	225.00	16,95,297	270.00	225.00	12,26,771
DECEMBER	276.00	226.00	23,14,606	275.35	218.50	8,16,327
JANUARY	270.00	238.00	4,82,088	269.85	234.45	25,697
FEBRUARY	269.80	234.20	7,49,285	271.20	236.40	3,17,196
MARCH	270.00	237.50	26,24,872	270.00	237.00	72,033
TOTAL			**1,62,18,636**			**52,72,044**

Graph



REGISTRAR AND SHARE TRANSFER AGENTS

(For both physical and demat segments)

Link Intime India Private Ltd Head Office :

C-13, 247 Park, L.B.S.Marg, Vikroli (West), Mumbai-400 083 Tel: 022-49186270, E-mail : rnt.helpdesk@linkintime.co.in

Coimbatore Branch:

"Surya", 35, May Flower Avenue, II Floor, Behind

Senthil Nagar, Sowripalayam Road, Coimbatore-641 028.Tel: 91-0422- 2314792 & 2315792,
E-mail: coimbatore@linkintime.co.in

Details of Compliance Officer:

Mrs. Vaishnavi P. M Company Secretary

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

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

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

Reconciliation of Share Capital Audit

A qualified company secretary in practice carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL

Share Transfer System

The company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. 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 31st March 2019

Category	No. of Shares	% To Total
PROMOTERS	5,05,48,471	31.90
FINANCIAL INSTITUTIONS/BANKS	38,577	0.02
MUTUAL FUNDS	1,59,57,167	10.07
FIIs	2,94,44,552	18.58
BODIES CORPORATE	2,03,91,887	12.87
NON -RESIDENT INDIANS	14,24,380	0.90
MARKET MAKER	1,289	0.00
CLEARING MEMBERS	41,996	0.03
EMPLOYEES	2,22,402	0.14
PUBLIC	4,03,83,787	25.49
TOTAL	**15,84,54,508**	**100.00**

Distribution of Shares as on 31st March 2019

No. of shares	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	18428	95.56	6493916	4.10
5001 to 10000	303	1.57	2285282	1.44
10001 to 20000	219	1.14	3108120	1.96
20001 to 30000	80	0.41	2004839	1.27
30001 to 40000	51	0.26	1830466	1.16
40001 to 50000	28	0.15	1272723	0.80
50001 to 100000	54	0.28	4132626	2.61
100001 & above	122	0.63	137326536	86.66
Total	**19285**	**100.00**	**15,84,54,508**	**100.00**

Dematerialization of Shares and liquidity

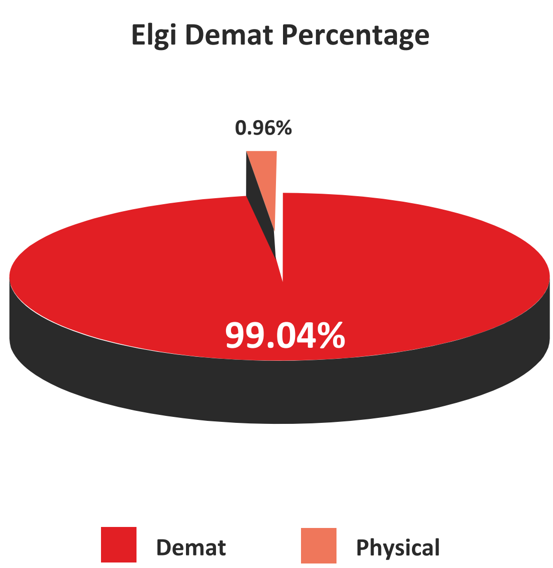
The company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

During the financial year 2018-19, 6,01,053 shares were dematted. As on 31st March 2019, out of 15,84,54,508 shares, total shares in demat form is 15,69,28,235 shares and 15,26,273 shares in physical form. The dematted portion represents 99.04% shares of the company and 0.96% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26/6/2000 for all investors.

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

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

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



Plant locations

ELGI EQUIPMENTS LIMITED

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

ELGI EQUIPMENTS LIMITED

SF No 221, 221/2 & 221/3
Kothavadi Road, Kodangipalayam Village

Address for Correspondence

Mrs. Vaishnavi P.M

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

DISCLOSURES:

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

All the related party transactions are entered into on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.There are no materially significant related party transactions made by the company with promoters, directors or key managerial personnel or otherwise which may have potential conflict with the interest of the company atlarge.

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' bimonthly 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 requirements of corporate governance norms as enumerated in The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has adopted the following non mandatory requirements.

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

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

e) Web link where policy for determining “material” subsidiaries isdisclosed.

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 Related Party Transaction Policy and the same is placed on the company's website and the web l ink 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 31/03/2019, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not provided the disclosure pertaining to the list of core skills / expertise / competency required by the board of directors in the corporate governance report as required under Regulation 34 (3) read with Schedule V (C)(2)(h)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the board of directors are yet to identify the same.

j) Credit Rating:

The company does not have any debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires credit rating.

k) Other disclosures:

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

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report

During the year under review, the recommendations made by the different committees have been accepted and there were no instances where the board of directors had not accepted any recommendation of the committees.

The company has paid a sum of ` 41,00,000 plus out of pock expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm / entity of which the statutory auditor is a part for the services rendered by them.

As per the provisions of the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, the company has constituted an internal complaints committee. During the year 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

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 27th May, 2019 as required under the SEBI Regulations. All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

CODE OF CONDUCT

The board of directors has laid down a code of conduct for all board members and senior management personnel of the company. The same has been posed 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 and such designated persons who are expected to have access to unpublished price sensitive information relating to the company..

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

DECLARATION FOR CODE OF CONDUCT

I hereby affirm and state that all board members and senior management personnel of the company have given declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2018-19.

Place: Coimbatore
Date : 27/05/2019

Jairam Varadaraj
Managing Director
DIN:00003361

Certificate on Corporate Governance for the year ended 31/03/2019

To

The Members of M/s. Elgi Equipments Limited

Dear Sir,

I have examined the compliance conditions of corporate governance by M/s. Elgi Equipments Limited ("the Company") for the financial year ended March 31, 2019 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the fact that the vacancy caused due to the resignation of a woman director, on 17th March, 2019, has been filled with a new woman director on 27th May, 2019 which is within the stipulated time. Further the company has not provided the disclosure pertaining to the list of core skills/ expertise / competencies required by the board of directors in the corporate governance report as required under Regulation 34(3) read with schedule V(C)(2)(h)(i)of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as the board of directors are yet to identify the same.

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

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

Place: Coimbatore
Date : 27/05/2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members of
M/s. ELGI EQUIPMENTS LIMITED
(CIN: L29120TZ1960PLC000351)
Elgi Industrial Complex III
Trichy Road, Singanallur
Coimbatore - 641 005

I have examined the relevant registers, records, forms, returns and disclosures received from the directors of M/s.ELGI EQUIPMENTS LIMITED having CIN: L29120TZ1960PLC000351 and having registered office at Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 (hereinafter referred to as 'the company'), produced before me by the company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the company & its officers, I hereby certify that none of the directors on the board of the company as stated below for the financial year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Jairam Varadaraj (Managing Director)	00003361	29/05/1992
2	Mr. Sudarsan Varadaraj	00133533	18/11/1993
3	Dr. Thumala Balaji Naidu	00002755	26/07/1984
4	Mr. Balakrishnan Vijayakumar	00015583	11/01/1993
5	Mr. Mohan Nambiar	00003660	16/02/1983
6	Mr. Ramprasad Mathrubutham	00004275	25/09/2004
7	Dr. Ganesh Devaraj	00005238	30/10/2003
8	Mr. Harjeet Singh Wahan	00003358	01/04/2015

Ensuring the eligibility for the appointment / continuity of every director on the board is the responsibility of the management of the company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

Place: Coimbatore
Date : 27/05/2019

Group Performance for Ten Years

(`. In Million)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Revenue from operations	18,635	16,222	14,380	14,660	13,621	14,081	12,101	10,490	10,006	7,155
Total income	18,731	16,336	14,501	14,751	13,945	14,172	12,263	10,637	10,124	7,179
Total expenditure	16,717	14,488	12,989	13,452	12,737	13,089	11,106	9,389	8,644	6,175
PBDIT	2,014	1,848	1,512	1,299	1,208	1,083	1,157	1,248	1,480	1,004
Depreciation / Amortisation	511	438	446	436	366	262	182	135	115	108
Interest Income(+)/Expenditure(-)	(90)	(60)	(77)	(122)	(158)	(97)	(44)	(7)	(4)	44
Profit Before Tax	1,413	1,350	989	741	684	724	931	1,106	1,361	940
Income tax	404	413	264	244	203	269	329	350	471	361
Share of profit from joint ventures	22	16	15	12	-	-	-	-	-	-
Profit After Tax	1,031	953	740	509	481	455	602	756	890	579
Dividend (%)	130	120	100	100	100	100	100	100	100	200
Capital Employed (LT)	8,473	7,492	7,035	6,853	6,622	6,781	6,534	3,976	3,383	2,648
Net worth	7,709	6,889	6,069	5,462	4,934	4,636	4,336	3,976	3,383	2,621
Total loan funds	763	603	966	1,391	1,688	2,145	2,198	-	-	28
Net Block incl. Capital WIP	5,099	4,423	4,445	4,683	4,643	4,772	3,726	1,162	904	731
Investments	75	91	102	60	148	149	149	149	173	143
Current assets	8,243	7,760	6,354	6,198	6,706	6,484	6,332	4,819	4,581	4,270
Current liabilities	5,209	4,962	3,931	4,079	4,728	4,696	3,823	2,196	2,329	2,497
Net working capital	3,034	2,798	2,424	2,119	1,978	1,788	2,509	2,624	2,252	1,773
Total assets	13,855	12,589	11,163	11,208	11,668	11,758	10,549	6,216	5,746	5,133

Notes:

1. Revenue from operations for 2018-19 and 2017-18 are not comparable with the earlier years as excise duty was included in the revenue upto June 2017.
2. Figures for 2018-19 include F.R. Pulford & Son Pty Limited and Advanced Air Compressors Pty Ltd that were acquired during the year.
3. Total income and total expenditure include exceptional items.
4. Figures beginning from financial year 2015-16 are not comparable with earlier years due to change in the method of consolidation of joint operations and joint ventures as per Ind AS.

Analysis of Performance

RATIO CATEGORY / Ratio	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
OPERATIONAL PERFORMANCE								
Material consumption ratio (%)	55.71	56.75	55.43	55.94	56.03	58.26	59.45	61.63
Personnel expenses (%)	18.41	17.64	18.66	18.42	19.16	17.40	14.37	11.10
Other expenses ratio (%)	16.19	15.24	16.41	17.16	18.52	17.56	17.73	16.30
Interest component ratio (%)	0.49	0.37	0.57	0.88	1.21	0.73	0.39	0.07
Depreciation component ratio (%)	2.76	2.75	3.28	3.13	2.80	1.96	1.60	1.37
Tax component ratio (%)	2.16	2.53	1.82	1.66	1.48	1.90	2.68	3.29
Other income / Total income (%)	1.18	1.35	1.52	1.08	1.19	1.25	1.60	1.57
Sales (net) per employee (` in million)	8.77	7.90	6.78	7.00	6.50	6.54	5.99	5.90
FINANCIAL STRUCTURING								
Long term debt equity ratio	0.10	0.09	0.16	0.25	0.34	0.46	0.51	-
Net working capital / Total assets	0.35	0.37	0.34	0.31	0.29	0.25	0.37	0.65
Investments / Total assets	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.04
Inventory / Current assets	0.34	0.35	0.36	0.36	0.40	0.39	0.37	0.25
Trade receivables/ Current assets	0.45	0.44	0.38	0.41	0.36	0.37	0.35	0.27
LIQUIDITY								
Current ratio	1.58	1.56	1.62	1.52	1.42	1.38	1.66	2.20
Liquidity ratio	1.05	1.01	1.04	0.97	0.86	0.84	1.05	1.65
EFFICIENCY								
Current assets turnover ratio (CATR)	2.31	2.26	2.17	2.08	1.98	2.09	2.04	2.10
Average current assets - no. of days	158	162	168	176	185	175	179	174
Average inventory - No. of days								
RM & components	41	43	47	50	57	53	50	47
WIP	3	5	7	6	7	9	9	6
Finished Goods	28	29	29	32	33	26	18	8
Trade receivables turnover ratio (DTR)	5.21	5.50	5.69	5.83	5.57	5.99	6.77	8.45
Trade receivables - no of days of net sales	70	66	64	63	66	61	54	43
Trade creditors' turnover ratio (TCTR)	4.48	4.92	4.35	4.36	4.10	4.57	5.63	7.16
Trade creditors - no of days	81	74	84	84	89	80	65	51
Capital turnover ratio	2.32	2.20	1.96	2.04	1.95	2.01	2.16	2.68
Net fixed assets turnover ratio (NFATR)	3.89	3.60	2.98	3.08	3.09	3.89	5.60	10.08
PROFITABILITY								
Gross profit margin (%)	10.75	11.48	10.43	9.10	7.17	7.65	9.43	11.74
PBIT margin (%)	8.02	8.80	7.35	6.15	4.51	5.80	7.95	10.47
Pre-tax profit margin (%)	7.54	8.43	6.82	5.11	4.98	5.11	7.59	10.40
Net profit margin (%)	5.50	5.83	5.10	3.45	3.51	3.21	4.91	7.10
Post tax margin from operations (%)	5.19	5.48	4.79	3.21	1.94	2.57	4.18	6.51
ROCE (%)	18.83	19.78	15.36	13.29	9.23	12.35	18.56	30.25
SHAREHOLDER'S EARNINGS								
RONW (%)	14.12	14.71	12.83	9.64	5.38	10.15	14.48	20.54
Earnings per share (current equity)	6.51	6.02	4.67	3.22	3.04	2.87	3.80	4.77
Dividend per share (`)	1.30	1.20	1.00	1.00	1.00	1.00	1.00	1.00
Dividend payout ratio (%)	19.99	19.96	21.41	31.11	32.94	34.79	26.33	20.97
Price earnings ratio (current equity)	38.95	45.67	45.29	40.23	51.57	34.48	20.86	15.68
Dividend yield	0.51	0.44	0.47	0.77	0.64	1.01	1.26	1.34
Dividend to net worth ratio (%)	2.67	2.76	2.61	2.90	3.21	3.42	3.65	3.98
Book value per share (`)	48.69	43.51	38.33	34.50	31.14	29.26	27.36	25.09

Note: Net Profit margin includes Exceptional Items

INDEPENDENT AUDITORS' REPORT

To the Members of Elgi Equipments Limited

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Elgi Equipments Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the financial information of two joint operations.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of Investment in subsidiaries and joint ventures as per Ind AS 36 (Refer Note 5 to the standalone financial Statements) As at March 31, 2019, the Company has equity investments of ` 1,671.26 million in its subsidiaries and joint ventures. The company reviews the carrying value of these investments at each reporting period. Where considered necessary, the company performs a detailed assessment as required under Ind AS 36 by: • Calculating the recoverable amount for each investment using a Discounted Cash Flow model (DCF model). • Comparing the recoverable amount to the respective carrying amounts of investments. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of investments as a key audit matter, considering its significance to the financial statements, and where applicable, the Management judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	Our audit procedures in relation to assessment of carrying value of investments in subsidiaries and joint ventures, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of investments. • Obtained the audited financial statements of the subsidiaries, joint ventures and associates and tested the Company's assessment with regard to key financial indicators including net worth of those respective subsidiaries and joint ventures with the carrying value of the investments made in those entities. • Where applicable, a detailed assessment using the DCF model was performed, together with auditor's valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: a. Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance and our knowledge and understanding of current business conditions. b. Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company. c. Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the Management. Based on above procedures performed, we found the management's assessment of carrying value of investments in subsidiaries and joint ventures to be reasonable.

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

Auditor's responsibilities for the audit of the standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter

13. We did not audit the financial statements of two joint operations included in the standalone financial statements of the Company, which constitute Company share of total assets of Rs 126.29 million and net assets of Rs 124.28 million as at March 31, 2019, total revenue of Rs. Nil, total comprehensive income (comprising of profit and other comprehensive income) of Rs 0.71 million and net cash flows amounting to Rs 0.36 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the standalone financial statements (including other information) to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Report on other legal and regulatory requirements

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

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

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

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

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the books of account.

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

e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

    i. The Company has disclosed the impact, if any, of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements.

    ii. The Company has long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses.

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

    iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 27, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2019.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Elgi Equipments Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 27, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2019

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

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

(c) The title deeds of immovable properties, as disclosed in Note 3 and 4 on Property, Plant and Equipment and Investment properties respectively to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has granted unsecured loans, to two parties covered in the register maintained under Section 189 of the Act.

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

(b) The aforesaid loans and interest are repayable on demand. The Company has not demanded the repayment of the said loans and hence there does not arise a situation for commenting on the regularity of repayment of principal and payment of interest.

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

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 41 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs, and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount in million (`)	Period to which the amount relates	Forum where the dispute is pending
The Central excise Act, 1944	Excise Duty	2.57	FY 2011-12	Additional Commissioner
Finance Act,1994	Service Tax	8.07	FY 2007-13	Customs Excise Service tax Appellate Tribunal
Finance Act,1994	Service Tax	2.67	FY 2006-07, 2011-12	Deputy Commissioner
The Central Sales Tax Act, 1956	Central Sales tax	25.60	FY 2012-15	Joint commissioner (CT), Appeals
The Central Sales Tax Act, 1956	Central Sales tax	5.31	FY 2011-12	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	11.27	FY 2004-05, 2008-09, 2013-14	Honourable High Court of Madras

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The Company has not issued any debentures.

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

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

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

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 27, 2019

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Balance Sheet as at March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,098.16	2,122.33
Capital work-in-progress	3	51.42	5.95
Investment properties	4	55.98	56.53
Intangible assets	3	42.38	45.57
Intangible assets under development	3 (iv)	5.75	9.35
Financial assets			
(i) Investments	5	1,746.06	1,559.23
(ii) Loans	6	63.77	54.76
(iii) Other financial assets	7	49.58	44.00
Current tax assets (net)	8	20.14	13.61
Other non-current assets	9	103.97	59.37
Total non-current assets		**4,237.21**	**3,970.70**
Current assets			
Inventories	10	1,120.63	1,185.52
Financial assets			
(i) Trade receivables	11	2,858.42	2,534.24
(ii) Cash and cash equivalents	12	137.41	246.25
(iii) Bank balances other than (ii) above	13	385.26	365.18
(iv) Loans	14	160.93	151.24
(v) Other financial assets	15	29.18	44.94
Other current assets	16	351.75	339.86
Total current assets		**5,043.58**	**4,867.23**
Total Assets		**9,280.79**	**8,837.93**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	17	158.45	158.45
Other equity	18	6,460.77	5,841.18
Total Equity		**6,619.22**	**5,999.63**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	19	-	3.60
Provisions	20	34.25	33.87
Deferred tax liabilities (net)	21	34.39	54.48
Total non-current liabilities		**68.64**	**91.95**

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Balance Sheet as at March 31, 2019 (continued)

Particulars	Notes	March 31, 2019	March 31, 2018
Current liabilities			
Financial liabilities			
(i) Borrowings	22	423.76	853.11
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	23	397.14	314.21
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,244.22	1,093.13
(iii) Other financial liabilities	24	324.38	270.52
Provisions	25	101.58	106.43
Other current liabilities	26	101.85	108.95
Total current liabilities		**2,592.93**	**2,746.35**
Total Liabilities		**2,661.57**	**2,838.30**
Total Equity and Liabilities		**9,280.79**	**8,837.93**

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

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	27	11,770.79	10,382.64
Other income	28	163.11	163.58
Total income		**11,933.90**	**10,546.22**
Expenses			
Cost of materials consumed	29	5,668.96	5,024.26
Purchases of stock-in-trade	30	1,218.29	984.67
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	27.84	(25.35)
Excise duty expenses		-	145.02
Employee benefits expenses	32	1,564.34	1,382.01
Finance costs	33	23.71	16.59
Depreciation and amortisation expenses	34	338.47	356.63
Other expenses	35	1,886.29	1,558.92
Total expenses		**10,727.90**	**9,442.75**
Profit before exceptional items and tax		**1,206.00**	**1,103.47**
Exceptional items	44	-	(27.44)
Profit before tax		**1,206.00**	**1,076.03**
Income tax expense	36		
- Current tax		378.65	347.70
- Deferred tax		(20.09)	(40.41)
Profit for the year		**847.44**	**768.74**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	18 (g)	(16.50)	(10.32)
Remeasurement of post-employment benefit obligations	18 (e)	8.79	20.49
Income tax relating to these items	18 (e)	(3.07)	(7.09)
Other comprehensive income for the year, net of tax		**(10.78)**	**3.08**
Total comprehensive income for the year		**836.66**	**771.82**
Earnings per equity share	47		
Nominal value of the shares		1.00	1.00
(1) Basic		5.35	4.86
(2) Diluted		5.35	4.86

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

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126
Place: Coimbatore
Date: May 27, 2019

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Statement of changes in equity

1) Equity Share Capital

	Notes	Amounts
Balance as at April 1, 2017	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2018	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2019		**158.45**

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
Balance at April 1, 2017		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**3,440.20**	**5,165.67**	**84.21**	**84.21**	**5,249.88**
Profit for the year	18	-	-	-	-	-	768.74	768.74	-	-	768.74
Other Comprehensive Income	18	-	-	-	-	-	13.40	13.40	(10.32)	(10.32)	3.08
Total Comprehensive Income for the year		**-**	**-**	**-**	**-**	**-**	**782.14**	**782.14**	**(10.32)**	**(10.32)**	**771.82**
Transactions with owners in their capacity as owners:											
Dividend Paid (including dividend distribution tax)	18	-	-	-	-	-	(180.52)	(180.52)	-	-	(180.52)
Balance as at March 31, 2018		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**4,041.82**	**5,767.29**	**73.89**	**73.89**	**5,841.18**
Balance at April 1, 2018		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**4,041.82**	**5,767.29**	**73.89**	**73.89**	**5,841.18**
Profit for the year	18	-	-	-	-	-	847.44	847.44	-	-	847.44
Other Comprehensive Income	18	-	-	-	-	-	5.72	5.72	(16.50)	(16.50)	(10.78)
Total Comprehensive Income for the year		**-**	**-**	**-**	**-**	**-**	**853.16**	**853.16**	**(16.50)**	**(16.50)**	**836.66**
Transactions with owners in their capacity as owners:											
Dividend Paid (including dividend distribution tax)	18	-	-	-	-	-	(217.07)	(217.07)	-	-	(217.07)
Balance as at March 31, 2019		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**4,677.91**	**6,403.38**	**57.39**	**57.39**	**6,460.77**

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: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

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

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Place: Coimbatore
Date: May 27, 2019

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Statement of cash flows

Particulars	March 31, 2019	March 31, 2018
Cash flow from operating activities		
Profit before income tax	**1,206.00**	**1,076.03**
Adjustments for :		
Depreciation and amortisation expense	338.47	356.63
Provision for bad and doubtful debts	27.44	11.71
Gain on disposal of property, plant and equipment	(3.49)	(1.03)
Rental income from Investment property (net of expenses)	(11.49)	(19.33)
Dividend and interest income classified as investing cash flows	(110.20)	(95.33)
Net unrealised exchange differences	17.68	(18.58)
Finance costs	23.71	16.59
Impairment of investments	35.62	28.19
Change in operating assets and liabilities		
Increase in trade receivables	(387.90)	(911.62)
(Increase)/decrease in inventories	64.89	(181.79)
Increase in trade payables	237.92	270.32
Increase in other financial assets	(2.31)	(24.27)
(Increase)/decrease in other current assets	(11.89)	90.18
Increase in provisions	4.32	17.58
Increase in other financial liabilities	39.27	35.94
Decrease in other current liabilities	(7.10)	(23.60)
Cash generated from operations	**1,460.94**	**627.61**
Income taxes paid	(388.25)	(349.45)
Net cash inflow from operating activities	**1,072.69**	**278.16**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(387.40)	(214.52)
Investments in subsidiaries and joint ventures	(238.95)	(227.08)
Investment in bank deposits	(20.08)	(253.05)
Rental income from Investment property (net of expenses)	11.49	19.33
Loans to employees and subsidiaries	(18.70)	(21.44)
Proceeds from sale of property, plant and equipment	3.54	1.06
Dividends received	70.04	60.78
Interest received	52.65	28.95
Net cash outflow from investing activities	**(527.41)**	**(605.97)**

Standalone Financial Statements as at and for the year ended March 31, 2019

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

Statement of cash flows (Continued)

Particulars	March 31, 2019	March 31, 2018
Cash flows from financing activities		
Loans borrowed /(repayment) from/to banks and related parties (Net)	(414.65)	346.18
Dividends paid to company's shareholders	(188.70)	(157.97)
Interest paid	(23.71)	(16.85)
Dividend tax paid	(27.06)	(22.18)
Net cash inflow /(outflow) from financing activities	**(654.12)**	**149.18**
Net decrease in cash and cash equivalents	**(108.84)**	**(178.62)**
Cash and cash equivalents at the beginning of the financial year	**246.25**	**424.87**
Cash and cash equivalents at end of the year*	**137.41**	**246.25**

*Includes restricted cash and cash equivalents in relation to balance in unclaimed dividend account (refer note 12).

The above Standalone statement of cash flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore.

The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. This financial statement has been approved by the board in the meeting held on May 27, 2019.

(ii) Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA"), notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (together the 'Rules') on March 30, 2019. The rules notify the following new standard Ind AS 116 Leases and amendment to also bring amendment to other existing Ind AS, which the Company has not applied as they are effective from reporting periods beginning on or after April 1, 2019.

Ind AS 116, Leases

Nature of Change: Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. In respect of the accounting requirements from the point of view of the lessor, Ind AS 116 substantially conforms to Ind AS 17.

The new standard is mandatory for financial years commencing on or after April 01, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact: Company is in the process of ascertaining the detailed impact of Ind AS 116.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

Nature of Change: This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, 'Investment in Associates and Joint Venture'

Amendments to Ind AS 28 clarify that the long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

Prepayment Features with Negative Compensation - Amendments to Ind AS 109, 'Financial Instruments'

Amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits'

The net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

Income tax consequences of payments on financial instruments classified as equity, to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

Borrowing costs eligible for capitalisation to Ind AS 23, Borrowing Cost :

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Impact: Company is in the process of ascertaining the detailed impact of the amendment.

(iii) Historical cost convention

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

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

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

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(iv) New and amended standards adopted by the Company

The Company has applied following standards and amendments for the first time in their annual reporting period commencing April 01, 2018.

1. Ind AS 115, Revenue from contracts with customers. Refernote: 46(a)
2. Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance. Refer note: 46(b)
3. Appendix B, Foreign currency transactions and advance consideration to Ind AS 21, The Effects of Changes in Foreign ExchangeRates
4. Amendment to Ind AS 12, Income Taxes
5. Amendment to Ind AS 40, Investment Property
6. Amendment to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities.

The Company had to change its accounting policies and make certain retrospective adjustments following the adoption of Ind AS 115 and amendment to Ind AS 20. This is disclosed in note 46. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Accounting for Joint Operations

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

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

(e) Revenue recognition

Revenue is recognised when a customer obtains control of a promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the company applies the below five step process before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the Contract
- allocate the transaction price to each of the separate performance obligations,and
- recognise the revenue as each performance obligation is satisfied.

(i) Sale of products: The Company manufactures and sells a range of air compressors and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the product have been shipped from the Company's warehouse to the specific location, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Where the company sells goods and also has transportation obligation, and where the control of the goods get transferred, the sale of goods and transportation is treated as separate performance obligation.

The Company's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision. Refer note no 25.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services: The performance obligation under service contract are Installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

(iii) Duty drawback: Income from duty drawback is recognised on an accrual basis.

(iv) Royalty: Royalty is recognised on accrual basis in accordance with terms of respective agreements.

(f) Government grants

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

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

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2018 (the 'Rules') on 20 September 2018. The Rules amend Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance to allow entities the option of recording non-monetary government grants at a nominal amount and presenting government grants related to assets by deducting the grant from the carrying amount of the asset.

Effective April 01, 2018, the Company has adopted the above amendment to Ind AS 20.

Prior to adoption of this amendment, Government grants relating to the purchase of property, plant and equipment were 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.

The Company has given retrospective effect of these changes in the policies and restated the comparative period figures. Refer note 46(b).

(g) Income taxes

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

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

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

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

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

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

(h) Leases

As a lessee

Leases 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 costincreases.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

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 (including investments) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(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

b) those measured at amortised cost.

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

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

(ii) Measurement

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

Debt instruments

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

a) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised direct in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.

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

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

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

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

c) Fair value through profit or loss:

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

Equity instruments

The Company measures all equity investments at fair value, except for investments forming part of interest in subsidiaries and joint ventures, which are measured at cost. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Company determines whether there has been a significant increase in credit risk.

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

Derecognition of financial assets

A financial asset is derecognised only when

a) The Company has transferred the rights to receive cash flows from the financial asset or

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

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

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

Income recognition

a) Interest income

Interest income on financial assets at amortised cost is calculated using the effective interest rate method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

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

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investment. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Derivatives that are not designated as hedges

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

(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 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

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

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

The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools, Jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

	Useful Life (years)	
Asset	**As adopted by company**	**As per Schedule II**
Roads	10	5
Tools, Jigs & Fixture, Patterns, Moulds & Dies	5-8	15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(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, 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 isderecognised.

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.

(q) Intangible assets

The intangible assets include technical know-how and computer software which are recorded at the cost of acquisition and are amortised using the straight-line method over a period of five years or their legal / useful life whichever isless.

(r) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

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

(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

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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. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(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) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(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 liabilities in the balance sheet.

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund and superannuation

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

fund contributions to Employee Provident Fund Account as per Employees Provident Fund Act, 1952 and a Life Insurance Corporation of India respectively. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future paymentsis available.

(iv) Bonus plans

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

(v) Termination benefits

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

(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:

a) the profit attributable to owners of the Company

b) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 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:

a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(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.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – Note 25(a)

Estimation of provision for warranty claims – Note 25

Estimation of current tax expense and payable – Note 36

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, 2019

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

3 Property, plant and equipment, Intangible assets and Capital work-in progress

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Intangible Assets (Computer Softwares)	Total of Tangible and Intangible assets	Capital Work in Progress
Year ended March 31, 2018											
Gross Carrying Amount											
Opening gross carrying amount	233.57	1,004.66	1,692.59	20.98	99.11	1.43	15.24	3,067.58	29.32	3,096.90	2.58
Adjustment on account of change in accounting policy*	-	-	(64.78)	-	-	-	-	(64.78)	-	(64.78)	-
Additions	-	12.29	120.24	3.73	6.63	2.37	0.80	146.06	37.23	183.29	149.43
Disposal	-	-	(1.83)	(0.23)	(0.67)	-	-	(2.73)	-	(2.73)	-
Transfers	-	-	-	-	-	-	-	-	-	-	(146.06)
Closing gross carrying amount	**233.57**	**1,016.95**	**1,746.22**	**24.48**	**105.07**	**3.80**	**16.04**	**3,146.13**	**66.55**	**3,212.68**	**5.95**
Accumulated depreciation											
Opening accumulated depreciation	-	233.63	386.02	11.64	58.65	0.45	8.84	699.23	10.11	709.34	-
Adjustment on account of change in accounting policy*	-	-	(17.78)	-	-	-	-	(17.78)	-	(17.78)	-
For the year	-	100.10	219.38	5.44	17.15	0.44	2.54	345.05	10.87	355.92	-
Disposal	-	-	(1.80)	(0.23)	(0.67)	-	-	(2.70)	-	(2.70)	-
Closing accumulated depreciation	**-**	**333.73**	**585.82**	**16.85**	**75.13**	**0.89**	**11.38**	**1,023.80**	**20.98**	**1,044.78**	**-**
Net carrying amount	**233.57**	**683.22**	**1,160.40**	**7.63**	**29.94**	**2.91**	**4.66**	**2,122.33**	**45.57**	**2,167.90**	**5.95**
Year ended March 31,2019											
Gross carrying amount											
Opening gross carrying amount	233.57	1,016.95	1,746.22	24.48	105.07	3.80	16.04	3,146.13	66.55	3,212.68	5.95
Additions	-	16.69	270.18	5.50	5.41	0.06	0.03	297.87	12.74	310.61	343.34
Disposal	-	-	(0.06)	-	-	-	-	(0.06)	-	(0.06)	-
Transfers	-	-	-	-	-	-	-	-	-	-	(297.87)
Closing gross carrying amount	**233.57**	**1,033.64**	**2,016.34**	**29.98**	**110.48**	**3.86**	**16.07**	**3,443.94**	**79.29**	**3,523.23**	**51.42**
Accumulated depreciation											
Opening accumulated depreciation	-	333.73	585.82	16.85	75.13	0.89	11.38	1,023.80	20.98	1,044.78	-
For the year	-	98.15	204.02	4.67	12.93	0.50	1.72	321.99	15.93	337.92	-
Disposal	-	-	(0.01)	-	-	-	-	(0.01)	-	(0.01)	-
Closing accumulated depreciation	**-**	**431.88**	**789.83**	**21.52**	**88.06**	**1.39**	**13.10**	**1,345.78**	**36.91**	**1,382.69**	**-**
Net carrying amount	**233.57**	**601.76**	**1,226.51**	**8.46**	**22.42**	**2.47**	**2.97**	**2,098.16**	**42.38**	**2,140.54**	**51.42**

*Refer note: 46(b) read with Significant accounting policies note 1(f).

Note

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 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) **Capital work-in-progress**
Capital work-in-progress mainly comprises of improvements in building and additions to plant & machinery under construction.

iv) **Intangible assets under development**
Intangible assets under development amounting to ` 5.75 million for the year ended March 31, 2019, comprise of software under development.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

4 Investment properties

Particulars	March 31, 2019			March 31, 2018		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Additions	-	-	-	-	-	-
Closing gross carrying amount	**46.25**	**12.53**	**58.78**	**46.25**	**12.53**	**58.78**
Accumulated depreciation						
Opening accumulated depreciation	-	2.25	2.25	-	1.54	1.54
Depreciation charge for the year	-	0.55	0.55	-	0.71	0.71
Closing accumulated depreciation	**-**	**2.80**	**2.80**	**-**	**2.25**	**2.25**
Net carrying amount	**46.25**	**9.73**	**55.98**	**46.25**	**10.28**	**56.53**

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

Particulars	March 31, 2019	March 31, 2018
Rental income	12.31	20.13
Direct operating expenses from property that generated rental income	(0.82)	(0.80)
Profit from investment properties before depreciation	**11.49**	**19.33**
Depreciation	(0.55)	(0.71)
Profit from investment property	**10.94**	**18.62**

(ii) Fair value

Particulars	March 31, 2019			March 31, 2018		
	Land	Building	Total	Land	Building	Total
Investment property	493.12	9.73	502.85	493.12	10.28	503.40

Estimation of fair value

a) The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2.

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

Investment properties pledged as security

Refer note 48 for information on investment properties pledged as security by the company.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

5. Financial Assets-Non current investments

Particulars	No.of Shares	Face Value Per Share	March 31, 2019	March 31, 2018
(i) Investments in equity instruments (fully paid-up) (Unquoted) ***At cost***				
Investment in Subsidiaries (wholly owned)				
ATS Elgi Limited	9,000	Rs.10/-	180.90	180.90
Elgi Gulf-FZE	150,000	Dhs.1/-	1.78	1.78
Elgi Equipments (Zhejiang) Limited			485.85	450.23
Less :Impairment			(485.85)	(450.23)
Elgi Compressors Trading (Shanghai) Co.Limited			-	28.68
Less :Impairment			-	(28.68)
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	356,440	BRL.1/-	-	-
Elgi Equipments Australia Pty Limited	100		3.53	3.53
Elgi Compressors Europe S.R.L.	2,555,000	Euro.1/-	276.88	276.88
Elgi Compressors USA Inc. (common stock without par value)	1,000		1,057.76	890.99
PT Elgi Equipments Indonesia	99.71%		19.00	19.00
Ergo Design Private Limited	10,000	Rs.1/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited (March 31, 2018:743,350 shares)	1,091,500	Rs.10/-	125.61	89.06
Industrial Air Compressors Pty Ltd	120	AUD.1/-	0.01	-
Investment in Joint Ventures				
ELGI Sauer Compressors Ltd [Share 26%]	168,994	Rs.10/-	1.69	1.69
(ii) Investment in Limited Liability Partnership				
At cost				
Industrial Air Solutions LLP (Refer note:40 (a) (ii))			4.00	4.00

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

5. Financial Assets-Non current investments (continued)

Particulars	No.of Shares	Face Value Per Share	March 31, 2019	March 31, 2018
(iii) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	Rs.10/-	0.30	0.34
State Bank of India	3,600	Rs.1/-	1.15	0.90
HDFC Bank Limited	2,500	Rs.2/-	5.79	4.73
HDFC Limited	12,000	Rs.2/-	23.61	21.89
Magna Electro Castings Ltd	80,000	Rs.10/-	15.28	12.99
Rajshree Sugars & Chemicals Ltd	229,000	Rs.10/-	5.04	6.92
Pricol Ltd	94,245	Rs.1/-	3.39	8.11
L.G.Balakrishnan & Bros.Ltd. (March 31, 2018: 2496 shares)	4,992	Rs.10/-	1.93	2.67
LGB Forge Limited	18,720	Rs.1/-	0.06	0.06
Elgi Rubber Company Limited	763,700	Rs.1/-	18.25	32.69
(v) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	Rs.50/-	0.00	0.00
			1,746.06	**1,559.23**
Aggregate amount of quoted investments and market value thereof			74.80	91.30
Aggregate amount of unquoted investments			1,671.26	1,467.93
Aggregate amount of impairment in the value of investments			485.85	478.91

The Company assesses the recoverability of carrying value of investments in subsidiaries and joint ventures as per the requirement of Ind AS 36 atleast on an annual basis. During the year, the Company has impaired investment in Elgi Equipments (Zhejiang) Limited amounting to ` 35.62 million.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
6 Loans (Non-current)		
Unsecured, considered good		
Loans to employees	63.77	54.76
	63.77	**54.76**
7 Other financial assets (Non-current)		
Security deposits	49.58	44.00
	49.58	**44.00**
8 Current tax assets (net)		
Opening balance	13.61	15.50
Add: Tax paid	388.25	349.45
Less : Current tax payable for the year	(381.72)	(354.79)
Add: MAT credit utilised	-	3.45
	20.14	**13.61**
9 Other non-current assets		
Capital advances	103.97	59.37
	103.97	**59.37**
10 Inventories		
(a) Raw materials and components*	678.66	692.42
(b) Work-in-progress	66.01	82.26
(c) Finished goods	170.13	252.66
(d) Stock-in-trade*	121.33	99.93
(e) Stores and spares (including packing materials)*	48.88	29.49
(f) Loose tools*	35.62	28.76
	1,120.63	**1,185.52**
* Include goods in-transit ` 57.95 million and ` 72.06 million as on March 31, 2019 and March 31, 2018 respectively. Note: Raw materials, Work in progress and Finished goods include R&D inventory also.		
11 Trade receivables		
Unsecured, considered good	2,858.42	2,534.24
Unsecured, considered doubtful	10.89	9.01
	2,869.31	**2,543.25**
Less : Allowance for doubtful debts (expected credit loss allowance)	(10.89)	(9.01)
	2,858.42	**2,534.24**

Note : The trade receivables of the Company do not contain a significant financing component and accordingly, the Company has adopted the simplified approach under Ind AS 109 for recognition of impairment losses on trade receivables. Consequently, the disclosure of trade receivables into "Trade receivables which have significant increase in credit risk" and "Trade receivables - credit impaired" have not been given since it is not relevant to the Company. Also, for receivables from related parties refer note 40.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
12 Cash and cash equivalents		
(a) Cash on hand	0.06	0.05
(b) Cheques, drafts on hand	-	0.57
(c) Balance with banks		
- In current accounts	121.50	226.24
- In EEFC accounts	8.86	13.71
- In unclaimed dividend account*	6.99	5.68
	137.41	**246.25**
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods except in respect of balances in unclaimed dividend account. * Earmarked for payment of unclaimed dividend.		
13 Other bank balances		
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	385.26	365.18
	385.26	**365.18**
* Includes margin money deposit of ` 100 million as at March 31,2019 and March 31,2018		
14 Loans (Current)		
Unsecured, considered good		
Loan to subsidiaries (Refer note 40 & 52)	95.46	97.24
Loan to employees	65.47	54.00
	160.93	**151.24**
Unsecured, considered doubtful		
Loan to subsidiaries (Refer note 40 & 52)	73.56	73.56
	234.49	**224.80**
Less: Allowance for doubtful loans	(73.56)	(73.56)
	160.93	**151.24**

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 (refer note 40 & 52)

Particulars	March 31, 2019	March 31, 2018
15 Other financial assets		
Derivatives not designated as hedges		
Foreign exchange forward contract	-	0.26
Others		
Interest accrued	11.84	24.33
Others	17.34	20.35
	29.18	**44.94**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
16 Other current assets		
Income / refund receivable	67.44	68.31
Prepaid expenses	102.49	75.27
Balance with Government authorities	13.31	27.06
Rent advances	11.57	9.87
Advance to suppliers	59.99	65.23
Others	96.95	94.12
	351.75	**339.86**

17 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ` 1 each		
As at April 1, 2017	**300**	**300**
Increase during the year	-	-
At March 31, 2018	**300**	**300**
Increase during the year	-	-
At March 31, 2019	**300**	**300**

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity sharecapital (par value)
Equity shares of ` 1 each		
As at April 1, 2017	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2018	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2019	**158.45**	**158.45**

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ` 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2019, the amount of dividend per share recognized as distributions to equity shareholders is ` 1.20/- (March 31, 2018: ` 1/-).

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	25,859,390	16.32%	25,859,390	16.32%
SBI Contra Fund	14,327,243	9.04%	13,977,243	8.82%
Mr. Jairam Varadaraj	13,810,478	8.72%	13,810,478	8.72%
Pari Washington India Master Fund, Ltd.	13,714,611	8.66%	8,765,714	5.53%
Gagandeep Credit Capital Pvt. Limited	8,152,575	5.15%	8,152,575	5.15%

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars		March 31, 2019	March 31, 2018
18	**Other equity**		
	Reserves & Surplus		
	Capital reserve	181.41	181.41
	Securities premium	409.37	409.37
	Statutory reserve	5.49	5.49
	General reserve	1,140.60	1,140.60
	Retained earnings	4,677.91	4,041.82
	Treasury stock	(11.40)	(11.40)
	Other reserves		
	FVOCI - Equity instruments	57.39	73.89
		6,460.77	**5,841.18**

Particulars		March 31, 2019	March 31, 2018
a)	**Capital reserve**		
	Opening balance	181.41	181.41
	Additions during the year	-	-
	Deductions/adjustments during the year	-	-
	Closing balance	**181.41**	**181.41**
b)	**Securities premium**		
	Opening balance	409.37	409.37
	Additions during the year	-	-
	Deductions/adjustments during the year	-	-
	Closing balance	**409.37**	**409.37**
c)	**Statutory reserve**		
	Opening balance	5.49	5.49
	Additions during the year	-	-
	Deductions/adjustments during the year	-	-
	Closing balance	**5.49**	**5.49**
d)	**General reserve**		
	Opening balance	1,140.60	1,140.60
	Additions during the year	-	-
	Deductions/adjustments during the year	-	-
	Closing balance	**1,140.60**	**1,140.60**
e)	**Retained earnings**		
	Opening balance	4,041.82	3,440.20
	Net profit for the year	847.44	768.74
	Item of other comprehensive income recognised directly in retained earnings		
	- Remeasurement of post-employment benefit obligation, net of tax	5.72	13.40
	Appropriations		
	Dividend on equity shares (including dividend distribution tax)	(217.07)	(180.52)
	Closing balance	**4,677.91**	**4,041.82**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
f) Treasury stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**(11.40)**	**(11.40)**
g) Other reserves		
FVOCI - Equity instruments		
Opening balance	73.89	84.21
Additions during the year	(16.50)	(10.32)
Deductions/adjustments during the year	-	-
Closing balance	**57.39**	**73.89**

Nature & purpose of other reserves

Capital reserve

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

Securities premium

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

Statutory reserve

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

General reserve

This is available for distribution to shareholders.

Retained earnings

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

Treasury stock

Represents the purchase value of 114,032 shares of the Company held by its joint operations.

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 relavent equity securities are derecognised.

Particulars	March 31, 2019	March 31, 2018
19 Other financial liabilities (Non-current)		
Capital creditors	-	3.60
	-	**3.60**
20 Provisions (Non-current)		
Provision for compensated absences (Refer note 25(a))	34.25	33.87
	34.25	**33.87**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
21 Deferred tax liabilities (net)		
Depreciation	93.11	104.40
Set-off of deferred tax assets in relation to:		
Provision for compensated absences	(15.33)	(13.50)
Provision for warranty	(31.80)	(27.03)
Allowance for doubtful debts	(3.80)	(3.12)
Other timing differences	(7.79)	(6.27)
	34.39	**54.48**

Movements in deferred tax liabilities:

Particulars	Depreciation	Provision for compensated absences	Provision for Warranty	Allowance for doubtful debts	MAT Credit entitlement	Other timing differences	Total
At April 1, 2017	**131.29**	**(13.56)**	**(16.65)**	**(3.00)**	**(3.45)**	**(3.19)**	**91.44**
MAT credit adjusted against current tax payable	-	-	-	-	3.45	-	3.45
(Charged) / credited:							
- to profit or loss	(26.89)	0.06	(10.38)	(0.12)	-	(3.08)	(40.41)
- to other comprehensive income	-	-	-	-	-	-	-
At March 31, 2018	**104.40**	**(13.50)**	**(27.03)**	**(3.12)**	**-**	**(6.27)**	**54.48**
(Charged)/credited:							
- to profit or loss	(11.29)	(1.83)	(4.77)	(0.68)	-	(1.52)	(20.09)
- to other comprehensive income	-	-	-	-	-	-	-
At March 31, 2019	**93.11**	**(15.33)**	**(31.80)**	**(3.80)**	**-**	**(7.79)**	**34.39**

Particulars	March 31, 2019	March 31, 2018
22 Borrowings (Current)		
Loans		
Secured		
- from Banks	283.76	490.40
Unsecured		
- from Banks	140.00	362.71
	423.76	**853.11**

Secured borrowings and assets pledged as security:

(a) The borrowings from banks as at March 31, 2019 and March 31, 2018 are secured by charges on assets as disclosed on note 48.

(b) The borrowings of the Company comprise of packing credit facility from Banks. The Borrowings from Bank are repayable within 180 days from the date of borrowing. The borrowings availed in foreign currency carry an interest rate of LIBOR/ EURIBOR plus 30 to 50bps and borrowings availed in Indian rupees carry an interest rate of 5.09%.

There are no defaults in the repayments of above borrowings.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	March 31, 2019	March 31, 2018
Current borrowings	423.76	853.11
	423.76	**853.11**
Reconciliation:		
Opening balance	**853.11**	**485.17**
Cash flows arising from principal movements	(414.65)	346.18
Interest expense	23.71	16.59
Interest paid	(23.71)	(16.85)
Exchange difference	(14.70)	22.02
Closing balance	**423.76**	**853.11**

Particulars	March 31, 2019	March 31, 2018
23 Trade payables		
Due to micro enterprises and small enterprises (Refer note 45)	397.14	314.21
Others	1,244.22	1,093.13
	1,641.36	**1,407.34**

Note : Trade payable to related parties- refer note-40

Particulars	March 31, 2019	March 31, 2018
24 Other financial liabilities		
Derivatives not designated as hedges		
Foreign exchange forward contracts	4.99	-
Others		
Unclaimed dividends	6.99	5.68
Dealer deposits	21.84	20.34
Employee benefit expenses payable*	237.34	204.53
Capital creditors	33.42	20.14
Others	19.80	19.83
	324.38	**270.52**

*includes provision for compensated absences amounting to ` 46.72 million and ` 36.51 million as at March 31, 2019 and March 31, 2018 respectively (Refer note- 25(a)).

Particulars	March 31, 2019	March 31, 2018
25 Provisions		
Provision for warranty	91.01	78.99
Provision for gratuity (Refer Note 25(a))	10.57	27.44
	101.58	**106.43**

(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.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision for warranty
As at April 1, 2018	**78.99**
Additional provisions recognised	91.01
Amounts used during the year	(78.99)
As at March 31,2019	**91.01**

25(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The total provision for compensated absences amounts to ` 80.97 million and ` 70.38 million for March 31, 2019 & March 31, 2018, respectively.

The provision amount of ` 46.72 million (March 31, 2018: ` 36.51 million) is presented as current, since the company expects to settle the full amount of current leave obligation in the next 12 months.

(ii) Defined contribution plans

Provident Fund:

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Superannuation Fund:

The Company contributes a percentage of elgible employees salary towards superannuation fund administered by Elgi Equipments Superannuation Fund and managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ` 79.12 million (March 31, 2018 – ` 68.84 million).

(iii) Post-employment benefit obligations - Gratuity

The Company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the company makes contribution to recognised fund in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	Present value of obligation	Fair value of plan assets	Total
	A	B	(A-B)
April 1, 2017	**210.37**	**170.94**	**39.43**
Current service cost	16.35	-	16.35
Past service cost	29.90	-	29.90
Interest expense/(income)	14.72	13.22	1.50
Total amount recognised in profit or loss	**60.97**	**13.22**	**47.75**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in assumptions	-	-	-
Experience (gains)/losses	(19.77)	0.72	(20.49)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	**(19.77)**	**0.72**	**(20.49)**
Employer contributions	-	39.25	(39.25)
Benefit payments	(18.83)	(18.83)	-
March 31, 2018	**232.74**	**205.30**	**27.44**

Particulars	Present value of obligation	Fair value of plan assets	Total
	A	B	(A-B)
April 1, 2018	**232.74**	**205.30**	**27.44**
Current service cost	18.13	-	18.13
Past service cost	-	-	-
Interest expense/(income)	17.51	16.49	1.02
Total amount recognised in profit or loss	**35.64**	**16.49**	**19.15**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	(0.09)	-	(0.09)
(Gain)/loss from change in financial assumptions	2.00	0.88	1.12
Experience (gains)/losses	(11.13)	(1.31)	(9.82)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	**(9.22)**	**(0.43)**	**(8.79)**
Employer contributions	-	27.23	(27.23)
Benefit payments	(11.24)	(11.24)	-
March 31, 2019	**247.92**	**237.35**	**10.57**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

(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, 2019	March 31, 2018
Present value of funded obligations	247.92	232.74
Fair value of plan assets	237.35	205.30
Deficit of funded plan	**10.57**	**27.44**

(iv) Post-employment benefits

The significant actuarial assumptions were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.60%	7.71%
Rate of increase in compensation levels	7.75%	7.75%
Attrition Rate	4.50%	3.00%
Expected rate of return on Plan Assets	7.71%	7.71%

(v) Sensitivity analysis

Particulars	March 31, 2019	March 31, 2018
A. Discount rate + 50 BP	8.10%	8.21%
Defined benefit obligation [PVO]	239.06	223.00
Current service cost	16.22	18.35
B. Discount rate - 50 BP	7.10%	7.21%
Defined benefit obligation [PVO]	257.39	243.19
Current service cost	17.47	20.59
C. Salary escalation rate +50 BP	8.25%	8.25%
Defined benefit obligation [PVO]	256.19	243.33
Current service cost	17.39	20.60
D. Salary escalation rate -50 BP	7.25%	7.25%
Defined benefit obligation [PVO]	240.09	222.78
Current service cost	16.30	18.32

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.

(v) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2019	March 31, 2018
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vi) Risk exposure

The Company operates the Gratuity Plan through Elgi Equipments Gratuity Fund, which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatality as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 11.24 years (March 31, 2018 – 9.52 years).The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2019	March 31, 2018
Within next 12 months (next annual reporting period)	32.56	8.16
Between 1 to 2 years	21.26	27.81
Between 2 to 5 years	86.60	58.57
Beyond 5 years	205.71	125.21
	346.13	**219.75**

Particulars	March 31, 2019	March 31, 2018
26 Other current liabilities		
Contract liabilities	75.15	84.17
Statutory payable	25.20	23.28
Rental advances received	1.50	1.50
	101.85	**108.95**

27 Revenue from operations

The Company derives following types of revenue

Particulars	March 31, 2019	March 31, 2018
Revenue from contracts with customers		
Sale of products (including excise duty) (refer note (i) & (ii) below)	11,390.04	10,186.11
Sale of services (refer note (ii) below)	254.32	94.37
Other operating revenues	126.43	102.16
	11,770.79	**10,382.64**

i) Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2019 are not comparable with those of the previous year.

ii) Effective April 01, 2018, the Company has adopted Ind AS 115 Revenue from Contracts with Customers using modified retrospective method, applied to contracts that were not completed as at April 01, 2018. In accordance with the modified restrospective method, the comparatives have not been retrospectively adjusted. Accordingly revenue from 'Sale of products' and 'Sale of Services' for the year ended March 31, 2019 are not comparable with those of the previous year. Refer note- 46(a) for changes in each financial statement line item in the current period resulting on adoption of Ind AS 115.

Disaggregation of revenue information:

The table below represents disaggregated revenue from contracts with customers for the year ended March 31, 2019 by geography, the Company believes that disaggregation best depicts how the nature and cash fows are effected by industry, market and other economic factors.

Geography	Revenue from operations
India	9,355.90
Outside India	2,414.89
	11,770.79

For unsatisified performance obligations refer note 46(a).

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
28 Other income		
Interest income - Bank Deposits	24.31	18.92
Interest income - Others	15.85	15.63
Dividend income (i)	70.04	60.78
Miscellenous income (net)	20.90	26.20
Profit on sale of assets	3.49	1.03
Share of profit from partnership firm	1.50	-
Rental receipts	20.43	27.17
Net gain on foreign currency transaction and translation (other than considered as finance cost)	6.59	13.85
	163.11	**163.58**

(i) All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

Particulars	March 31, 2019	March 31, 2018
29 Cost of material consumed		
Opening Stock of Raw Materials	633.23	542.70
Purchases	5,706.07	5,114.79
	6,339.30	**5,657.49**
Less:		
Inventory of materials at the end of the year	670.34	633.23
	5,668.96	**5,024.26**
30 Purchases of stock-in-trade		
Oil	264.18	245.43
Others	954.11	739.24
	1,218.29	**984.67**
31 Changes in inventory		
Opening inventory*		
-Finished goods	214.50	219.92
-WIP	18.00	71.83
-Stock-in-trade	99.93	15.33
Closing inventory*		
-Finished goods	148.05	214.50
-WIP	35.21	18.00
-Stock-in-trade	121.33	99.93
	27.84	**(25.35)**
*excluding R & D inventory		
32 Employee benefit expenses		
Salaries, wages and bonus	1,340.44	1,153.54
Contribution to Provident fund & Superannuation scheme	79.12	68.84
Gratuity (Refer note 25(a))	19.15	47.75
Staff welfare expenses	125.63	111.88
	1,564.34	**1,382.01**
Note: For managerial remuneration refer note 40		
33 Finance costs		
Interest expenses	23.71	16.59
	23.71	**16.59**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
34 Depreciation and amortisation expense		
Depreciation of property, plant and equipment*	321.99	345.05
Depreciation on investment properties	0.55	0.71
Amortisation of intangible assets	15.93	10.87
	338.47	**356.63**
*Refer note 46(b) read with note 1(f)		
35 Other expenses		
Packing & forwarding	147.94	143.05
Consumption of stores	60.52	51.35
Tools consumed	51.11	53.72
Commission	90.24	87.74
Repairs and maintenance		
-Building	48.85	39.24
-Plant and machinery	53.26	47.23
-Others	26.24	25.21
Communication expenses	17.39	15.93
Royalty expenses	-	0.53
Power and fuel	150.16	147.90
Transport charges (Refer note 46(a))	171.22	95.30
Travelling & conveyance	143.25	125.08
Insurance	10.41	9.55
Advertisement & publicity	72.83	47.29
Printing and stationery	12.09	9.79
Research & Development material cost (Refer note 49)	119.70	41.83
After sales expenses	154.40	140.27
Factory expenses	9.50	8.65
Rates and taxes	13.27	22.68
Payment to the auditors (Refer note 35(a) below)	3.13	2.70
Subscription & membership	3.73	1.61
CSR expenses (Refer note 35(b) below)	46.82	41.61
Rent*	26.69	22.32
Legal and consultancy charges	282.56	244.97
Directors' sitting fees	1.66	1.86
Bank charges	12.38	7.99
Excise duty	1.32	12.66
Bad debts written off & Provision for Doubtful advances and debts	27.44	11.71
Impairment of investments	35.62	28.19
Miscellaneous expenses	92.56	70.96
	1,886.29	**1,558.92**

*The Company's lease arrangements are operating leases for its premises. The future lease obligations in respect of non-cancellable operating leases are given in note 50.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
35 (a) Details of payment to auditors		
Payment to auditors		
-audit fees	1.95	1.66
-limited review	0.75	0.75
-other services	0.20	0.06
-reimbursement of out of pocket expenses	0.23	0.23
	3.13	**2.70**
35 (b) Corporate social responsibility expenditure		
Contribution to LRG Foundation	43.00	38.00
Contribution to Others	3.82	3.61
	46.82	**41.61**
Amount required to be spent as per Section 135 of the Companies Act, 2013	21.50	17.01
Amount spent during the year on		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	46.82	41.61
36 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	378.65	347.70
Adjustments for current tax of prior periods	-	-
Total current tax expense	**378.65**	**347.70**
Deferred tax		
Decrease / (increase) in deferred tax assets	(8.80)	(13.52)
(Decrease) / increase in deferred tax liabilities	(11.29)	(26.89)
Total deferred tax expense/(benefit)	**(20.09)**	**(40.41)**
Income tax expense	**358.56**	**307.29**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,206.00	1,076.03
Tax at the Indian tax rate of 34.944% (2017-2018 – 34.608%)	**421.42**	**372.39**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deduction under Section 35(2AB) for expenditure on research and development	(61.08)	(53.00)
Provision for impairment of investments and doubtful debts	12.45	9.76
Dividend Income from equity instruments exempt u/s 10(34)	(24.47)	(21.03)
Corporate social responsibility expenditure (net of 80G benefit)	8.04	7.22
Deduction u/s 24 of IT Act (Income from house property)	(1.88)	(2.57)
Others	4.08	(5.48)
Income tax expense	**358.56**	**307.29**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

37 Fair value measurements

Financial instruments by category

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	74.80	-	-	91.30	-
Loans	-	-	224.70	-	-	206.00
Trade receivables	-	-	2,858.42	-	-	2,534.24
Cash and bank balances	-	-	522.67	-	-	611.43
Security deposits	-	-	49.58	-	-	44.00
Derivative financial asset	-	-	-	0.26	-	-
Others	-	-	29.18	-	-	44.68
Total financial assets	**-**	**74.80**	**3,684.55**	**0.26**	**91.30**	**3,440.35**
Financial liabilities						
Borrowings	-	-	423.76	-	-	853.11
Trade payables	-	-	1,641.36	-	-	1,407.34
Dealer deposits	-	-	21.84	-	-	20.34
Derivative financial liabilities	4.99	-	-	-	-	-
Employee benefit expenses payable	-	-	237.34	-	-	204.53
Capital creditors	-	-	33.42	-	-	23.74
Others	-	-	26.79	-	-	25.51
Total financial liabilities	**4.99**	**-**	**2,384.51**	**-**	**-**	**2,534.57**

*excluding investments in subsidiaries and joint ventures.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Foreign exchange forward contracts	15	-	-	-	-
Financial investments at FVOCI:					
Quoted equity investments	5	74.80	-	-	74.80
Total financial assets		**74.80**	**-**	**-**	**74.80**
Financial liabilities					
Foreign exchange forward contracts	24	-	4.99	-	4.99
Total financial liabilities		**-**	**4.99**	**-**	**4.99**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

(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, 2019	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	6, 14	-	-	129.24	129.24
Security deposits	7	-	-	49.58	49.58
Total financial assets		**-**	**-**	**178.82**	**178.82**

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

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Foreign exchange forward contracts	15	-	0.26	-	0.26
Financial investments at FVOCI:					
Quoted equity investments	5	91.30	-	-	91.30
Total financial assets		**91.30**	**0.26**	**-**	**91.56**
Financial liabilities					
Foreign exchange forward contracts	24	-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

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

At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	6, 14	-	-	108.76	108.76
Security deposits	7	-	-	44.00	44.00
Total financial assets		**-**	**-**	**152.76**	**152.76**

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.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	129.24	129.24	108.76	111.90
Security deposits	49.58	49.58	44.00	44.00
Total financial assets	**178.82**	**178.82**	**152.76**	**155.90**

The carrying amounts of trade receivables, trade payables, cash and bank balances, 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 counter party 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.

38 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, derivative financial instruments, financial assets measured at amortised cost.	Ageing 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 written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows from debt instruments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security

For some trade receivables, the Company may obtain security in form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement. However, the Company has not obtained any such securities for its trade receivables outstanding at the reporting date.

(iii) Impairment of financial assets

The Company assigns the following internal credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of the financial asset. The Company provides for expected credit loss based on the following:

<table>
<tr><th rowspan="2">Internal rating</th><th rowspan="2">Category</th><th rowspan="2">Description of category</th><th colspan="3">Basis for recognition of expected credit loss provision</th></tr>
<tr><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>C1</td><td>High quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil</td><td>12-month expected credit losses</td><td>12-month expected credit losses</td><td>Life-time expected credit losses (simplified approach)</td></tr>
<tr><td>C2</td><td>Doubtful assets, credit impaired</td><td>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.</td><td colspan="3">Asset is written off</td></tr>
</table>

For the years ended March 31, 2019 and March 31, 2018

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

The estimated gross carrying amount at default is ` 559.41 million (March 31, 2018: ` 552.47 million) for Investments and loans and deposits. Consequently expected credit loss of an amount of ` 35.62 million for the year ended March 31, 2019 (March 31, 2018: ` 33.75 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 group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. 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.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2017	42.45
Changes in loss allowance	(33.44)
Loss allowance on March 31, 2018	**9.01**
Changes in loss allowance	1.88
Loss allowance on March 31, 2019	**10.89**

(B) Liquidity risk

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

(i) Financing arrangements

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

Particulars	March 31, 2019	March 31, 2018
Floating rate		
Expiring within one year (bank overdraft and other facilities)	2,813.19	2,687.84

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

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

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

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

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

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

(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
March 31, 2019						
Non-derivatives						
Borrowings	148.44	275.32	-	-	-	423.76
Trade payables	1,641.36	-	-	-	-	1,641.36
Other financial liabilities	315.79	-	3.60	-	-	319.39
Total non-derivative liabilities	**2,105.59**	**275.32**	**3.60**	**-**	**-**	**2,384.51**
Derivatives (net settled)	4.99	-	-	-	-	4.99
Total derivative liabilities	**4.99**	**-**	**-**	**-**	**-**	**4.99**
March 31, 2018						
Non-derivatives						
Borrowings	314.61	538.50	-	-	-	853.11
Trade payables	1,407.34	-	-	-	-	1,407.34
Other financial liabilities	266.92	-	3.60	3.60	-	274.12
Total non-derivative liabilities	**1,988.87**	**538.50**	**3.60**	**3.60**	**-**	**2,534.57**
Derivatives (net settled)	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-

(C) Market risk

(i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

(Amounts in million in respective currencies)

Particulars	March 31, 2019			March 31, 2018		
	USD	EUR	AUD	USD	EUR	AUD
Financial assets						
Trade receivables	9.87	3.23	2.08	12.26	2.95	1.27
Loans	-	-	2.07	-	-	2.38
Cash and Cash equivalents	0.13	-	-	0.21	-	-
Net exposure to foreign currency risk (assets)	**10.00**	**3.23**	**4.15**	**12.47**	**2.95**	**3.65**
Financial liabilities						
Foreign currency loan	1.57	2.25	-	10.64	2.00	-
Trade payables	0.91	0.21	-	1.67	0.41	-
Net exposure to foreign currency risk (liabilities)	**2.48**	**2.46**	**-**	**12.31**	**2.41**	**-**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Sensitivity

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

Particulars	Impact on profit after tax (in INR million)	
	March 31, 2019	March 31, 2018
USD sensitivity		
INR/USD increases by 5%	16.94	0.35
INR/USD decreases by 5%	(16.94)	(0.35)
EURO sensitivity		
INR/EURO increases by 5%	1.95	1.42
INR/EURO decreases by 5%	(1.95)	(1.42)
AUD sensitivity		
INR/AUD increases by 5%	6.62	5.95
INR/AUD decreases by 5%	(6.62)	(5.95)

* amount in bracket represents losses

(ii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2019	March 31, 2018
NSE Nifty 50 – increase 5%	3.74	4.57
NSE Nifty 50 – decrease 5%	(3.74)	(4.57)

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

39 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 and bank balances) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as follows:

Particulars	March 31, 2019	March 31, 2018
Borrowings (A)	**423.76**	**853.11**
Cash and cash equivalents	137.41	246.25
Bank balances other than above	385.26	365.18
Total cash and bank (B)	**522.67**	**611.43**
Net debt (A)-(B)	-	241.68
Total equity	6,619.22	5,999.63
Net debt to equity ratio	**-**	**4.02%**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(i) Loan covenants

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

(b) Dividends

Particulars	March 31, 2019	March 31, 2018
(i) Equity shares		
Final dividend for the year ended March 31, 2017	-	158.45
Final dividend for the year ended March 31, 2018	190.14	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, for the year ended March 31, 2019, the Board of Directors have recommended payment of a final dividend of ` 1.30 per fully paid equity share (March 31, 2018 – ` 1.20). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

40 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 group		Principal Activities
		March 31, 2019 (%)	March 31, 2018 (%)	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Compressors Trading (Shanghai) Co.Limited (refer note (a) below)	China	-	100	Trading of air compressors
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Assembly and trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Europe S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors Belgium SPRL (refer note (b) below)	Belgium	100	-	Trading of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Pattons Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Industrial Air Compressors Pty Ltd (refer note (c) below)	Australia	100	-	Trading of air compressors
F.R. Pulford & Son Pty Limited (refer note (c) below)	Australia	100	-	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd (refer note (c) below)	Australia	100	-	Trading of air compressors

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

Subsidiaries (continued)

Name of entity	Place of business	Ownership interest held by the group		Principal Activities
		March 31, 2019 (%)	March 31, 2018 (%)	
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

Notes:

a) The Company's subsidiary Elgi Compressors Trading (Shangai) Co. Limited was deregistered during the year.

b) In January, 2019, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Belgium SPRL at Brussels.

c) In July, 2018, the Company through its newly incorporated wholly owned subsidiary Industrial Air Compressors Pty Ltd, Australia acquired 100% stake in F.R. Pulford & Son Pty Limited along with its wholly owned subsidiary Advanced Air Compressors Pty Ltd.

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Post employment benefit plan (Refer note 25(a))	Elgi Equipments Gratuity Fund Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd Mr. Sriram S, Chief Financial Officer, Elgi Equipments Ltd [till November 01, 2018] Mr. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Ltd [from November 02,2018] Ms. Vaishnavi P.M, Company Secretary
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 in India, to sell compressors and their parts along with rendering engineering services.

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

Details of Joint Operations

The Company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros which was set up as partnership firm in India together with Elgi Ultra Industries Limited to earn rental income.

The Company has 80% interest in a joint arrangement called Elgi Services which was set up as partnership firm in India together with Elgi Ultra Industries Limited.

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

(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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Purchase of goods	88.78	81.52	108.78	148.12	-	-
Sale of goods	1,509.18	1,292.94	342.61	334.44	-	-
Receiving services	13.30	13.21	36.24	30.80	-	-
Providing services	25.42	23.93	11.17	9.18	-	-
Loans						
- Given to related parties	-	64.58	-	-	-	-
Repayment of loans						
- Received from related parties	-	-	-	-	-	-
- Given to related parties	-	(64.58)	-	-	-	-
Interest						
- Received from related parties	5.75	5.15	-	-	-	-
Reimbursement of expenses						
- To related parties	43.66	31.24	0.09	0.41	-	-
- By related parties	31.89	29.14	-	-	-	-
Investments	238.95	225.17	-	2.90	-	-
Dividend						
- Received from related parties	58.50	49.50	12.67	10.65	-	-
- Paid to related parties	-	-	0.32	0.27	-	-
Key Management Personnel compensation						
Short-term employee benefits					26.35	22.68
Other long-term benefits					1.39	1.14
Remuneration			1.38	2.60		

(c) Outstanding balances

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

Particulars	Subsidiaries		Joint Venture & Others	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Payable at the end of the year	52.08	33.01	15.02	9.49
Total payables to related parties	**52.08**	**33.01**	**15.02**	**9.49**
Receivable at the end of the year	835.03	305.03	65.78	67.92
Loans receivable at the end of the year (refer note below)	169.02	170.80	-	-
Total receivables from related parties	**1,004.05**	**475.83**	**65.78**	**67.92**

Receivables given above is before considering the allowance of ` 73.56 million as at March 31, 2019 (March 31, 2018: ` 73.56 million) that 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, 2019

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

40A Details of material transactions with related parties

(i) Transactions during the year:

Particulars	Subsidiaries		Joint Venture & Others	
	2018-19	2017-18	2018-19	2017-18
Purchase of goods				
ATS Elgi Limited	84.33	74.26		
LGB Forge Limited			60.66	120.54
Sale of goods				
Elgi Gulf FZE	243.99	280.12		
Elgi Compressors Do Brasil Imp.E.Exp LTDA	53.83	70.08		
Elgi Equipments Australia Pty Limited	153.23	82.62		
Rotair SPA	399.25	306.81		
Elgi Compressors USA Inc.	598.10	485.08		
PT Elgi Equipments Indonesia	52.79	57.41		
Industrial Air Solutions LLP			276.52	226.30
LGB Forge Limited			42.94	99.97
Loans- Given to related party				
Elgi Compressors USA Inc.		64.58		
Repayment of Loans-Given to related party				
Elgi Compressors USA Inc.		(64.58)		
Interest- Received from related Party				
Elgi Equipments Australia Pty Limited	5.75	51.15		
Investments				
Elgi Compressors USA Inc.	166.77	129.10		
Elgi Equipments (Zhejiang) Limited	35.62	34.75		
Elgi Compressors Europe S.R.L		61.32		
Adisons Precision Instruments Manufacturing Company Limited	36.55			
Dividends- Received from related party				
ATS Elgi Limited	58.50	49.50		

(ii) Outstanding balances:

Particulars	Subsidiaries		Joint Venture & Others	
	2018-19	2017-18	2018-19	2017-18
Payables at the end of the year				
Elgi Compressors USA Inc.	10.44			
Elgi Gulf FZE	7.56			
ATS Elgi Limited	26.31			
Receivables at the end of the year				
Elgi Compressors USA Inc.	422.85			
Elgi Gulf FZE	56.21			
Industrial Air Solutions LLP			52.21	35.03
Rotair SPA	233.93			
Elgi Equipments Australia Pty Limited	93.61			
Loan receivables at the end of the year				
Elgi Equipments (Zhejiang) Limited	73.56	73.56		
Elgi Equipments Australia Pty Limited	95.46	97.24		

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

41 Contingent liabilities and contingent assets

Contingent liabilities

(a) Claims against the Company not acknowledged as debts

(i) The Company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ` 93.07 million and ` 108.32 million as on March 31, 2019 and March 31, 2018, respectively. The company has deposited ` 37.58 million and ` 49.02 million against the above mentioned disputes as on March 31, 2019 and March 31, 2018 respectively

The company has filed appeals with appropriate authorities Central Excise and Sales Tax Department against their claims.

(ii) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these financial statements.

42 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, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account	232.80	177.70

43 Events occurring after the reporting period

Refer Note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

44 Exceptional item

Exceptional item for the year ended March 31, 2019 is ` Nil and for the year ended March 31, 2018 is ` 27.44 million which pertains to expense under the Company's Voluntary Retirement Scheme (VRS).

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	March 31, 2019	March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	395.64	314.21
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	3.00	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	612.67	Nil
Interest paid (other than Section 16 of MSMED Act) to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for the payments already made.	2.92	Nil
Further interest remaining due and payable for earlier years.	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, 2019

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

46 Changes in accounting policies

This note explains the impact of changes in accounting policies on adoption of Ind AS 115 Revenue from Contracts with Customers and adoption of amendments to Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance.

a) Impact on the financial statements on adoption of Ind AS 115 Revenue from Contracts with Customers :

The Company applied Ind AS 115 Revenue from Contracts with Customers for the first time by using the modified retrospective method of adoption with the date of initial application of April 01, 2018. Under this method, the Company recognised cumulative effect of initially applying Ind AS 115, relating to uncompleted contracts as on date of initial application, as an adjustment to the opening balance of retained earnings as at April 01, 2018. Comparative period has not been adjusted.

(i) Impact on Company's retained earnings as at April 01, 2018 :

Since there were no significant uncompleted contracts as on the date of transition, there are no adjustments made to the opening retained earnings of the company as on April 01, 2018.

The following tables present the amounts by which each financial statement line item is effected in the current year ended March 31, 2019 by application of Ind AS 115 as compared to previous revenue recognition requirements. Only those financial statement line items which are adjusted are shown below.

(ii) Impact on financial statement line items forming part of Statement of profit and loss :

Year ended March 31, 2019	Note No.	Without adoption Ind AS 115	Increase / (decrease)	After adoption of Ind AS 115
Revenue from operations	27			
-Sale of products		11,501.89	(111.85)	11,390.04
-Sale of services		83.10	171.22	254.32
Other expenses	35			
-Transport charges		111.85	59.37	171.22

(iii) Impact on financial statement line items forming part of Balance Sheet

As at March 31, 2019	Note No.	Without adoption Ind AS 115	Increase / (decrease)	After adoption of Ind AS 115
Other current assets	16			
-Prepaid expenses		92.58	9.91	102.49
Other current liabilities	26			
-Unearned income		65.24	9.91	75.15

On adoption of Ind AS 115, the Company has identified transportation services as separate performance obligation. However the consequential margin is not allocated as the same is insignificant. Accordingly, amount recovered from customers in relation to transportation services has been classified as Sale of Services. The above adjustment to contract liabilities and prepaid expenses represents the value of unsatisfied performance obligation as on March 31, 2019.

b) Impact on the financial statements on adoption of amendments to Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance :

As described in Significant accounting policies note 1(f), the Company has adopted the amendment in Ind AS 20 which has resulted in changes in accounting policies and restatment of comparative year amounts recognised in the financial statements.

The following tables present the amounts by which each financial statement line item is effected in the previous year ended March 31, 2018 due to retrospective application of amendment to Ind AS 20. Only those financial statement line items which are restated are shown below.

(i) Restatement of financial statement line items forming part of Statement of profit and loss:

Year ended March 31, 2018	Note No.	As originally presented	Increase/ (Decrease)	Restated
Other income	28	**171.85**	**(8.27)**	**163.58**
-Government Grants		8.27	(8.27)	-
Depreciation and amortisation expense	34	**364.90**	(8.27)	**356.63**
-Depreciation of property, plant and equipment		353.32	(8.27)	345.05

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

(ii) Restatement of financial statement line items forming part of Balance Sheet

Year ended March 31, 2018	Note No.	As originally presented	Increase/ (Decrease)	Restated
Assets				
Property, plant and equipment	3	2,162.11	(39.78)	2,122.33
Gross carrying amount				
-Opening gross carrying Amount		3,067.58	(64.78)	3,002.80
-Additions		147.11	(1.05)	146.06
Accumulated depreciation				
-Opening accumulated depreciation		699.23	(17.78)	681.45
-For the year		353.32	(8.27)	345.05
Liabilities				
Government Grants- Non-current		31.52	(31.52)	-
Government Grants- Current		8.26	(8.26)	-

47 Earnings per share

Particulars	March 31, 2019	March 31, 2018
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	5.35	4.86
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	5.35	4.86
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	847.44	768.74
Diluted earnings per share		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	847.44	768.74
- used in calculating diluted earnings per share	847.44	768.74
Profit attributable to equity holders of the company used in calculating basic earnings per share	847.44	768.74
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**158.34**	**158.34**
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**

48 Assets pledged as security

Particulars	March 31, 2019	March 31, 2018
Current		
a. Charge on entire stocks and receivables, both present and future	3,979.05	3,719.76
b. Charge on Specific land, building & machinery*	1,266.09	1,199.98
e. Cash Margin	100.00	100.00
	5,345.14	**5,019.74**

* Refer note 46(b) read with note 1(f) .

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

49 Details of R & D expenses

Particulars	March 31, 2019	March 31, 2018
i) Capital	21.03	42.43
ii) Salaries & Wages	245.75	223.80
iii) R&D materials	119.70	41.83
iv) Maintenance	0.79	0.49
v) Other expense	54.91	37.59
	442.18	**346.14**

50 Operating lease obligations

The total rent expenses for the premises taken under operating lease for the year ended March 31, 2019 and March 31, 2018 is ` 26.69 million and ` 22.32 million respectively.

The future lease obligations in respect of non-cancellable operating leases are as follows,

Particulars	March 31, 2019	March 31, 2018
Repayable		
-not later than one year	3.69	-
-later than one year and not later than 5 years	14.76	-
-later than 5 years	4.92	-
	23.37	-

51 Joint operations

The Company has two joint operations as detailed in note-40

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

(i) The following share of assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Non-current assets				
Property, plant and equipment	112.21	112.21	0.43	0.43
Financial assets				
(i) Investments	11.39	11.39	-	-
Total non-current assets	**123.60**	**123.60**	**0.43**	**0.43**
Current assets				
(i) Cash and cash equivalents	0.86	0.50	0.01	0.01
(ii) Other financial assets	0.04	0.04	-	-
Current tax assets (net)	0.99	0.53	-	-
Other current assets	0.36	0.33	-	-
Total current assets	**2.25**	**1.40**	**0.01**	**0.01**
Total assets	**125.85**	**125.00**	**0.44**	**0.44**
Current liabilities				
Financial liabilities				
(i) Trade payables	0.03	0.03	0.04	0.04
Other current liabilities	0.71	0.39	-	-
Total current liabilities	**0.74**	**0.42**	**0.04**	**0.04**
Partners current account	**1.23**	**0.70**	**-**	**-**
Net assets	**123.88**	**123.88**	**0.40**	**0.40**

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

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

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Investment	124.00	124.00	0.40	0.40
Treasury stock	(11.40)	(11.40)	-	-
Inter-company assets & liabilities	1.78	0.70	0.04	0.04
	114.38	**113.30**	**0.44**	**0.44**

(iii) The following share of income and expenditure has been recognised under Ind AS (net of Inter company income/expenses) :

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue :	1.21	1.18		
Expenses:				
Other expenses	0.72	0.50	-	-
Current tax expense	0.32	0.38		
Profit after tax	**0.17**	**0.30**	**-**	**-**

52 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, 2019	March 31, 2018
Loans and advances to subsidiaries		
Loan to Elgi Australia Pty Ltd - Australia		
Balance as at the year end	95.46	97.24
Maximum amount outstanding at any time during the year	102.05	98.21
Loan to Elgi Equipments (Zhejiang) Limited- China		
Balance as at the year end	73.56	73.56
Maximum amount outstanding at any time during the year	73.56	73.56

53 Previous year figures have been regrouped /reclassfied to confirm to current years classification.

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

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

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Place: Coimbatore
Date: May 27, 2019

Notes to the Standalone financial statements as at and for the year ended March 31, 2019

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

The annual accounts of the below listed Subsidiary Companies and the related detailed information will be made available on the website

1	Adisons Precision Instruments Manufacturing Company Limited
2	ATS Elgi Limited
3	Elgi Equipments (Zhejiang) Limited
4	Elgi Gulf (FZE)
5	Elgi Compressors Do BRASIL IMP.E.EXP.Ltda
6	Elgi Equipments Australia Pty Limited
7	Industrial Air Compressors Pty Ltd
8	F.R. Pulford & Son Pty Limited
9	Advanced Air Compressors Pty Ltd
10	Elgi Compressors Europe S.R.L.
11	Rotair Spa
12	Elgi Compressors Belgium SPRL
13	Elgi Compressors USA Inc
14	Pattons Inc
15	Pattons Medical LLC.
16	PT Elgi Equipments Indonesia
17	Ergo Design Private Limited

INDEPENDENT AUDITORS' REPORT

To the Members of Elgi Equipments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Elgi Equipments Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its joint operations and its joint ventures (refer note 41 to the attached consolidated financial statements), which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the Consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its joint operations and its joint ventures as at March 31, 2019, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint operations and its joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by The Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill as per Ind AS 36 (Refer Note 5 to the Consolidated financial Statements) The Group has a goodwill balance of ` 1,285.42 million as at March 31, 2019 relating to the acquisition of certain subsidiaries, each of which is considered as a Cash Generating Unit (CGU). For the year ended March 31, 2019, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: • Calculating the recoverable amount for each CGU using a discounted cash flow model (DCF model).	Our audit procedures in relation to assessment of carrying value of goodwill arising on consolidation of subsidiaries, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill. • Together with auditor's valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: a. Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance and our knowledge and understanding of current business conditions.

Key audit matter	How our audit addressed the key audit matter
• Comparing the recoverable amount of the respective carrying amount of assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the consolidated financial statements, and where applicable, the Management judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	b. Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company. c. Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the Management. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

5. The following Key Audit Matters were included in the Memorandum of work performed dated May 16, 2019, of Industrial Air compressors Pty Limited, a subsidiary of the Holding Company, issued by an independent auditor reproduced by us as under:

Key audit matter	How the audit addressed the key audit matter
Accounting for acquisition of F.R. Pulford & Son Pty Ltd and valuation of associated goodwill and intangible assets (Refer note 5 and note 40(a) to the consolidated financial Statements) During the year ended March 31, 2019, the Industrial Air compressors Pty Limited completed the acquisition of the business of F.R. Pulford & Son Pty Ltd and its subsidiary Advanced Air Compressors Pty Ltd ("Pulford"), an Australian based provider of compressed air and gas solutions for a total consideration of AUD 14.33 million. Accounting for business combinations requires significant judgments and estimates by management to determine the fair value of acquired assets and assumed liabilities. Subsequent to the acquisitions, any goodwill or intangible assets with indefinite useful life, originating from the acquisition needs to be assessed for valuation by management as per the requirement of IAS 36 (equivalent Ind AS 36). These valuation assessments require management's estimates and judgments in determining the group's cash generating units as well as future revenues, operating profits, working capital, capital expenditures and discount rates for these cash generating units.	The audit procedures in relation to accounting for acquisition of F.R. Pulford & Son Pty Ltd and valuation of associated goodwill and intangible assets included the following: • Reviewing the Share Sale Agreement for the acquisition; • Reviewing the purchase price allocations for the acquisition to verify the fair values assigned to acquired assets and assumed liabilities; • Analysing key assumptions made in the assessment of the carrying value of goodwill and other intangible assets with indefinite useful lives acquired through the business combination; and • Evaluating the sensitivity of key assumptions applied by management in making their assessment of the recoverable amount of the Cash Generating Unit to which goodwill and other intangible assets have been allocated; Based on the work, the auditors have found the accounting for acquisition of F.R. Pulford & Son Pty Ltd and valuation of associated goodwill and intangible assets to be reasonable.

Other Information

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

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

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows, and changes in equity of the Group including its joint operations and its joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint venture company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for assessing the ability of the Group and of its joint venture company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for overseeing the financial reporting process of the Group and of its joint venture company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its joint operations and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its joint operations and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its joint operations and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the Consolidated/ Standalone financial statements/ financial information of Sixteen subsidiaries (including Six step down subsidiary), and two joint operations whose financial statements/ financial information, including the Holding Company's share of joint operations, reflect total assets of ` 6,884.94 million and net assets of ` 2,128.81 million as at March 31, 2019, total revenue of ` 6,582.41 million, total comprehensive income (comprising of profit and other comprehensive income) of ` 218.16 million and net cash flows amounting to ` 104.99 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ` 26.02 million for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of two joint ventures whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint operations and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint operations and joint ventures, is based solely on the reports of the other auditors.

18. Of the above, the financial statements of six subsidiaries (including three step down subsidiary) which are located outside India, included in the consolidated financial statements, which constitute total assets of ` 5,248.01 and net assets of ` 2,098.72 as at March 31, 2019, total revenue of ` 5,537.39, total comprehensive income (comprising of profit and other comprehensive income) of ` 205.36 and net cash flows amounting to ` 41.96 million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion insofar as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

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

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and of its joint venture company incorporated in India, none of the directors of the Group companies and of its joint venture company incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to financial statements of the Holding company, its subsidiary companies and joint venture company incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture Company– Refer Note 41 and 43 to the consolidated financial statements.

ii. The Group and its joint venture company had long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and joint venture Company incorporated in India.

iv. The reporting on the disclosures relating to Specified Bank Notes is not applicable to the Holding Company and its subsidiary companies, and its joint venture Company incorporated in India for the year ended March 31, 2019.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 27, 2019

Annexure A to the Independent Auditors' Report

Referred to in paragraph 19 (f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the consolidated financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to the financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and of its Joint venture Company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to the financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, its subsidiary companies and joint venture company, which are companies incorporated in India, on internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

6. A company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to the financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, and joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the financial statements insofar as it relates to two subsidiary companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 27, 2019

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated Balance Sheet as at March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,988.69	2,931.64
Capital work-in-progress	3	51.42	11.23
Investment properties	4	166.84	166.91
Goodwill	5	1,528.84	1,250.58
Other intangible assets	5	357.78	53.27
Intangible assets under development	5 (i)	5.75	9.35
Investments accounted for using the equity method	41	68.35	59.16
Financial assets			
(i) Investments	6	74.98	91.38
(ii) Loans	7	66.06	56.98
(iii) Other financial assets	8	65.39	53.17
Deferred tax assets (net)	26 (d)	105.08	61.05
Current tax assets (net)	26 (c)	27.98	24.64
Other non-current assets	9	103.97	59.37
Total non-current assets		**5,611.13**	**4,828.73**
Current assets			
Inventories	10	2,786.63	2,736.77
Financial assets			
(i) Trade receivables	11	3,669.11	3,434.28
(ii) Cash and cash equivalents	12	702.38	653.74
(iii) Bank balances other than (ii) above	13	524.28	435.19
(iv) Loans	14	72.93	58.76
(v) Other financial assets	15	41.34	34.55
Other current assets	16	446.86	406.94
Total current assets		**8,243.53**	**7,760.23**
Total assets		**13,854.66**	**12,588.96**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	17	158.45	158.45
Other equity	18	7,550.65	6,731.03
Total equity		**7,709.10**	**6,889.48**

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated Balance Sheet as at March 31, 2019 (Continued)

Particulars	Notes	March 31, 2019	March 31, 2018
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	19 (a)	763.46	602.84
(ii) Other financial liabilities	20	-	3.60
Provisions	21	69.21	62.52
Deferred tax liabilities (net)	26 (c)	103.85	68.56
Total non-current liabilities		**936.52**	**737.52**
Current liabilities			
Financial liabilities			
(i) Borrowings	19 (b)	1,167.92	1,625.05
(ii) Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		440.67	361.72
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,026.22	1,772.21
(iii) Other financial liabilities	23	1,201.28	895.08
Provisions	24	131.27	129.15
Current tax liabilities (net)	26 (c)	21.62	22.90
Other current liabilities	25	220.06	155.85
Total current liabilities		**5,209.04**	**4,961.96**
Total liabilities		**6,145.56**	**5,699.48**
Total equity and liabilities		**13,854.66**	**12,588.96**

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: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

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

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Place: Coimbatore
Date: May 27, 2019

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	27	18,634.69	16,222.39
Other income	28	96.55	113.90
Total income		**18,731.24**	**16,336.29**
Expenses			
Cost of materials consumed	29	7,820.73	7,044.52
Purchases of stock-in-trade	30	2,464.15	2,229.05
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	26.27	(224.80)
Excise duty expenses		-	169.25
Employee benefits expenses	32	3,408.30	2,812.64
Finance costs	33	89.85	59.60
Depreciation and amortisation expenses	34	511.07	438.18
Other expenses	35	2,997.70	2,430.46
Total expenses		**17,318.07**	**14,958.90**
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		**1,413.17**	**1,377.39**
Share of Profit of Joint Ventures accounted for using equity method		21.87	15.96
Exceptional items	46	-	(27.44)
Profit before tax		**1,435.04**	**1,365.91**
Income tax expense	26		
-Current tax		480.82	423.79
-Deferred tax		(76.43)	(10.69)
Profit for the year		**1,030.65**	**952.81**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	18 (g)	(16.50)	(10.32)
Remeasurement of post-employment benefit obligations	18 (e)	10.38	23.15
Income tax relating to these items	18 (e)	(3.53)	(8.01)
Share of other comprehensive income of joint ventures accounted for using equity method	18 (e)	(0.28)	(0.02)
Items that will be reclassified to profit or loss			
Changes in fair value of interest rate swap	18 (g)	(29.11)	-
Deferred tax relating to above	18 (g)	8.73	-
Changes in foreign currency translation reserve	18 (g)	40.49	53.41
Other comprehensive income for the year, net of tax		**10.18**	**58.21**
Total comprehensive income for the year		**1,040.83**	**1,011.02**

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2019 (Continued)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Net Profit attributable to:			
- Owners		1,030.65	952.81
- Non-controlling interests		-	-
		1,030.65	**952.81**
Other comprehensive income attributable to:			
- Owners		10.18	58.21
- Non-controlling interests		-	-
		10.18	**58.21**
Total comprehensive income attributable to:			
- Owners		1,040.83	1,011.02
- Non-controlling interests		-	-
		1,040.83	**1,011.02**
Earnings per equity share for profit from continuing and discontinuing operation attributable to owners of Elgi Equipments Limited	50		
Nominal value of the shares		1.00	1.00
(1) Basic		6.51	6.02
(2) Diluted		6.51	6.02

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

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated statement of changes in equity

1) Equity share capital

	Notes	Amount
Balance as at April 1, 2017	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2018	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2019		**158.45**

2) Other equity

Description	Notes	Attributable to the owners of Elgi Equipments Limited											
		Reserve and Surplus						Total	Other reserve			Total	Total equity
		Capital reserve	Statutory reserve	Securities premium	General reserve	Treasury stock	Retained earnings		FVOCI-Equity instruments	Cash flow hedge reserve	Foreign currency translation reserve		
Balance at April 1, 2017		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**4,006.11**	**5,753.61**	**84.21**	**-**	**72.72**	**156.93**	**5,910.54**
Profit for the year	18	-	-	-	-	-	952.81	952.81	-	-	-	-	952.81
Other comprehensive income	18	-	-	-	-	-	15.12	15.12	(10.32)	-	53.41	43.09	58.21
Total comprehensive income for the year		-	-	-	-	-	**967.93**	**967.93**	**(10.32)**	-	**53.41**	**43.09**	**1,011.02**
Transactions with owners in their capacity as owners:	18												
Dividend paid (including dividend distribution tax)		-	-	-	-	-	(190.53)	(190.53)	-	-	-	-	(190.53)
Balance at March 31, 2018		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**4,783.51**	**6,531.01**	**73.89**	-	**126.13**	**200.02**	**6,731.03**
Balance at April 1, 2018		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**4,783.51**	**6,531.01**	**73.89**	-	**126.13**	**200.02**	**6,731.03**
Profit for the year	18	-	-	-	-	-	1,030.65	1,030.65	-	-	-	-	1,030.65
Other comprehensive income	18	-	-	-	-	-	6.85	6.85	(16.50)	(20.38)	40.49	3.61	10.46
Amount transferred to profit and loss on loss of control over subsidiary	18	-	-	-	-	-	-	-	-	-	7.79	7.79	7.79
Share of other comprehensive income of joint ventures accounted for using equity method	18	-	-	-	-	-	(0.28)	(0.28)	-	-	-	-	(0.28)
Total comprehensive income for the year		-	-	-	-	-	**1,037.22**	**1,037.22**	**(16.50)**	**(20.38)**	**48.28**	**11.40**	**1,048.62**
Transactions with owners in their capacity as owners:													
Dividend paid (including dividend distribution tax)	18	-	-	-	-	-	(229.00)	(229.00)	-	-	-	-	(229.00)
Balance at March 31,2019		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**5,591.73**	**7,339.23**	**57.39**	**(20.38)**	**174.41**	**211.42**	**7,550.65**

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: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

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

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Place: Coimbatore
Date: May 27, 2019

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated statement of cash flows

Particulars	March 31, 2019	March 31, 2018
Cash flow from operating activities		
Profit before income tax	**1,435.04**	**1,365.91**
Adjustments for		
Depreciation and amortisation expense	511.07	438.18
Allowance for bad and doubtful debts	22.39	27.16
Gain on disposal of property, plant and equipment	(0.18)	(3.66)
Share of profits of associates and joint ventures	(21.87)	(15.96)
Rental income from investment property (net of expenses)	(5.80)	(13.55)
Exchange difference on translation of foreign operations (excluding differences arising from property, plant and equipment)	4.47	(51.60)
Loss recognised on loss of control over subsidiary	11.11	-
Dividend and interest income classified as investing cash flows	(52.26)	(53.76)
Finance costs	89.85	59.60
Change in operating assets and liabilities, net of effects from purchase of subsidiary and loss of control over subsidiary		
Increase in trade receivables	(105.21)	(1,038.34)
(Increase)/decrease in inventories	73.65	(476.30)
Increase in trade payables	183.80	420.95
Increase in other financial assets	(7.54)	(27.85)
Decrease in other non-current assets	-	0.61
(Increase)/decrease in other current assets	(33.11)	124.26
Increase in provisions	11.75	40.87
Increase in other financial liabilities	37.91	120.95
Increase/ (decrease) in other current liabilities	64.21	(49.06)
Cash generated from operations	**2,219.28**	**868.41**
Income taxes paid	(500.66)	(403.30)
Net cash inflow from operating activities	**1,718.62**	**465.11**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(543.55)	(275.59)
Payment for acquisition of subsidiary, net of cash acquired (refer note 40(a))	(508.47)	-
Payments for purchase of investment property	-	(123.81)
Investment in joint ventures	-	(2.90)
Loans to employees	(23.25)	(22.92)
Proceeds from sale of property, plant and equipment	29.62	5.37
Rental income from investment property (net of expenses)	5.80	13.55
Dividends received on equity instruments	0.56	0.63
Dividends received from associates and joint ventures	12.49	10.65
(Investments)/redemption of bank deposits	(89.09)	(195.56)
Interest received	46.82	58.23
Net cash outflow from investing activities	**(1,069.07)**	**(532.35)**

Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Consolidated statement of cash flows (Continued)

Particulars	March 31, 2019	March 31, 2018
Cash flows from financing activities		
Interest paid	(88.76)	(59.28)
Loans borrowed/ (repaid) from/to banks (net)	(284.38)	151.01
Dividends paid to company's shareholders	(188.69)	(157.97)
Dividend tax paid	(39.08)	(32.26)
Net cash outflow from financing activities	**(600.91)**	**(98.50)**
Net increase/ (decrease) in cash and cash equivalents	**48.64**	**(165.74)**
Cash and cash equivalents at the beginning of the financial year	**653.74**	**819.48**
Cash and cash equivalents at end of the year*	**702.38**	**653.74**

* includes restricted cash and cash equivalents in relation to balance in unclaimed dividend account (refer note 12).

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. Along with its subsidiaries, Elgi Equipments Limited is engaged in manufacture, trading of air compressors and providing after sales services. Elgi Equipments Limited together with its subsidiaries is herein after referred as 'the Group'. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The consolidated financial statement has been approved by the Board in the meeting held on May 27, 2019.

(ii) Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA"), notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (together the 'Rules') on March 30, 2019. The rules notify the following new standard Ind AS 116 Leases and amendment to also bring amendment to other existing Ind AS, which the group has not applied as they are effective from reporting periods beginning on or after April 1, 2019.

Ind AS 116, Leases

Nature of Change: Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. In respect of the accounting requirements from the point of view of the lessor, Ind AS 116 substantially conforms to Ind AS 17.The new standard is mandatory for financial years commencing on or after April 01, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact: The group is in the process of ascertaining the detailed impact of Ind AS 116.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, Income Taxes

Nature of Change: This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, Investment in Associates and Joint Ventures

Amendments to Ind AS 28 clarify that the long-term interests in an associate or a joint venture to which the equity method is not applied should be accounted for using Ind AS109.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Prepayment features with negative compensation - Amendments to Ind AS 109, Financial Instruments

Amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Plan amendment, curtailment or settlement - Amendments to Ind AS 19, Employee Benefits

The net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Income tax consequences of payments on financial instruments classified as equity, to Ind AS 12, Income Taxes

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Borrowing costs eligible for capitalisation under Ind AS 23, Borrowing Cost

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is

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ready for its intended use or sale, it becomes part of general borrowings.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements

This amendment clarifies measurement of previously held interest in obtaining control/joint control over a joint operation asfollow:

(i) On obtaining control a business that is joint operation, previously held interest in joint operation is remeasured at fair

(ii) A party obtaining jont control of a business that is joint operation should nor remeasure its previously held interest in the joint operation.

Impact: The group is in the process of ascertaining the detailed impact of the amendment.

(iii) 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.

(iv) New and amended standards adopted by the group

The group has applied following standards and amendments for the first time in their annual reporting period commencing April 01, 2018.

1. Ind AS 115, Revenue from contracts with customers. Refernote: 49(a)

2. Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance. Refer note: 49(b)

3. Appendix B, Foreign currency transactions and advance consideration to Ind AS 21, The Effects of Changes in Foreign ExchangeRates

4. Amendment to Ind AS 12, Income Taxes

5. Amendment to Ind AS 40, Investment Property

6. Amendment to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities.

The group had to change its accounting policies and make certain retrospective adjustments following the adoption of Ind AS 115 and amendment to Ind AS 20. This is disclosed in note 49. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Managing Director (MD) of the company has been identified as the chief operating decision maker of Elgi Equipments Limited who assesses the financial performance and position of the Company, and makes strategic decisions. Refer note 39 for segment information presented.

(c) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

ELGi Equipments Limited has both joint operations and joint ventures.

Joint operations :

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

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Joint ventures :

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated balance sheet.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of investments accounted under equity method are tested for impairment in accordance with the policy described in note 1(j) below.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Elgi Equipment Limited's functional and presentation currency.

(ii) Transactions and balances

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

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss account as a part of fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as at FVOCI are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a 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 balance sheet

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions), and

- all resulting foreign exchange differences are recognised in other comprehensive income.

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

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

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

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

(e) Revenue recognition

Revenue is recognised when a customer obtains control of a promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. For each contract with a customer, the group applies the below five step process before revenue can be recognised:

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- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the Contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Sale of products:

The group manufactures and sells a range of air compressors, automotive equipments and related parts. Sales are recognised when control of the product is transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the product has been shipped from the warehouse to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provision has lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Where the group sells goods and also has transportation obligation, and where the control of the goods get transferred, the sale of goods and transportation is treated as separate performance obligation.

The group's obligation to repair/replace faulty product under the standard warranty terms is recognised as a provision, see note no 25.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services:

The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the group's performance as the group performs. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

Duty drawback : Income from duty drawback is recognised on 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 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.

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2018 (the 'Rules') on 20 September 2018. The Rules amend Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance to allow entities the option of recording non-monetary government grants at a nominal amount and presenting government grants related to assets by deducting the grant from the carrying amount of the asset.

Effective April 01, 2018, the group has adopted the above amendment to Ind AS 20.

Prior to adoption of this amendment, Government grants relating to the purchase of property, plant and equipment were 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.

The group has given retrospective effect of these changes in the policies and restated the comparative period figures. Refernote 49(b).

(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

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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 issettled.

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

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

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

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 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 costincreases.

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) Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

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(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

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

(l) Trade receivables

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

(m) Inventories

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

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

(n) Investments and other financial assets

(i) Classification

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

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

b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

(ii) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sale of financial asset.

(iii) Measurement

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

Debt instruments

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

a) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income / (expense). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

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

Equity instruments

The group measures all equity investments at fair value, except for investments forming part of interest in subsidiaries and jont ventures, which are measured at cost. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

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

(iv) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the group determines whether there has been a significant increase in credit risk.

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

(v) Derecognition of financial assets

A financial asset is derecognised only when

a) The group has transferred the rights to receive cash flows from the financial asset or

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

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

Where the group has neither transferred a financial asset nor 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.

(vi) Income recognition

a) Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interset income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

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

(o) Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. However where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes

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and are accounted for FVPL. They are presented as current assets and liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as hedging instrument, and if so, the nature of item being hedged.

The group designates derivatives as hedges of a particular risk associated with cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of hedging instruments are expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months, it is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow heding reserve within equity. The gain or loss relating to ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Changes in the fair value of derivative that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve (net of tax). This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby offsetting any exchange fluctuations that would have been recognised in the absence of the hedge.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

(ii) Derivatives that are not designated as hedges

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

(p) Offsetting financial instruments

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

(q) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line and written down value methods to allocate their cost, net of their residual values, over their estimated useful lives.The useful lives have been determined based on Schedule II to the Companies Act, 2013 except roads (classified as buildings), tools,Jigs and fixtures, patterns and mould and dies (classified as plant and machinery), where useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

	Useful Life (years)	
Asset	**As adopted by group**	**As per Schedule II**
Roads	10	5
Tools, Jigs & Fixture, Patterns, Mould & Dies	5-8	15

However, in relation to Elgi Compressors USA, Inc, the depreciation is recorded on the straight-line basis and written down value method over the estimated useful lives of 3 to 7 years for machinery and equipment, office furniture and fixtures and automobiles, over the life of the lease for leasehold improvements and 20 years for buildings. In Elgi Compressors Europe S.R.L, the depreciation is recorded over the estimated useful lives of

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33 years for building and over 4 to 10 years for other tangible assets.

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

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

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

(r) Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part isderecognised.

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

(s) Goodwill and Other Intangible assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The intangible assets include technical know-how, customer relationships, brand, non-compete fees and computer software which are recorded at the cost of acquisition and are amortized over their legal / useful life as given below:

Asset	Useful Life (years)
Computer Software	5
Customer relationships	15
Brand names	5
Non-compete fees	3

(t) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset areavailable, and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the products include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

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

(u) Trade and Other Payables

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

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid,

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including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

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

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(x) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(y) Employee Benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

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 oblliged or where there is a past practice that has created a constructive obligation.

(z) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 50).

(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:

- after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(ac) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation goodwill impairment – **Note 5**

Estimation of provision for warranty claims – **Note 24**

Estimation of defined benefit obligation – **Note 24(a)**

Impairment of Trade Receivables - **Note- 37**

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 Consolidated Financial Statements as at and for the year ended March 31, 2019

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

3 Property, plant and equipment and Capital work-in progress

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Capital Work in Progress
Year ended March 31, 2018									
Gross carrying amount									
Opening gross carrying amount	527.29	1,299.97	1,945.34	25.34	144.35	37.72	23.56	4,003.57	35.60
Adjustment on account of change in accounting policy*	-	-	(84.44)	-	-	-	-	(84.44)	-
Additions*	-	14.03	164.36	5.89	13.19	32.76	0.80	231.03	206.66
Disposal	-	-	(2.64)	(0.23)	(0.67)	(5.71)	-	(9.25)	-
Exchange Differences	3.57	22.53	26.21	(0.28)	4.90	0.96	0.31	58.20	-
Transfers	-	-	-	-	-	-	-	-	(231.03)
Closing gross carrying amount	**530.86**	**1,336.53**	**2,048.83**	**30.72**	**161.77**	**65.73**	**24.67**	**4,199.11**	**11.23**
Accumulated depreciation									
Opening accumulated depreciation	-	267.66	439.66	12.74	81.94	20.23	12.04	834.27	-
Adjustment on account of change in accounting policy*	-	-	(21.73)	-	-	-	-	(21.73)	-
For the year*	-	120.90	249.61	7.45	28.64	13.50	4.80	424.90	-
Disposal	-	-	(2.60)	(0.23)	(0.67)	(4.86)	(0.01)	(8.37)	-
Exchange differences	-	5.78	30.01	(0.15)	3.00	(0.55)	0.31	38.40	-
Closing accumulated depreciation	**-**	**394.34**	**694.95**	**19.81**	**112.91**	**28.32**	**17.14**	**1,267.47**	**-**
Net carrying amount	**530.86**	**942.19**	**1,353.88**	**10.91**	**48.86**	**37.41**	**7.53**	**2,931.64**	**11.23**
Year ended March 31, 2019									
Gross carrying amount									
Opening gross carrying amount	530.86	1,336.53	2,048.83	30.72	161.77	65.73	24.67	4,199.11	11.23
Acquisition of subsidiary (refer note 40(a))	-	-	18.82	3.43	1.40	30.15	-	53.80	-
Additions	43.12	21.27	307.33	5.27	18.61	59.55	1.22	456.37	496.56
Disposal	(8.73)	(20.38)	(18.07)	-	(0.27)	(20.85)	-	(68.30)	-
Exchange differences	13.65	3.83	(7.62)	(0.36)	3.02	5.01	0.63	18.16	-
Transfers	-	-	-	-	-	-	-	-	(456.37)
Closing gross carrying amount	**578.90**	**1,341.25**	**2,349.29**	**39.06**	**184.53**	**139.59**	**26.52**	**4,659.14**	**51.42**
Accumulated depreciation									
Opening accumulated depreciation	-	394.34	694.95	19.81	112.91	28.32	17.14	1,267.47	-
For the year	-	114.90	256.99	7.90	24.20	35.35	3.10	442.44	-
Disposal	-	(12.46)	(16.67)	-	(0.10)	(9.63)	-	(38.86)	-
Exchange Differences	-	1.22	(8.36)	(0.75)	2.60	3.96	0.73	(0.60)	-
Closing accumulated depreciation	**-**	**498.00**	**926.91**	**26.96**	**139.61**	**58.00**	**20.97**	**1,670.45**	**-**
Net carrying amount	**578.90**	**843.25**	**1,422.38**	**12.10**	**44.92**	**81.59**	**5.55**	**2,988.69**	**51.42**

* Refer Note : 49(b) read with significant accounting policies note 1(f).

i) Property, plant and equipment pledged as security

Refer Note 47 for information on property, plant and equipment pledged as security by the company.

ii) Contractual obligations

Refer to note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Capital work-in-progress

Capital work-in-progress mainly comprises improvements in building and additions to Plant & Machinery under construction.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

iv) Assets under lease

Reconciliation of gross and net carrying amount of each class of assets under lease as at March 31, 2019 and March 31, 2018 is given as follows:

Particulars	Assets taken under finance lease*						Assets given under operating lease	
	Plant & Machinery		Vehicle		Office equipment		Plant & Machinery	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Gross carrying amount	1.84	1.72	99.99	45.88	1.77	2.54	42.72	21.89
Accumulated depreciation	(0.71)	(0.24)	(45.90)	(16.40)	(1.77)	(1.86)	(8.06)	(1.10)
Net carrying amount	**1.13**	**1.48**	**54.09**	**29.48**	**-**	**0.68**	**34.66**	**20.79**

*Future lease payments in relation to these assets are given in note no-48(a).

4 Investment properties

Particulars	March 31, 2019			March 31, 2018		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	162.27	4.99	167.26	38.46	4.99	43.45
Additions	-	-	-	123.81	-	123.81
Closing gross carrying amount	**162.27**	**4.99**	**167.26**	**162.27**	**4.99**	**167.26**
Accumulated depreciation						
Opening accumulated depreciation	-	0.35	0.35	-	0.18	0.18
Depreciation charge for the year	-	0.07	0.07	-	0.17	0.17
Closing accumulated depreciation	**-**	**0.42**	**0.42**	**-**	**0.35**	**0.35**
Net carrying amount	**162.27**	**4.57**	**166.84**	**162.27**	**4.64**	**166.91**

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

Particulars	March 31, 2019	March 31, 2018
Rental income	6.41	14.24
Direct operating expenses from property that generated rental income	(0.54)	(0.52)
Profit from investment properties before depreciation	**5.87**	**13.72**
Depreciation	(0.07)	(0.17)
Profit from investment property	**5.80**	**13.55**

(ii) Fair value

Particulars	March 31, 2019			March 31, 2018		
	Land	Building	Total	Land	Building	Total
Investment property	522.19	4.57	526.76	522.19	4.64	526.83

(a) Estimation of fair value

The fair values of investment properties have been determined as follows:

(i) for the investment property purchased during financial year 2017-18, the transaction price has been considered as the fair value, considering the shorter time period between date of acquisition of the asset and the reporting date.

(ii) for others, the fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2. The Guideline values were revised by the Government of Tamil Nadu with effect from June 9, 2017.

(b) Investment properties pledged as security

Refer note 47 for information on investment properties pledged as security by the company.

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

5 Intangible assets

Particulars	Computer software	Customer relationships	Brand names	Non-compete fees	Total Intangible Assets	Goodwill
Year ended March 31, 2018						
Gross Carrying Amount						
Opening gross carrying amount	37.39	-	-	-	37.39	1,171.62
Additions	41.07	-	-	-	41.07	-
Disposal	(0.87)	-	-	-	(0.87)	-
Exchange differences	5.22	-	-	-	5.22	78.96
Closing gross carrying amount	**82.81**	**-**	**-**	**-**	**82.81**	**1,250.58**
Accumulated amortisation						
Opening accumlated amortisation	12.61	-	-	-	12.61	-
For the year	13.11	-	-	-	13.11	-
Disposal	(0.04)	-	-	-	(0.04)	-
Exchange differences	3.86	-	-	-	3.86	-
Closing accumulated amortisation	**29.54**	**-**	**-**	**-**	**29.54**	**-**
Closing net carrying amount	**53.27**	**-**	**-**	**-**	**53.27**	**1,250.58**
Year ended March 31, 2019						
Gross carrying amount						
Opening gross carrying amount	82.81	-	-	-	82.81	1,250.58
Acquisition of subsidiary (refer note 40(a))	3.97	114.52	128.04	121.19	367.72	252.95
Additions	15.68	-	-	-	15.68	-
Disposal	(1.93)	-	-	-	(1.93)	-
Exchange differences	0.39	(4.31)	(4.82)	(4.56)	(13.30)	25.31
Closing gross carrying amount	**100.92**	**110.21**	**123.22**	**116.63**	**450.98**	**1,528.84**
Accumulated amortisation						
Opening accumulated amortisation	29.54	-	-	-	29.54	-
For the year	19.63	5.07	17.02	26.84	68.56	-
Disposal	(1.93)	-	-	-	(1.93)	-
Exchange differences	(1.29)	(0.17)	(0.59)	(0.92)	(2.97)	-
Closing accumulated amortisation	**45.95**	**4.90**	**16.43**	**25.92**	**93.20**	**-**
Closing net carrying amount	**54.97**	**105.31**	**106.79**	**90.71**	**357.78**	**1,528.84**

(i) Intangible Assets under development

Intangible assets under development amounting to ` 5.75 million comprise of computer softwares under development.

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(ii) 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	Australia	India	Total
March 31, 2019	443.86	841.07	243.42	0.49	1,528.84
March 31, 2018	460.27	789.82	-	0.49	1,250.58

(iii) Significant estimate:

Key assumptions used for value-in-use calculations:

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions :

Particulars	Italy	USA	Australia
March 31, 2019			
Long term growth rate (%)	2.00	3.00	2.50
Post-tax discount rate (%)	11.50	10.50	10.00
March 31, 2018			
Long term growth rate (%)	2.00	2.50	-
Post-tax discount rate (%)	11.50	11.00	-

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales	Average annual growth rate over the explicit forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost saving measures.
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.

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6 Financial Assets - Non current investments

Particulars	No. of Shares	Face Value per Share	March 31, 2019	March 31, 2018
(i) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	Rs.10/-	0.30	0.34
State Bank of India	3,600	Re.1/-	1.15	0.90
HDFC Bank Limited	2,500	Rs.2/-	5.79	4.73
HDFC Limited	12,000	Rs.2/-	23.61	21.89
Magna Electro Castings Ltd	80,000	Rs.10/-	15.28	12.99
Rajshree Sugars & Chemicals Ltd	2,29,000	Rs.10/-	5.04	6.92
Pricol Ltd	94,245	Re.1/-	3.39	8.11
L.G.Balakrishnan & Bros.Ltd (March 31, 2018: 2496 shares)	4,992	Rs.10/-	1.93	2.67
LGB Forge Limited	18,720	Re.1/-	0.06	0.06
Elgi Rubber Company Limited	7,63,700	Re.1/-	18.25	32.69
Insurance Australia Group Limited (refer note 40(a))	258	AUD 1/-	0.10	-
(ii) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd., Ahmedabad	5	Rs.50/-	0.00	0.00
Marol Co-operative Industrial Estate Limited	1,053	Rs.100/-	0.06	0.06
B.C.C. Caraglio	258	Euro 1/-		
			74.98	**91.38**
Aggregate amount of quoted investments and market value there of			74.90	91.30
Aggregate amount of unquoted investments			0.08	0.08
Aggregate amount of impairment in the value of investments			-	-

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Particulars	March 31, 2019	March 31, 2018
7 Loans (Non-current)		
Unsecured, considered good		
Loans to employees	66.06	56.98
	66.06	**56.98**
8 Other financial assets (Non-current)		
Security deposits	65.39	53.17
	65.39	**53.17**
9 Other non-current assets		
Capital advances	103.97	59.37
	103.97	**59.37**
10 Inventories		
(a) Raw materials and components*	1,072.02	1,106.11
(b) Work-in-progress	183.88	171.03
(c) Finished goods*	1,186.48	1,231.04
(d) Stock-in-trade*	256.40	167.23
(e) Stores and spares and packing materials*	50.09	30.46
(f) Loose tools*	37.76	30.90
	2,786.63	**2,736.77**
*Include goods in-transit of ` 106.61 million and ` 117.45 million as on March 31, 2019 and March 31, 2018, respectively.		
Note: Raw materials, Work in progress and Finished goods include R&D inventory also.		
11 Trade receivables		
Unsecured, considered good	3,669.11	3,434.28
Unsecured, considered doubtful	35.85	50.91
	3,704.96	**3,485.19**
Less: Allowance for doubtful debts (expected credit loss allowance)	(35.85)	(50.91)
	3,669.11	**3,434.28**

Note : The trade receivables of the group do not contain a significant financing component and accordingly, the group has adopted the simplified approach under Ind AS 109 for recognition of impairment losses on trade receivables. Consequently, the disclosure of trade receivables into "Trade receivables which have significant increase in credit risk" and "Trade receivables - credit impaired" have not been given since it is not relevant to the group. Also, for receivables from related parties, refer note 42.

Particulars	March 31, 2019	March 31, 2018
12 Cash and cash equivalents		
(a) Cash on hand	1.39	1.07
(b) Cheques, drafts on hand	-	0.57
(c) Balance with banks		
- In current accounts	527.79	475.66
- In EEFC accounts	8.86	13.71
- In deposit accounts (with original maturity of 3 months or less)	157.35	157.05
- Balance in unclaimed dividend account*		
	702.38	**653.74**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods, except in respect of balances in unclaimed dividend account.

* Earmarked for payment of unclaimed dividend.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
13 Other bank balances		
In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	524.28	435.19
	524.28	**435.19**
*Includes margin money deposit of ` 100 million as at March 31, 2019 and March 31, 2018.		
14 Loans (Current)		
Unsecured, considered good		
Loan to employees	72.93	58.76
	72.93	**58.76**
15 Other financial assets		
Derivatives not designated as hedges		
Foreign exchange forward contract	-	0.26
Others		
Interest accrued	15.84	10.96
Security deposits	8.16	4.39
Others	17.34	18.94
	41.34	**34.55**
16 Other current assets		
Income / refund receivable	69.51	69.84
Prepaid expenses (refer note 49(a))	150.00	104.61
Balance with Government authorities	29.17	39.52
Rent advances	16.46	9.37
Advance to suppliers	87.98	91.82
Others*	93.74	91.78
	446.86	**406.94**
*includes assets related to Gratuity fund ` 2.90 million for the year ended March 31, 2019.		

17 Equity share capital

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ` 1 each		
As at April 1, 2017	**300**	**300**
Increase during the year	-	-
At March 31, 2018	**300**	**300**
Increase during the year	-	-
At March 31, 2019	**300**	**300**

(ii) Issued, Subscribed and fully paid up :

Particulars	Number of shares (in millions)	Amount
Equity shares of ` 1 each		
As at April 1, 2017	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2018	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2019	**158.45**	**158.45**

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of ` 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. During the year ended March 31, 2019, the amount of dividend per share recognized as distributions to equity shareholders is ` 1.20/- (March 31, 2018: ` 1/-).

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	25,859,390	16.32%	25,859,390	16.32%
SBI Contra Fund	14,327,243	9.04%	13,977,243	8.82%
Mr. Jairam Varadaraj	13,810,478	8.72%	13,810,478	8.72%
Pari Washington India Master Fund, Ltd.	13,714,611	8.66%	8,765,714	5.53%
Gagandeep Credit Capital Pvt. Limited	8,152,575	5.15%	8,152,575	5.15%

Particulars	March 31, 2019	March 31, 2018
18.Other equity		
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium	409.37	409.37
Statutory reserve	5.49	5.49
General reserve	1,162.63	1,162.63
Treasury stock	(11.40)	(11.40)
Retained earnings	5,591.73	4,783.51
Other reserves	211.42	200.02
	7,550.65	**6,731.03**
a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**181.41**	**181.41**
b) Securities premium		
Opening balance	409.37	409.37
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**409.37**	**409.37**
c) Statutory reserve		
Opening balance	5.49	5.49
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**5.49**	**5.49**
d) General reserve		
Opening balance	1,162.63	1,162.63
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**1,162.63**	**1,162.63**

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
e) Retained earnings		
Opening balance	4,783.51	4,006.11
Net profit for the year	1,030.65	952.81
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	6.85	15.14
- Share of other comprehensive income of joint ventures accounted for using the equity method	(0.28)	(0.02)
Appropriations		
Dividend on equity shares (including Dividend distribution tax)	(229.00)	(190.53)
Closing balance	**5,591.73**	**4,783.51**
f) Treasury Stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**(11.40)**	**(11.40)**
g) Other Reserves		
FVOCI - Equity instruments		
Opening balance	73.89	84.21
Change in fair value of equity instruments	(16.50)	(10.32)
Closing balance	**57.39**	**73.89**
Cash flow hedge reserve		
Opening balance	-	-
Change in fair value of interest rate swap (net of tax) (refer note 37(C) (ii))	(20.38)	-
Closing balance	**(20.38)**	**-**
Foreign Currency Translation Reserve		
Opening balance	126.13	72.72
Other currency translation differences	40.49	53.41
Amount transferred to profit and loss on loss of control over subsidiary	7.79	-
Closing balance	**174.41**	**126.13**
Total Other reserves	**211.42**	**200.02**

Nature and purpose of other reserves

Capital reserve:
Represents the profit of capital nature which is not available for distribution as dividend.

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

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

General reserve:
This is available for distribution to shareholders.

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

Treasury stock:
Represents the purchase value of 114,032 shares of the Company held by another entity in the Group.

Cash flow hedge reserve:
The cash flow hedge reserve is used to recognise effective portion of gain or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss account.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in the accounting policy and accumulated in a separate reserve within equity.

19 Borrowings

(a)Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon/ Interest rate	March 31, 2019	March 31, 2018
Secured **Term Loan** from Banks				
-USD	12 equated half yearly installments	90 day LIBOR + 1.25%	316.07	608.12
-EURO	20 equated quarterly installments	0.8%	274.01	396.79
-AUD	Moratorium of 2 years with repayment in 20 equated quarterly installments	90 day AUD-BBR-BBSW + 1.6%	564.08	-
Long term maturities of finance lease obligation	36-48 monthly installments	9.8%	59.50	34.91
Total non- current borrowings			**1,213.66**	**1,039.82**
Less: Current maturities of long term debt (Note no- 23)			**(445.96)**	**(433.83)**
Less: Interest accrued but not due on borrowings (Note no- 23)			**(4.24)**	**(3.15)**
Non- current borrowings			**763.46**	**602.84**

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon/ Interest rate	March 31, 2019	March 31, 2018
Secured from Banks Lines of credit				
-USD	Payable on Demand	30 day LIBOR + 1.85%	415.56	390.24
-EURO	Payable on Demand	-	328.60	381.71
Packing Credit				
-USD	Payable within 180 days	LIBOR + 0.3% to 0.5%	109.08	409.77
-EURO	Payable within 180 days	EURIBOR + 0.3% to 0.5%	174.68	80.62
Unsecured from Banks				
-USD	Payable within 180 days	LIBOR + 0.3% to 0.5%	-	282.09
-EURO	Payable within 180 days	EURIBOR + 0.3% to 0.5%	-	80.62
-INR	Payable within 180 days	5.09%	140.00	-
Total current borrowings			**1,167.92**	**1,625.05**

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Secured borrowings and assets pledged as security:
The borrowings from banks as at March 31, 2019 and March 31, 2018 are secured by charges on assets as disclosed in note 47. There are no defaults in the repayments of above borrowings during the current year.

Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	Notes	March 31, 2019	March 31, 2018
Borrowings (including current maturities and interest accrued)	19(a)	1,213.66	1,039.82
Current borrowings	19(b)	1,167.92	1,625.05
		2,381.58	**2,664.87**
Opening balance		**2,664.87**	**2,513.54**
Cash flows arising from principal movements		(284.38)	151.01
Interest expense		89.85	59.60
Interest paid		(88.76)	(59.28)
Closing Balance		**2,381.58**	**2,664.87**

Particulars	March 31, 2019	March 31, 2018
20 Other financial liabilities (Non-Current)		
Capital creditors	-	3.60
	-	**3.60**
21 Provisions (Non-current)		
Provision for compensated absences (Refer Note 24(a))	42.07	33.87
Provision for defined pension benefits (Refer Note 24(a))	27.14	28.65
	69.21	**62.52**
22 Trade payables		
Due to micro enterprises and small enterprises	440.67	361.72
Due to creditors other than micro enterprises and small enterprises	2,026.22	1,772.21
	2,466.89	**2,133.93**
Note: For payables to related parties, refer note 42.		
23 Other financial liabilities (Current)		
Derivatives not designated as hedges		
Foreign exchange forward contract	4.99	-
Derivatives designated as hedges		
Interest rate swap	28.11	-
Others		
Current maturities of long-term debt	445.96	433.83
Interest accrued but not due on borrowings	4.24	3.15
Unclaimed dividends	6.99	5.68
Dealer deposits	29.25	27.18
Employee benefit expenses payable*	443.56	393.78
Contingent consideration (refer note 40(a))	174.44	-
Others	63.74	31.46
	1,201.28	**895.08**
*Includes provision for compensated absences of ` 107.52 million and ` 73.50 million as on March 31, 2019 and March 31, 2018, respectively.		
24 Provisions (Current)		
Provision for Warranty	105.71	91.70
Provision for Gratuity (Refer Note 24(a))	11.48	27.92
Provision for defined pension benefits (Refer Note 24(a))		
	131.27	**129.15**

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

(i) Information about individual material provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	Provision for Warranty
As at April 1, 2018	91.70
Additional provisions recognised	105.71
Amounts used during the year	(91.70)
As at March 31, 2019	**105.71**

24 (a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the group’s liability for earned leave.

The total provision for compensated absences amounts to ` 149.59 million and ` 107.37 million for March 31, 2019 & March 31, 2018, respectively.

The provision amount of ` 107.52 million (March 31, 2018 ` 73.50 million) is presented as current, since the group expects to settle the full amount of current leave obligation in the next 12 months.

(ii) Defined contribution plans

Provident Fund:

The group also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Superannuation Fund:

The group contributes a percentage of elgible employees' salary towards supernnauation fund administered by a fund managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ` 121.67 million (March 31, 2018 - ` 84.69 million)

(iii) Post-employment benefit obligations - Gratuity

The group provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the group makes contribution to recognised fund in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Balance sheet amounts- Gratuity (India)

Particulars	resent value of obligation (A)	Fair value of plan assets(B)	Total (A-B)
April 1, 2017	**237.48**	**198.06**	**39.42**
Current service cost	19.65	-	19.65
Past service cost	30.29	-	30.29
Interest expense/(income)	16.55	15.16	1.39
Total amount recognised in profit or loss	**66.49**	**15.16**	**51.33**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in assumptions	-	-	-
Experience (gains)/losses	(22.61)	0.54	(23.15)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	**(22.61)**	**0.54**	**(23.15)**
Employer contributions	-	39.25	(39.25)
Benefit payments	(21.00)	(20.57)	(0.43)
March 31, 2018	**260.36**	**232.44**	**27.92**
April 1, 2018	**260.36**	**232.44**	**27.92**
Current service cost	23.66	-	23.66
Past service cost	-	-	-
Interest expense/(income)	19.45	18.65	0.80
Total amount recognised in profit or loss	**43.11**	**18.65**	**24.46**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	(0.09)	-	(0.09)
(Gain)/loss from change in financial assumptions	2.00	0.88	1.12
Experience (gains)/losses	(12.80)	(1.39)	(11.41)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	**(10.89)**	**(0.51)**	**(10.38)**
Employer contributions	-	33.02	(33.02)
Benefit payments	(14.01)	(13.61)	(0.40)
March 31, 2019	**278.57**	**269.99**	**8.58**
Gratuity assets grouped under Other Current Assets (refer note 16)			2.90
Gratuity liabilities grouped under Current Provisions (refer note 24)			11.48

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2019	March 31, 2018
Discount Rate*	7.59%	7.68%
Rate of increase in compensation levels*	7.89%	7.84%
Attrition Rate*	5.44%	4.15%
Expected rate of return on Plan Assets*	7.68%	7.68%

*represents weighted average rate

(v) Sensitivity Analysis

Particulars	March 31, 2019	March 31, 2018
A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	267.95	249.54
Current Service Cost	20.70	21.76
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	288.04	271.20
Current Service Cost	22.22	24.23
C. Salary Escalation Rate +50 BP		
Defined Benefit Obligation [PVO]	286.69	271.37
Current Service Cost	22.12	24.25
D. Salary Escalation Rate -50 BP		
Defined Benefit Obligation [PVO]	269.12	249.27
Current Service Cost	20.80	21.74

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Major Category of Plan Assets as a % of total Plan Assets

Particulars	March 31, 2019	March 31, 2018
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The group operates the India Gratuity Plan through a trust fund which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the group is not exposed to the risk of asset volatality as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 10.97 years (March 31, 2018 – 9.17 years).

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

Particulars	March 31, 2019	March 31, 2018
Within next 12 months (next annual reporting period)	37.25	11.51
Between 1 to 2 years	25.15	33.08
Between 2 to 5 years	100.80	67.91
Beyond 5 years	233.03	136.88
	396.23	**249.38**

(ix) Provision for other employee terminal benefits

The group operates defined benefit pension plans in United Arab Emirates (UAE) and Italy under the respective regulatory group framework. The terminal benefits are paid to the employees on termination or completion of their term ofemployment.

Balance sheet amounts- other employee terminal benefits (UAE and Italy)

Particulars	UAE	Italy	Total
Balance as at the April 1, 2017	**6.47**	**24.88**	**31.35**
Provided during the year	6.43	12.17	18.60
Paid during the year	(3.79)	(12.47)	(16.26)
Exchange difference	0.42	4.07	4.49
Balance as at the March 31, 2018	**9.53**	**28.65**	**38.18**
Balance as at the April 1, 2018	**9.53**	**28.65**	**38.18**
Provided during the year	5.59	14.28	19.87
Paid during the year	(1.57)	(14.78)	(16.35)
Exchange difference	0.53	(1.01)	(0.48)
Balance as at the March 31, 2019	**14.08**	**27.14**	**41.22**
Provision for defined pension benefits- Current (refer note 24)			14.08
Provision for defined pension benefits- Non-current (refer note 21)			27.14

The above plans are unfunded as on March 31, 2019 and March 31, 2018.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2019	March 31, 2018
Funded Plans		
Present value of funded obligations	278.57	260.36
Fair value of plan assets	269.99	232.44
Net Deficit (A)	**8.58**	**27.92**
Unfunded Plans (B)	**41.22**	**38.18**
Total Deficit [(A) + (B)]	**49.80**	**66.10**

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
25 Other current liabilities		
Contract liabilities	131.55	111.69
Statutory payable	67.69	33.26
Rental advances received	1.50	1.50
Other liabilities	19.32	9.40
	220.06	**155.85**
26 Income taxes		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	480.82	423.79
Adjustments for current tax of prior periods	-	-
Total current tax expense	**480.82**	**423.79**
Deferred tax		
Decrease/ (increase) in deferred tax assets	(76.43)	(10.69)
Total deferred tax expense/(benefit)	**(76.43)**	**(10.69)**
Income tax expense	**404.39**	**413.10**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,435.04	1,365.91
Tax at the Indian tax rate of 34.944% (2017-2018 – 34.608%) *	**501.46**	**472.71**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax effect due to non-taxable income for India tax purposes		
-Deduction under Section 35(2AB) for expenditure on research and development	(65.84)	(60.91)
-Provisions for expenses disallowed	-	-
-Corporate social responsibility expenditure (net of 80G benefit)	8.45	7.65
-Deduction u/s 24 of IT Act (Income from house property)	(1.88)	(2.57)
-Others	1.82	1.00
Deferred tax asset recognised on accumulated unabsorbed tax losses in overseas subsidiary	(36.48)	-
Effect of differential overseas tax rate*	(1.50)	(3.38)
Effect of change in overseas tax rate	-	18.57
Others	(1.64)	(19.97)
Income tax expense	**404.39**	**413.10**

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

***Applicable tax rates in the following subsidiaries that are material are as follows:**

Particulars	March 31, 2019	March 31, 2018
United Arab Emirates (UAE)	0%	0%
Australia	30%	30%
Italy	24%	24%
United State of America (USA)	26.50%	36.30%

(c) Income Tax Assets / Liabilities

Particulars	March 31, 2019	March 31, 2018
Current tax assets (net)	**27.98**	**24.64**
Current tax liabilities (net)	**21.62**	**22.90**
Net current tax asset/ (liability) at the end of the year	**6.36**	**1.74**
Opening balance	**1.74**	**26.79**
Less: Acquisition of subsidary (refer note 40(a))	(11.69)	-
Add : Tax paid	500.66	403.30
Less: Current tax payable for the year	(480.82)	(423.79)
Less: Income tax on other comprehensive income	(3.53)	(8.01)
Add : MAT credit utilised	-	3.45
Net Current tax asset at the end of the year	**6.36**	**1.74**

(d) Deferred Tax Asset / Liabilities

Particulars	Deferred Tax Asset (Net)		Deferred Tax Liabilities (Net)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Depreciation	(0.36)	13.39	170.88	127.73
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	-	-	(17.99)	(16.39)
Provision for Warranty	-	1.55	(36.31)	(31.47)
Allowance for doubtful debts	2.96	3.08	(5.47)	(5.00)
Other timing differences	3.11	(5.23)	(7.26)	(6.31)
Accumulated Loss	61.38	20.99	-	-
Unrealised Gain in Stock	37.99	27.27	-	-
	105.08	**61.05**	**103.85**	**68.56**

The group has recognised deferred tax assets on carried forward losses of Elgi Compressors USA, Inc and Elgi Equipments Australia Pty Limited. The group has concluded that deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and the budgets of the respective subsidiaries. The losses can be carried forward till financial year ending March 31, 2034 for Elgi Compressors USA as per the local regulations and the group expects to recover the losses.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

The gross movement in the deferred income tax account for the year ended March 31, 2019 and March 31, 2018 is as follows:

Particulars	March 31, 2019	March 31, 2018
Net deferred tax liability at the beginning of the year	**7.51**	**16.39**
(Credits)/charge in profit and loss relating to temporary differences	(76.43)	(10.69)
Acquisition of subsidary (refer note 40(a))	78.64	-
(Credits)/charge in other comprehensive income relating to temporary differences	(8.73)	-
Translation differences and others	(2.22)	1.81
Net deferred tax (asset)/liability at the end of the year	**(1.23)**	**7.51**

Certain subsidiaries of the group have undistributed earnings, which if distributed, would be subject to tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of the distribution from the sibsidiaries. These subsidiaries are not expected to distribute out of accumulated earning in the forseeable future.

27 Revenue from operations

The group derives following types of revenue:

Particulars	March 31, 2019	March 31, 2018
Revenue from contracts with customers		
Sale of products (including excise duty),(refer note (i) & (ii) below)	17,445.57	15,510.22
Sale of services (refer note (ii) below)	1,064.57	605.11
Other operating revenues	124.55	107.06
	18,634.69	**16,222.39**

i) Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2019 are not comparable with those of the previous year.

ii) Effective April 01, 2018, the group has adopted Ind AS 115 Revenue from Contracts with Customers using modified retrospective method, applied to contracts that were not completed as at April 01, 2018. In accordance with the modified retrospective method, the comparatives have not been retrospectively adjusted. Accordingly, revenue from 'Sale of products' and 'Sale of Services' for the year ended March 31, 2019 are not comparable with those of the previous year. Refer note- 49(a) for changes in each financial statement line item in the current period resulting on adoption of Ind AS 115.

The group has disaggregated revenue from contracts with customers for the year ended March 31, 2019 by nature of product and geography, the group believes that disaggregation best depicts how the nature and cash flows are effected by industry, market and other economic factors. Refer note 39 segment information for information related to disaggregation ofrevenue.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
28 Other income		
Interest income - Bank deposits	39.25	40.91
Interest income - others	12.45	12.22
Dividend income*	0.56	0.63
Miscellaneous income (net)	26.77	35.75
Profit on sale of assets	4.31	3.66
Rental receipts	13.21	20.73
	96.55	**113.90**

***All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

Particulars	March 31, 2019	March 31, 2018
29 Cost of material consumed		
Opening stock of raw materials*	1,040.92	842.65
Purchases	7,843.51	7,242.79
	8,884.43	**8,085.44**
Less:		
Inventory of materials at the end of the year*	1,063.70	1,040.92
*Excluding R & D inventory	**7,820.73**	**7,044.52**
30 Purchases of stock-in-trade		
Oil	264.18	245.43
Others	2,199.97	1,983.62
	2,464.15	**2,229.05**
31 Changes in inventory		
Opening inventory*		
-Finished goods	1,202.64	1,038.63
-Work-in-progress	106.76	197.87
-Stock-in-trade (refer note below)	290.75	15.33
Closing inventory*		
-Finished goods	1,164.40	1,202.64
-Work-in-progress	153.08	106.76
-Stock-in-trade	256.40	167.23
	26.27	**(224.80)**

*Excluding R & D inventory

Note: The opening stock-in-trade is adjusted to include stock-in-trade acquired from F.R. Pulford & Son Pty Limited as on date of acquisition amounting to ` 123.52 million.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
32 Employee benefit expenses		
Salaries, wages and bonus	3,061.76	2,502.10
Contribution to provident fund & superannuation scheme	121.67	84.69
Gratuity (Refer note 24(a))	24.46	51.33
Post employment pension benefits (refer note 24(a))	19.87	18.60
Staff welfare expenses	180.54	155.92
	3,408.30	**2,812.64**
33 Finance costs		
Interest expenses	89.85	59.60
	89.85	**59.60**
34 Depreciation and amortisation expense		
Depreciation of property, plant and equipment*	442.44	424.90
Depreciation on investment properties	0.07	0.17
Amortisation of intangible assets	68.56	13.11
	511.07	**438.18**
*Refer note 49(b) read with note 1(f).		
35 Other expenses		
Packing & forwarding	193.12	186.82
Consumption of stores	79.86	72.49
Tools consumed	56.46	60.50
Commission	162.28	151.21
Repairs and maintenance		
- Building	55.38	52.62
- Plant and machinery	68.74	57.33
- Others	127.07	97.14
Communication expenses	47.77	41.94
Royalty expenses	-	0.53
Power and fuel	184.14	180.88
Transport charges	331.27	205.60
Travelling & conveyance	251.14	209.15
Insurance	53.92	47.08
Advertisement & publicity	104.83	73.86
Printing and stationery	24.24	19.94
Research & development material cost	132.07	64.44
After sales expenses	203.44	184.08
Factory expenses	13.09	12.64
Rates and taxes	31.37	42.81
Subscription & membership	7.30	4.13
CSR expenses	49.68	44.21
Rent*	102.88	74.18
Legal and consultancy charges	480.24	362.18
Directors' sitting fees	1.81	2.10
Bank charges	19.82	14.17
Excise duty	2.53	14.05

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
Other expenses (continued)		
Net Loss on foreign currency transaction and translation	46.27	14.09
Loss on sale of assets	4.13	-
Bad debts written off & allowance for doubtful advances and debts	22.39	27.16
Loss recognised on loss of control over subsidiary	11.11	-
Miscellaneous expenses	129.35	113.13
	2,997.70	**2,430.46**

*the group's lease arrangements are operating lease for its premises. The future lease obligations in respect of the non-cancellable operating leases are given in note no-48(b)

36 Fair value measurements

Financial instruments by category

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	74.98	-	-	91.38	-
Loans	-	-	138.99	-	-	115.74
Trade receivables	-	-	3,669.11	-	-	3,434.28
Cash and bank balances	-	-	1,226.66	-	-	1,088.93
Security deposits	-	-	73.55	-	-	57.56
Derivative financial assets	-	-	-	0.26	-	-
Others	-	-	33.18	-	-	29.90
Total financial assets	**-**	**74.98**	**5,141.49**	**0.26**	**91.38**	**4,726.41**
Financial liabilities						
Borrowings	-	-	2,381.58	-	-	2,664.87
Trade payables	-	-	2,466.89	-	-	2,133.93
Dealer deposits	-	-	29.25	-	-	27.18
Derivative financial liabilities	4.99	28.11	-	-	-	-
Employee benefit expenses payable	-	-	443.56	-	-	393.77
Contingent consideration	-	-	174.44	-	-	-
Others	-	-	70.73	-	-	40.74
Total financial liabilities	**4.99**	**28.11**	**5,566.45**	**-**	**-**	**5,260.49**

*The equity shares which are not held for trading and for which the group has made irrevocable election at initial recognition to recognise the changes in fair value through Other Comprehensive Income (OCI) rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

(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

As at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Foreign exchange forward contracts	15	-	-	-	-
Financial investments at FVOCI:					
Quoted equity investments	6	74.90	-	0.08	74.98
Total financial assets		**74.90**	**-**	**0.08**	**74.98**
Financial liabilities					
Foreign exchange forward contracts	23	-	4.99	-	4.99
Interest rate swap	23	-	28.11	-	28.11
Total financial liabilities		**-**	**33.10**	**-**	**33.10**

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

As at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	7,14	-	-	138.99	138.99
Security deposits	8,15	-	-	73.55	73.55
Total financial assets				**212.54**	**212.54**
Financial liabilities					
Borrowings	19 (a)	-	-	1,213.66	1,213.66
Total financial liabilities				**1,213.66**	**1,213.66**

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

As at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL:					
Foreign exchange forward contracts	15	-	0.26	-	0.26
Financial investments at FVOCI:					
Quoted equity investments	6	91.30	-	0.08	91.38
Total financial assets		**91.30**	**0.26**	**0.08**	**91.64**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

(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

As at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	7,14	-	-	115.74	115.74
Security deposits	8,15	-	-	57.56	57.56
Total financial assets		**-**	**-**	**173.30**	**173.30**
Financial Liabilities					
Borrowings	19 (a)	-	-	1,039.82	1,039.82
Total financial liabilities		**-**	**-**	**1,039.82**	**1,039.82**

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 group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

-the use of quoted market prices or dealer quotes for similar instruments

-the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

-the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	138.99	138.99	115.74	118.88
Security deposits	73.55	73.55	57.56	57.56
Total financial assets	**212.54**	**212.54**	**173.30**	**176.44**
Financial Liabilities				
Borrowings	1,213.66	1,213.66	1,039.82	1,039.82
Total financial liabilities	**1,213.66**	**1,213.66**	**1,039.82**	**1,039.82**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, current loans to employees and subsidiaries, current borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values due to their short-term nature and in the case of borrowings, due to fact that they are subject to variable rate of interest.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value. The borrowings carry a variable rate of interest and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

37 Financial riskmanagement

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing 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	Foreign exchange forward contracts
Market risk – Interest rate	Long term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group's risk management is carried out by a central treasury department under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and hedged item. This will effectively result in recognising interest expense at the fixed interest rate for the hedged floating rate loans.

(A) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows from debt instruments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit riskmanagement

Credit risk is managed at individual company level. In respect of banks and financial institutions, only high rated banks/institutions areaccepted.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

The group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security

For some trade receivables, the group may obtain security in form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement. However, the group has not obtained any such securities for its trade receivables outstanding at the reporting date.

(iii) Impairment of financial assets

The group provides for expected credit loss based on the following:

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		

For the years ended March 31, 2019, March 31, 2018

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

During the year ended March 31, 2019 and March 31, 2018 the estimated gross carrying amount at default is ` Nil.

(b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the group based on the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019

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

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2017	82.51
Changes in loss allowance	(31.60)
Loss allowance on March 31, 2018	**50.91**
Changes in loss allowance	(15.06)
Loss allowance on March 31, 2019	**35.85**

(B) Liquidity risk

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

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2019	March 31, 2018
Floating rate		
Expiring within one year (bank overdraft and other facilities)	2,976.24	2,817.92

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

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

(ii) Maturities of financial liabilities

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

a) all non-derivative financial liabilities, and

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(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
March 31, 2019						
Non-derivatives						
Borrowings	672.96	302.54	642.63	124.39	639.06	2,381.58
Trade payables	2,466.89	-	-	-	-	2,466.89
Other financial liabilities	539.94	174.44	3.60	-	-	717.98
Total non-derivative liabilities	**3,679.79**	**476.98**	**646.23**	**124.39**	**639.06**	**5,566.45**
Derivatives (net settled)	4.99	-	-	-	28.11	33.10
Total derivative liabilities	**4.99**	**-**	**-**	**-**	**28.11**	**33.10**
March 31, 2018						
Non-derivatives						
Borrowings	779.07	670.19	612.78	421.83	181.00	2,664.87
Trade payables	2,133.93	-	-	-	-	2,133.93
Other financial liabilities	454.49	-	3.60	3.60	-	461.69
Total non-derivative liabilities	**3,367.49**	**670.19**	**616.38**	**425.43**	**181.00**	**5,260.49**
Derivatives (net settled)	-	-	-	-	-	-
Total derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**

(C) Market risk

(i) Foreign currency risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, AUD and BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Amounts in million in respective currency

Particulars	March 31, 2019				March 31, 2018			
	USD	EUR	AUD	BRL	USD	EUR	AUD	BRL
Financial assets								
Trade receivables	10.03	3.23	2.08	1.10	12.43	2.95	1.27	-
Loans (including accrued interest)	-	-	2.07	15.49	-	-	2.38	15.13
Cash and cash equivalents	0.13	-	-	-	0.21	-	-	-
Net exposure to foreign currency risk (assets)	**10.16**	**3.23**	**4.15**	**16.59**	**12.64**	**2.95**	**3.65**	**15.13**
Financial liabilities								
Foreign currency loan	1.57	2.25	-	-	10.64	2.00	-	-
Trade payables	1.11	0.33	-	-	2.14	0.58	-	-
Net exposure to foreign currency risk (liabilities)	**2.68**	**2.58**	**-**	**-**	**12.78**	**2.58**	**-**	**-**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

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

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
USD sensitivity		
Functional currency/USD increases by 5%	16.83	(0.29)
Functional currency/USD decreases by 5%	(16.83)	0.29
EURO sensitivity		
Functional currency/EURO increases by 5%	1.64	0.98
Functional currency/EURO decreases by 5%	(1.64)	(0.98)
AUD sensitivity		
Functional currency/AUD increases by 5%	6.63	5.95
Functional currency/AUD decreases by 5%	(6.63)	(5.95)
BRL sensitivity		
Functional currency/BRL increases by 5%	2.12	1.88
Functional currency/BRL decreases by 5%	(2.12)	(1.88)

The above sensitivity has been computed assuming there is no change in functional currency to INR.

(ii) Cash flow and Fair value interest rate risk

The group's main interest rate risk arises from long term borrowings with variable rates, which exposes the group to cash flow interest rate risk. During the year ended March 31, 2019 and March 31, 2018 the groups borrowing at variable rate are mainly denominated in USD and AUD.

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in the market interest rate.

At the end of the reporting period the group has following variable rate long term borrowings and interest rate swap contracts outstanding:

Particulars	March 31, 2019		March 31, 2018	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan				
-USD	-	-	2.73%	608.12
-AUD	3.58%	564.08	-	-
Interest rate swap				
-AUD	4.45%	(564.08)	-	-
		-		**608.12**

The analysis for maturities of borrowings is provided in the note no 37 B(ii) above.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

Particulars	Impact on Profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest rate increase by 50 basis points*	-	2.25	(1.46)	-
Interest rate decrease by 50 basis points*	-	(2.25)	1.46	-

*Holding all other variables constant

Impact of Hedging activities

a) Disclosure of effects of hedge accounting of Interest rate swap on financial position:

Particulars	March 31, 2019	March 31, 2018
Type of hedge & risk	Cash flow hedge -Interest rate risk	
Nominal Value		
-Assets	564.08	-
-Liabilities	-	-
Carrying amount of hedging Instrument		
-Assets	-	-
-Liabilities	28.11	-
Maturity Date	August 2018 - July 2025	-
Hedge ratio	1:1	-
Rate	4.45%	-
Change in fair value of hedging instrument (net of tax)	(32.54)	-
Change in value of hedging instrument used as basis for recognising hedge effectiveness	32.54	-

There were no hedge ineffectiveness during the year ended March 31, 2019.

Refer table below in relation to disclosures of effect of hedge accounting on financial performance

b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2019	March 31, 2018
Cash flow hedge reserve		
Opening balance	-	-
Add: Changes in fair value of interest rate swaps	(32.54)	-
Less: Amounts of loss reclassifed to profit or loss	3.43	-
Less: Deferred tax asset relating to above (net)	8.73	-
Closing balance	**(20.38)**	**-**

(ii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(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 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, 2019	March 31, 2018
NSE Nifty 50 – increase 5%	3.75	4.57
NSE Nifty 50 – decrease 5%	(3.75)	(4.57)

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

38 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings 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, 2019	March 31, 2018
Borrowings (A)	**2,381.58**	**2,664.87**
Cash and cash equivalents	702.38	653.74
Bank balances other than above	524.28	435.19
Total cash and bank (B)	**1,226.66**	**1,088.93**
Net debt (A-B)	1,154.92	1,575.94
Total equity	7,709.10	6,889.48
Net debt to equity ratio	**15%**	**22.9%**

(i) Loan covenants

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

(b) Dividends

Particulars	March 31, 2019	March 31, 2018
(i) Equity shares		
Final dividend for the year ended March 31, 2017	-	158.45
Final dividend for the year ended March 31, 2018	190.14	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, for the year ended March 31, 2019, the board of Directors have recommended payment of a final dividend of ` 1.30 per fully paid equity share (March 31, 2018 – ` 1.20). 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, 2019
(All amounts are in Millions in INR unless otherwise stated)

39 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:

i) Air compressors

ii) 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, 2019	March 31, 2018
Air Compressors	16,740.16	14,357.11
Automotive equipments	1,897.42	1,867.10
Less: Inter segment revenue	(2.89)	(1.82)
Income from operations	**18,634.69**	**16,222.39**

(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, 2019	March 31, 2018
Air Compressors (including exceptional item)	1,292.47	1,216.00
Automotive equipments	120.70	133.95
	1,413.17	**1,349.95**
Share of net profit of joint ventures accounted for using the equity method	21.87	15.96
Total profit before tax	**1,435.04**	**1,365.91**

(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, 2019	March 31, 2018
Air Compressors	12,695.56	11,452.80
Automotive equipments	1,159.10	1,136.16
Total Segment Assets	**13,854.66**	**12,588.96**

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Particulars	March 31, 2019	March 31, 2018
a) Air Compressors	5,779.80	5,320.45
b) Automotive equipments	365.76	379.03
Total Segment Liabilities	**6,145.56**	**5,699.48**

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

(f) Capital Employed

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2019	March 31, 2018
a) Air Compressors	6,915.76	6,132.35
b) Automotive equipments	793.34	757.13
Total Capital employed	**7,709.10**	**6,889.48**

Note:

I) The group has provided the segment information to the extent consistently reviewed by the CODM.

ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.

iii) Previous year segment information have been presented in accordance with current year classification.

(g) Disaggregation of revenue from contracts with customers

Geography	Total revenue (A)	Inter-company revenue (B)	Revenue from external customers (A)+(B)
March 31, 2019			
India	11,218.81	(97.73)	11,121.08
USA	3,570.97	(602.28)	2,968.69
Italy	2,581.95	(405.69)	2,176.26
Australia	891.50	(221.40)	670.10
Other countries	2,071.42	(372.86)	1,698.56
	20,334.65	**(1,699.96)**	**18,634.69**

(h) The total non-current assets other than financial instruments, investments accounted under equity method and deferred tax assets broken down by location of assets is shown below:

Particulars	March 31, 2019	March 31, 2018
India	2,803.15	2,725.11
USA	1,226.02	1,161.31
Italy	595.76	607.39
Australia	598.81	-
Other countries	7.53	13.18
Total non-current assets	**5,231.27**	**4,506.99**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

40 (a) Business Combinations

Acquistion of F.R. Pulford & Son Pty Limited

On July 16, 2018, the Parent entity incorporated Industrial Air Compressors Pty Ltd with share capital of AUD 120.

The Industrial Air Compressors Pty Ltd acquired 100% of the share capital of F.R Pulford & Son Pty Ltd and Advanced Air Compressors Pty Ltd on July 31, 2018, the Pulford group. The primary reason for the business combination was to increase the group's market share and presence in the Australian market and to provide a means to sell Elgi-branded products to the Australian market.

The purchase consideration is comprised of the following:

Particulars	` in Million
Consideration paid	549.26
Contingent consideration*	181.28
Total purchase consideration	**730.54**

*The contingent consideration is the amount by which the EBITDA of the Group during the earn-out period (subject to a maximum of being, the EBITDA of the Group for the financial year ending June 30, 2018), exceeds the average EBITDA of the Group for the last three financial years, multiplied by 6.75.

The assets and liabilities acquired as a result of the business combination were:

(Recognised on acquisition at fair value)

Particulars	` in Million
Cash and Cash equivalents	40.79
Working capital	105.51
Property, plant and equipment	53.80
Intangible assets	367.72
Investment	0.10
Current tax liabilities	(11.69)
Net deferred tax liability	(78.64)
Net identifiable assets acquired	**477.59**

Computation of Goodwill and reconciliation of opening and carrying amount of Goodwill on the reporting date:

Calculation of Goodwill	` in Million
Purchase consideration	730.54
Less: Net identifiable assets acquired	(477.59)
Goodwill at the acquisition date	**252.95**
Add/(less): Translation difference	(9.53)
Goodwill at the balance sheet date	**243.42**

(i) Revenue and Profit Contribution for the year:

The acquired business contributed revenues of ` 520.10 million, profit after tax of ` 35.52 million and total comprehensive income of ` 35.52 million for the period August 1, 2018 to March 31, 2019.

If the acquisition had occurred on April 01, 2018, consolidated pro-forma revenue and profit for the year ended March 31, 2019 would have been ` 18,948 million and ` 1,053 million, respectively.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

(ii) Purchase consideration- Cash outflow

Particulars	March 31, 2019
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash Consideration	549.26
Less: Balances acquired	
Cash and Bank balances	(40.79)
Net outflow of cash	**508.47**

40 (b) Loss of control over subsidiary

Loss of control of Elgi Compressors Trading (Shanghai) Co. Limited

During the year, the group has lost control over one of its subsidiaries in China-Elgi Compressors Trading (Shanghai) Co. Limited as the subsidiary was deregistered.

Elgi Compressors Trading (Shanghai) Co. Limited has not reported any transaction during the year.

The carrying value of assets de-recognised and computation of loss recognised on loss of control over subsidiary is given below,

Particulars	` in Million
Consideration received	-
Less	
Carrying value of assets de-recognised	(3.32)
Foreign currency translation reserve balance recognised through profit and loss	(7.79)
Loss recognised on loss of control over subsidiary	**(11.11)**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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41 Interests in other entities

(a) Subsidiaries

The group's subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group		Principal Activities
		March 31, 2019 (%)	March 31, 2018 (%)	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Compressors Trading (Shanghai) Co.Limited (refer note (a) below)	China	-	100	Trading of air compressors
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Assembly and trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Europe S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors Belgium SPRL (refer note (b) below)	Belgium	100	-	Trading of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Pattons Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Industrial Air Compressors Pty Ltd (refer note (c) below)	Australia	100	-	Trading of air compressors
F.R. Pulford & Son Pty Limited (refer note (c) below)	Australia	100	-	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd (refer note (c) below)	Australia	100	-	Trading of air compressors
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

a) During the year, the Company has lost control over Elgi Compressors Trading (Shanghai) Co. Limited as the subsidiary wasderegistered.

b) In January, 2019, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Belgium SPRL at Brussels.

c) In July, 2018, the Company through its newly incorporated wholly owned subsidiary Industrial Air Compressors Pty Ltd, Australia acquired 100% stake in F.R. Pulford & Son Pty Limited along with its wholly owned subsidiary Advanced Air Compressors Pty Ltd.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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(b) Joint Operations

The group has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros, which was set up as partnership firm together with Elgi Ultra Industries Limited to earn rental income from Investment Property.

The group has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Industries Limited.

The principal place of business of the joint operations is in India.

(i) Significant judgement: Classification of joint arrangements

The joint venture agreements in relation to the above joint arrangements require unanimous consent from both parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

(c) Joint Venture

Set out below are the associates and joint ventures of the group as at March 31, 2019 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	Quoted fair value		Carrying amount	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Elgi Sauer Compressors Limited	India	26%	*	*	65.87	57.66
Industrial Air Solutions LLP	India	50%	*	*	2.48	1.50
Total investments accounted under equity method				-	**68.35**	**59.16**

*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 which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of Elgi Equipments Limited.

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2019	March 31, 2018
Commitments – joint ventures	-	-
Contingent liabilities – joint ventures		
Share of joint venture's contingent liabilities in respect of legal matters against the entity and guarantees	25.24	21.78

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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(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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Current assets				
Cash and cash equivalents	6.41	75.21	14.68	0.59
Other assets	325.16	164.90	61.46	48.58
Total current assets	**331.57**	**240.11**	**76.14**	**49.17**
Total non-current assets*	**33.13**	**34.26**	**10.80**	**10.20**
Current liabilities				
Financial liabilities (excluding trade payables)	33.10	23.14	2.39	3.04
Other liabilities	76.49	27.63	56.93	38.82
Total current liabilities	**109.59**	**50.77**	**59.32**	**41.86**
Non-current liabilities				
Employee benefit obligations	1.56	1.24	-	-
Total non-current liabilities	**1.56**	**1.24**	**-**	**-**
Net assets	**253.55**	**222.36**	**27.62**	**17.51**

* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.

Rconciliation to carrying amounts	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Opening net assets	**222.36**	**203.75**	**17.51**	**1.91**
Capital Investment/ (Drawings)	-	-	-	5.37
Profit for the year	83.14	67.94	13.14	10.23
Other comprehensive income*	(1.01)	(0.04)	(0.03)	-
Dividends paid including dividend distribution tax	(50.94)	(49.29)	(3.00)	-
Closing net assets	**253.55**	**222.36**	**27.62**	**17.51**
Group's share in %	26%	26%	50%	50%
Group's share in INR millions	65.92	57.81	13.81	8.75
Unrealised profit in stock	(0.05)	(0.15)	(11.33)	(7.25)
Carrying amount	**65.87**	**57.66**	**2.48**	**1.50**

* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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Summarised statement of profit and loss	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue	431.36	356.87	325.31	251.72
Interest income	4.37	3.15	-	-
Depreciation and amortisation	(0.93)	(1.04)	2.19	1.84
Income tax expense	39.01	29.26	7.06	5.04
Profit for the year	**83.14**	**67.94**	**13.14**	**10.23**
Other comprehensive income	(1.01)	(0.04)	(0.03)	-
Total comprehensive income	**82.13**	**67.90**	**13.11**	**10.23**
Dividends received	10.99	10.65	1.50	-

42 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 41.

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Post employment benefit plan (Refer note 24(a))	Elgi Equipments Gratuity Fund Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd Mr. Sriram S, Chief Financial Officer, Elgi Equipments Ltd [till November 01, 2018] Mr. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Ltd [from November 02,2018] Ms. Vaishnavi P.M, Company Secretary
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

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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(b) Particulars of transactions with related parties

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Transactions during the year						
Purchase of goods	110.05	149.36	-	-	110.05	149.36
Sale of goods	342.61	334.44	-	-	342.61	334.44
Receiving of services	36.55	34.28	-	-	36.55	34.28
Providing of services	11.17	9.18	-	-	11.17	9.18
Reimbursement of expenses						
To Related parties	0.09	0.41	-	-	0.09	0.41
By Related parties	-	-	-	-	-	-
Investments	-	2.90			-	2.90
Remuneration	8.58	2.60	27.74	23.82	36.32	26.42
Dividends received	12.67	10.65	-	-	12.67	10.65
Dividends paid	0.32	0.27	-	-	0.32	0.27

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Balances at year end						
Investments accounted for using the equity method	68.35	59.16	-	-	68.35	59.16
Receivable at the end of the year	65.78	67.92	-	-	65.78	67.92
Payable at the end of the year	15.42	9.72	-	-	15.42	9.72

(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.

43 Contingent liabilities and contingent assets

(a) Contingent liabilities

(i) The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ` 156.56 million and ` 171.81 million in India as on March 31, 2019 and March 31, 2018 respectively. The company has deposited ` 56.28 million and ` 67.72 million against the above mentioned disputes as on March 31, 2019 and March 31, 2018, respectively.

The group has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

(ii) The group is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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44 Commitments

(a) Capital commitments

Particulars	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account	237.94	182.81

45 Events occurring after the reporting period

Refer note 38(b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

46 Exceptional Item

Exceptional item for the year ended March 31, 2019 is ` Nil and for the year ended March 31, 2018 is ` 27.44 million which pertains to expense under the Company's Voluntary Retirement Scheme (VRS) of Holding Company- Elgi Equipments Limited, India.

47 Assets Pledged as security

Particulars	March 31, 2019	March 31, 2018
a. Charge on Assets	5,413.07	5,070.75
b. Charge on Property, Plant and equipment and investment property	1,838.96	1,766.10
c. Cash Margin	100.00	100.00
	7,352.03	**6,936.85**

48 Lease obligations

(a) Finance lease obligations

The carrying amounts of assets under finance lease are given in note 3(iv). Future lease payments in relation to those assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Repayable		
-not later than one year	21.10	12.02
-later than one year and not later than 5 years	44.59	22.89
-later than 5 years	0.05	-
	65.74	**34.91**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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(b) Operating Lease obligations

The total rent expenses for the premises taken under operating lease for the year ended March 31, 2019 and March 31, 2018 is ` 102.88 million and ` 74.18 million, respectively.

The future lease obligations in respect of non-cancellable operating leases are as follows:

Particulars	March 31, 2019	March 31, 2018
Repayable		
-not later than one year	47.32	19.84
-later than one year and not later than 5 years	67.51	52.30
-later than 5 years	4.92	2.57
	119.75	**74.71**

49 Changes in accounting policies

This note explains the impact of changes in accounting policies on adoption of Ind AS 115 Revenue from Contracts with Customers and adoption of amendments to Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance.

a) Impact on the financial statements on adoption of Ind AS 115 Revenue from Contracts with Customers :

The group applied Ind AS 115 Revenue from Contracts with Customers, for the first time by using the modified retrospective method of adoption with the date of initial application of April 01, 2018. Under this method, the Company recognised cumulative effect of initially applying Ind AS 115, relating to uncompleted contracts as on date of initial application, as an adjustment to the opening balance of retained earnings as at April 01, 2018. Comparative period has not beenadjusted.

(i) Impact on group's retained earnings as at April 01, 2018 :

Since there were no significant uncompleted contracts as on the date of transition, hence there are no adjustments made to the opening retained earnings of the group.

The following tables presents the amounts by which each financial statement line item is effected in the current year ended March 31, 2019 by application of Ind AS 115 as compared to previous revenue recognition requirements. Only those financial statement line items which are adjusted are shown below.

(ii) Impact on financial statement line items forming part of Statement of profit and loss :

Year ended March 31, 2019	Note No	Withour adoption of Ind AS 115	Increase /(decrease)	After adoption of Ind AS 115
Revenue from Operations	**27**			
-Sale of products		17,568.32	(122.75)	17,445.57
-Sale of services		862.00	202.57	1,064.57
Other expenses	**35**			
-Transport charges		251.45	79.82	331.27

(iii) Impact on financial statement line items forming part of Balance Sheet:

As at March 31, 2019	Note No	Withour adoption of Ind AS 115	Increase /(decrease)	Ind AS 115 Carrying amounts
Other Current Assets	**16**			
-Prepaid expenses		138.47	11.53	150.00
Other Current Liabilities	**26**			
-Unearned Income		-	11.53	11.53

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On adoption of Ind AS 115, the group has identified transportation services as separate performance obligation. Accordingly amount recovered from customers in relation to transportation services has been classified as Sale of Services. The above adjustment to contract liabilities and prepaid expenses represents the value of unsatisfied performance obligation as on March 31, 2019.

(b) Impact on the financial statements on adoption of amendment to Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance :

As described in Significant accounting policies note 1(f), the group has adopted the amendment in Ind AS 20 which has resulted in changes in accounting policies and restatement of comparative year amounts recognised in the financial statements.

The following tables presents the amounts by which each financial statement line item is effected in the previous year ended March 31, 2018 due to retrospective application of amendment to Ind AS 20. Only those financial statement line items which are restated are shown below.

(i) Restatement of financial statement line items forming part of Statement of profit and loss:

Year ended March 31, 2018	Note No	As originally presented	Increase/ (Decrease)	Restated
Other Income	**28**	**122.66**	**(8.76)**	**113.90**
-Government Grants		8.76	(8.76)	-
Depreciation and Amortisation Expense	**34**	**446.94**	**(8.76)**	**438.18**
-Depreciation of property, plant and equipment		433.66	(8.76)	424.90

(ii) Restatement of financial statement line items forming part of Balance Sheet

As at March 31, 2018	Note No	As originally presented	Increase/ (Decrease)	Restated
Assets				
Property, plant and equipment	**3**	**2,986.64**	**(55.00)**	**2,931.64**
Gross carrying amount				
-Opening gross carrying Amount		4,003.57	(84.44)	3,919.13
-Additions		232.08	(1.05)	231.03
Accumulated depreciation				
-Opening accumulated depreciation		834.27	(21.73)	812.54
-For the year		433.66	(8.76)	424.90
Liabilities				
Government Grants- Non-current		44.90	(44.90)	-
Government Grants- Current		10.10	(10.10)	-

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
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50 Earnings per share

Particulars	March 31, 2019	March 31, 2018
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	6.51	6.02
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	6.51	6.02
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	1,030.65	952.81
Diluted earnings per share		
Profit attributable to equity holders of the company	1,030.65	952.81
- used in calculating basic earnings per share		
Used in calculating diluted earnings per share	1,030.65	952.81
Profit attributable to equity holders of the company used in calculating basic earnings per share	1,030.65	952.81
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**158.34**	**158.34**
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, 2019
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51 Additional information required by Schedule III

Name of the entity in the Group	Net Asset i.e.total assets minus total liablities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated income other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Elgi Equipments Limited								
(refer note 1)								
March 31, 2019	74%	5,698.76	78%	801.05	292%	29.72	80%	830.77
March 31, 2018	78%	5,402.77	76%	727.71	97%	56.49	78%	784.20
Subsidiaries								
Indian								
ATS Elgi Limited								
March 31, 2019	8%	620.54	9%	92.17	11%	1.12	9%	93.29
March 31, 2018	9%	597.21	9%	88.61	3%	1.74	9%	90.35
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2019	0%	(12.03)	0%	0.06	0%	-	0%	0.06
March 31, 2018	0%	(11.20)	0%	0.17	0%	-	0%	0.17
Ergo Design Private Limited								
March 31, 2019	0%	(8.25)	0%	0.76	0%	-	0%	0.76
March 31, 2018	0%	(8.97)	0%	1.47	0%	-	0%	1.47
Foreign								
Elgi Equipments (Zhejiang) Limited								
March 31, 2019	(7%)	(533.43)	(1%)	(5.68)	0%	-	(1%)	(5.68)
March 31, 2018	(7%)	(493.06)	(1%)	(12.05)	0%	-	(1%)	(12.05)
Elgi Compressors Trading (Shanghai) Co. Limited								
March 31, 2019 (Refer note 2 below)	0%	-	0%	-	0%	-	0%	-
March 31, 2018	(2%)	(141.52)	0%	0.43	0%	-	0%	0.43
Elgi Gulf FZE								
March 31, 2019	8%	580.79	(1%)	(10.29)	0%	-	(1%)	(10.29)
March 31, 2018	9%	626.36	1%	8.93	0%	-	1%	8.93
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2019	(2%)	(174.31)	(3%)	(29.65)	0%	-	(3%)	(29.65)
March 31, 2018	(2%)	(109.73)	(3%)	(29.59)	0%	-	(3%)	(29.59)

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

51 Additional information required by Schedule III (Continued)

Name of the entity in the Group	Net Asset i.e.total assets minus total liablities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated income other comprehensive income	Amount	As % of total comprehensive income	Amount
Elgi Equipments Australia Pty Limited								
March 31, 2019	1%	41.68	6%	59.04	0%	-	6%	59.04
March 31, 2018	0%	(31.39)	1%	6.09	0%	-	1%	6.09
Elgi Compressors Europe S.R.L (Consolidated)								
March 31, 2019	10%	736.43	13%	136.65	0%	-	13%	136.65
March 31, 2018	7%	510.59	9%	89.70	0%	-	9%	89.70
Elgi Compressors USA Inc. (Consolidated)								
March 31, 2019	7%	558.92	(4%)	(36.85)	0%	-	(4%)	(36.85)
March 31, 2018	6%	391.01	4%	39.77	0%	-	4%	39.77
PT Elgi Equipments Indonesia								
March 31, 2019	1%	106.10	1%	15.22	0%	-	1%	15.22
March 31, 2018	1%	98.25	2%	15.61	0%	-	2%	15.61
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2019 (Refer note 3 below)	0%	25.55	0%	(13.70)	(200%)	(20.38)	(3%)	(34.08)
March 31, 2018	0%	-	0%	-	0%	-	0%	-
Joint Ventures (Investment as per equity method)								
Indian								
Elgi Sauer Compressors Limited								
March 31, 2019	1%	65.87	2%	19.38	(3%)	(0.26)	2%	19.12
March 31, 2018	1%	57.66	2%	17.78	0%	(0.02)	2%	17.76
Industrial Air Solutions LLP								
March 31, 2019	0%	2.48	0%	2.49	0%	(0.02)	0%	2.47
March 31, 2018	0%	1.50	0%	(1.82)	0%	-	0%	(1.82)
Total								
March 31, 2019	**100%**	**7,709.10**	**100%**	**1,030.65**	**100%**	**10.18**	**100%**	**1,040.83**
March 31, 2018	**100%**	**6,889.48**	**100%**	**952.81**	**100%**	**58.21**	**100%**	**1,011.02**

Notes to the Consolidated financial statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR unless otherwise stated)

Note:

1. Elgi Equipments limited includes the group's share in the assets and results of L.G. Balakrishnan & Bros. and Elgi Services classified as Joint Operations.

2. The group has lost control over subsidiary-Elgi Compressors Trading (Shanghai) Co. Limited during the year. (Refer note 40(b)).

3. Industrial Air Compressors Pty Ltd was incorporated on July, 2018 (Refer note 40(a)).

52 Previous year figures have been regrouped / reclassified to confirm to current years classification.

For and on behalf of the Board

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

VAISHNAVI P. M.
Company Secretary

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: May 27, 2019

As per our report of even date

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 27, 2019

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

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

FORM AOC - 1

Part"A" Subsidiaries
Pursuant ro first provision to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient featre of the financial statement of subsidiaries:-

Name of the Subsidiary Company	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Gulf (FZE)	Elgi Compressors Do Brazil IMP. E.EXP.Ltd.	Elgi Australia Pty Ltd.	Industrial Air Compressors Pty Ltd.	F.R.Pulford & Son Pty Ltd.	Advanced Air Compressors Pty Ltd.	Elgi Compressors Europe S.r.l.	Rotair Spa	Elgi Compressors Belgium SPRl	Elgi Compressors USA Inc.	Patton's Inc.	Pattons Medical LLC.	PT Elgi Equipments Indonesia	Ergo Design Private Limited	Adisons Precision Instruments Mfg.Co.Limited
Reporting Currency	INR	RMB	DHS	BRL	AUD	AUD	AUD	AUD	EURO	EURO	EURO	USD	USD	USD	IDR	INR	INR
Financial Year of the Subsidiary ended on	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019	31st March 2019
Exchange Rate	-	10.30	18.82	17.73	49.05	49.05	49.05	49.05	77.75	77.75	77.75	69.26	69.26	69.26	0.0049	-	-
Share Capital	0.90	485.85	1.78	110.06	0.01	0.01	66.90	0.00	304.02	45.01	3.74	1088.29	-	-	19.05	0.10	10.92
Reserves and Surplus	812.95	(533.33)	332.68	(241.06)	(61.96)	(34.13)	99.07	142.16	229.81	391.53	(7.38)	(122.95)	1509.98	(318.87)	47.16	2.25	103.23
Total Liabilities	365.76	105.96	83.76	310.25	204.05	783.00	270.98	51.61	346.02	1061.40	7.53	2214.94	(1042.11)	559.90	5.34	9.61	3.07
Total Assets (Excluding Investments)	1179.61	58.48	418.22	179.25	142.09	45.55	259.89	193.67	72.52	1497.92	3.89	864.04	460.94	241.02	71.56	11.96	117.11
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	-	-	0.02	0.00	-	-	-	-	-	0.11
Turnover	1981.75	42.61	384.68	148.57	209.54	-	325.95	209.23	0.00	2181.89	0.00	1164.28	1299.77	745.20	106.31	18.00	-
Profit before Tax	120.70	(5.68)	(10.29)	(29.65)	32.25	(20.78)	10.56	40.55	113.68	212.98	(7.74)	(16.14)	(48.17)	19.73	20.02	1.07	0.08
Provision for Taxation	28.53	-	-	0.00	(26.79)	(5.80)	3.39	12.20	3.62	56.20	0.00	(4.00)	(10.04)	4.46	4.79	0.31	0.02
Profit after Tax	92.17	(5.68)	(10.29)	(29.65)	59.04	(14.98)	7.17	28.35	110.06	156.78	(7.74)	(12.14)	(38.14)	15.27	15.22	0.76	0.06
Proposed Dividend	58.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Note: Elgi Compressors Trading (Shanghai) Co., Ltd was wound up during the year 2018-19.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2019

(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 Ltd.	Industrial air solutions LLP	L.G.Balakrishnan & Bros (Firm)	Elgi Services (Firm)
1	Latest Audited Balance Sheet Date	31st March 2019	31st March 2019	31st March 2019	31st March 2019
2	Shares if Associate / Joint Ventures held by the Company on the year end :				
	No of Shares	1,69,000			
	Amount of Investment in Associates/Joint Venture	1.69	4.0	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)	75.87	14.18	124.71	0.40
6	Profit / Loss for the Year				
	i. Considered in Consolidation	21.62	6.55	0.71	-
	ii. Not Considered in Consolidation	61.52	6.55	0.01	-

Factory & Registered Office, Subsidiary Offices, Branch Offices and Overseas Offices

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Ahmedabad : "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

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ADVANCED AIR COMPRESSORS PTY LTD
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ERGO DESIGN PVT LTD, 150, 2nd Main, 2nd Cross, Chelekare, Kalyan Nagar, Bengaluru, Karnataka 560043, Tel: 099450 06565

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INDUSTRIAL AIR SOLUTIONS LLP, 1, R R Industrial Estate, Opposite Shanthi Gears Regd Office, Singanallur, Coimbatore, Tamil Nadu 641005, Tel: 0422 227 1862

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ELGI EQUIPMENTS LIMITED (Motor Division)
SF No 84, Arasur village, Arasur post, Coimbatore – 641 047

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ELGI EQUIPMENTS LIMITED, (Foundry Division), SF No: 212/1A, 213/1, Kodangipalayam Village, Nallatipalayam Road, Singarampalayam Post, Kinathukkadavu, Taluk, Coimbatore - 642 109, Tel: 0422 - 2587600

GLOBAL SUPPORT CENTRE, SF NO 221, 221/2 & 221/3, Kothavadi Road, Kodangipalayam Village, Singarampalayam (PO), Kinathukkadavu Taluk, Coimbatore - 642 109, Tel: 0422 - 2587000

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. Tel: 0422 - 2587000

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 (tick the correct box) : SB Current Cash Credit

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

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