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ANNUAL REPORT 2019-20

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ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

60th Annual General Meeting

Date	:	14th Day of August, 2020
Day	:	Friday
Time	:	3:30 PM

Book Closure dates: 8th August, 2020 to 14th August, 2020
(both days inclusive)

Contents	Page No.

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
Mrs. Aruna Thangaraj
Mr. Anvar Jay Varadaraj
(Appointed with effect from 01/04/2020)

Managing Director

Mr. Jairam Varadaraj

Chief Financial Officer

Mr. Ragunathan Gunabooshanam

Company Secretary

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

Statutory Auditors

Price Waterhouse Chartered Accountants LLP
Chartered Accountants

Secretarial Auditor

M/s. MDS & Associates
Company Secretary in Practice

Cost Auditor

M/s. STR & Associates
Cost Accountants

Bankers

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

Registered Office

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

Registrar & Share Transfer Agents

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

Year at a glance - Consolidated Financial Statements

(₹ In Million)

Particulars	2019-20	2018-19
Revenue from operations	18,294	18,635
Other income	132	96
Total income	18,426	18,731
Total expenditure		
a) Consumption of materials and purchases of traded goods	10,103	10,285
b) (Increase) / decrease in inventories	(297)	26
c) Staff cost	4,046	3,408
d) Other expenditure	3,083	2,998
Finance cost	155	90
Depreciation and amortisation expenses	652	511
Total expenditure	17,743	17,318
Profit before share of profit of joint ventures and tax	683	1,413
Income tax expenses	270	404
Share of profit from joint ventures	12	22
Net Profit for the year	426	1,031
Paid up Equity share capital	158	158
Reserves and surplus	7531	7,551
Capital expenditure	439	544
Cash flow from operations	355	1,719
Basic EPS (in ₹)	2.7	6.5
Dividend per share (in ₹)	1.65	1.30
No. of shareholders	18289	19285
No. of employees	2247	2195

Notice of the 60th Annual General Meeting

NOTICE is hereby given that the 60th Annual General Meeting of the Shareholders of the Company will be held on **Friday, 14th August 2020 at 3:30 PM (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business(es):**

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 2020, the balance sheet as at that, the reports of the board of directors and the auditors thereon.
2. To confirm the interim dividend of ₹1.65 per equity share already paid during the year as final dividend for the financial year ended 31st March 2020.
3. To appoint a Director in the place of Mr. Harjeet Singh Wahan (DIN: 00003358), who retires by rotation and being eligible, offers himself for re-appointment.

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 2021 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 an Ordinary Resolution:**

   RESOLVED THAT pursuant to the provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. Anvar Jay Varadaraj (DIN: 07273942), who was appointed as an Additional Director of the Company by the Board of Directors, to hold office with effect from 1st April 2020 and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Anvar Jay Varadaraj as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company, 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.

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

   RESOLVED THAT pursuant to Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) read with Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the shareholders of the Company be and is hereby accorded for payment of consultancy fees not exceeding Rs.21,60,000/- exclusive of applicable taxes to Mr. Harjeet Singh Wahan (DIN: 00003358), Non-Executive Director for rendering services in the nature of Business Process Consulting with effect from 1st April 2020 to 31st March 2021.

   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 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for the re-appointment of Mr. Jairam Varadaraj (DIN: 00003361) as the Managing Director of the Company for a further period of 5 years with effect from 1st April 2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors.

   1. A total remuneration not exceeding ₹350 lakhs per annum for a period of 3 years with effect from 1st April 2021. The amount of ₹350 lakhs is on a cost to the Company basis and is inclusive of:

      a.Bonus and all perquisites as applicable to all senior managerial personnel of the Company.

      b.Company's contribution towards PF, Gratuity and Superannuation Fund at rates to be from time to time.
   2. Of the total remuneration, 30% is variable component and the rest is guaranteed pay.
   3. The guaranteed pay will be structured based on the Company's policy and the current pay structure as applicable to Senior Managerial Personnel.
   4. The quantum of variable pay would be linked to the achievement of specified performance parameters, similar to the scheme applicable to other Senior Managerial Personnel for each of the next 3 years.
   5. The annual increment would be decided on the same

principles / methodology adopted for other Senior Managerial Personnel for each of the next 3 years. However, the total cost to the Company shall not exceed in any given year, an amount of Rs.350 lakhs.

6. In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the remuneration and perquisites mentioned above shall be the minimum remuneration payable to the Managing Director.

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

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

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 2020-21 on a remuneration 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 2020-21.

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

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 6th March 2020 appointed Mr.Anvar Jay Varadaraj (DIN: 07273942) as an Additional Director of the Company with effect from 1st April 2020. In accordance with the provisions of Section 161(1) of the Companies Act, 2013, he holds office as Director of the Company up to the date of this Annual General Meeting.

Over the last several years Mr. Anvar Jay Varadaraj has handled consultancy assignments on business processes and has evolved into a specialist in branding & marketing and he is currently serving as the global brand leader / marketing manager based at USA. Mr. Anvar Jay Varadaraj will play a governance role as a Non-Executive Director at a global level for the company.

Further, a notice has been received from a member signifying his intention to propose Mr. Anvar Jay Varadaraj as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as a Non-Executive Director of the Company.

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

Except Mr. Anvar Jay Varadaraj, being an appointee,

Mr. Jairam Varadaraj being his relative none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out in Item No. 5 of the Notice.

Item No. 6

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

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

In this regard, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, have at their meeting held on 29th June 2020 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 2020 to 31st March 2021. 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.6 of the Notice for the approval of the members of the Company.

Except Mr. Harjeet Singh Wahan, being the beneficiary, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.6 of the Notice.

Item No. 7

The Board of Directors of the Company at their meeting held on 29th June 2020, have re-appointed Mr. Jairam Varadaraj as Managing Director of the Company for a further period of 5 years with effect from 1st April 2021 on such remuneration as set out in the resolution for period of 3 years with effect from 1st April 2021.

Mr. Jairam Varadaraj has been the Managing Director of your Company for the past 29 years. He has rich and varied experience and has led the Company with his charismatic leadership and entrepreneurial ability. Considering the dedication and excellent work done by Mr. Jairam Varadaraj and his relentless pursuit in taking the Company to global heights during his tenure as Managing Director, the Board of Directors have re-appointed him as Managing Director of the Company for a further period of 5 years on the remuneration and perquisites as set out in Item No. 7 of the Notice. His reappointment as Managing Director of the Company would be greatly beneficial for the future growth of the Company.

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee at their meeting held on 29th June 2020 had, in the best interest and progress of the Company, proposed the re-appointment of Mr. Jairam Varadaraj as the Managing Director of the company for a further period of 5 (five) years commencing from 1st April 2021 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013, the Schedule and Rules made there under.

Pursuant to the provisions of the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audit Committee at the meeting held on 29th June 2020 had also approved the remuneration payable to Mr. Jairam Varadaraj as the Managing Director of the Company for a period of 3 (three) years and recommended the same to the Board.

Pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 the re-appointment of the Managing Director shall be subject to the approval of the shareholders of the Company in the General Meeting. Hence the necessary resolution has been set out in Item No. 7 of the Notice for the approval of the members.

The Board recommends the resolution set out in Item No. 7 of the Notice for the approval of the members.

The details as required under Schedule V of the Companies Act, 2013, brief bio-data of Mr. Jairam Varadaraj and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this notice.

Except Mr. Jairam Varadaraj, being the appointee Director, Mr. Anvar Jay Varadaraj and Mr. Sudarsan Varadaraj being his relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 7 of the Notice.

By order of the Board

For Elgi Equipments Limited

Place: Coimbatore

Date: 29/06/2020

Ragunathan K

Company Secretary

ACS No: 62397

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular No. 20 dated 5th May 2020 read with circular no. 14 dated 8th April 2020 and Circular No. 17 dated 13th April 2020 (collectively referred to as "MCA Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Members desirous of participating in the meeting through VC / OAVM, may refer to the procedures mentioned below.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mds@mdsassociates.in with a copy marked to the Company at investor@elgi.com and to its RTA at enotices@linkintime.co.in.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 08/08/2020 to 14/08/2020 (both days inclusive).
5. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing NECS facility. Members

holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.elgi.com and the same, duly filled up and signed along with original canceled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.

6. 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.

7. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.

8. Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from 1st April 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.

9. 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.

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

    a.the change in the residential status on return to India for permanent settlement or

    b.the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.

11. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the company's registrar & share transfer agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the company's registrar and share transfer agent.

12. 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.

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

14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

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

16. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company / Registrar & Share Transfer Agent of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid/ unclaimed dividend can be viewed on the Company's website www.elgi.com. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company will be transferring the share(s) on which the beneficial owner has not enchased any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of shareholders whose shares are liable to be transferred to IEPF are available at the company website: www.elgi.com. The shareholders whose unclaimed dividend /share has been transferred to the 'Investor Education and Protection Fund', may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents.

Mr. Ragunathan K, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

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

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

18. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report for the financial year 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the physical copy of the Annual Report will not be sent. Members may note that the Notice and Annual Report for the financial year 2019-20 will also be available on the Company's website www.elgi.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Link Intime India Private Limited at instavote.linkintime.co.in. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

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

20. 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 60th Annual General Meeting.

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

22. 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.

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

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

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

26. Members who have not received the split share certificates (₹1/- face value) are requested to receive the split share certificates by surrendering their old share certificates (₹10/- face value) to the company's registrar & share transfer agent immediately.

27. Annual financial statements and related details of the wholly owned subsidiary companies are posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A copy of the same will be provided to the members on request.

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

29. Registration of email ID and Bank Account details:

    In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

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

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

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

VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Link Intime India Private Ltd ('LIIPL'), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secure manner.

I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. Friday, 17th July, 2020, may refer to this Notice of the Annual General Meeting, posted on Company's website www.elgi.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

II. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

III. The voting period begins on 11th August 2020 at 9.00 AM (IST) and ends on 13th August 2020 at 5.00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 7th August 2020 may cast their vote electronically. The e-voting module shall be disabled by LIIPL for voting thereafter.

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

Log-in to e-Voting website of Link Intime India Private Limited (LIIPL)

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https: //instavote.linkintime.co.in.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:

   a.Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID

   b.Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID

   c.Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

   If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or 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 depository Participant or in the company record are requested to use the sequence number.
DOB/DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details (Last 4 digits) as recorded in your demat account or in the company records for the said demat account or folio number. Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above-mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any Company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Click forgot password and enter User ID, select Mode and enter Image Verification Code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the Company in which they are a shareholder and eligible to vote, provided that the Company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the Company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

   Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the voting page.

General guidelines for shareholders:

- Institutional shareholders (i.e. other than Individuals,HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL:

  https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

  They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

1. For physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investor@elgi.com or coimbatore@linkintime.co.in
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investor@elgi.com or coimbatore@linkintime.co.in
3. The Company/Registered Share Transfer Agent shall provide the login credentials to the above mentioned shareholders.

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

- Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 30 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

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

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

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

   a.DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company

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

   c.Enter your Mobile No.

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

2. Click "Go to Meeting"

   Note:

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

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

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

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

   InstaMeet Support Desk

   Link Intime India Private Limited

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

- Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number, PAN at investor@elgi.com from 7th August 2020 at 9.00 AM to Thursday, 13th August 2020 at 12.00 PM.
- The first 20 Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.
- Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number,PAN at investor@elgi.com. The same will be replied by the Company suitably.

Note:

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

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

Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

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

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

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

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

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

InstaMeet Support Desk

Link Intime India Private Limited

IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 7th August 2020.

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

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

VII. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

VIII. The results shall be declared within 2 days from the conclusion of the Annual General Meeting. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.elgi.com and on the website of LIIPL and be communicated to the Stock Exchanges, where the shares of the Company are listed by the Chairman or a person authorised by him.

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013

Relevant to Mr. Jairam Varadaraj, Managing Director pursuant to item number 7 of the notice

I. GENERAL INFORMATION

1. Nature of Industry

Engineering Industry

2. Date or expected date of commencement of commercial production

The Company was incorporated on 14th March 1960 and commenced commercial production subsequently in the same year.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

4. Financial performance based on given indicators

(₹In Million)

Particulars	2019 - 20	2018 - 19
Sales & other income	11,305.75	11,933.90
Profit/ (Loss) before tax	1,277.93	1,206.00
Profit/ (Loss) after tax	1,004.24	847.44
Paid-up equity capital	158.45	158.45
Reserves & Surplus	6941.74	6460.77
Basic Earnings per share	6.34	5.35

1.Foreign Investments or collaborations, if any - Nil

II. INFORMATION ABOUT THE APPOINTEE

Sl.No	Particulars	Mr. Jairam Varadaraj
1	Background Details	Mr. Jairam Varadaraj is the Managing Director of the Company. Currently he is responsible for overall operations of the entire organization.
2	Past Remuneration	During the financial year 2019-20, Mr.Jairam Varadaraj was paid a remuneration of ₹17.13 Million
3	Recognition or awards	Nil
4	Job Profile and his suitability	Mr.Jairam Varadaraj as Managing Director of the Company shall be in-charge of the entire affairs of the Company and shall have substantial powers of management subject to the superintendence of the Board of Directors of the Company. Considering his qualifications and experience he is best suited for the job.
5	Remuneration proposed	Details of proposed remuneration have been disclosed in Item No. 7 of the Notice.
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, profile of Mr. Jairam Varadaraj, responsibility shouldered by him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Jairam Varadaraj is the Promoter of the Company. He is related to Mr.Sudarsan Varadaraj & Mr.Anvar Jay Varadaraj, Directors of the Company. He is not related to any other Directors/ Key Managerial Personnel of the Company.

III. OTHER INFORMATION

1. Reasons for loss or inadequate profits - Not applicable as the Company has earned a profit during the year.
2. Steps taken or proposed to be taken for improvement - The Company is continuously taking various cost control measures which would result in increased profitability in the ensuing years.
3. Expected increase in productivity and profits in measurable terms - Not applicable

IV. DISCLOSURES

The following disclosures have been mentioned in the Board of Directors' Report under the heading "Corporate Governance" attached to the financial statements

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the Directors

(ii) Details of fixed component and performance linked incentives along with the performance criteria

(iii) Service contracts, notice period, severance fees

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

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

Name	Harjeet Singh Wahan	Anvar Jay Varadaraj	Jairam Varadaraj
Director Identification Number	00003358	07273942	00003361
Date of Birth	06/11/1948	25/04/1986	08/04/1961
Nationality	Indian	USA	Indian
Date of appointment on the Board	01/04/2015	01/04/2020	29/05/1992
Relationship with other Directors or Key Managerial Personnel of the Company	He is not related to any of the directors or Key Managerial Personnel of the Company	Mr. Anvar Jay Varadaraj is related to Mr. Jairam Varadaraj and Mr. Sudarsan Varadaraj, Directors of the Company	Mr. Jairam Varadaraj is related to Mr. Anvar Jay Varadaraj and Mr. Sudarsan Varadaraj, Director of the Company
Qualification	BE., (Elec), BM	BA (Economics and Philosophy) & MBA	B.Com., M.B.A., Ph.d. (USA)
Experience/ Expertise in functional areas	Has more than 30 years of experience in quality and business process	Has more than 10 years of experience in the field of branding & marketing	Has more than 30 years of experience as an Industrialist
No. of shares held	10,000 equity shares	9,62,624 equity shares	1,37,05,478 equity shares
Board position held	Non-Executive Director	Non-Executive Director	Managing Director
Terms and conditions of appointment / re-appointment	Liable to retire by rotation	Liable to retire by rotation	As set out in item no. 7 of the notice
Remuneration sought to be paid	As set out in item no. 6 of the notice and sitting fees	Sitting fees only	As set out in item no. 7 of the notice
Remuneration last drawn (For the year 2019-20)	₹ 1.85 Million	Nil	₹ 17.13 Million
No. of Board meetings attended during the year	6	Not Applicable	4
Directorships held in other Companies	Adisons Precision Instruments Manufacturing Company Limited	i. Elgi Ultra Limited ii. CAI Industries Cbe Private Limited iii. CAI Industries Private Limited iv. CAI Automobiles Private Limited	I. Elgi Ultra Limited ii. Precot Meridian Limited iii. Thermax Limited iv. Magna Electro Castings Limited v. ATS Elgi Limited vi. Elgi Sauer Compressors Limited vii. Elgi Rubber Company Limited viii. Elgi Ultra Industries Limited ix. Dark Horse Portfolio Investment Private Limited

Name	Harjeet Singh Wahan	Anvar Jay Varadaraj	Jairam Varadaraj
Chairman/Member of the Committees of the Board of the other companies in which he is a Director	Nil	Nil	**Chairmanship** : - 1. ATS Elgi Limited Corporate Social Responsibility Committee 2. Elgi Ultra Industries Limited Stakeholders Relationship Committee 3. Elgi Sauer Compressors Limited Corporate Social Responsibility Committee **Committee Membership** : - 1. Elgi Ultra Industries Limited Nomination and Remuneration Committee Audit Committee 2. Elgi Ultra Limited Nomination and Remuneration Committee Audit Committee Corporate Social Responsibility Committee 3. Thermax Limited Audit Committee Nomination and Remuneration Committee Risk Management Committee Strategic Business Development Committee 4. Precot Meridian Ltd Audit Committee Nomination and Remuneration Committee 5. Magna Electro Castings Limited Nomination and Remuneration Committee

Management Discussion and Analysis

This year we have attempted to change the approach and content of the MD&A, based on feedback on various occasions. The intent is to provide a broader and consolidated background to our aspiration, vision and strategy, all of which have been discussed at various investor forums. We have attempted to discuss results from a historical perspective to provide some context to our journey till date. We will continue to fine tune and improve the structure and content in the future years, based on feedback.

The focus of this section is on the compressor business and it contains multiple sub-sections. We start with the **Aspiration** and **Vision** of the company, followed by our **Strategy** and the **Performance**.

Aspiration and Vision

Over the past 25 years, we have built this company to move towards becoming a significant player in global markets. The genesis of this journey was in the early 1990s, when India dismantled its protectionist barriers and opened the country to global competitive forces. Like all companies in India at that time, the "right to play" was primarily a combination of the licensing system combined with technical collaboration with leading companies in the western world. With the removal of the licensing system and the platform set for direct participation of the erstwhile willing licensors, the "right to play" was under threat.

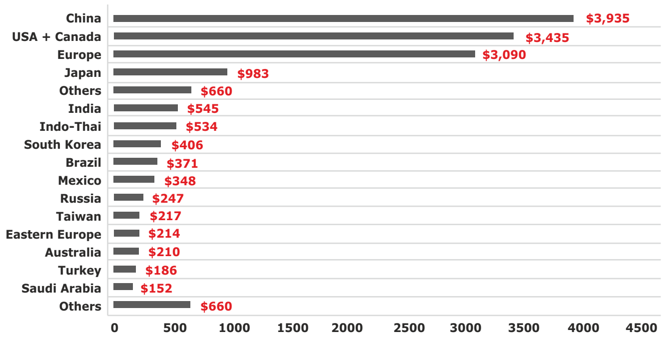
After evaluating options including joint venture and divestment, we decided to take the long hard path of building all the competencies required to develop and retain the "right to play". The decision was to focus on the compressors and automotive equipment business and thus we divested or shut down all the other businesses, such as braking systems for trucks, pasteurizers and washers for the breweries, drip irrigation etc. Besides building strong manufacturing systems and quality systems we built internal capabilities to develop our own technology and products. The cost for such a large exercise could not be justified by the size of the Indian market and per se, we had to look at global opportunities. Besides, the Indian market was a small percentage of the total global market for compressors and hence the global market presented a great opportunity. In addition, even to remain relevant in the Indian market, under the changed competitive circumstances, these developments were necessary.

Aspiration: We moved along this journey and in 2013, after gaining a granular understanding of the global opportunity, we defined our aspiration more specifically with a time line. Our aspiration was to become number 2 in the world in air compressors by the year 2027. We titled this aspiration as CK2 or Conquer K2 - K2 is the second tallest mountain in the world and the most difficult to climb and it symbolized our intended journey. Numerically, we set ourselves a revenue goal of $ 1.6 Billion, which was higher than the revenue of the number 2 player at that time.

At that time, the gap between the number 1 player and the number 2 player was almost 70% - a significant and abnormal gap for a mature capital equipment business where you typically see a gap of between 20-30%. The number 1 player had consistency in purpose and built the business on fundamentals of products, technology, people, process, brands and markets whereas the number 2 had a vacillating commitment to the air compressor business. This gap was an opportunity for another player with constancy of purpose and which had all the foundations in place. We believed and continue to believe, that this is an opportunity for us.

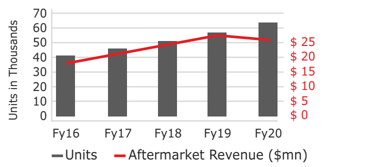
This is a lucrative business from two fundamental dimensions of stability. One, compressed air is an energy source that is required in almost all forms of manufacturing. This provides a diversified revenue source without a dependence on any specific industry vertical. Two, the geographical opportunity reduces the risk of dependence on any one economy and its business cycle.

$15 bn Annual Industry ($ Mn)



This is also a lucrative business from a profitability point of view that further justifies our aspiration. The compressor business has a significant recurring revenue in the form of aftermarket parts and services. The recurring revenue percentage ranges anywhere between 30-50% of total revenue, depending upon the maturity of the presence of the company in the equipment side of the market and extent of services over and above parts. Higher the presence, higher the percentage of recurring revenue. This means that getting a large installed base of equipment is a foundation for realizing the profits from aftermarket. The graph below, using data for one of the product verticals, illustrates how a significant installed base can generate sizeable profits.

India Case for a Key Product Vertical



- 15% growth in aftermarket compared to 11% growth in units in FY16-FY19
- 50% EBITDA in aftermarket revenue compared to 4% in units revenue
- Aftermarket constitutes 39% of total revenue of the segment

Focusing only on parts, aftermarket is 2-3X more profitable at gross margin levels compared to equipment. On a conservative basis, a $1 sales of equipment will deliver $1.2 of profits over 10 years, only from consumable parts and without services and replacement parts.

This business has a particularly lucrative segment in oil-free compressors. This segment is about 20-25% of the total market size, including equipment and aftermarket. The profitability of this segment, both on equipment and aftermarket is at least 2X the oil-lubricated segment. This segment is dominated by one player. There is a significant opportunity for another player with a complete and competitive range of products.

Since 2013 when we set our aspiration, multiple events have transpired, both internally and externally, which required us to recalibrate the specificity of our aspiration. Internally, many of our global initiatives took longer to gain traction for various reasons. While these have been a significant learning experience for the company, these set us back on our time lines for the journey. Externally, there have been mergers and acquisitions, amongst our competitors, that has changed the structure of the industry. In 2019, the number 2 and the number 3 players merged to form the new number 2 at a much higher revenue level.

These internal and external events make the original time line for the aspiration and the market position, unrealistic. But since CK2 has become such a strong rallying point within the organization, we will continue to view this as our directional guide - to be the top 3 player in the air compressor business worldwide. Since such internal and external influences will warrant periodic recalibration, we will define the sales and market position metrics in short intervals. Considering the current impact of the pandemic, we are working towards defining the medium term revenue target and the time lines for the same, and will share this along with the 2020-21 Q1 results.

Vision: While our aspiration will generate profits, the purpose of our company is not just profits. But without profits we cannot fulfill our purpose and we consider profits are a means to fulfill our purpose. Our purpose is summarized by our vision statement.

Always be ***the*** choice everywhere

Be the choice of our 6 stakeholders - customer, employee, investor, supplier, distributor and society. In pursuit of our purpose we have consciously kept each of our stakeholders' interests. We have developed various metrics to measure the effectiveness of serving our stakeholders. This is not complete and within the near term we will share this with everyone.

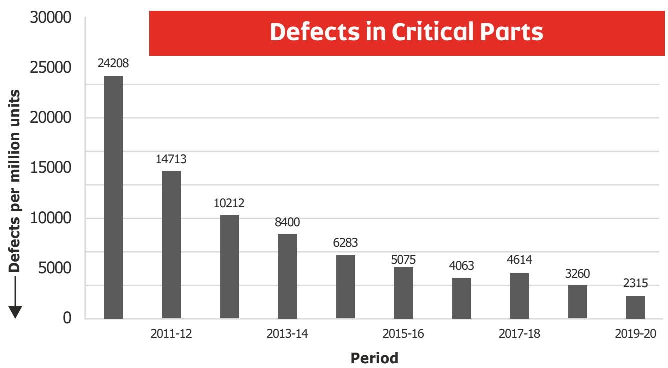
Strategy

The elements of our strategy are four - **Right to play, Where to play**, How to win and Right to win. Since the early 1990s the company has been building each element of the strategy. The starting point of the strategy was the criteria based on which customers and distributors make their buying decision. And these criteria were sharpened for a buying decision from an unknown brand with a "made in India" label. For a customer, the most important criteria are reliability of the product, low ownership cost and responsive service.

Right to play: While all of these criteria are equally relevant for all companies in the case of our company it had to be multiple notches better. We are an unknown brand with a "made in India" label. Convincing customers to buy our product and distributors to carry our product, in developed markets that are used to well-established multinational brands, requires us to be not just as good but far better than our competitors.

Combining these buying criteria, over the many years the company has developed world class manufacturing and quality systems, cutting edge technological capabilities and world's best warranty and service solutions. These pursuits were done in a systematic, process oriented manner adopting principles of Total Quality Management (TQM). The final recognition of this was the Deming Award in November 2019. TQM now is part of the DNA of the company.

A compressor carrying a multinational brand can fail and will be forgiven. But a failure of an ELGi compressor will not be forgiven, especially in developed markets that are used to high standards of products. Today, our defect levels are among the lowest in the industry as measured by surveys of comparative defect levels of competitors as well as our warranty cost compared to that of competition.

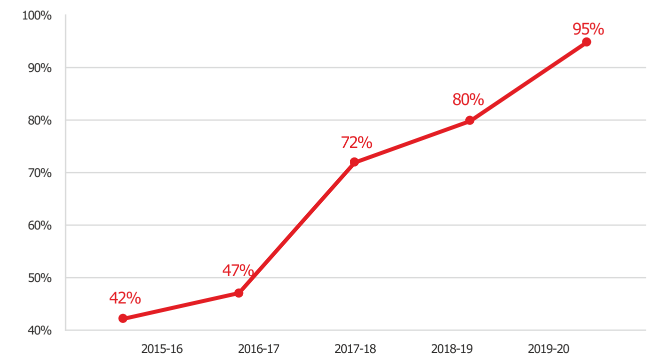


Our compressors carry the longest warranty period in the world. This combined with the lowest warranty cost is validation of the quality of our products.

Any mechanical device can have a failure for various reasons. Our single minded adherence to the principle of "trust your customer and distributor" enables us to be the most responsive in service to handle unforeseen failures.

Energy cost is the largest cost of ownership. Our compressors are among the highest in efficiency in the market. A comparison of the performance sheets published by the Compressed Air and Gas Institute of the US, is strong evidence of this. We continue to push the efficiency envelope with advanced technology solutions.

ELGi Products in 3rd Position (Efficiency) Globally: CAGI

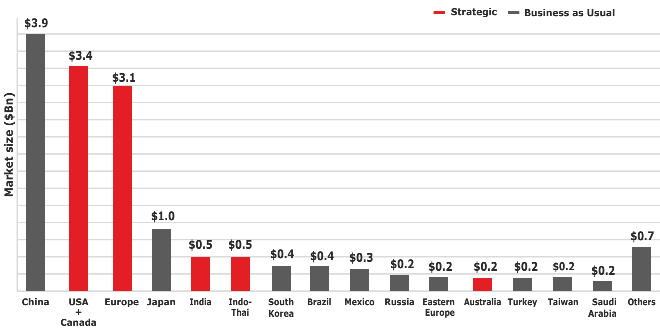


With high standards in all of these criteria, over the past 5 years we have clearly established that we have earned the right to play in some of the toughest markets in the world. Consistent growth in developed markets combined with repeat purchases from customers is a clear validation of this conclusion.

Where to play: There are 195 countries in the world and we do business in almost 120 countries. We cannot fulfill our aspiration by "boiling the ocean" and therefore we had to be very discriminating in making choices of countries where we would be strategically focused. Strategic focus means countries in which we would make disproportionate allocation of time, effort and finances.

Based on specific criteria of the size of the opportunity, fit of the value proposition of our products with the expectation of the market, acceptance of the brand and the availability of talent, we have chosen to focus on US + Canada, Europe, India, Indonesia, Thailand and Australia + New Zealand. These markets represent more than 50% of the global opportunity.

$15 bn Global Compressed Air Market



How to win: Building a winning formula for an extraordinary aspiration involves converting the extraordinary aspiration into ordinary tasks and performing these ordinary tasks in an extraordinary manner. The basic framework of our TQM practice is centered on this philosophy. And this involves our people and our processes as powerful levers for realizing this philosophy.

The capability and attitude of our people combined with strong processes, enables ordinary people to perform in an extraordinary manner. On the shop floor, we are a unique company. We have an empowered set of employees who have all gone through either an abbreviated engineering diploma or our own 3-year vocational training program. We do not employ contract employees in our production activities. While processes are critical, we believe that the last mile in quality is the human being and therefore it is critical that we have knowledgeable, empowered and committed people in the production processes. Our employees are organized into Self-Managed Teams who organize their own daily work without any supervision. This is a strong enabler for the quality mindset of the company.

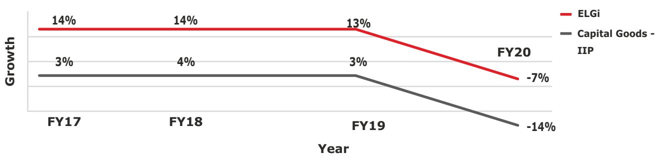
We are in the middle of developing a strong talent management framework that will flow into a succession plan. This will enable continuity to every critical role in the company. We have defined the competencies required for winning and we will be rolling out a development program that will enable these competencies. We have assembled together a great team with deep compressor experience in all the markets outside India.

More specifically, the how to win piece, besides embedding the right to play elements, involves specific choices in the back-end of the organization and the front-end of the organization. In the back-end, the priority was to build a world class manufacturing system that would ensure high standards of quality and delivery on time. We have done this and we will continue to enhance our performance.

In order to push the envelope on quality and efficiency, the company had to internalize knowledge and production of certain key parts. And this involves making specific choices of backward integration. Also, while our products perform to the highest standards in the market, customers, especially in internationally markets will try an unknown brand with a "made in India" label only if there is an incentive to do so and this incentive is price. In order to sustain quality and efficiency while at the same time be cost competitive, there is a need for strategic backward integration. Over the past 5 years, we have integrated backward to manufacture our own pressure vessels, castings, motors and key production machines. These have given us better control over the quality of our products, efficiency of our products, cost of our products and inventory. We have invested about ₹120 crore in these backward integration projects. These have yielded an increase in the value added internally from about 30% to 60%.

On the front-end, it is about designing programs for deepening our engagement with customers both for the sales opportunities and aftermarket delivery. In 2016 we rolled out a Go-To-Market (GTM) strategy in India that deepened our Awareness of the market opportunity, created greater Consideration from customers and ensured higher Conversion of enquiries. The result of this can be seen from our growth in specific products during a period in comparison to the Capital Goods Index of Industrial Production, during the same period.

~4x Industry Growth in India From FY'17 to FY'19



We have rolled out similar GTM strategies in the strategic markets that we have chosen to participate in. We are confident that we will see the results in these markets as we have experienced in India.

Besides the organic GTM strategies we have over the years, grown the business inorganically through acquisitions. We have done six acquisitions in the past 8 years and except for one, all of them have enabled the company to gain the traction required in the strategic markets. More importantly, we have gained tremendous knowledge, which has been internalized, in terms of how to successfully acquire and integrate a company. During the initial years, we had a broad definition of targets that we wanted to acquire. This included compressor manufacturing companies as well as distributors. Going forward, we will focus primarily on distribution and service companies that will give us access to customers. We will also look at acquisition opportunities in product adjacencies.

	ROTAIR	Pattons	Pattons medical	pulford AIR & GAS	MICHIGAN AIR SOLUTIONS	
Manufacturer of industrial compressors in France	Portable air compressor manufacturer in Italy	Distribution of compressors	Medical compressors and allied products for healthcare	Distribution of compressors, gas equipment and filtration products in Australia	Industrial air compressor distributor in USA	Distributor in USA for portable compressors
Year: 2009	Year: 2012	Year: 2012	Year: 2012	Year: 2018	Year: 2019	Year: 2019

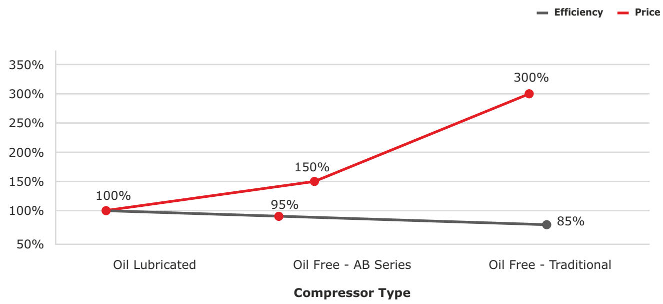
By and large our acquisitions have been positive for the company. The specific challenges and lessons will be discussed while analyzing the performance of the company.

Right to win: The right to play is the price for entry into the market. As an unknown brand with a "made in India" label, we need something far more than being the best in the conventional criteria that customers use in their purchase decisions. The company is working on multiple path breaking technologies that will provide such breakthrough products that will set us apart.

One such technology relates to oil-free compressors and we have launched products embedding this technology in 2019. Currently, oil-lubricated compressors and oil-free compressors exist as two separate categories. Both in terms of product offerings and end-use applications. Oil-lubricated compressors are more efficient and less expensive than oil-free compressors. However, in applications that cannot tolerate oil in the air, customers do not have a choice but to buy oil-free compressors, and they pay the penalty of a high upfront price as well as higher running cost. Over many years we have been developing a technology that will eventually converge these two categories so that all compressors are oil-free with low upfront cost and comparable running cost.

Our newly launched AB Series of compressors are Oil-Free - Disrupted. They provide a significant value proposition to customers with payback in months compared to other products with alternative technologies.

AB Series: Oil Free. Disrupted



We continue to push the technology envelope whereby there will be convergence of the AB Series with the oil-lubricated products. It is estimated that oil lubricated compressors emit close to 2 million liters of oil into the atmosphere every year. This development would have a significant positive impact on the environment.

Performance

Many times while focusing on discussing the immediate performance, the larger context of the journey to the immediate gets lost. We believe there are valuable lessons in looking at the longer context of time before we delve into the immediate.

1995 - 2020: Since the genesis of our current journey started in the 1990s, we decided to step back to look at the performance over a period of time and provide a diagnostic narrative so that we have context to understand the immediate. We chose to focus on some key parameters which we believe are of interest to investors. The narration is centered around the elements that need improvement - sales, people cost and capital employed. The historical analysis is limited to the period up to 2018-19 and the year 2019-20 is dealt with separately.

CONSOLIDATED COMPRESSOR FINANCIALS

INR Mn	1995-96	2000-01	2005-06	2010-11	2015-16	2018-19	2019-20
Sales	1809	1826	3423	8785	13197	16653	16494
Growth %		1%	87%	157%	50%	26%	-1%
Contribution	426	527	946	2780	4974	6722	6815
Contribution %		24%	28%	32%	38%	40%	41%
People Cost	102	184	279	792	2397	3117	3759
Growth %		81%	52%	184%	203%	30%	21%
Other Fixed Cost	124	201	317	731	1335	1839	1841
Growth %		62%	58%	130%	83%	38%	0%
EBITDA	201	142	349	1257	1241	1766	1215
EBITDA %	11%	8%	10%	14%	9%	11%	7%
PAT%	5%	2%	5%	9%	4%	6%	2%
Average Capital employed	905	1164	1224	2733	7404	8197	10084
Growth %		29%	5%	123%	171%	11%	23%
ROCE	22%	9%	22%	45%	11%	17%	7%

Sales: The diagnostic narrative starts from 2000-01 with 5-year tranches, using 1995-96 as the base case. The India focused approach of sales concentrating on the Indian market and relative weakness of the products and the value proposition to customers resulted in very poor performance during the period from 1995-96 to 2005-06 of this journey. The company grew only by about 6% per year over this period while the economy grew by 7-8% in seven out of the ten years. This was also the preparatory phase in the development of the company, in terms of its manufacturing, quality and technology capabilities.

From the period 2005-06 till 2010-11, the Indian economy grew by 7-8% annually. On the back of this economic support, the company also experienced robust growth in its industrial products, in the Indian market, by virtue of having developed a strong program of products and technologies. The company's growth levels were higher than the economic growth which helped gain market share. The company grew by 21% per year during this period. Also, during this period, the company rode the wave of its strong presence in the water well segment, which contributed close to ₹1500 million to the top line. The performance was still very India focused with the India operations contributing close to 90% of the revenue.

During the period 2010-11 to 2015-16, the Indian economy grew by 7-8% annually in two out of the five years. The company grew by only about 3% per year in the Indian market. Starting from 2012-13 onwards the company shifted its geographical orientation towards international markets. During this period there were two significant acquisitions of Rotair and Pattons. The company's attention to the Indian industrial market waned and as a consequence lost market share. Besides, the demand in the water well segment dropped significantly. This business is a cyclical business which typically experiences 3-5 years of growth following by a lull for the same period of time. While the growth in India was subdued, the international business grew by 32% per year. During this period, the company had severe challenges to the top line caused by external factors in Pattons in the form of various legal disputes, which were subsequently settled.

During the period 2015-16 to 2018-19, the Indian economy grew by 7-8% annually in two out of the four years. Realizing the waned attention to the Indian market, the company designed and executed a new Go-To-Market (GTM) strategy. As a consequence the company grew 11% per year in the Indian market primarily on the industrial segment. During the period the water well market grew but the company lost its leadership position due to neglect in developing the right products. Since then the company has developed a strong suite of products for this segment and is poised to regain its share of this market in the next 2-3 years. The international business grew by only 3% per year. The primary cause for this subdued growth compared to the previous period is the challenges we faced in recovering from the damage at Pattons to set it back on its growth path. With the help of an outside agency we developed a GTM for both Pattons and the industrial business in the US. We are also reorganizing the Pattons business to leverage the opportunities available. We are confident that these would yield positive results in the future.

In summary, there have been important learnings for the company. While we are strong in the Indian market, there are pockets of growth opportunities which the company has to focus on. The estimate of such opportunities across the product segments is anywhere between ₹2000 - ₹3000 million of additional revenue. The company has already initiated organizational and strategic changes to achieve this, even while it attempts to grow the international business.

The runway to realize the opportunities in the strategic markets outside India, was longer than what the company anticipated. The company has gained solid traction in these markets by adding close to 250 distributors and gaining repeat purchases. But to grow from any given level to the next level requires constant reconfiguration of the strategy and this takes time. Our expectations and therefore our promises of performance were based on our own experience in India. Growing the international business, during the initial years, does not happen linearly, as it happens in India. We have learnt about the various challenges that we have to face and appropriately baked the time lines so that we do not perform below promise, in the future.

We have learned to avoid the pitfalls that come with acquisitions with much stronger processes. However, acquisitions, unlike organic growth opportunities are more challenging on the financials considering the valuations. We have become very selective in our acquisition strategy and our funding structure.

Profitability: Benchmarks of peers in the industry indicate EBITDA ranging from 12% to 24%. And ROCE ranging from 18% to 35%. The numbers from our best year (2010-11) is an EBITDA of 14% and ROCE of 45%.

Contribution margins have steadily increased on the back of two dimensions. One, increased margins in the international markets and two, increased revenue from aftermarket in the Indian market. This increasing trend is expected to continue as we build the installed based in international markets and derive the aftermarket revenue from these installations.

In 2010-11, compared to 2005-06, the critical contributor to the benchmark performance on profitability was the top line. This was in spite of significant growth in people cost and other fixed costs in India. The increase in these costs, of which almost 85% was in India, laid the foundation for enabling the growth in the top line in India. People cost as a percentage of sales in India was about 9% against Indian industry peers of between 13 to 16% currently.

In the period from 2010-11 to 2015-16, the percentage of people cost to sales in India, climbed to about 12% as we invested in capabilities in India for not only the Indian market but also to serve the global markets that we had entered. It is pertinent to highlight that our India people costs also include the cost of people in the backend, which serves the global markets as well. So the domestic industry peer comparative percentages are not fully relevant. In spite of this, our costs in percentage terms were very favorable. At a consolidated level, due to the acquisition of Pattons and Rotair, people cost climbed up sharply to 18% of sales. International benchmarks in our industry for people cost on sales range from 18-24%. Our strategic markets are primarily in the developed part of the world where people costs are high. But the number of people we have is not excessive. The ratios look distorted during this period because this was a period in which we assumed the people cost in the acquired entities.

In the period from 2015-16 to 2018-19, the percentage of people cost to sales in India was 13% and at the consolidated level remained at 18%. The expectation was that the consolidated percentage would drop to around 16% but since international sales grew only by 3% per year, we did not realize this expectation. If the expected sales had been realized we would have had much better ratios and we would have moved closer towards the benchmark year 2010-11. While sales has strong traction in the strategic markets, the time taken to realize the expected levels of sales is longer than anticipated.

Capital Employed: During the period from 2000-01 till 2010-11, the capital employed rose by almost 175% with an incremental additional capital employed of Rs. 1600 Million. All of this capital was employed in India. The primary use of this capital during this period was to build our manufacturing systems, facilities and technology capabilities. These investments have served the company well and the investments returned the capital smartly, with ROCE reaching 45% in 2010-11.

During the period from 2010-11 to 2018-19, the capital employed rose by almost 200% with the incremental additional capital employed of Rs. 5500 Million. A large portion of this capital, of approximately Rs. 4000 Million went towards our new campus, backward integration into our foundry and working capital required to expand internationally and a portion of the capital went towards our acquisitions. The former portion was a necessity and strategic in nature and thus the return on this capital is taking longer. This is one more reason why the ROCE is lower during this period, besides the lower levels of profitability during this period.

Capital employed in working capital was larger than what was required and this was caused by investing on the assumption of certain growth and we did not realize this expectation. As we gain experience in terms of the time it takes to grow international markets, this capital is being calibrated and it will come under control.

19-20: The year started on an optimistic note as far as the Indian market was concerned, on the back of a very strong 2018-19. This optimism was short lived and the economy started slowing down from July onwards. There were some signs of an uptick in December which continued till February when the pandemic issue hit the market in March. As a consequence, India sales was lower by 10% compared to the previous year.

In the US, we acquired the portable business of the distributor which came with a large inventory of our own machines of more than 6 months' worth of sales. As a consequence we moderated the production in Rotair and this consequently reduced the revenue of Rotair for most of the year. This situation has normalized since. The US business grew by almost 35% during the year, including the acquisitions. There are significant opportunities to grow the Pattons business and the other distributor business and the team is working on these opportunities for the future. Australia grew by almost 15% for the year.

People cost grew by about 20% at the consolidated level, but bulk of this was costs of people from the acquisition of Michigan Air and the payroll cost of the team in Europe. Organic growth in people cost was very marginal. In India, for instance, the people cost increased by only 4%.

The increase in capital employed, compared to the previous year, was about ₹1800 Million. Of this, the largest portion of around ₹900 Million was towards termination of a dealership in the US and purchase of inventory, acquisition of Michigan Air, and earn-out payment for Pulfords in Australia. Capex was around ₹ 400 Million and the balance was working capital. A significant portion of the working capital has since been liquidated.

In summary, keeping the impact of Covid-19 aside, the Indian market was a disappointment. Unlike in the past, our focus on this market did not waver and in fact we believe that we have gained some share in the market for industrial products. The international markets grew well through a combination of both organic and inorganic means. People cost will not continue to rise as before since we have built the complete teams to a large extent in most of the strategic markets.

We expect to see a sharp drop in capital employed as we have initiated multiple steps to reduce the working capital. Our capex for the foreseeable future would be marginal and only to the extent to which we have already part paid in the earlier years.

If the Indian economy supports, we are confident that we will quickly move our ratios to the benchmark year of 2010-11. Considering the current uncertainty, we are reluctant to spell out the period by which we can achieve the levels. As promised, we will come back with more coherent statements when we publish the results for Q1 of 2020-21.

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

Board's Report

Dear Shareholders,

Your Directors hereby present the 60th Annual Report along with the audited accounts for the year ended 31st March 2020.

Financial Results

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

(₹ In Million)

Particulars	2019 - 20		2018 - 19	
Profit before depreciation, exceptional items & tax		**1644.45**		1544.47
Less : Depreciation	**366.52**		338.47	
: Exceptional items	**-**		-	
Profit Before Tax		**1277.93**		1206.00
Less: Provision for tax (Net of tax expenses)		**273.69**		358.56
Net Profit		**1004.24**		847.44
Add : Opening balance in retained earnings		**4677.91**		4041.82
Less : Dividend & dividend distribution tax paid during the year		**(497.42)**		(217.07)
: Transfer to general reserve		**-**		-
: Remeasurement of post-employment benefit obligation, net of tax		**(0.02)**		5.72
Add : Other adjustments		**-**		-
Closing balance in retained earnings		**5184.71**		4677.91

Review of Business Operations

The Company realized an operating revenue of ₹10,811 Million as against ₹11,771 Million in 2018-19. 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 2020.

Transfer to reserves

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹1004.24 million of the current profits has been carried forward under the head retained earnings.

Dividend

For the financial year 2019-20, the Board of Directors at their meeting held on 6th March 2020, had declared an interim dividend of ₹1.65 per share (165%) on the paid-up share capital of 15,84,54,508 equity shares. An amount of ₹261.45 Million has been paid as interim dividend on 26th March 2020 (previous year final dividend ₹205.99 Million). The Board of Directors have recommended that the interim dividend be considered as final dividend for the financial year ended 31st March 2020

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

Share Capital

The paid-up capital of the Company as at 31/03/2020 stood at 158.45 Million. During the year under review, the Company has not made any fresh issue of shares.

Transfer of unclaimed Dividend to Investor Education and Protection Fund

In terms of Sections 124 and 125 of The Companies Act, 2013, unclaimed or unpaid Dividend relating to the Financial Year 2012-13 is due for remittance on 30/08/2020 to the Investor Education and Protection Fund established by the Central Government.

Further, pursuant to Section 124(6) of The Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 1,24,649 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.

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. The Annual Return of the Company as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company www.elgi.com

Board Meetings and its Committees conducted during the period under review

During the year under review, 6 (six) Meetings of the Board of Directors, 4 (four) Meetings of the Audit Committee, 3 (three) Meetings of the Nomination and Remuneration Committee, 2 (two) Meetings of the Corporate Social Responsibility Committee, 1 (one) meeting of the Risk Management Committee, 1 (one) meeting of the Compensation Committee and 24 (twenty four) 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 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 had devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively

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

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

Declaration of Independent Directors

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

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

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The remuneration policy and criteria for determining qualifications, positive attributes, and independence of Directors and Senior Management Personnel have been stated in **Annexure 'B'** to this report. The Remuneration policy of the Company can be accessed on the Company's website at the link https://www.elgi.com/in/wp-content/uploads/2019/05/Remuneration-Policy.pdf.

Comments on Auditors' Report

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

The Auditor's report includes an emphasis of matter relating to COVID-19 impact on the Company's/Group's financial statements, which is duly explained in note 53 to the financial statements. The Company also has made due disclosures to the stock exchange.

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 2019-20 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

https://www.elgi.com/in/wp-

content /uploads/2019/05/Related-Party-Transactions-Policy.pdf.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year as on 31/03/2020 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 finalized a risk register by identifying key risks affecting the enterprise. The Company had engaged an external consultant with proven expertise in this area to help the Company identify the top fifty risks and those 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 requirement in this regard, which came into force from 01/04/2019. The risk management committee met on 29/06/2020 and approved the risk register. Based on the risk management committee's recommendations, the board of directors adopted the risk register at their meeting held on 29/06/2020. Following identification of the top fifty risks which have been prioritized in their order of importance, the key risks will be addressed initially and suitable mitigation plans will be devised.

The top 10 key risks of the company are disclosed in

Annexure 'E'

The steering committee comprising of senior management personnel will identify the risk owners and champions within the organisation, and track progress through a software monitoring tool that was licensed by the external consultant and which tool is being implemented specially for this exercise. The Company will create a risk awareness culture within the enterprise 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. Mrs. Aruna Thangaraj*

*Appointed with effect from 27/05/2019

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 2019-20, 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 are also undertaking construction of a new school building. The Trusts are supporting construction of a new school building with all modern amenities and aims to be a school of international standards in the years to come. Construction is under process and is progressing very fast towards completion.

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 'F'.**

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

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

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

Board of Directors have evaluated the Independent Directors appointed/ re-appointed during the year 2019-20 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

Directors and Key Managerial Personnel

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

During the year under review, the Board of Directors had appointed Ms.Aruna Thangaraj (DIN: 07444726) as an Additional Director of the Company with effect from 27th May 2019. Subsequently, the members at the Annual General Meeting held on 2nd August 2019 appointed her as an Independent Director of the Company for a period of 5 years with effect from 2nd August 2019.

Further, the members at the Annual General Meeting held on 2nd August 2019 re-appointed Mr. M.Ramprasad (DIN:00004275), Dr. Ganesh Devaraj (DIN: 00005238) & Mr. B.Vijayakumar (DIN: 00015583) as Independent Directors of the Company for a second term of 5 years with effect from 2nd August 2019 and Mr. N.Mohan Nambiar (DIN: 00003660) as an Independent Director for a second term with effect from 2nd August 2019 until 10th April 2023.

On recommendation of Nomination and Remuneration Committee, the Board appointed Mr. Anvar Jay Varadaraj (DIN: 07273942) as Additional Director (Non-Executive) with effect from 1st April 2020. The Company has received a notice from a member under Section 160(1) signifying his intention to propose the candidature of Mr. Anvar Jay Varadaraj for the office of Director. The Board recommends his appointment.

The Board of Directors have re-appointed Mr. Jairam Varadaraj as Managing Director of the Company for a period of 5 years with effect from 1st April 2021 on the terms and conditions as set out in the notice convening the Annual General Meeting. Necessary resolution in this regard has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members. The Board recommends his re-appointment.

Mrs.Vaishnavi PM resigned as the Company Secretary with effect from 15/11/2019. Mr.Nithya Prabu R who was appointed as Company Secretary on 27/11/2019 resigned on 13/01/2020. Mr. Ragunathan K was appointed as Company Secretary with effect from 29/06/2020

Key Managerial Personnel of the Company as required pursuant to Section 2(51) and 203 of the Companies Act, 2013 are Mr.Jairam Varadaraj, Managing Director, Mr. Ragunathan Gunabooshanam, Chief Financial Officer and Mr. Ragunathan K, Company Secretary.

Highlightes and 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 20 subsidiaries and 4 joint venture / associate entities. The statement pursuant to Section 129(3) of The Companies Act, 2013, containing the salient features of the financial statements of subsidiary companies, forms part of this Annual report. The following companies have become subsidiaries/ joint venture / associate entities during the year under review and as on date of this report:

a.Michigan Air LLC

b.Evergreen Compressed Air & Vaccum LLC

c.Elgi Compressors Iberia SL

d.Elgi Gulf Mechanical & Engg Equipment Trading LLC

e.Compressed Air Solutions of Texas LLC (Entity formed post 31st March 2020)

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

As of 31/03/2020, the Company has three material subsidiaries, ATS Elgi Limited, Rotair SPA and Pattons Inc, whose net worth exceeds 10% of the consolidated net worth of the holding Company in the immediately preceding financial year or has generated 10% of the consolidated income of the Company during the previous financial year. The board has approved a policy for determining material subsidiaries, which has been uploaded on the company's website viz. www.elgi.com.

The consolidated financial statements of the Company and its subsidiaries prepared in accordance with the applicable accounting standards have been annexed to the Annual Report.

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

Fixed Deposits

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 2020.

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(including with reference to financial statements) 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 auditor is annexed herewith as **Annexure 'G'.**

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 for members' ratification.

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

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

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 2020 was 2247. (including subsidiaries).

Particulars of Employees

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

Elgi Equipments Limited Employee Stock Option Plan, 2019

The Company has implemented the Elgi Equipments Limited Employee Stock Option Plan 2019 (Elgi ESOP 2019) during the year under review to enable the Company and its subsidiaries to attract, retain and reward appropriate human talent in its employment and to create a sense of ownership and participation amongst the employees. The Compensation Committee administers and monitors the Employees' Stock Option

Plan of the Company through the Elgi Equipments Limited Employee Stock Option Trust. The compensation committee has during the year under review granted 1,60,600 options at a grant price of ₹ 200.05 per share.

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

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

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

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

a.Number of complaints filed during the financial year: 1

b.Number of complaints disposed of during the financial year: 1

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

Business Responsibility Reporting

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

Corporate Governance

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

Audit Committee

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

Whistle Blower Policy

The Company has a Whistle Blower policy to deal with unethical or improper practice or violation of Company's Code of Business Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. The Policy gives a platform to the Whistle Blower to report the complaints on the above mentioned practices to the Managing Director or Director (HR). Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for concern and that it is not done as a malicious act against an individual. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were no complaints under this policy. The Whistle Blower policy is available in the website of the Company at the following address

https: //www.elgi.com/in/wp

content/uploads/2019/10/Whistle-Blower-Policy.pdf.

Shareholder Initiatives

- Your Company adheres strictly to all the statutory and other legal compliances
- Your Company has in place the regulations for preventing and regulating Insider Trading. The designated 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 2,08,673 shares; with this, the total number of shares de-matted as on 31st March 2020 are 15,71,36,908 shares, which represents 99.17% 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:29/06/2020	DIN:00003361	DIN:00003660

Annexure 'A'

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2020

[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:

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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 ITALY S.R.L. (formerly known as 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 Italy S.R.L.)** Via Bernezzo 67, 12023 Caraglio (CN) Italy	N.A.	Subsidiary	100%	Section 2 (87) (ii)
10.	**ELGI COMPRESSORS EUROPE S.R.L (formerly known as Elgi Compressors Belgium SPRL) (Subsidiary of Elgi Compressors Italy S.R.L.)** 1170 Watermael-Boitsfort, Avenue du Dirigeable 8, Brussels (Belgium)	N.A.	Subsidiary	100%	Section 2 (87) (ii)

*Winding up process has been initiated commencing 27th May 2020.

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.** 3335 Pelton St., Charlotte, NC 28217 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** First Floor, 7/9 Elgi Industrial Complex, Singanallur, Coimbatore 641005	AAH-9252	Associate/ Joint Venture	50%	Section 2 (6)

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
20.	**MICHIGAN AIR LLC (Subsidiary of Elgi Compressors USA Inc)** 4511 Clay Ave SW Grand Rapids, MI 49548	AAH9252	Subsidiary	100%	Section 2 (87) (ii)
21.	**ELGI GULF MECHANICAL & ENGG EQUIPMENT TRADING LLC (49% stake held by Elgi Gulf FZE)** Office No. P3-A08-06 Empire Heights Podium Business Bay, Dubai, UAE	N.A.	Subsidiary	49%	Section 2 (87) (ii)
22.	**EVERGREEN COMPRESSED AIR & VACCUM LLC (50% stake held by Elgi Compressors USA Inc)** 3217, 44th Ave, SW, Seattle, WA 98116, USA	N.A.	Joint venture	50%	Section 2 (6)
23.	**ELGI COMPRESSORS IBERIA SL (Subsidiary of Elgi Compressors Europe SPRL)** Calle Marques de Urquijo 28008 Madrid, Espana VAT : B88550454	N.A.	Subsidiary	100%	Section 2 (87) (ii)
24.	**COMPRESSED AIR SOLUTIONS OF TEXAS LLC (Entity formed post 31st March 2020) (50% stake held by Elgi Compressors USA Inc)** 1500-N Continental Blvd, Charlotte, North Carolina 28273, Mecklenburg, USA	N.A.	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 01/04/2019)				Shareholding at the end of the year (As on 31/03/2020)				% 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.	Individuals / Hindu Undivided Family	17016505	-	17016505	10.74	16911505	-	16911505	10.67	-0.07
b.	Central Government	-	-	-	-	-	-	-	-	-
c.	State Government(s)	-	-	-	-	-	-	-	-	-
d.	Bodies Corporate	32270836	-	32270836	20.37	32375836	-	32375836	20.43	0.07
e.	Banks/ FI	-	-	-	-	-	-	-	-	-
f.	Any Other									
	LGB Public Welfare Society	1261130	-	1261130	0.80	1261130	-	1261130	0.80	-
	Sub Total (A)(1)	**50548471**	**-**	**50548471**	**31.90**	**50548471**	**-**	**50548471**	**31.90**	**-**
(2)	**Foreign**									
a.	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b.	Other - Individuals	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	-	-	-	-	-	-	-	-	-
d.	Banks/ FI	-	-	-	-	-	-	-	-	-
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	15957167	-	15957167	10.07	15356574	-	15356574	9.69	(0.38)
b.	Banks/ FI	36547	30	36577	0.02	44734	30	44764	0.03	0.01
c.	Central Government	-	-	-	-	-	-	-	-	-
d.	State Government(s)	-	-	-	-	-	-	-	-	-
e.	Venture Capital Funds									
f.	Insurance Companies	-	-	-	-	-	-	-	-	-
g.	FIIs	-	-	-	-	-	-	-	-	-
h.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i.	Others									
	Foreign Bank	2000	-	2000	-	2000	-	2000	-	-
	Alternate Investment Funds	-	-	-	-	817204	-	817204	0.52	0.52

i) Category-wise Shareholding(continued)

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (As on 01/04/2019)				Shareholding at the end of the year (As on 31/03/2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Foreign Portfolio Investors	29444552	-	29444552	18.58	32787127	-	32787127	20.69	2.11
	Sub Total (B)(1)	**45440266**	**30**	**45440296**	**28.68**	**49007639**	**30**	**49007669**	**30.93**	**2.25**
(2)	**Non-Institutions**									
a.	Bodies Corporate									
i)	Indian	20255776	136111	20391887	12.87	18983085	133931	19117016	12.07	(0.80)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b.	Individuals									
I)	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1663654	1240054	17903708	11.30	15888378	1063365	16951743	10.70	(0.60)
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	20461617	-	20461617	12.91	19320266	-	19320266	12.19	(0.72)
c.	Others									
	NBFC registered with RBI	221050	-	221050	0.14	64764	-	64764	0.04	(0.10)
	IEPF	307157	-	307157	0.19	307157	-	307157	0.19	-
	Trusts	200	-	200	-	200	-	200	-	-
	Hindu Undivided Family	1220053	-	1220053	0.77	1274802	-	1274802	0.81	0.04
	Non-Resident Indians (Non-repat)	1161695	-	1161695	0.73	1154491	-	1154491	0.73	-
	Non-Resident Indians (Repat)	246411	16274	262685	0.17	209438	16274	225712	0.14	(0.03)
	Office Bearers	88598	133804	222402	0.14	79217	104000	183217	0.12	(0.02)
	Unclaimed Shares	270002	-	270002	0.17	267114	-	267114	0.17	-
	Clearing Member	41996	-	41996	0.03	31686	-	31686	0.02	(0.01)
	Market Maker	1289	-	1289	-	200	-	200	-	-
	Sub Total (B)(2)	**60939498**	**1526243**	**62465741**	**39.42**	**57580798**	**1317570**	**58898368**	**37.17**	**(2.25)**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**106379764**	**1526273**	**107906037**	**68.10**	**106588437**	**1317600**	**107906037**	**68.10**	**-**
(C)	**Shares held by Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	Grand Total (A)+(B)+(C)	**156928235**	**1526273**	**158454508**	**100.00**	**157136908**	**1317600**	**158454508**	**100.00**	**-**

ii) Shareholding Pattern of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2019)			Shareholding at the end of the year (as on 31/03/2020)			% change in shareholding during the year
		No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Dark Horse Portfolio Investment Private Limited	25859390	16.32	0.00	25964390	16.39	0.00	0.07
2.	Jairam Varadaraj	13810478	8.72	0.00	13705478	8.65	0.00	(0.07)
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	0.80	0.00	1261130	0.80	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	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 01/04/2019)		Cumulative Shareholding during the year as on 31/03/2020)	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares of The Company
1.	**Dark Horse Portfolio Investment Private Limited**				
	At the beginning of the year	25859390	16.32	25859390	16.32
	Purchase of shares as on 21.06.2019	105000	0.07	25964390	16.39
	At the end of the year			25964390	16.39
2.	**Jairam Varadaraj**				
	At the beginning of the year	13810478	8.72	13810478	8.72
	Sale of shares as on 21.06.2019	(105000)	(0.07)	13705478	8.65
	At the end of the year			13705478	8.65

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 01/04/2019)		Cumulative shareholding during the year (as on 31/03/2020)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
1	**SBI SMALL CAP FUND**				
	At the beginning of the year	14327243	9.04	14327243	9.04
	Transfer of shares as on 05.04.2019	(32653)	(0.02)	14294590	9.02
	Transfer of shares as on 21.06.2019	(44044)	(0.03)	14250546	8.99
	Transfer of shares as on 29.06.2019	(209)	(0.00)	14250337	8.99
	Transfer of shares as on 05.07.2019	(45747)	(0.03)	14204590	8.96
	Transfer of shares as on 04.10.2019	(2328)	(0.00)	14202262	8.96
	Transfer of shares as on 01.11.2019	(257)	(0.00)	14202005	8.96
	Transfer of shares as on 08.11.2019	(2890)	(0.00)	14199115	8.96
	Transfer of shares as on 03.01.2020	(13000)	(0.01)	14186115	8.95
	Transfer of shares as on 10.01.2020	(42174)	(0.02)	14143941	8.93
	Transfer of shares as on 17.01.2020	(100000)	(0.07)	14043941	8.86
	Acquisition of shares as on 06.03.2020	16	(0.00)	14043957	8.86
	At the end of the year			14043957	8.86
2	**PARI WASHINGTON INDIA MASTER FUND LTD.**				
	At the beginning of the year	13714611	8.66	13714611	8.66
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			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
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
5	**WASATCH EMERGING INDIA FUND**				
	At the beginning of the year	2053884	1.30	2053884	1.30
	Acquisition of shares as on 03.05.2019	75912	0.04	2129796	1.34
	Acquisition of shares as on 17.05.2019	547916	0.35	2677712	1.69
	Acquisition of shares as on 27.09.2019	22796	0.01	2700508	1.70
	Acquisition of shares as on 30.09.2019	6440	0.01	2706948	1.71
	Acquisition of shares as on 04.10.2019	36843	0.02	2743791	1.73
	Acquisition of shares as on 29.11.2019	1909	0.00	2745700	1.73
	Acquisition of shares as on 06.12.2019	29788	0.02	2775488	1.75
	Acquisition of shares as on 13.12.2019	15681	0.01	2791169	1.76
	Acquisition of shares as on 31.12.2019	1297	0.00	2792466	1.76
	Acquisition of shares as on 10.01.2020	154663	0.10	2947129	1.86

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

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2019)		Cumulative shareholding during the year (as on 31/03/2020)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
	Transfer of shares as on 20.03.2020	(30262)	(0.02)	2916867	1.84
	Transfer of shares as on 27.03.2020	(44975)	(0.03)	2871892	1.81
	Transfer of shares as on 31.03.2020	(28807)	(0.02)	2843085	1.79
	At the end of the year			2843085	1.79
6	**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
7	**FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS INDIAN SUBCONTINENT SUSTAINABILITY FUND**				
	At the beginning of the year	1815718	1.15	1815718	1.15
	Acquisition of shares as on 12.04.2019	1135	0.00	1816853	1.15
	Acquisition of shares as on 19.04.2019	3811	0.00	1820664	1.15
	Acquisition of shares as on 26.04.2019	7253	0.00	1827917	1.15
	Acquisition of shares as on 03.05.2019	2289	0.01	1830206	1.16
	Acquisition of shares as on 10.05.2019	4802	0.00	1835008	1.16
	Acquisition of shares as on 17.05.2019	4425	0.00	1839433	1.16
	Acquisition of shares as on 24.05.2019	7201	0.01	1846634	1.17
	Acquisition of shares as on 31.05.2019	1414	0.00	1848048	1.17
	Acquisition of shares as on 14.06.2019	19708	0.01	1867756	1.18
	Acquisition of shares as on 21.06.2019	11670	0.01	1879426	1.19
	Acquisition of shares as on 12.07.2019	81181	0.05	1960607	1.24
	Acquisition of shares as on 19.07.2019	6723	0.05	1967330	1.24
	Acquisition of shares as on 26.07.2019	13808	0.01	1981138	1.25
	Acquisition of shares as on 02.08.2019	18779	0.01	1999917	1.26
	Acquisition of shares as on 09.08.2019	25822	0.02	2025739	1.28
	Acquisition of shares as on 16.08.2019	5649	0.00	2031388	1.28
	Acquisition of shares as on 23.08.2019	20211	0.01	2051599	1.29
	Acquisition of shares as on 30.08.2019	49291	0.04	2100890	1.33
	Acquisition of shares as on 06.09.2019	9232	0.04	2110122	1.33
	Acquisition of shares as on 13.09.2019	27587	0.02	2137709	1.35
	Acquisition of shares as on 20.09.2019	51453	0.03	2189162	1.38
	Acquisition of shares as on 27.09.2019	19227	0.01	2208389	1.39
	Acquisition of shares as on 18.10.2019	345346	0.22	2553735	1.61
	At the end of the year			2553735	1.61

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

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2019)		Cumulative shareholding during the year (as on 31/03/2020)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
8	**FORTRESS ADVISORS LLP #**				
	At the beginning of the year	-	-	-	-
	Acquisition of shares as on 27/03/2020	2250000	1.42	2250000	1.42
	At the end of the year			2250000	1.42
9	**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
10	**PACIFIC ASSETS TRUST PLC #**				
	At the beginning of the year	1203695	0.76	1203695	0.76
	Acquisition of shares as on 12/04/2019	1301	0.00	1204996	0.76
	Acquisition of shares as on 19/04/2019	4366	0.00	1209362	0.76
	Acquisition of shares as on 26/04/2019	8310	0.01	1217672	0.77
	Acquisition of shares as on 03/05/2019	2622	0.00	1220294	0.77
	Acquisition of shares as on 10/05/2019	5500	0.00	1225794	0.77
	Acquisition of shares as on 17/05/2019	5069	0.01	1230863	0.78
	Acquisition of shares as on 24/05/2019	8251	0.00	1239114	0.78
	Acquisition of shares as on 31/05/2019	1619	0.00	1240733	0.78
	Acquisition of shares as on 14/06/2019	22578	0.02	1263311	0.80
	Acquisition of shares as on 21/06/2019	13370	0.01	1276681	0.81
	Acquisition of shares as on 12/07/2019	5810	0.00	1282491	0.81
	Acquisition of shares as on 19/07/2019	3336	0.00	1285827	0.81
	Acquisition of shares as on 26/07/2019	6851	0.01	1292678	0.82
	Acquisition of shares as on 02/08/2019	9315	0.00	1301993	0.82
	Acquisition of shares as on 09/08/2019	12810	0.01	1314803	0.83
	Acquisition of shares as on 16/08/2019	2803	0.00	1317606	0.83
	Acquisition of shares as on 23/08/2019	10028	0.01	1327634	0.84
	Acquisition of shares as on 30/08/2019	24456	0.01	1352090	0.85
	Acquisition of shares as on 06/09/2019	4580	0.01	1356670	0.86
	Acquisition of shares as on 13/09/2019	13687	0.00	1370357	0.86
	Acquisition of shares as on 20/09/2019	25528	0.02	1395885	0.88
	Acquisition of shares as on 27/09/2019	9540	0.01	1405425	0.89
	Acquisition of shares as on 18/10/2019	171341	0.10	1576766	0.99
	At the end of the year			1576766	0.99
11	**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

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

Sl. No	For each of the top 10 share holders	Shareholding at the beginning of the year (as on 01/04/2019)		Cumulative shareholding during the year (as on 31/03/2020)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
12	**PRESCIENT WEALTH MANAGEMENT PRIVATE LIMITED ***				
	At the beginning of the year	2668000	1.68	2668000	1.68
	Transfer of shares as on 15.11.2019	(331136)	(0.21)	2336864	1.47
	Transfer of shares as on 03.01.2020	(28003)	(0.01)	2308861	1.46
	Transfer of shares as on 10.01.2020	(51500)	(0.04)	2257361	1.42
	Transfer of shares as on 27.03.2020	(2250000)	(1.41)	7361	0.01
	At the end of the year			7361	0.01

#Not in the list of Top 10 shareholders as on 31/03/2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2020.

*Ceased to be in the list of Top 10 shareholders as on 31/03/2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2019.

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 01/04/2019)		Cumulative Shareholding during the year (as on 31/03/2020)	
		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	(105000)	-0.07	13705478	8.65
	At the end of the year			13705478	8.65
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
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
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
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
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
9	**ARUNA THANGARAJ* (Independent Director)**				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			-	-
10	**ANVAR JAY VARADARAJ@ (Non-Executive Director)**				
	At the beginning of the year	962624	0.61	962624	0.61
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			962624	0.61

v) Shareholding of Directors and Key Managerial Personnel(continued)

Sl. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 01/04/2019)		Cumulative Shareholding during the year (as on 31/03/2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11	**RAGUNATHAN GUNABOOSHANAM**				
	(Chief Financial Officer)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			-	-
12	**VAISHNAVI PM****				
	(Company Secretary)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			-	-
13	**NITHYA PRABHU#**				
	(Company Secretary)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year			-	-

* Appointed on 27/05/2019.
** Resigned on 15/11/2019.
# Appointed on 27/11/2019 and Resigned on 13/01/2020
@ Appointed with effect from 01/04/2020

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	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**
Change in indebtedness during the financial year				
* Addition	665.83	1559.73	-	2225.56
* Reduction	689.14	986.88	-	1676.02
Exchange Difference	-0.45	2.15	-	1.71
Net Change	**-23.76**	**575.00**	**-**	**551.24**
Indebtedness at the end of the financial year				
i) Principal Amount	260.00	715.00	-	975.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2.50	-	2.50
Total (i+ii+iii)	**260.00**	**717.50**	**-**	**977.50**

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	17.13
	(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 (A)	**17.13**
	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	0.53	-	-	0.53
Dr. Ganesh Devaraj	0.22	-	-	0.22
Mr.B. Vijayakumar	0.15	-	-	0.15
Mr.N.Mohan Nambiar	0.23	-	-	0.23
Ms.Aruna Thangaraj*	0.29	-	-	0.29
Total				**1.42**

*Appointed on 27/05/2019

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	0.22	-	-	0.22	
Mr.Sudarsan Varadaraj	0.09	-	-	0.09	
Mr.Harjeet Singh Wahan	0.30	-	1.55*	1.85	
Total				**2.16**	**20.89**

*Payment of consultancy fees to Mr. Harjeet Sigh Wahan, non-executive director, for rendering services in the nature of business process consulting

Overall Ceiling as per the Act:

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.Ragunathan Gunabooshanam Chief Financial Officer	Mrs. Vaishnavi P.M* Company Secretary	Mr.Nithya Prabhu# Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.13	0.73	0.21	15.07
	(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	**14.13**	**0.73**	**0.21**	**15.07**

Appointed on 27/11/2019 & Resigned on 13/01/2020
* Resigned on 15/11/2019

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 : 29/06/2020

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. BACKGROUND

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

"Board" means the Board of Directors of the Company

"Company" means Elgi Equipments Limited, India

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

"Employees" means all other Employees of the Company

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

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

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

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

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

2. OBJECTIVE

The objectives of this policy are:

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

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

(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

	Jairam Varadaraj	**N. Mohan Nambiar**
Place: Coimbatore	Managing Director	Director
Date : 29/06/2020	DIN:00003361	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:

Internet of Things (IoT) based energy monitoring system is introduced for all machines and utilities at Air Compressor Plant (ACP), which consumes 39.54% of the total energy consumption of the company. IoT based energy management system provides the remote monitoring of energy usage, energy demand and energy consumption across the plant. Energy data captured digitally through IoT can be accessed in web pages as well as in Mobile phones. With the energy data, the opportunities are identified through a systematic approach in energy analysis, thereby controlling and optimizing the energy consumption and energy demand.

IoT based energy management system enables the energy saving mode automatically in CNC machines by sensing the base load and variable load. Energy saving mode in a CNC machine is triggered to shut-off the drive control system of the machine automatically when there is a unplanned delay in the manufacturing process due to loading and unloading the components into the machines or machine idle time due to setting etc. Significant contribution in optimizing the energy consumption in machine shops is achieved by horizontally deploying this system for all the CNC machines and SPM machines (120 machines).

IoT based energy management system provides the automated energy readings with the desired frequency intervals like hourly, daily, monthly and yearly data of past and present. Real time monitoring of energy readings enables the optimization in energy demand and consumption. Daily consumption reports are generated and communicated to the end-user through E-mail automatically for monitoring their energy use area. SMS alert is also enabled by setting the energy targets.

The various energy management programs (EnMPs) are executed by identifying the gaps and opportunities using the systematic approach energy analysis. Programmable timers are introduced in the utilities like lighting, Air handling units, Air-conditioner units and Chiller units to switch off the power when there are no utilization of these facilities. Air compressor capacity is optimized by studying the compressed Air requirements. Energy efficient fans are installed in the office areas. Automatic operation of switchgear is executed in substation which in turn eliminating the human involvement for operation. There is a future scope in optimizing the energy by replacing the higher capacity motors with energy efficient motors, which is under processing this year. A systematic analysis of energy consumption data provides the optimization not only in energy consumption and also in energy demand. Energy demand reduction process is initiated in this financial year 2020-21.

Carbon emission reduction is also an integral part of the energy objectives in the company. IoT based energy management system provides the carbon emission reduction to 7% as compared to previous year. HSD consumption is reduced by synchronizing the 750 KVA DG set with other DG sets and optimizes the captive generation power cost by improving the cooler efficiency, thereby eliminating the 320 KVA DG Set.

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

Energy baseline (EnB) is established for each Significant Energy Use areas (SEU) for comparing the energy performance of the year. IoT based energy management system has reduced the power cost for Airend manufacturing by 7%, i.e. specific energy consumption per airend equivalent is reduced from 410 kWh to 360 kWh. Net energy cost saving of INR 3.0 Mn. Power to Sale ratio has been reduced from 16% to 10%.

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:

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

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

- Designed and developed an energy efficient oil flooded version of EG55 compressor models for all countries
- Designed and developed an energy efficient oil flooded version from EG11, EG15, EG18, EG22, EG26, EG30, EG37, and EG45 for Canada region.
- Designed and developed an energy efficient oil flooded water cooled compressor EG250 models for all countries
- Designed and developed an cost efficient and energy efficient oil flooded version of compressor from EV11, EV15, EV18, and EV22 for India market and can be extended to other markets.
- Designed and developed an outdoor protection kit for snow and dusty environmental condition for oil ?ooded compressor packages.
- Designed and developed an Air cooled version of oil free compressor version of compressor from OF90, OF110, OF135, OF145 & OF170kW for Indian, USA and European markets
- Designed and developed an oil free disrupted version of compressor from 30 to 45kW and 55 to 110kW for Indian and European markets
- Designed and developed an electric portable version of compressor of PG37E, PG45E & PG90E trolley for C&M applications.
- Designed and developed TS 15 LD12 industrial reciprocating direct drive compressor with enhanced performance.
- Several other projects meeting global requirements are at the verge of completion and will be effective from first to second quarter in the coming year.

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

IV Expenditure incurred on Research & Development: (₹ In Million)

Expenditure on R&D	2019 - 20	2018 - 19
Capital	**17.01**	21.03
Revenue	**387.82**	421.15
Total	**404.83**	442.18
R & D Expenditure as a percentage on turnover	**3.7%**	3.8%

C. Foreign exchange earnings and outgo

Foreign Exchange Earnings	(₹ In Million)
Exports of Goods & Services	**2,242.00**

Foreign Exchange Outgo	(₹ In Million)
Import of Goods and Services (incl Capital Import)	1,359.74
Export Commission	20.14
Total	**1,379.88**

For and on behalf of the board

Place:Coimbatore Date:29/06/2020	**Jairam Varadaraj** Managing Director DIN:00003361	**N. Mohan Nambiar** Director DIN:00003660

Annexure 'E'

Description of the key risks affecting the Company (Top 10 risks):

S.No	Risk Category	Risk Summary	Risk Response / Mitigation actions
1	Compliance Risks	The company's business is subject to legal and regulatory requirements globally; non-compliance could result in severe consequences	The company has developed and implemented a process and a software tool to capture and report all applicable compliances in the company's geographies globally. The company revisits the compliance checklist periodically and updates them to cover latest legal developments and changes in laws using external consultant's help. Proof of compliance collected from the respective process owners.

Description of the key risks affecting the Company (Top 10 risks):

S.No	Risk Category	Risk Summary	Risk Response / Mitigation actions
2	Human Resource Risks	Recruiting and retaining strong talent is key to achieving the company's aspirations; any gaps in these efforts could impact the achievement of revenue and profitability targets.	Competency framework has been developed and rolled out. This is expected to secure access to people with the right expertise in the geographies the company operates in. The company also actively monitors and implements its plans on talent development and attrition in key roles across the globe. From a compensation perspective, salaries and other conditions are benchmarked to the market and linked to business priorities
3	Economic & Market Risks	Our global operations are subject to economic and market risks in the geographies we operate in.	India is still a high growth market over a long term and the company's relatively diversified portfolio may mitigate this risk to a certain extent. Well-diversified sales to customers in multiple countries and industries. Sales of spare parts and services are relatively stable in comparison to equipment sales.
4	Environmental Risks	Acquisitions, joint ventures and investments could be unsuccessful or consume management time and resources, which could adversely affect our operating results	The company selects its acquisitions mostly after its own previous experience of dealing with this on a channel level; also, as a standard practice, detailed due diligence is performed with the help of external experts in the legal, financial and tax areas to fully understand and factor the risks in both making a decision on the deals as well as arriving at the acquisition price.
5	Strategic Risks	Business continuity could be severely affected due to natural disasters or unexpected events like COVID 19 pandemic	Insurance policies taken by the company mitigate the risks to a certain extent but these can be revisited to strengthen the scope as required. The company has responded swiftly and effectively by managing its costs and cash flows to largely overcome the sales compression caused by COVID-19. The company has a disaster management plan in place and continues to refine it regularly to meet the changing requirements.
6	Supply Chain Risks	Disruptions in supplies due to concentration of manufacturing facilities in a single location and reliance on one or few suppliers present risks to business stability	The company is exploring responses to manufacturing concentration including strategic stocking in various parts of India and the world. Actions would be undertaken on widening the supplier base and develop a global network of suppliers to prevent supplier dependency.

Description of the key risks affecting the Company (Top 10 risks):

S.No	Risk Category	Risk Summary	Risk Response / Mitigation actions
7	Information Technology Risks	Cyber security risks could disrupt the company's technology systems, infrastructure, and networks. Gaps in data protection could result in non-compliance of applicable regulations	Availability has been improved by adopting Cloud technologies for some of the critical systems. Emails are scanned and quarantined if risk is detected. Multi-factor authentication is being implemented for minimizing cyber risks due to password hacks. IT security audits are performed annually to assess the vulnerabilities in the existing systems. Intelligent security monitoring tools to be evaluated. Data privacy policy is being formulated to comply with GDPR.
8	Financial Risks	Exchange rate fluctuations in the various currencies that company deals in could adversely affect the company's financial performance	To minimize fluctuation risks, the company has a strong hedging process and policy in place. The company also continuously monitors the exchange rates relevant for its geographies and takes suitable actions to offset negative changes by adjusting selling prices and costs.
9	Environmental Risks	Global climate change and related regulations can negatively impact our business	The company expects to focus more on Electrically driven machines and Oil Free Compressors for its future growth, gradually reducing the impact of Diesel Powered Compresers on its overall portfolio. Environmental factors and regulatory changes happening globally would be closely monitored to effect appropriate actions to align our products with these requirements.
10	Strategic Risks	The company's large dependence on India makes it susceptible to the economic fortunes of a single geography	The company's CK2 aspiration makes it a goal to diversify and reduce the business concentration in India. The company believes that it now has assembled the infrastructure and resources overseas to implement this aspiration over the next few years.

Annexure 'F'

Annual report on Corporate Social Responsibility (CSR) activities

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

The Company has been engaged in Education and Community development projects in and around Coimbatore for a number of decades. The Company 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. 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

Mrs. Aruna Thangaraj (Independent Director)*-
Member of the Committee

*Appointed with effect from 27/05/2019

03. Average Net Profit of the Company for the last three Financial Year:₹1054.91 Million

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

The Company was required to spend `₹ 21.09 Million towards CSR during the year

05. Details of CSR spent during the Financial Year 2019-20 (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	1,28,83,000	1,28,83,000	1,28,83,000	Through a Registered Trust*
2.	Sports promotion activities	Rural Sports	Coimbatore & Karur, Tamilnadu	50,000	50,000	50,000	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	17,00,000	17,00,000	17,00,000	Direct
6.	Medical Relief & Public Welfare activities	Public & Woman Welfare	Coimbatore, Tamilnadu	3,20,000	3,20,000	3,20,000	Direct
7.	PM CARES COVID 19	Public Welfare	India	50,00,000	50,00,000	50,00,000	Direct
			Total	2,11,03,000	2,11,03,000	2,11,03,000	

* 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 : 29/06/2020	**Jairam Varadaraj** Managing Director & Chairman of CSR Committee DIN:00003361	**N. Mohan Nambiar** Director DIN:00003660

Annexure 'G'

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2020

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

To

The Members,

ELGI EQUIPMENTS LIMITED

(CIN: L29120TZ1960PLC000351)

Elgi Industrial Complex III,

Trichy Road, Singanallur,

Coimbatore - 641005

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

Based on my verification of M/s. ELGI EQUIPMENTS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31st March 2020,** 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 2020 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I further report that

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

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

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

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

There were no instances of

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

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M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960, C P No.: 411
UDIN: F000960B000398016

Place: Coimbatore
Date: 29/06/2020

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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
UDIN: F000960B000398016

Place: Coimbatore
Date: 29/06/2020

Annexure 'H'

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

Particulars of Employees

i) Names of top ten employees in terms of remuneration drawn and the name of every employee employed who was in receipt of remuneration not less than rupees one crore and two lakhs per annum or rupees eight lakhs fifty thousand per month .

(₹ In Million)

Name	Date of joining	Designation on 31-03-2019	Qualification& Experience	Age	% of Share holding	Remune ration	Last employed
Ramesh Ponnuswami	07-11-2011	Executive Director	BE, MBA; 27 years	51	-	17.40	EID Parry (I) Limited
Jairam Varadaraj	29-05-1992	Managing Director	B.Com, MBA, PhD (USA); 31 years	58	8.65%	17.13	-
Ragunathan Gunabooshanam	02-11-2018	Chief Financial Officer	B.Com, MBA, ACA, CWA; 25 years	49	-	14.13	Praxair India Private Limited
Sriram Srinivas	11-07-2007	Director-Operations	Bsc, FCA, FCMA & CISA; 37 years	61	0	12.80	Cholayil Private Limited
Jayakanthan R	07-01-2009	Director-People, Systems & Strategy	B.Com; 33 years	55	0	12.11	Kennametal India Limited
Ambat Rajesh Premchandran	04-06-2018	Director-ISAAME	B.E; 29 years	49	-	10.99	Danfoss Industries Pvt Limited
Venu Madhav K	31-01-1998	Director-Technology	M.Tech, PhD; 24 years	48	-	11.47	Gas Turbine Research Establishment
Vijayakumar V.P	01-10-2012	Head-Design	ME; 27 years	53	-	9.37	Ergoform Consulting Private Limited
*Sundarasamy S	01-07-1987	VP-Portables	BE;33 years	55	-	9.01	LG Electronics Limited
Raajeshwar M.K	17-04-2006	VP & Head - Industrials (ISA)	BE; MBA; 27 years	48	-	8.40	Tega Industries Limited

*Sundarsamy S resigned with effect from 22nd January, 2020.

1. Nature of employment of Mr. Jairam Varadaraj, Managing Director of the Company is contractual. All other Executives are on the permanent rolls of the Company.

2. Mr. Jairam Varadaraj is related to Mr. Sudarsan Varadaraj and Mr. Anvar Jay Varadaraj, as per definition of "Relative" under Section 2 (77) of The Companies Act, 2013. No other employees mentioned above are related to any Directors of the Company.

3. Remuneration includes salary, allowances, contribution to Provident Fund and other taxable perquisites and also performance linked pay paid during the year.

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

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

Name	Ratio
Mr. Jairam Varadaraj (Managing Director)	24.5:1
Mr. Sudarsan Varadaraj (Director)	0.13:1
Dr. T Balaji Naidu (Director)	0.31:1
Mr. M Ramprasad (Director)	0.76:1
Dr. Ganesh Devaraj (Director)	0.31:1

Name	Ratio
Mr. B Vijayakumar (Director)	0.21:1
Mr. N Mohan Nambiar (Director)	0.33:1
Mrs. Aruna Thangaraj	0.41:1
Mr. Harjeet Singh Wahan	2.65:1

Sitting fees paid to the non-executive directors has been considered as remuneration.

b) The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, if any, in the financial year:

Mr. Jairam Varadaraj	-	Managing Director	: 8.00%
Mr. Ragunathan Gunabooshanam	-	Chief Financial Officer	: 3.12%
Ms. Vaishnavi PM	-	Company Secretary	: 9.50%
*Mr. Nithya Prabhu	-	Company Secretary	: NA

* Appointed on 27/11/2019 and Resigned on 13/01/2020

c)The percentage increase in the median remuneration of employees in the financial year: 5.22 %

d) The number of permanent employees on the rolls of company:1449 (excluding subsidiaries)

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

Average increase in remuneration is 5.22% for Employees and Managerial Personnel

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

For and on behalf of the board

Place: Coimbatore
Date : 29/06/2020

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'I'

DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

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

Disclosed in the notes to the financial statements which forms part of this Annual Report.

2. Material Changes in the Scheme:

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

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

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

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

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

Sl.No	Particulars	Details
a.	Date of shareholders' approval	31/01/2020
b.	Total number of options approved under ESOP	15,84,545 (1% of paid up capital)
c.	Vesting requirements	The options granted shall have a vesting period of not more than 3 years from the date of grant and all options granted shall vest as per the vesting schedule specified in the Grant Letter. The vesting of options shall be subject to the fulfilment of the terms and conditions mentioned in the Grant Letter
d.	Exercise price or pricing formula	The Company has granted options at a grant price of ₹200.05 per equity share.
e.	Maximum term of options granted	The maximum term of options granted will be for a period of 3 years.
f.	Source of shares	Secondary Acquisition
g.	Variation in terms of options	There has been no variation in the terms of the options during the year.

ii. Method used to account for ESOP:

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

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

Not applicable as Fair value method is followed

iv.Option movement during the year

Particulars	Details
Number of options outstanding at the beginning of the period	Nil
Number of options granted during the year	1,60,600
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
Loan repaid by the Trust during the year from exercise price received	Nil
Number of options outstanding at the end of the year	1,60,600
Number of options exercisable at the end of the year	Nil

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

Exercise price for options granted during the year : ₹ 200.05

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

S.No	Name of the Eligible Employee	Designation	No. of options granted
1	JAYAKANTHAN R	Director - People System & Strategy	25000
2	AMBAT RAJESH PREMCHANDRAN	Director - ISAAME	5800
3	RAGUNATHAN GUNABOOSHANAM	Chief Financial Officer	6800
4	RAMESH PONNUSWAMI	Executive Director	19600
5	AJIT SINGH	Director - PMMO	5000
6	VENU MADHAV K	Director - Technology	25000
7	SRIRAM S	Director - Operations	6700
8	CHRIS RINGSLTETTER	President - Europe	15700
9	DAVID JON PUCK	President - Americas	51000
		TOTAL	1,60,600

The exercise price of the options granted above is ₹ 200.05 per option

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

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

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

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

I Share Price: ₹201.65 (share price as on the grant date)

ii. Exercise Price: ₹200.05

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

iv. Option Life: 3.2 years (expected life taken as the mid-point between the vesting date and exercise date, which is a period of 3 months)

v. Expected Dividends: The dividend yield of 0.82% is determined based on the latest declared dividend of ₹1.65 per share

vi. Risk free Interest Rate: 5.48%

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

None.

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

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

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

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

5. Details related to Trust

I. General information on all schemes ₹

S No.	Category of employees	Details
1	Name of the Trust	Elgi Equipments Limited Employee Stock Option Trust
2	Details of the Trustee(s)	Mr.R.Jeyachandran & Mr.M.Ramakrishnan
3	Amount of loan disbursed by company / any company in the group, during the year	₹Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	₹Nil
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	₹Nil
6	Any other contribution made to the Trust during the year	₹Nil

ii. Brief details of transactions in shares by the Trust

S No.	Category of employees	Details
a.	Number of shares held at the beginning of the year	Nil
b.	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
c.	Number of shares transferred to the employees / sold along with the purpose thereof	Nil
d.	Number of shares held at the end of the year	Nil

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

The Trust has not undertaken any secondary acquisition of shares during the year under review.

For and on behalf of the board

Place: Coimbatore
Date : 29/06/2020

Jairam Varadaraj
Managing Director
DIN:00003361

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'J'

Business Responsibility Report

Introduction

The directors present the business responsibility report of the company for the financial year ended on 31st March, 2020, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Section A: General information about the company

1.	Corporate Identity Number (CIN):	L29120TZ1960PLC000351
2.	Name of the company:	ELGI EQUIPMENTS LIMITED
3.	Registered address:	ELGI INDUSTRIAL COMPLEX III, TRICHY ROAD, SINGANALLUR, COIMBATORE -641 005.
4.	Website:	www.elgi.com
5.	E-mail id:	investor@elgi.com
6.	Financial year reported:	2019-2020
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):	Major locations-China, Australia, Brazil, Italy, Belgium, Middle-East, USA
	Number of national locations:	15 Locations
10.	Markets served by the company:	Local/State/National/International

1.	Paid up capital:	₹15,84,54,508
2.	Total turnover:	₹11,305.75 Million
3.	Total profit after taxes:	₹1004.24 Million
4.	Total spending on corporate social responsibility (CSR) as percentage of PAT:	2.10%
5.	List of activities in which expenditure in 4 above has been incurred:	Predominantly in education

Section C: Other details

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

   Yes, the company has the following subsidiaries:-

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

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	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	N	N	Y	N	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	N	N	Y	N	Y	N
		The policies are in line with international standards and practices such as ISO 9001: 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 (But it has been signed by the appropriate owner)
5.	Does the company have a specified committee of the board/ director/ official to oversee the implementation of the policy?	Y	N	Y	N	N	N	N	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.elgi.com Not all policies may be available in this link in due course access to all policies will be provided.								

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	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	N	N	Y	N	Y	Y
9.	Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	N	N	Y	N	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

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

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

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.		
4.	It is planned to be done within next 6 months				NO	NO		NO		
5.	It is planned to be done within the next 1 year				NO	NO		NO		
6.	Any other reason (please specify)				None	None		None		

3. Governance related to BR:

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

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

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

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

Section E: Principle-wise performance

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

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

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

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

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

There were no complaints from Shareholders and Customers on ethics, transparency or accountability during the 2019-20. Few complaints received from anonymous sources during 2019-20 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 signi?cant 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) (18 - 19 :386 Kwh/ Air end) (19 - 20 : 375 Kwh/ Air end)

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

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

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

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

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

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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, please see answer to 3 a above.

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

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

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

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

The company generates minimal quantities of hazardous waste, electronic waste, used oil waste, used batteries and foundry ?ne 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. 2247 (Including subsidiaries)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 615

3. Please indicate the number of permanent women employees: 155

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

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

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

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

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

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

(a) Permanent employees: 62%

(b) Permanent women employees: 80%

(c) Casual/temporary/contractual employees: 71%

(d) Employees with disabilities: 100 % (3 employees)

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

ELGi firmly believes that business sustainability is possible only by taking along all stakeholders, internal as well as external. The company has mapped its key stakeholders and employs various mechanisms and practices to engage 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 identi?ed 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 and the company is sensitive to and has been promptly attending to their needs believes in and has always paid all its vendors in time. Differently abled employees are given more attention.

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 2019-20.

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

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

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

None

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

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

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

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

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

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

New initiative in ISO 14001:2015 - We utilized the foundry waste sand and converted as a solid blocks, we manufactured and used 40,000 solid blocks for construction purpose for the canal parapet walls at HO and New ELGi school compound wall construction

New initiative in ISO 50001:2011: To reduce the High Speed Diesel consumption, we initiated 250 KVA MG Set (Mechanical Generator) for testing the compressor products various volts and various Hertz for different countries All the CNC and SPM machines energy idle time optimization by executing IoT energy concept, hence On-line energy monitoring system executed for Air center plant and remotely we can operate the Power House during the Non-operating days

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

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

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

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

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

4. Has the company undertaken any other initiatives on - clean technology, energy eficiency, 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 eficiency 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.

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

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

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

None

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

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

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

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 2019-20.

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 affliated to the state board.

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

The Company is supporting a School with 1500 students through a registered trust in Vellalore, Coimbatore. Company has also contributed for constructing a new school building through the registered trusts. During the last year the company has contributed to PM Cares for COVID 19 relief fund. The company is also extending financial support to Cankids- Kidscan, a NGO involved in holistic treatment of cancer afflicted children. Support for Cankids-Kidscan spread for three financial years @

₹ 10.00 Lakhs/year.

Project undertaken	CSR contribution (Amount in ₹) during the year 2019-20
Support to School and construction of new school building through LRG Foundation	1,28,83,000
COVID 19 relief fund - PM Cares	50,00,000
Support to Cankids - Kidscan, Delhi	10,00,000
Contribution to Coimbatore Cancer Foundation - Coimbatore Marathon	17,00,000

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 collects CSR spending reports on a quarterly basis from the Trusts and monitors school activities continuously on a day to day basis. With respect to other projects, the company monitors by seeking progress reports from time to time.

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

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

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

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

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

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

In packing

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

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 carry out any consumer survey/ consumer satisfaction trends?

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

For and on behalf of the board

Place: Coimbatore	**Jairam Varadaraj**	**N. Mohan Nambiar**
Date : 29/06/2020	Managing Director	Director
	DIN:00003361	DIN:00003660

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Ten Directors. Mr. Jairam Varadaraj is the Executive Director and all others are Non-executive Directors (out of which five are Independent Directors). Mr. Anvar Jay Varadaraj was appointed as a Non-Executive Director with effect from 1st April 2020.

The Board met Six times during the financial year on 27th May 2019, 2nd August 2019, 8th November 2019, 16th December 2019, 7th February 2020 and 6th March 2020. 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	4
Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive Promoter	3	No	5	-	2
Dr. T. Balaji Naidu (DIN: 00002755)	Non-Executive Promoter	6	Yes	1	-	1
Mr. B. Vijayakumar (DIN: 00015583)	Non-Executive Independent	5	Yes	2	-	2
Mr. N. Mohan Nambiar (DIN: 00003660)	Non-Executive Independent	2	No	1	1	1
Mr. M. Ramprasad (DIN: 00004275)	Non-Executive Independent	5	Yes	1	1	-
Dr. Ganesh Devaraj (DIN: 00005238)	Non-Executive Independent	4	Yes	0	-	1
Mr. Harjeet Singh Wahan (DIN: 00003358)	Non-Executive Non-Independent	6	Yes	1	-	1
Mrs. Aruna Thangaraj (DIN: 07444726) Appointed on 27.05.2019	Non-Executive Independent	6	Yes	1	-	1
Mr. Anvar Jay Varadaraj (DIN: 07273942) Appointed on 01.04.2020	Non-Executive Promoter	NA	NA	1	-	-

Excludes directorships in Private Companies and Foreign Companies

$ Only Audit Committee and Stakeholders Relationship Committee are considered.

Mr. Jairam Varadaraj, Managing Director, Mr. Sudarsan Varadaraj, Director and Mr. Anvar Jay Varadaraj are related to each other. 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.

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

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)	LGB Forge Limited	Chairman, Non-Executive Director
	L G Balakrishnan & Bros Limited	Chairman & Managing Director
Mr. N. Mohan Nambiar (DIN: 00003660)	Nil	Nil
Mr. M. Ramprasad (DIN: 00004275)	Nil	Nil
Dr. Ganesh Devaraj (DIN: 00005238)	Nil	Nil
Mrs. Aruna Thangaraj (DIN: 07444726) Appointed on 27.05.2019	Nil	Nil
Mr. Harjeet Singh Wahan (DIN: 00003358)	Nil	Nil
Mr. Anvar Jay Varadaraj (DIN: 07273942) Appointed on 01.04.2020	Nil	Nil

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March 2020.

Name of the Director	No of Shares held (as on 31/03/2020)
Mr. M. Ramprasad	8000
Mr. B. Vijayakumar	50000
Dr. T. Balaji Naidu	31000
Mr. Sudarsan Varadaraj	41786
Mr. Harjeet Singh Wahan	10000

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

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

INDEPENDENT DIRECTORS

Familiarization Program for Independent Directors:

At every Board Meeting, the concerned Senior Management personnel of the Company presents to the Directors, region-wise operational and financial aspects of the Company and its subsidiaries. The Directors are also apprised about the new products and related aspects. During the year, a presentation on Europe's Market & Growth Strategy was presented to the Directors and the Directors were also apprised of the Deming Prize award that was won by the Company in the month of November 2019.

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

Key Board Qualifications, expertise and attributes:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

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

ELGi Board of Directors Skill Matrix

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

Confirmation on the fulfillment of the conditions of independence:

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

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

Separate Meeting of the Independent Directors:

The Independent Directors held a meeting 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 six Committees:

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

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

AUDIT COMMITTEE

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

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

During the year under review, the Committee met four times on 27th May 2019, 2nd August 2019, 8th November 2019, and 7th February 2020. 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	2
Dr. Ganesh Devaraj (Member)	Independent – Non-Executive	4	2
Mr. Harjeet Singh Wahan (Member)	Non-Independent - Non-Executive	4	4
Mrs.Aruna Thanagaraj* (Member) *Appointed from 27.05.2019	Independent – Non-Executive	3	3

The Chairman of the Audit Committee attended the Annual General Meeting held on 2nd August 2019.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, Internal Auditor and Chief Financial Officer of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the accounts for the year 2018-19, 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

The Committee comprises of the following Directors as its Members.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Dr. Ganesh Devaraj (Chairman)	Independent – Non-Executive	3	2
Mr. N. Mohan Nambiar(Member)	Independent – Non-Executive	3	2
Mr. M. Ramprasad (Member)	Independent – Non-Executive	3	3

The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on 2nd August 2019.

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 three times on 27th May 2019, 8th November 2019 and 6th March 2020.

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

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

Performance Evaluation of non-executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members.

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 2020 as follows:

Name of the Director	Salary, Allowance and Perquisites (₹ in Million)	Service Contract
Mr. Jairam Varadaraj, Managing Director	17.13	01/04/2016 to 31/03/2021

Except for Mr. Harjeet Singh Wahan, who is paid consultancy fees pursuant to approval of the members vide resolutions passed at the Annual General Meetings held on 31st July 2015 & 2nd August 2019, 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	1.55

The details of sitting fees paid during the year ended 31st March 2020 to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees (In ₹)
Mr. N. Mohan Nambiar	2,30,000
Mr. M. Ramprasad	5,30,000
Dr. Ganesh Devaraj	2,20,000
Mr. B. Vijayakumar	1,50,000

Name of the Director	Sitting Fees (In ₹)
Dr. T. Balaji Naidu	2,20,000
Mr. Sudarsan Varadaraj	90,000
Mrs. Aruna Thangaraj	2,90,000
Mr. Harjeet Singh Wahan	3,00,000

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

ELGI EQUIPMENTS LIMITED EMPLOYEE STOCK OPTION PLAN 2019:

The Company has in place an Employee Stock Option Plan called "Elgi Equipments Limited Employee Stock Option Plan 2019". 1,60,600 stock options were granted to the employees during the year under review. The Company has not granted any stock option to its directors.

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	24	24
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	24	24
Dr. T. Balaji Naidu (Member)	Non-Executive - Promoter	24	24

One of the members of the Stakeholders Relationship Committee, who was authorized by the Chairman has attended the Annual General Meeting of the Company held on 2nd August 2019.

Mrs. Vaishnavi P M, Company Secretary of the Company was the Compliance Officer till she resigned on 15th November 2019. Subsequently, Mr. Nithya Prabhu R was appointed as Company Secretary and Compliance Officer of the Company on 27th November 2019 and he resigned with effect from 13th January 2020. Mr. Shyam Vasudevan, Vice-President Legal and Secretarial was the Compliance Officer of the Company until 29th June 2020. Presently, Mr. Ragunathan K, Company Secretary is the Compliance Officer of the Company.

The terms of reference of this Committee are as required by SEBI under Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approved transfer, transmission, transposition, name deletion and issue of duplicate share certificates.

In addition, the Committee looks into other issues including status of dematerialization / re-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 2020 was 8. All complaints were solved to the satisfaction of the shareholders. There were no outstanding complaints as on 31st March 2020.

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

RISK MANAGEMENT COMMITTEE

As required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto, the Company has re-constituted the Risk Management Committee with majority of Board of Directors as its members with effect from 1st February 2019. The Risk Management Committee shall monitor, review the risk management plan of the Company and perform such other functions as mandated by the Board of Directors.

The Committee consists of the following members:

Name of the Member	Category
Mr. Harjeet Singh Wahan (Chairman)	Non-Independent – Non-Executive
Mr. Jairam Varadaraj	Executive Managing Director - Promoter
Mr. Ragunathan Gunabooshanam	Chief Financial Officer

The Committee met once during the year under review on 15th April 2019.

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 Mrs. Aruna Thangaraj (from 27/05/2019) as members. During the year under review, the Committee had met twice on 27th May 2019 and 7th February 2020.

COMPENSATION COMMITTEE

The Board of Directors have constituted a Compensation Committee in accordance with the provisions of SEBI (Share Based Employee Benefits) Regulations 2014, for dealing with matters relating to the implementation of Elgi Equipments Limited Employee Stock Option Plan 2019. The Compensation Committee of the Board is authorize to perform all the functions and execute all powers as bestowed under the Elgi Equipments Limited Employee Stock Option Plan 2019.

The committee consist of the following members:

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

The Committee met once during the year under review on 6th March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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

GENERAL BODY MEETINGS

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

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2018-2019	02/08/2019	3.30 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	1. Re-appointment of Mr. M.Ramprasad (DIN: 00004275) as an Independent Director of the Company for a second term of 5 consecutive years with effect from 2nd August 2019. 2. Re-appointment of Dr. Ganesh Devaraj (DIN: 00005238) as an Independent Director of the Company for a second term of 5 consecutive years with effect from 2nd August 2019 3. Re-appointment of Mr. B.Vijayakumar (DIN: 00015583) as an Independent Director of the Company for a second term of 5 consecutive years with effect from 2nd August 2019 4. Re-appointment of Mr. N.Mohan Nambiar (DIN: 00003660) as an Independent Director of the Company for a second term of with effect from 2nd August 2019 to 10th April 2023 5. Approval for payment of consultancy fees to Mr.Harjeet Singh Wahan (DIN: 00003358), Non-executive Director of the Company with effect from 1st April 2019 to 31st March 2020
2017-2018	10/08/2018	4.00 pm	ARDRA, No. 9, North Huzur Road (Near 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-

Extra Ordinary General Meeting:

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

Postal Ballot

During the year, the Company has conducted a Postal Ballot vide Notice dated 16th December 2019 for obtaining the approval of the members for the Elgi Equipments Limited Employee Stock Option Plan 2019. The details of resolutions passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Particulars of Resolution	Type of resolution	No. of votes polled	Votes cast in favour		Votes cast against		Invalid votes cast
			No. of Votes	% of Votes	No. of Votes	% of Votes	
Adoption of Elgi Equipments Limited Employee Stock Option Plan 2019	Special Resolution	9,18,75,264	7,70,43,041	83.86	1,48,32,223	16.14	31,479
Extension of benefits of Elgi Equipments Limited Employee Stock Option Plan 2019 to the Eligible Employees of the Subsidiary and holding companies of Elgi Equipments Limited	Special Resolution	9,19,26,947	7,70,86,824	83.86	1,48,40,123	16.14	31,479
Approval for (i) the use of the Trust route for the implementation of the Eigi Equipments Limited Employee Stock Option Plan 2019 (Elgi ESOP 2019); (ii) Secondary acquisition of the Equity Shares of the Company by the Trust to be set up; and (iii) grant of financial assistance / provision of money by the Company to the Trust to fund the acquisition of its Equity shares, in terms of the Elgi ESOP 2019	Special Resolution	9,19,25,027	7,70,84,869	83.86	1,48,40,158	16.14	31,479

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

Postal Ballot proposed to be conducted:

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

Procedure for postal ballot:

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 16th December 2019 (as specified above) were transacted through Postal Ballot / e-voting.

The Company had engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting facility to the members.

The members holding shares as on the cut-off date of Friday, 27th December 2019 were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from Thursday, 2nd January 2020 to Friday, 31st January 2020. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on Saturday, 1st February 2020 on the website of the Stock Exchanges, Company and CDSL.

MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. Business Line (all editions), The Hindu (Vernacular paper) and simultaneously posted on the Company's website (www.elgi.com).

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

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

GENERAL SHAREHOLDER INFORMATION

60th Annual General Meeting

Date and Time: 14th day of August 2020 at 3:30 PM

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

Financial Year: 1st April 2019 to 31st March 2020

Date of Book closure: 8th August 2020 to 14th August 2020

Dividend Payment Date: Not Applicable. Interim Dividend for the financial year 2019-20 was paid on 26/03/2020

Listing of shares on Stock Exchanges

BSE Limited

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

National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor, Plot No. C/1'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. Annual listing fees has been duly paid to BSE Limited & National Stock Exchange of India Limited.

STOCK MARKET DATA

Type of Security: Equity

Stock Code:

BSE Limited - 522074

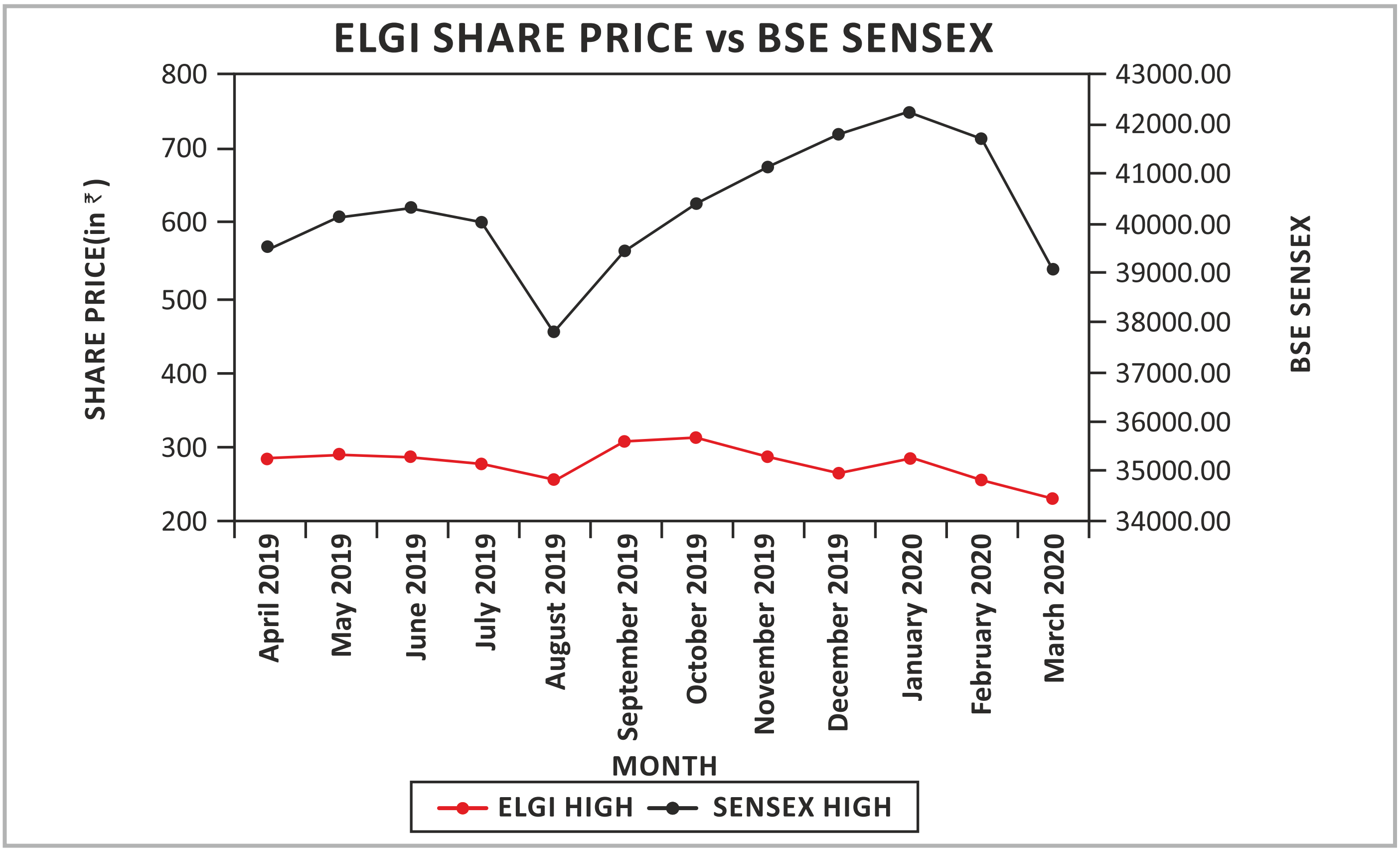
National Stock Exchange of India Limited - ELGI EQUIP

ISIN allotted for equity shares: INE 285A01027 (Fully paid ₹1/- each)

Stock Price Data:
For the Period: April 2019 to March 2020

Month	NSE			BSE		
	HIGH (In ₹)	LOW (In ₹)	QTY	HIGH (In ₹)	LOW (In ₹)	QTY
APRIL	281.95	246.00	6,22,981	282.00	245.60	74,191
MAY	285.00	251.60	11,90,445	287.75	252.00	22,597
JUNE	282.00	257.00	2,98,942	285.80	255.00	1,58,443
JULY	271.90	242.15	14,27,785	273.95	243.05	2,02,852
AUGUST	250.70	221.60	4,90,984	255.30	228.00	16,569
SEPTEMBER	305.00	240.60	10,52,760	305.15	241.55	2,51,329
OCTOBER	308.00	265.10	2,73,009	309.60	265.00	10,43,990
NOVEMBER	284.00	248.00	6,90,703	283.60	250.00	1,19,182
DECEMBER	264.90	240.20	2,34,064	263.10	243.00	27,795
JANUARY	284.00	250.45	8,56,424	283.00	251.00	4,37,440
FEBRUARY	255.00	208.15	6,07,749	255.00	207.80	22,126
MARCH	239.50	109.60	56,00,947	230.00	106.10	24,80,116
TOTAL			**1,33,46,793**			**48,56,630**

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 - 400083

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

Coimbatore Branch:

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

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

Details of Compliance Officer:

Mr. Ragunathan K

Elgi Equipments Ltd, Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore - 641005 Tel: 91- 422- 2589136, 2589187 Fax: 91-422-2573697, e-mail: investor@elgi.com

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

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

Reconciliation of Share Capital Audit

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

Share Transfer System

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

Categories of Shareholders as on 31st March 2020

Category	No. of Shares	% To Total
PROMOTERS	5,05,48,471	31.90
FINANCIAL INSTITUTIONS/BANKS	46,764	0.03
MUTUAL FUNDS	1,61,73,778	9.69
FIIs	3,27,87,127	20.69
BODIES CORPORATE	1,91,17,016	12.06
NON -RESIDENT INDIANS	13,80,203	0.87
MARKET MAKER	200	0.00
CLEARING MEMBERS	31,686	0.02
EMPLOYEES	1,83,217	0.12
PUBLIC	3,81,86,046	24.10
TOTAL	**15,84,54,508**	**100.00**

Distribution of Shares as on 31st March 2020

Distribution of shares	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	17487	95.62	6033646	3.81
5001 to 10000	292	1.60	2204526	1.39
10001 to 20000	204	1.12	2923887	1.84
20001 to 30000	65	0.35	1623373	1.02
30001 to 40000	47	0.25	1690392	1.07
40001 to 50000	24	0.13	1097005	0.70
50001 to 100000	53	0.29	3941352	2.49
100001 & above	117	0.64	138940327	87.68
Total	**18289**	**100.00**	**15,84,54,508**	**100.00**

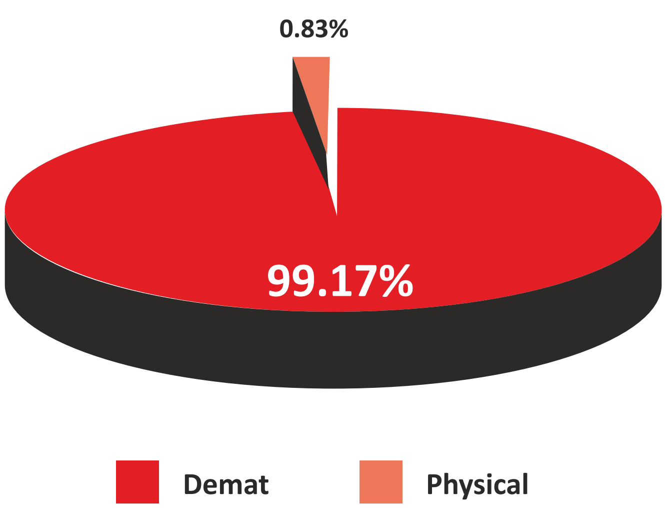
Dematerialization of Shares and liquidity

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 2019-20, 2,08,673 shares were dematted. As on 31st March 2020, out of 15,84,54,508 shares, total shares in demat form is 15,71,36,908 shares and 13,17,600 shares in physical form. The dematted portion represents 99.17% shares of the company and 0.83% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26/06/2000 for all investors.

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

Elgi Demat Percentage



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

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

Commodity price risk or foreign exchange risk and hedging activities

Nil

Plant locations

ELGI EQUIPMENTS LIMITED
Elgi Industrial Complex
Trichy Road, Singanallur, Coimbatore - 641 005

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

Address for Correspondence

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

Credit Rating:

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

DISCLOSURES:

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

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

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

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

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

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

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

The Company has in place a vigil mechanism/ whistle blower policy in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & the Companies Act, 2013. The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the company. Besides this, the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not, is placed before the Audit Committee for its perusal and comments. No personnel has been denied access to the Audit Committee of the Company.

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

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

The Company has adopted the following non-mandatory requirements.

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

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

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

The Company has framed a Material Subsidiaries Policy and the same is placed on the Company's website and the web link for the same is

https://www.elgi.com/in/wpcontent/uploads/2019/05/Policy-for-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 link for the same is https://www.elgi.com/in/wpcontent/uploads/2019/05/Related-Party-Transactions-Policy.pdf

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

During the financial year ended 31/03/2020, the Company did not engage in commodity hedging activities

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

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

i) Certificate on non-disqualification of directors

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

j) Recommendation of the Committtees of the Board

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

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

The Company & the subsidiaries has paid a sum of

₹ 43,00,000 including out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm / entity of which the statutory auditor is a part for the services rendered by them.

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

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2019-20, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

m) Disclosure on accounting treatment.

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

n) Disclosure on risk management

Business risk evaluation and management is an ongoing process within the Company. The 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.

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 29th June 2020 as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

CODE OF CONDUCT

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

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has framed a code of conduct for monitoring the trading done by designated persons based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors, officers and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company.

The Company has also 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 2019-20.

Place: Coimbatore
Date : 29/06/2020

Jairam Varadaraj
Managing Director
DIN:00003361

Unclaimed Suspense Account

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

Particulars	Number of Shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	458	2,70,002
Number of shareholders who approached the company for transfer of shares from suspense account during the year. Number of shareholders whose shares were transferred from suspense account during the year	8	2,888
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March 2020	450	2,67,114

The voting rights on the outstanding unclaimed shares as on 31st March 2020 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

Certificate on Corporate Governance for the year ended 31/03/2020

To

The Members of M/s. Elgi Equipments Limited

Dear Sir,

I have examined the compliance of the conditions of Corporate Governance by M/s. Elgi Equipments Limited ("the Company") for the financial year ended 31st March 2020 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2020.

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 CP No.: 411
UDIN: F000960B000398049

Place: Coimbatore
Date: 29/06/2020

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

To

The Members of

M/s. ELGI EQUIPMENTS LIMITED

(CIN: L29120TZ1960PLC000351)

Elgi Industrial Complex III,

Trichy Road, Singanallur,

Coimbatore - 641005

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2020 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
9	Mrs. Aruna Thangaraj	07444726	27/05/2019
10	Mr.Anvar Jay Varadaraj *	07273942	01/04/2020

* Appointed as an Additional Director with effect from 1st April 2020 by the Board of Directors at their meeting held on 6th March 2020

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

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960B000398038

Place: Coimbatore
Date: 29/06/2020

Group Performance for Ten Years

(₹ In Million)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Revenue from operations	18,294	18,635	16,222	14,380	14,660	13,621	14,081	12,101	10,490	10,006
Total income	18,426	18,731	16,336	14,501	14,751	13,945	14,172	12,263	10,637	10,124
Total expenditure	16,935	16,717	14,488	12,989	13,452	12,737	13,089	11,106	9,389	8,644
PBDIT	1,491	2,014	1,848	1,512	1,299	1,208	1,084	1,157	1,248	1,480
Depreciation / Amortisation	652	511	438	446	436	366	262	182	135	115
Interest Income(+)/Expenditure(-)	(155)	(90)	(60)	(77)	(122)	(158)	(97)	(44)	(7)	(4)
Profit Before Tax	683	1,413	1,350	989	741	684	725	931	1,106	1,361
Income tax	270	404	413	264	244	203	269	329	350	471
Share of profit from joint ventures	12	22	16	15	12	-	-	-	-	-
Profit After Tax	426	1,031	953	740	509	481	455	602	756	890
Dividend (%)	165	130	120	100	100	100	100	100	100	100
Capital Employed	10289	8,860	8,462	7,530	7,164	7,449	7,332	6,482	2,586	2,050
Net worth	7690	7,709	6,889	6,069	5,462	4,934	4,636	4,336	3,976	3,383
Total loan funds	1,027	763	603	966	1,391	1,688	2,145	2,198	-	-
Net Block incl. Capital WIP	6039	5,099	4,423	4,445	4,683	4,643	4,772	3,726	1,162	904
Investments	49	75	91	102	60	148	149	149	149	173
Current assets	8968	8,243	7,760	6,354	6,198	6,706	6,484	6,332	4,819	4,581
Current liabilities	6303	5,209	4,962	3,931	4,079	4,728	4,696	3,823	2,196	2,329
Net working capital	2,666	3,034	2,798	2,424	2,119	1,978	1,788	2,509	2,624	2,252
Total assets	15551	13,855	12,589	11,163	11,208	11,668	11,758	10,549	6,216	5,746

Note:

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	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
OPERATIONAL PERFORMANCE								
Material Consumption ratio (%)	53.99	55.71	56.75	55.43	55.94	56.03	58.26	59.45
Personnel expenses (%)	22.27	18.41	17.64	18.66	18.42	19.16	17.40	14.37
Other Expenses ratio (%)	16.97	16.19	15.24	16.41	17.16	18.52	17.56	17.73
Interest component ratio (%)	0.86	0.49	0.37	0.57	0.88	1.21	0.73	0.39
Depreciation component ratio (%)	3.59	2.76	2.75	3.28	3.13	2.80	1.96	1.60
Tax component ratio (%)	1.47	2.16	2.53	1.82	1.66	1.48	1.90	2.68
Other Income / Total Income (%)	1.31	1.18	1.35	1.52	1.08	1.19	1.25	1.60
Sales (net) per employee (Rs. in million)	8.18	8.77	7.90	6.78	7.00	6.50	6.54	5.99
FINANCIAL STRUCTURING								
Long Term Debt Equity Ratio	0.13	0.10	0.09	0.16	0.25	0.34	0.46	0.51
Net Working Capital / Total Assets	0.29	0.35	0.37	0.34	0.31	0.29	0.25	0.37
Investments / Total Assets	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02
Inventory / Current Assets	0.38	0.34	0.35	0.36	0.36	0.40	0.39	0.37
Trade Receivables/ Current Assets	0.39	0.45	0.44	0.38	0.41	0.36	0.37	0.35
LIQUIDITY								
Current Ratio	1.42	1.58	1.56	1.62	1.52	1.42	1.38	1.66
Liquidity Ratio	0.88	1.05	1.01	1.04	0.97	0.86	0.84	1.05
EFFICIENCY								
Current Assets Turnover Ratio (CATR)	2.11	2.31	2.26	2.17	2.08	1.98	2.09	2.04
Average Current Assets - no. of days	173	158	162	168	176	185	175	179
Average Inventory - No. of days								
RM & Components	43	41	43	47	50	57	53	50
WIP	4	3	5	7	6	7	9	9
Finished Goods	35	28	29	29	32	33	26	18
Trade Receivables turnover ratio (DTR)	5.09	5.21	5.50	5.69	5.83	5.57	5.99	6.77
Trade Receivables - no of days of net sales	72	70	66	64	63	66	61	54
Trade Creditors' Turnover Ratio (TCTR)	4.43	4.48	4.92	4.35	4.36	4.10	4.57	5.63
Trade Creditors - no of days	82	81	74	84	84	89	80	65
Capital Turnover Ratio	2.11	2.14	1.99	1.85	1.91	1.77	1.94	2.51
Net Fixed Assets Turnover Ratio (NFATR)	3.27	3.89	3.60	2.98	3.08	3.09	3.89	5.60
PROFITABILITY								
Gross Profit Margin (%)	8.10	10.75	11.48	10.43	9.10	7.17	7.65	9.43
PBIT Margin (%)	4.56	8.02	8.80	7.35	6.15	4.51	5.80	7.95
Pre-tax Profit Margin (%)	3.71	7.54	8.43	6.82	5.11	4.98	5.11	7.59
Net Profit Margin (%)	2.31	5.50	5.83	5.10	3.45	3.51	3.21	4.91
Post Tax Margin from Operations (%)	1.90	5.19	5.48	4.79	3.21	1.94	2.57	4.18
ROCE (%)	8.89	17.61	17.83	14.73	13.42	11.40	11.91	21.51
SHAREHOLDER'S EARNINGS								
RONW (%)	5.53	14.12	14.71	12.83	9.64	5.38	10.15	14.48
Earnings Per Share (current equity)	2.69	6.51	6.02	4.67	3.22	3.04	2.87	3.80
Dividend Per Share (Rs)	1.65	1.30	1.20	1.00	1.00	1.00	1.00	1.00
Dividend Payout Ratio (%)	61.42	19.99	19.96	21.41	31.11	32.94	34.79	26.33
Price Earnings Ratio (current equity)	62.51	38.95	45.67	45.29	40.23	51.57	34.48	20.86
Dividend Yield	0.98	0.51	0.44	0.47	0.77	0.64	1.01	1.26
Dividend to Net Worth Ratio (%)	3.40	2.67	2.76	2.61	2.90	3.21	3.42	3.65
Book Value per share (Rs)	48.57	48.69	43.51	38.33	34.50	31.14	29.26	27.36

Notes : 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, 2020, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the financial information of two joint operations.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 14 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 53 to the standalone financial statements which explains the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent on the circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Roll back of physical count of inventory performed subsequent to year end The Company has Inventory of Rs.1,302.01 million as on March 31, 2020 (Refer Note 11 to the standalone financial statements) and is material to the standalone financial statements. The Company conducted its annual inventory physical verification in the presence of its Internal auditor on various dates in the month of May and June 2020 as against the year-end date due to the lockdown imposed by the government. In order to arrive at the quantities of inventory that existed as at the year end, roll-back procedures were performed on the quantities of inventory counted on those dates by adding back the sales/issues to production and deducting the purchases/production made during the period from the end of the financial year till the date of actual verification of inventory, from the quantities counted. Considering the magnitude of the inventory balances, the multiple warehouses and plants at which the inventory is located, we considered the timing of physical verification of inventories and the roll back procedures performed by the company as a key audit matter.	In response to the matter, we carried out the following procedures: • We obtained an understanding on the design processes and tested the operating effectiveness of controls over the annual inventory count and the roll back procedures. • We placed reliance on the inventory count procedures performed by the Internal auditor of the Company after assessment of the independence and objectivity of the internal audit function. • The physical count performed by the internal auditors was subject to adequate supervision by us and re-performance on a test check basis by us. • Management's reports and procedures over the roll back of inventory from the date of physical verification back to March 31, 2020 were tested on a sample basis through inspection of purchase, production and sales records. Based on our procedures performed, the annual physical verification performed subsequent to year end and the roll back of physical count of inventory was considered to be reasonable.
Assessment of carrying value of investment in subsidiaries and joint ventures As at March 31, 2020, the Company has equity investments of Rs.1,687.02 million in its subsidiaries and joint ventures (Refer Note 6 to the standalone financial statements).	**Our audit procedures included the following:** • Understood and performed procedures to assess the design and tested the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of investments.

Key audit matter	How our audit addressed the key audit matter
The Company reviews the carrying value of these investments at each reporting period. Where considered necessary, the company performs a detailed assessment as required under Ind AS 36. We considered the assessment of carrying value of investments as a key audit matter, considering its significance to the standalone financial statements, and where applicable, the judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	• Obtained the audited financial statements of the subsidiaries and joint ventures and tested the Company's assessment with regard to key financial indicators including net worth of those respective subsidiaries and joint ventures with the carrying value of the investments made in those entities. • In relation to a subsidiary where future cash flow projections were prepared, evaluated the reasonableness of these projections by, discussing with the management, understanding the assumptions involved, and our knowledge and understanding of current business conditions. Evaluated, along with the auditor's experts, the key assumptions such as discount rate and growth rate used in the assessment. • Read the subsidiaries and joint ventures financial statements and auditors report and discussed with the auditors of the subsidiary companies in relation to the work performed by them on the subsidiary company financial statements including any impairment evaluation carried out by them at the subsidiary level. • We evaluated the adequacy of the disclosures made in the standalone financial statements. Based on above procedures performed, the management's assessment of carrying value of investments in subsidiaries and joint ventures was reasonable.

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

Auditors' responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a

high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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

Other Matter

14. We did not audit the financial statements of two joint operations included in the standalone financial statements of the Company, which constitute Company's share of total assets of Rs.127.45 million and net assets of Rs.124.28 million as at March 31, 2020, total revenue of Rs.Nil, total comprehensive income (comprising of profit and other comprehensive income) of Rs.0.70 million and net cash flow inflows amounting to Rs.0.86 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the standalone financial statements (including other information) to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

(e) On the basis of the written representations received from the directors on April 1, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

i. The Company has disclosed the impact, if any, of pending litigations on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements.

ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 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, 2020.

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

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 20213126AAAADK4653

Place : Chennai
Date : June 29, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 16(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2020.

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, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also Refer paragraph 4 of the main audit report.

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 20213126AAAADK4653

Place : Chennai
Date : June 29, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Financial Statements as of and for the year ended March 31, 2020

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

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

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

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year (annual verification post the year end consequent to COVID-19 lock down). 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. Our attendance at the physical inventory verification carried out by the management was impracticable under the current lock-down restrictions imposed by the government on account of COVID-19 and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end.

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

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

   (b)In respect of the loans to three companies, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

   In respect of loans to other two companies, 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 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 43 to the financial statements regarding management's assessment on certain matters relating to provident fund.

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

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount in million (₹)*	Period to which the amount relates	Forum where the dispute is pending
The Central excise Act, 1944	Excise Duty	2.57	FY 2011-12	Additional Commissioner
Finance Act,1994	Service Tax	3.56	FY 2007-08 to FY 2012-13	Customs Excise Service tax Appellate Tribunal
Finance Act,1994	Service Tax	2.44	FY 2006-07	Deputy Commissioner
The Central Sales Tax Act, 1956	Central Sales Tax	-	FY 2015-16	Joint Commissioner (CT), Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	-	FY 2012-13 to FY 2014-15	Central Sales Tax, Appellate Authority
The Central Sales Tax Act, 1956	Central Sales Tax	5.31	FY 2004-05, 2011-12	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	7.70	FY 2004-05, 2013-14	Honourable High Court of Madras

*Net of amount paid under protest amounting to Rs.43.54 Million.

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

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

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

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 17 of our main audit report.

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

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

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

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

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

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 20213126AAAADK4653

Place : Chennai
Date : June 29, 2020

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2020

Particulars	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	2,189.93	2,098.16
Right of use assets	3(b)	39.14	-
Capital work-in-progress	3(a)	35.99	51.42
Investment properties	4	55.49	55.98
Goodwill	5	1.23	-
Other intangible assets	5	52.98	42.38
Intangible assets under development	5(i)	-	5.75
Financial assets			
(i) Investments	6	1,735.78	1,746.06
(ii) Loans	7	603.68	63.77
(iii) Other financial assets	8	60.28	49.58
Current tax assets (net)	9	34.32	20.14
Deferred tax assets (net)	21	18.63	-
Other non-current assets	10	51.45	103.97
Total non-current assets		**4,878.90**	**4,237.21**
Current Assets			
Inventories	11	1,302.01	1,120.63
Financial assets			
(i) Trade receivables	12	2,558.93	2,858.42
(ii) Cash and cash equivalents	13	161.50	137.41
(iii) Bank balances other than (ii) above	14	284.25	385.26
(iv) Loans	15	152.11	160.93
(v) Other financial assets	16	332.89	29.18
Other current assets	17	342.51	351.75
Total current assets		**5,134.20**	**5,043.58**
Total assets		**10,013.10**	**9,280.79**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	18	158.45	158.45
Other equity	19	6,941.74	6,460.77
Total equity		**7,100.19**	**6,619.22**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	34.20	-
Provisions	20	58.84	34.25
Deferred tax liabilities (net)	21	-	34.39
Total non-current liabilities		**93.04**	**68.64**

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Balance Sheet as at March 31, 2020 (Continued)

Particulars	Notes	March 31, 2020	March 31, 2019
Current liabilities			
Financial liabilities			
(i) Borrowings	22	975.00	423.76
(ii) Lease liabilities	3(b)	6.66	-
(iii) Trade payables	23		
(a) Total outstanding dues of micro enterprises and small enterprises		271.48	397.14
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,020.95	1,244.22
(iv) Other financial liabilities	24	313.70	324.38
Provisions	25	108.56	101.58
Other current liabilities	26	123.52	101.85
Total current liabilities		**2,819.87**	**2,592.93**
Total liabilities		**2,912.91**	**2,661.57**
Total equity and liabilities		**10,013.10**	**9,280.79**

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

For and on behalf of the Board of Directors

As per our report of even date

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Chennai
Date: June 29, 2020

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	27	10,811.44	11,770.79
Other income	28	494.31	163.11
Total Income		**11,305.75**	**11,933.90**
Expenses			
Cost of materials consumed	29	5,363.64	5,668.96
Purchases of stock-in-trade	30	1,067.47	1,218.29
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(190.43)	27.84
Employee benefits expenses	32	1,631.32	1,564.34
Finance costs	33	43.08	23.71
Depreciation and amortisation expenses	34	366.52	338.47
Other expenses	35	1,746.22	1,886.29
Total expenses		**10,027.82**	**10,727.90**
Profit before tax		**1,277.93**	**1,206.00**
Income tax expense	36		
- Current tax		326.71	378.65
- Deferred tax		(53.02)	(20.09)
Profit for the year		**1,004.24**	**847.44**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	19(h)	(26.04)	(16.50)
Remeasurement of post-employment benefit obligations	19(f)	(0.03)	8.79
Income tax relating to these items	19(f)	0.01	(3.07)
Other comprehensive income for the year, net of tax		**(26.06)**	**(10.78)**
Total comprehensive income for the year		**978.18**	**836.66**
Earnings per equity share	47		
Nominal value of the shares		1.00	1.00
(1) Basic		6.34	5.35
(2) Diluted		6.34	5.35

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

For and on behalf of the Board of Directors

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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: Chennai
Date: June 29, 2020

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Changes in Equity

1) Equity Share Capital

	Notes	Amount
Balance as at April 1, 2018	18	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2019	18	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31,2020		**158.45**

2) Other equity

Description	Notes	Reserve and Surplus								Other reserve	Total equity
		Capital reserve	Statutory reserve	Securities Premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI- Equity instruments	
Balance at April 1, 2018		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**-**	**4,041.82**	**5,767.29**	**73.89**	**5,841.18**
Profit for the year	19	-	-	-	-	-	-	847.44	847.44	-	847.44
Other comprehensive income	19	-	-	-	-	-	-	5.72	5.72	(16.50)	(10.78)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**853.16**	**853.16**	**(16.50)**	**836.66**
Transactions with owners in their capacity as owners:											
Dividend paid (including dividend distribution tax)	19	-	-	-	-	-	-	(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**	**6,460.77**
Balance at April 1, 2019		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**-**	**4,677.91**	**6,403.38**	**57.39**	**6,460.77**
Profit for the year	19	-	-	-	-	-	-	1,004.24	1,004.24	-	1,004.24
Other comprehensive income	19	-	-	-	-	-	-	(0.02)	(0.02)	(26.04)	(26.06)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**1,004.22**	**1,004.22**	**(26.04)**	**978.18**
Transactions with owners in their capacity as owners:											
Dividend paid (including dividend distribution tax)	19	-	-	-	-	-	-	(497.42)	(497.42)	-	(497.42)
Employee stock option expense	19	-	-	-	-	-	0.21	-	0.21	-	0.21
Balance as at March 31,2020		**181.41**	**5.49**	**409.37**	**1,140.60**	**(11.40)**	**0.21**	**5,184.71**	**6,910.39**	**31.35**	**6,941.74**

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

For and on behalf of the Board of Directors

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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: Chennai
Date: June 29, 2020

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before income tax	**1,277.93**	**1,206.00**
Adjustments for :		
Depreciation and amortisation expense	366.52	338.47
Provision for bad and doubtful debts	35.94	27.44
(Gain)/Loss on disposal of property, plant and equipment	(0.84)	(3.49)
Rental income from Investment property (net of expenses)	(12.39)	(11.49)
Dividend and interest income classified as investing cash flows	(392.45)	(110.20)
Net unrealised exchange differences	(30.92)	17.68
Finance costs	43.08	23.71
Non cash employee share based payments	0.13	-
Impairment of investments	-	35.62
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	323.20	(387.90)
(Increase)/decrease in inventories	(174.06)	64.89
Increase/(decrease) in trade payables	(355.37)	237.92
Increase in other financial assets	(8.26)	(2.31)
(Increase)/decrease in other current assets	9.24	(11.89)
Increase in provisions	31.54	4.32
Increase/(decrease) in other financial liabilities	(64.51)	39.27
Increase/(decrease) in other current liabilities	21.67	(7.10)
Cash generated from operations	**1,070.45**	**1,460.94**
Income taxes paid	(340.88)	(388.25)
Net cash inflow from operating activities	**729.57**	**1,072.69**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(356.44)	(387.40)
Payments for acquisition of business/assets	(34.50)	-
Investments in subsidiaries and joint ventures	(15.76)	(238.95)
Investment in deposits with Banks/Financial institutions	(198.99)	(20.08)
Rental Income from Investment property (net of expenses)	12.39	11.49
Loans to subsidiaries	(511.54)	-
Loans (given to)/recovered from employees	5.72	(18.70)
Proceeds from sale of property, plant and equipment	3.05	3.54
Dividends received	340.86	70.04
Interest received	45.44	52.65
Net cash outflow from investing activities	**(709.77)**	**(527.41)**

Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Standalone Statement of Cash Flows (Continued)

Particulars	March 31, 2020	March 31, 2019
Cash flows from financing activities		
Net Short term Loans borrowed from /(repayment to) banks	546.18	(414.65)
Payment of lease liabilities	(6.42)	-
Dividends paid to company's shareholders	(464.57)	(188.70)
Interest paid	(40.58)	(23.71)
Dividend tax paid	(30.32)	(27.06)
Net cash inflow /(outflow) from financing activities	**4.29**	**(654.12)**
Net increase/(decrease) in cash and cash equivalents	**24.09**	**(108.84)**
Cash and cash equivalents at the beginning of the financial year	**137.41**	**246.25**
Cash and cash equivalents at end of the year*	**161.50**	**137.41**

* includes restricted cash and cash equivalents in relation to balance in unclaimed dividend account (refer note 13).

The above Standalone Statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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: Chennai
Date: June 29, 2020

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

General Information

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

1 Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. This financial statement has been approved by the Board of Directors in their meeting held on June 29, 2020.

(ii) Historical cost convention

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

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

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

c) share based payments.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time in their annual reporting period commencing April 01, 2019.

1. Ind AS 116, Leases. Refer note 1(h) read along with note 46.
2. Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, Income Taxes.
3. Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits.
4. Income tax consequences of payments on financial instruments classified as equity, to Ind AS 12, Income Taxes.
5. Borrowing costs eligible for capitalisation as per Ind AS 23, Borrowing Cost.
6. Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements.

The Company had to change its accounting policies and make certain adjustments following the adoption of Ind AS 116 . 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 foreseable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustments 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 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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

- 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 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 products have been shipped from the Company's warehouse to the specific location in case of domestic sales, and when a bill of lading is generated in case of exports, the 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 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 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 Company's performance as the Company performs. In case of transportation revenue, the Company recovers actual cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the Company splits the transaction price into Sale of product and Sale of services. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

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

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

(f) Government grants

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

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

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income taxes

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

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

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

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

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

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

(h) Leases

As explained in Note 1(a)(iii) point no-1, the Company has changed its accounting policy for leases, where the Company is the lessee. The effects of change in accounting policy is described in note 46.

Till March 31, 2019:

As a lessee

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

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

As a lessor

Lease income from operating leases where the Company is a lessor is recognised 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.

With effective from April 01, 2019:

As a lessee

From April 01, 2019, leases are recognised as right of use assets with corresponding liabilities at the date at which the leased assets are available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases of real estate for which the Company is the lessee, it has elected not to separate the lease and non-lease components and instead account for these as single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option, if the Company is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, such as term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

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

The Company did not need to make any adjustments to the accounting for the assets held as lessor as a result of adopting the new standard.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, over (b) the net fair value of the identifiable assets acquired and liabilities assumed. Acquisition related costs are expensed as incurred.

(j) Impairment of assets

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

(k) Cash and cash equivalents

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

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

(l) Trade receivables

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

(m) Inventories

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

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

(n) Investments and other financial assets

(i) Classification

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

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

b) those measured at amortised cost.

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

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

(ii) Measurement

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

Debt instruments

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

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

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

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

Equity instruments

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 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 retained 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 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 financial assets except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

b) Dividends

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

(o) Derivatives

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

Derivatives that are not designated as hedges :

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

(p) Offsetting financial instruments

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

(q) Property, plant and equipment

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

Depreciation methods, estimated useful lives and residual value

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

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

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

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

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

(r) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

(s) Intangible assets

(i) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in the circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to cash generating unit which is expected to benefit from business combination in which the goodwill arose.

(ii) Other intangible assets

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

(t) Research and development

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

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

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

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

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

(u) Trade and other Payables

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

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(x) Provisions

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

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

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

(y) Employee Benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

Gratuity obligations :

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

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

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

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

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

Defined contribution plans :

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

(iv) Bonus plans

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

(v) Termination benefits

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

(vi) Share based payments

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

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

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

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

(z) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(ac) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

a) the profit attributable to owners of the Company

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

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

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

(ad) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

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

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

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – Note 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 31,2020

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

3(a) Property, plant and equipment and Capital work-in progress

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipment	Total	Capital Work in Progress
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	5.95
Additions	-	16.69	270.18	5.50	5.41	0.06	0.03	297.87	343.34
Disposal	-	-	(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**	**51.42**
Accumulated depreciation									
Opening accumulated depreciation	-	333.73	585.82	16.85	75.13	0.89	11.38	1,023.80	-
For the year	-	98.15	204.02	4.67	12.93	0.50	1.72	321.99	-
Disposal	-	-	(0.01)	-	-	-	-	(0.01)	-
Closing accumulated depreciation	**-**	**431.88**	**789.83**	**21.52**	**88.06**	**1.39**	**13.10**	**1,345.78**	**-**
Net carrying amount	**233.57**	**601.76**	**1,226.51**	**8.46**	**22.42**	**2.47**	**2.97**	**2,098.16**	**51.42**
Year ended March 31, 2020									
Gross carrying amount									
Opening gross carrying amount	233.57	1,033.64	2,016.34	29.98	110.48	3.86	16.07	3,443.94	51.42
Business acquisition(refer note 42)	-	-	1.20	-	-	-	-	1.20	-
Additions	-	15.59	399.40	4.80	9.13	-	0.29	429.21	413.78
Disposal	-	(0.12)	(5.99)	(0.21)	(0.77)	-	(0.06)	(7.15)	-
Transfers	-	-	-	-	-	-	-	-	(429.21)
Closing gross carrying amount	**233.57**	**1,049.11**	**2,410.95**	**34.57**	**118.84**	**3.86**	**16.30**	**3,867.20**	**35.99**
Accumulated depreciation									
Opening accumulated depreciation	-	431.88	789.83	21.52	88.06	1.39	13.10	1,345.78	-
For the year	-	86.87	231.66	5.03	11.25	0.47	1.15	336.43	-
Disposal	-	(0.08)	(3.92)	(0.19)	(0.69)	-	(0.06)	(4.94)	-
Closing accumulated depreciation	**-**	**518.67**	**1,017.57**	**26.36**	**98.62**	**1.86**	**14.19**	**1,677.27**	**-**
Net carrying amount	**233.57**	**530.44**	**1,393.38**	**8.21**	**20.22**	**2.00**	**2.11**	**2,189.93**	**35.99**

Notes

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 44(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Capital work-in-progress

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

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

3(b) Leases

This note provides information for leases where the Company is a lessee.

The Company leases various offices and warehouses. Rental contracts are typically made for fixed periods of 3 months to 8 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

Right of use assets

Particulars	March 31, 2020			April 01,2019*		
	Land	Buildings	Total	Land	Buildings	Total
Gross carrying amount	2.60	44.68	47.28	2.60	40.06	42.66
Accumulated depreciation	(0.10)	(8.04)	(8.14)	-	-	-
Net carrying amount	**2.50**	**36.64**	**39.14**	**2.60**	**40.06**	**42.66**

Additions to the right of use assets during the current financial year were ₹ 4.62 million.

Lease Liabilities

Particulars	March 31, 2020	April 01, 2019*
Current	6.66	8.85
Non-Current	34.20	33.81
	40.86	**42.66**
Reconciliation:		
Lease liability recognised on Ind AS 116 Transition date - April 01, 2019	42.66	-
Add: New leases recognised during the year (non-cash in nature)	4.62	-
Less: Payment of lease liabilities	(6.42)	-
Closing balance	**40.86**	**-**

* The Company has recognised Right of use assets and lease liabilities on April 01, 2019 pursuant to adoption of Ind AS 116, Leases. Refer note 46.

ii) Amounts recognised in the statement of profit and loss

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

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

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

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(iii) Cash outflow
The total cash outflow for leases is ₹29.47 million for the year ended March 31, 2020.

(iv) Extension and termination options
Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the Company and not by respective lessor.

4 Investment properties

Particulars	March 31, 2020			March 31, 2019		
	Land	Buildings	Total	Land	Buildings	Total
Gross carrying amount						
Opening gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Additions	-	-	-	-	-	-
Closing gross carrying amount	**46.25**	**12.53**	**58.78**	**46.25**	**12.53**	**58.78**
Accumulated depreciation						
Opening accumulated depreciation	-	2.80	2.80	-	2.25	2.25
Depreciation charge	-	0.49	0.49	-	0.55	0.55
Closing accumulated depreciation	**-**	**3.29**	**3.29**	**-**	**2.80**	**2.80**
Net carrying amount	**46.25**	**9.24**	**55.49**	**46.25**	**9.73**	**55.98**

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

Particulars	March 31, 2020	March 31, 2019
Rental income	13.75	12.31
Direct operating expenses from property that generated rental income	(1.36)	(0.82)
Profit from investment properties before depreciation	**12.39**	**11.49**
Depreciation	(0.49)	(0.55)
Profit from investment property	**11.90**	**10.94**

(ii) Fair value

Particulars	March 31, 2020			March 31, 2019		
	Land	Buildings	Total	Land	Buildings	Total
Investment property	493.12	9.24	502.36	493.12	9.73	502.85

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 property, plant and equipment pledged as security by the company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

5 Intangible assets and Goodwill

Particulars	Computer Software	Drawings	Total Intangible Assets	Goodwill
Year ended March 31, 2019				
Gross carrying amount				
Opening gross carrying amount	66.55	-	66.55	-
Addition	12.74	-	12.74	-
Disposal	-	-	-	-
Transfers	-	-	-	-
Closing gross carrying amount	**79.29**	**-**	**79.29**	-
Accumulated depreciation				
Opening accumulated depreciation	20.98	-	20.98	-
For the year	15.93	-	15.93	-
Disposal	-	-	-	-
Closing accumulated depreciation	**36.91**	**-**	**36.91**	**-**
Net carrying amount	**42.38**	**-**	**42.38**	**-**
Year ended March 31, 2020				
Gross carrying amount				
Opening gross carrying amount	79.29	-	79.29	-
Business acquisition (refer note 42)	-	24.75	24.75	1.23
Additions	7.31	-	7.31	-
Disposal	-	-	-	-
Transfers	-	-	-	-
Closing gross carrying amount	**86.60**	**24.75**	**111.35**	**1.23**
Accumulated depreciation				
Opening accumulated depreciation	36.91	-	36.91	-
For the year	17.73	3.73	21.46	-
Disposal	-	-	-	-
Closing accumulated depreciation	**54.64**	**3.73**	**58.37**	-
Net carrying amount	**31.96**	**21.02**	**52.98**	**1.23**

(i) Intangible assets under development

Intangible assets under development amounting to ₹5.75 million as at March 31, 2019 comprised of computer software under development.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

6 Financial Assets - Non-current investments

Particulars	No. of Shares	Face Value Per Share	March 31, 2020	March 31, 2019
(I) Investments in equity instruments (fully paid-up) (Unquoted) At cost				
Investment in Subsidiaries (wholly owned)				
ATS Elgi Limited	90,000	₹ 10/-	180.90	180.90
Elgi Gulf-FZE	150,000	AED 1/-	1.78	1.78
Elgi Equipments (Zhejiang) Limited			485.85	485.85
Less :Impairment			(485.85)	(485.85)
Elgi Compressor Do Brasil IMP.E.EXP.LTDA	356,440	BRL 1/-	-	-
Elgi Equipments Australia Pty Limited	100		3.53	3.53
Elgi Compressors Italy S.R.L. (formerly known as Elgi Compressors Europe S.R.L.)	2,555,000	Euro 1/-	292.64	276.88
Elgi Compressors USA Inc. (common stock without par value)	1,000		1,057.76	1,057.76
PT Elgi Equipments Indonesia	99.71%		19.00	19.00
Ergo Design Private Limited	10,000	₹ 1/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited	1,091,500	₹ 10/-	125.61	125.61
Industrial Air Compressors Pty Ltd	120	AUD 1/-	0.01	0.01
Investment in Joint Ventures				
ELGI Sauer Compressors Ltd [Share 26%]	168,994	₹ 10/-	1.69	1.69
(ii) Investment in Limited Liability Partnership				
At cost				
Industrial Air Solutions LLP			4.00	4.00

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

6. Financial Assets - Non-current investments (continued)

Particulars	No. of Shares	Face Value Per Share	March 31, 2020	March 31, 2019
(iii) Investment in Equity Instruments (fully paid-up)(Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	₹ 10/-	0.12	0.30
State Bank of India	3,600	₹ 1/-	0.71	1.15
HDFC Bank Limited [March 31, 2019: 2500 shares of face value ₹ 2/-]	5,000	₹ 1/-	4.31	5.79
Housing Development Finance Corp. Ltd.	12,000	₹ 2/-	19.56	23.61
Magna Electro Castings Ltd	80,000	₹ 10/-	8.09	15.28
Rajshree Sugars & Chemicals Ltd	229,000	₹ 10/-	3.21	5.04
Pricol Ltd	94,245	₹ 1/-	3.45	3.39
L.G.Balakrishnan & Bros.Ltd.	4,992	₹ 10/-	0.80	1.93
LGB Forge Limited	18,720	₹ 1/-	0.03	0.06
Elgi Rubber Company Limited	763,700	₹ 1/-	8.48	18.25
(iv) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	₹ 50/-	0.00	0.00
			1,735.78	**1,746.06**
Aggregate amount of quoted investments and market value thereof			48.76	74.80
Aggregate amount of unquoted investments			1,687.02	1,671.26
Aggregate amount of impairment in the value of investments			485.85	485.85

The Company assesses the recoverability of carrying value of investments in subsidiaries and joint ventures as per the requirement of Ind AS 36 at least on annual basis. During the year ended March 31, 2019, the Company had 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, 2020

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

Particulars	March 31, 2020	March 31, 2019
7 Loans (Non-current)		
Unsecured, considered good		
Loans to subsidiaries (refer note 40 & 52)	532.91	-
Loans to employees	70.77	63.77
	603.68	**63.77**

Disclosure required as per Section 186
The company has advanced loans to its subsidiary- Elgi Compressors USA Inc to fund the business acquisition and additional working capital requirements. The loans carry interest rates which are at par with the prevailing market rates.

Particulars	March 31, 2020	March 31, 2019
8 Other financial assets (Non-current)		
Security deposits	60.28	49.58
	60.28	**49.58**
9 Current tax assets (net)		
Opening balance	20.14	13.61
Add: Tax paid	340.88	388.25
Less : Current tax payable for the year	(326.70)	(381.72)
	34.32	**20.14**
10 Other non-current assets		
Capital advances	51.45	103.97
	51.45	**103.97**
11 Inventories		
(a) Raw materials and components*	692.68	678.66
(b) Work-in-progress	112.91	66.01
(c) Finished goods	292.95	170.13
(d) Stock-in-trade*	126.58	121.33
(e) Stores and spares (including packing materials)*	44.37	48.88
(f) Loose tools*	32.52	35.62
	1,302.01	**1,120.63**

* Include goods in-transit of ₹48.77 million and ₹57.95 million as on March 31, 2020 and March 31, 2019, respectively.
Note: (a) Raw materials, Work in progress and Finished goods include R&D inventory also.
(b) The management has performed the year-end inventory verification in the presence of the internal auditor subsequently in May and June 2020 and performed rollback procedures to obtain comfort over the existence and condition of inventories as at March 31, 2020.

Particulars	March 31, 2020	March 31, 2019
12 Trade receivables		
Unsecured, considered good	2,558.93	2,858.42
Unsecured, considered doubtful	35.04	10.89
	2,593.97	**2,869.31**
Less : Allowance for doubtful debts (expected credit loss allowance)	(35.04)	(10.89)
	2,558.93	**2,858.42**

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, 2020

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

Particulars	March 31, 2020	March 31, 2019
13 Cash and cash equivalents		
(a) Cash on hand	0.04	0.06
(b) Balance with banks		
- In current accounts	29.84	121.50
- In EEFC accounts	2.10	8.86
- In deposit accounts (with original maturity of 3 months or less)	120.00	-
- In unclaimed dividend account*	9.52	6.99
	161.50	**137.41**
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods. * Earmarked for payment of unclaimed dividend.		
14 Other bank balances		
- In deposit accounts (with original maturity period of more than 3 months but remaining maturity less of than 12 months)*	284.25	385.26
	284.25	**385.26**
*Includes margin money deposit of ₹224.25 million and ₹100 million as at March 31, 2020 and March 31, 2019, respectively.		
15 Loans (Current)		
Loans considered good - Unsecured		
Loan to subsidiaries (refer note 40 & 52)	99.36	95.46
Loan to employees	52.75	65.47
	152.11	**160.93**
Loans - Credit impaired		
Loan to subsidiaries (refer note 40 & 52)	73.56	73.56
	225.67	**234.49**
Loss Allowance	(73.56)	(73.56)
	152.11	**160.93**
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)		
16 Other financial assets		
Deposits with Financial institutions**	300.00	-
Interest accrued	17.99	11.84
Others	14.90	17.34
	332.89	**29.18**
** The deposits are maintained with Housing Development Finance Corp. Ltd. (HDFC Limited).		
17 Other current assets		
Income / refund receivable	49.84	67.44
Prepaid expenses	71.12	102.49
Balances with Government authorities	33.09	13.31
Rent advances	11.04	11.57
Advances to suppliers	82.48	59.99
Others	94.94	96.95
	342.51	**351.75**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

18 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹1 each		
As at April 1, 2018	**300**	**300**
Increase during the year	-	-
At March 31, 2019	**300**	**300**
Increase during the year	-	-
At March 31, 2020	**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, 2018	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2019	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2020	**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, 2020, the amount of Final dividend per share recognized as distributions to equity shareholders is ₹1.30 (March 31, 2019: ₹1.20) and interim dividend per share recognised as distribution to equity shareholders is ₹1.65 (March 31, 2019: Nil).

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

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	2,59,64,390	16.39%	2,58,59,390	16.32%
SBI Small Cap Fund	1,40,43,957	8.86%	1,43,27,243	9.04%
Mr. Jairam Varadaraj	1,37,05,478	8.65%	1,38,10,478	8.72%
Pari Washington India Master Fund Ltd.	1,37,14,611	8.66%	1,37,14,611	8.66%
Gagandeep Credit Capital Pvt. Limited	81,52,575	5.15%	81,52,575	5.15%

Particulars	March 31, 2020	March 31, 2019
19 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
Share options outstanding account	0.21	-
Retained earnings	5,184.71	4,677.91
Treasury stock	(11.40)	(11.40)
Other reserves		
FVOCI - Equity instruments	31.35	57.39
	6,941.74	**6,460.77**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
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) Share options outstanding account		
Opening balance	-	-
Employee stock option expense	0.21	-
Closing balance	**0.21**	**-**
f) Retained earnings		
Opening balance	4,677.91	4,041.82
Net profit for the year	1,004.24	847.44
Item of other comprehensive income recognised directly in retained earnings		
-Remeasurement of post-employment benefit obligation, net of tax	(0.02)	5.72
Appropriations:		
Dividend on equity shares (including dividend distribution tax)	(497.42)	(217.07)
Closing balance	**5,184.71**	**4,677.91**
g) Treasury stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**(11.40)**	**(11.40)**
h) Other Reserves		
FVOCI - Equity instruments		
Opening balance	57.39	73.89
Additions during the year	(26.04)	(16.50)
Deductions/adjustments during the year	-	-
Closing balance	**31.35**	**57.39**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

Nature & purpose of other reserves

Capital reserve

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

Securities premium

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

Statutory reserve

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

General reserve

This is available for distribution to shareholders.

Retained earnings

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

Treasury stock

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

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

FVOCI Equity investments

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Particulars	March 31, 2020	March 31, 2019
20 Provisions (Non-current)		
Provision for compensated absences (Refer note 25(a))	58.84	34.25
	58.84	**34.25**

21 Deferred tax (asset)/liabilities (net)

Particulars	March 31, 2020		March 31, 2019	
	Deferred tax (asset)	Deferred tax liabilities	Deferred tax (asset)	Deferred tax liabilities
Depreciation	-	46.23	-	93.11
Right of use assets	-	9.85	-	-
Provision for compensated absences	(20.34)	-	(15.33)	-
Provision for warranty	(21.87)	-	(31.80)	-
Allowance for doubtful debts	(8.80)	-	(3.80)	-
Lease liabilities	(10.28)	-	-	-
Other timing differences	(13.42)	-	(7.79)	-
	(74.71)	**56.08**	**(58.72)**	**93.11**
Net deferred tax (asset)/liabilities	**(18.63)**	**-**	**-**	**34.39**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

Movements in deferred tax (assets)/ liabilities

Particulars	Depreciation	Provision for compensated absences	Provision for Warranty	Allowance for doubtful debts	Right of use assets	Lease liabilities	Other timing differences	Total
At April 1, 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**
Adjustment on adoption of Ind AS 116 (refer note 46)	-	-	-	-	14.91	(14.91)	-	-
Restated April 01, 2019	**93.11**	**(15.33)**	**(31.80)**	**(3.80)**	**14.91**	**(14.91)**	**(7.79)**	**34.39**
Charged/(credited):								
- to profit or loss	(46.88)	(5.01)	9.93	(5.00)	(5.06)	4.63	(5.63)	(53.02)
- to other comprehensive income	-	-	-	-	-	-	-	-
At March 31, 2020	**46.23**	**(20.34)**	**(21.87)**	**(8.80)**	**9.85**	**(10.28)**	**(13.42)**	**(18.63)**

Particulars	March 31, 2020	March 31, 2019
22 Borrowings (Current)		
Loans		
Secured		
- from Banks	260.00	283.76
Unsecured		
- from Banks	715.00	140.00
	975.00	**423.76**

Secured borrowings and assets pledged as security:

(a) The borrowings from banks as at March 31, 2020 and March 31, 2019 are secured by charges on assets as disclosed in 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 carry an interest rate of 4.85% to 5.30% p.a.

There are no defaults in the repayments of above borrowings.

Net debt reconciliation

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

Particulars	Note No	March 31, 2020	March 31, 2019
Current borrowings	22	975.00	423.76
Interest accrued and due on borrowings	24	2.50	-
Lease liabilities	3(b)	40.86	-
Cash and cash equivalents	13	(161.50)	(137.41)
Deposits with banks and financial institutions	14, 16	(584.25)	(385.26)
		272.61	**(98.91)**
Reconciliation:			
Opening net debt		**(98.91)**	**241.68**
Recognition of lease liabilities on Ind AS 116 transition date, April 01, 2019		42.66	-
Opening net debt (restated)		**(56.25)**	**241.68**
Cash flows		323.10	(325.89)
Acquisitions - Leases		4.62	-
Cash outflows relating to payment of lease liabilities		(6.42)	-
Interest expense		43.08	23.71
Interest paid		(40.58)	(23.71)
Exchange difference		5.06	(14.70)
Closing net debt		**272.61**	**(98.91)**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
23 Trade payables		
Due to micro enterprises and small enterprises (refer note 45)	271.48	397.14
Due to creditors other than micro enterprises and small enterprises	1,020.95	1,244.22
	1,292.43	**1,641.36**

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

Particulars	March 31, 2020	March 31, 2019
24 Other financial liabilities		
Derivatives not designated as hedges		
Foreign exchange forward contracts	47.41	4.99
Others		
Interest accrued and due on borrowings	2.50	-
Unclaimed dividends	9.52	6.99
Dealer deposits	22.12	21.84
Employee benefit expenses payable*	183.35	237.34
Capital creditors	39.80	33.42
Others	9.00	19.80
	313.70	**324.38**

*includes provision for compensated absences amounting to ₹ 31.06 million and ₹ 46.72 million as at March 31, 2020 and March 31, 2019, respectively (Refer note- 25(a)).

Particulars	March 31, 2020	March 31, 2019
25 Provisions		
Provision for Warranty	86.91	91.01
Provision for Gratuity (Refer Note 25(a))	21.65	10.57
	108.56	**101.58**

(i) Information about individual provisions and significant estimates

Provision for Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Movements in provisions

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

Particulars	Provision for warranty
As at April 1, 2019	**91.01**
Additional provisions recognised	86.91
Amounts used during the year	(91.01)
As at March 31, 2020	**86.91**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

25(a) Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The total provision for compensated absences amounts to ₹ 89.90 million and ₹ 80.97 million for March 31, 2020 & March 31, 2019, respectively.

The provision amount of ₹ 31.06 million (March 31, 2019: ₹ 46.72 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 eligible employees salary towards superannuation fund administered by Elgi Equipments Superannuation Fund and managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ₹ 85.25 million (March 31, 2019 – ₹ 79.12 million).

(iii) Post-employment benefit obligations - Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the company makes contribution to recognised fund in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Particulars	Present value of obligation	Fair value of plan assets	Total
	(A)	(B)	(A) -(B)
April 01, 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			
(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)
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, 2020

(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 01, 2019	**247.92**	**237.35**	**10.57**
Current service cost	21.03	-	21.03
Past service cost	-	-	-
Interest expense/ income	18.14	17.78	0.36
Total amount recognised in profit or loss	**39.17**	**17.78**	**21.39**
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0.25)	-	(0.25)
(Gain)/loss from change in financial assumptions	(5.02)	(0.26)	(4.76)
Experience (gains)/losses	5.24	0.20	5.04
Total amount recognised in other comprehensive income	**(0.03)**	**(0.06)**	**0.03**
Employer contributions	-	10.34	(10.34)
Benefit payments	(18.37)	(18.37)	-
March 31, 2020	**268.69**	**247.04**	**21.65**

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

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligations	268.69	247.92
Fair value of plan assets	247.04	237.35
Deficit of funded plan	**21.65**	**10.57**

(iv) Post-employment benefits

The significant actuarial assumptions were as follows:

Particulars	March 31, 2020	March 31, 2019
Discount Rate	6.80%	7.60%
Rate of increase in compensation levels	6.50%	7.75%
Attrition Rate	6.00%	4.50%

(v) Sensitivity analysis

Particulars	March 31, 2020	March 31, 2019
A. Discount rate + 50 BP	7.30%	8.10%
Defined benefit obligation [PVO]	260.22	239.06
B. Discount rate - 50 BP	6.30%	7.10%
Defined benefit obligation [PVO]	277.69	257.39
C. Salary escalation rate +50 BP	7.00%	8.25%
Defined benefit obligation [PVO]	276.45	256.19
D. Salary escalation rate -50 BP	6.00%	7.25%
Defined benefit obligation [PVO]	261.31	240.09

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

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, 2020	March 31, 2019
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 volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.
Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.48 years (March 31, 2019 – 11.24 years).
The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2020	March 31, 2019
Within next 12 months (next annual reporting period)	41.60	32.56
Between 1 to 2 years	31.16	21.26
Between 2 to 5 years	97.81	86.60
Beyond 5 years	205.21	205.71
	375.78	**346.13**

Particulars	March 31, 2020	March 31, 2019
26 Other current liabilities		
Contract liabilities	91.20	75.15
Statutory payable	30.82	25.20
Rental advances received	1.50	1.50
	123.52	**101.85**

27 Revenue from operations :

The Company derives following types of revenue:

Particulars	March 31, 2020	March 31, 2019
Revenue from contracts with customers		
-Sale of products	10,396.27	11,390.04
-Sale of services	298.25	254.32
Other operating revenues	116.92	126.43
	10,811.44	**11,770.79**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

Disaggregation of Revenue information:

The table below represents disaggregated revenue from contracts with customers by geography, the Company believes that disaggregation best depicts how the nature and cash flows are effected by industry, market and other economic factors.

Geography	March 31, 2020	March 31, 2019
India	8,444.24	9,355.90
Outside India	2,367.20	2,414.89
	10,811.44	**11,770.79**

Particulars	March 31, 2020	March 31, 2019
28 Other Income		
Interest income - Bank Deposits	28.26	24.31
Interest income - Others	23.33	15.85
Dividend income*	340.86	70.04
Miscellaneous income (net)	27.65	20.90
Profit on sale of assets	2.67	3.49
Share of profit from partnership firm	1.50	1.50
Rental receipts	21.80	20.43
Net gain on foreign currency transaction and translation (other than considered as finance cost)	48.24	6.59
	494.31	**163.11**

* All dividends from equity investments designated at FVOCI and from investments in subsidiaries and joint venture designated at cost relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

Particulars	March 31, 2020	March 31, 2019
29 Cost of material consumed		
Opening stock of raw materials*	670.34	633.23
Purchases	5,369.59	5,706.07
	6,039.93	**6,339.30**
Less:		
Inventory of materials at the end of the year*	676.29	670.34
	5,363.64	**5,668.96**
30 Purchases of stock-in-trade		
Oil	252.38	264.18
Others	815.09	954.11
	1,067.47	**1,218.29**
31 Changes in inventory		
Opening inventory*		
-Finished goods	148.05	214.50
-WIP	35.21	18.00
-Stock- in-trade	121.33	99.93
Closing inventory*		
-Finished goods	269.78	148.05
-WIP	98.66	35.21
-Stock- in-trade	126.58	121.33
	(190.43)	**27.84**
*excluding R & D inventory		

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars		March 31, 2020	March 31, 2019
32	**Employee benefit expenses**		
	Salaries, wages and bonus	1,392.44	1,340.44
	Contribution to Provident fund & Superannuation scheme	85.25	79.12
	Gratuity (refer note 25(a))	21.39	19.15
	Employee stock option expense (refer note 41)	0.13	-
	Staff welfare expenses	132.11	125.63
		1,631.32	**1,564.34**
	Note: For managerial remuneration, refer note 40		
33	**Finance costs**		
	Interest expenses relating to lease liabilities	4.04	-
	Interest expenses on other financing arrangments	39.04	23.71
		43.08	**23.71**
34	**Depreciation and amortisation Expense**		
	Depreciation of property, plant and equipment	336.43	321.99
	Depreciation on investment properties	0.49	0.55
	Depreciation of right of use assets	8.14	-
	Amortisation of intangible assets	21.46	15.93
		366.52	**338.47**
35	**Other expenses**		
	Packing & forwarding	125.79	147.94
	Consumption of stores	61.69	60.52
	Tools consumed	50.74	51.11
	Commission	89.98	90.24
	Repairs and maintenance		
	-Building	41.89	48.85
	-Plant and machinery	49.28	53.26
	-Others	24.70	26.24
	Communication expenses	15.95	17.39
	Power and fuel	151.46	150.16
	Transport charges	205.67	171.22
	Travelling & conveyance	142.26	143.25
	Insurance	11.47	10.41
	Advertisement & publicity	59.82	72.83
	Printing and stationery	11.47	12.09
	Research & Development material cost (refer note 49)	69.53	119.70
	After sales expenses	145.77	154.40
	Factory expenses	19.12	9.50
	Rates and taxes	11.13	13.27
	Payment to the auditors (refer note 35(a) below)	3.30	3.13
	Subscription & membership	5.96	3.73
	CSR expenses (refer note 35(b) below)	21.10	46.82
	Rent	19.01	26.69

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
35 Other expenses (continued)		
Legal and consultancy charges	256.45	282.56
Directors' sitting fees	2.08	1.66
Bank charges	8.52	12.38
Excise duty	0.99	1.32
Assets condemned & written off	1.83	-
Bad debts written off & Provision for Doubtful advances and debts	35.94	27.44
Impairment of investments	-	35.62
Miscellaneous expenses	103.32	92.56
	1,746.22	**1,886.29**
35 (a) Details of payment to auditors		
Payment to auditors		
-audit fees	2.10	1.95
-limited review	0.75	0.75
-other services	0.20	0.20
-reimbursement of out of pocket expenses	0.25	0.23
	3.30	**3.13**
35 (b) Corporate Social responsibility expenditure		
Contribution to LRG Foundation	12.88	43.00
Contribution to PM Cares- COVID19 Fund	5.00	-
Contribution to Others	3.22	3.82
	21.10	**46.82**
Amount required to be spent as per Section 135 of the Companies Act, 2013	21.10	21.50
Amount spent during the year on		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	21.10	46.82
36 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	326.71	378.65
Adjustments for current tax of prior periods	-	-
Total current tax expense	**326.71**	**378.65**
Deferred tax		
Decrease (increase) in deferred tax assets	(6.14)	(8.80)
(Decrease) increase in deferred tax liabilities	(46.88)	(11.29)
Total deferred tax expense/(benefit)	**(53.02)**	**(20.09)**
Income tax expense	**273.69**	**358.56**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
36 Income tax expense(continued)		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,277.93	1,206.00
Tax at the Indian tax rate of 25.168% (2018-2019 – 34.944%)-refer note(c) below	**321.63**	**421.42**
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)
Provision for impairment of investments and doubtful debts	-	12.45
Dividend Income from equity instruments exempt u/s 10(34)	(18.37)	(24.47)
Corporate social responsibility expenditure (net of 80G benefit)	2.66	8.04
Deduction u/s 24 of IT Act (Income from house property)	(1.65)	(1.88)
Differential tax rate on Foreign dividend received	(20.62)	-
Differential impact on remesurement of deferred tax (refer note (c) below)	(9.60)	-
Others	(0.36)	4.08
Income tax expense	**273.69**	**358.56**

(c) Change in Income tax rate:

The newly introduced section 115BAA in the Income tax Act, 1961 allows a domestic company to pay income tax at the rate of 22% with applicable surcharge and cess. This is subject to conditions that the company will not avail the specified exemptions, deductions and incentives. For the purpose of estimating the tax expense for FY 2019-20, the Company has considered the tax rate prescribed under the section 115BAA i.e. effective tax rate of 25.168%. For exercising the option to avail the rate prescribed under section 115BAA, the Company has time till the due date for furnishing the return of income for financial year 2019-20.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

37 Fair value measurements

Financial instruments by category

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	48.76	-	-	74.80	-
Loans	-	-	755.79	-	-	224.70
Trade receivables	-	-	2,558.93	-	-	2,858.42
Cash and bank balances	-	-	445.75	-	-	522.67
Security deposits	-	-	60.28	-	-	49.58
Others	-	-	332.89	-	-	29.18
Total financial assets	**-**	**48.76**	**4,153.64**	**-**	**74.80**	**3,684.55**
Financial liabilities						
Borrowings	-	-	975.00	-	-	423.76
Trade payables	-	-	1,292.43	-	-	1,641.36
Dealer deposits	-	-	22.12	-	-	21.84
Derivative financial liabilities	47.41	-	-	4.99	-	-
Employee benefit expenses payable	-	-	183.35	-	-	237.34
Capital creditors	-	-	39.80	-	-	33.42
Others	-	-	21.02	-	-	26.79
Total financial liabilities	**47.41**	**-**	**2,533.72**	**4.99**	**-**	**2,384.51**

*excluding investments in subsidiaries and joint ventures.

The equity securities which are not held for trading, and for which the Company has made an irrecovable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Company considers this to be more relevant.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI:					
Quoted equity investments	6	48.76	-	-	48.76
Unquoted equity investments	6	-	-	-	-
Total financial assets		**48.76**	**-**	**-**	**48.76**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	24	-	47.41	-	47.41
Total financial liabilities		**-**	**47.41**	**-**	**47.41**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(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, 2020	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to subsidiaries	7	-	-	532.91	532.91
Loans to employees	7, 15	-	-	123.52	123.52
Security deposits	8	-	-	60.28	60.28
Total financial assets		**-**	**-**	**716.71**	**716.71**

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 FVOCI:					
Quoted equity investments	6	74.80	-	-	74.80
Unquoted equity investments	6	-	-	-	-
Total financial assets		**74.80**	**-**	**-**	**74.80**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	24	-	4.99	-	4.99
Total financial liabilities		**-**	**4.99**	**-**	**4.99**

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
Financial assets					
Loans					
Loans to employees	7, 15	-	-	129.24	129.24
Security deposits	8	-	-	49.58	49.58
Total financial assets		**-**	**-**	**178.82**	**178.82**

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, level 2 and level 3 during the year.

The Company’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(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, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to subsidiaries	532.91	532.91	-	-
Loans to employees	123.52	123.52	129.24	129.24
Security deposits	60.28	60.28	49.58	49.58
Total financial assets	**716.71**	**716.71**	**178.82**	**178.82**

The carrying amounts of trade receivables, trade payables, cash and bank balances, deposits with financial institutions, current loans to subsidiaries, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for non-current loan to subsidiaries, loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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, deposit with financial institutions, trade receivables, loan to subsidiaries, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of Bank/Financial institutions deposits, credit limits and letters of credit. Investment guidelines for debt investment.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward Foreign Exchange Contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

The Company’s risk management is carried out by a central treasury department under policies approved by the Board of Directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company’s operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows from debt instruments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

For banks and financial institutions, only high rated banks/institutions are accepted.

The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

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

(ii) Security

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

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, 2020 and March 31, 2019

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

The estimated gross carrying amount at default is ₹ 559.41 million (March 31, 2019: ₹ 559.41 million) for Investments and loans and deposits. There is no expected credit loss recognised for the year ended March 31, 2020 (March 31, 2019: ₹ 35.62 million).

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the Company based on the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2018	**9.01**
Changes in loss allowance	1.88
Loss allowance on March 31, 2019	**10.89**
Changes in loss allowance	24.15
Loss allowance on March 31, 2020	**35.04**

(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, 2020	March 31, 2019
Floating rate		
Expiring within one year (including other facilities)	1,887.50	2,813.19

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, 2020
(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, 2020						
Non-derivatives						
Borrowings	400.00	575.00	-	-	-	975.00
Lease liabilities	1.73	1.78	3.16	8.53	25.66	40.86
Trade payables	1,292.43	-	-	-	-	1,292.43
Other financial liabilities	266.29	-	-	-	-	266.29
Total non-derivative liabilities	**1,960.45**	**576.78**	**3.16**	**8.53**	**25.66**	**2,574.58**
Derivatives (net settled)	22.42	24.92	0.07	-	-	47.41
Total derivative liabilities	**22.42**	**24.92**	**0.07**	**-**	**-**	**47.41**
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**

(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, 2020			March 31, 2019		
	USD	EUR	AUD	USD	EUR	AUD
Financial assets						
Trade receivables	9.08	2.56	1.66	9.87	3.23	2.08
Loans	7.13	0.12	1.98	-	-	2.07
Cash and Cash equivalents	-	0.03	-	0.13	-	-
Net exposure to foreign currency risk (assets)	**16.21**	**2.71**	**3.64**	**10.00**	**3.23**	**4.15**
Financial liabilities						
Foreign currency loan	-	-	-	1.57	2.25	-
Trade payables	0.36	0.33	-	0.91	0.21	-
Net exposure to foreign currency risk(liabilities)	**0.36**	**0.33**	**-**	**2.48**	**2.46**	**-**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(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, 2020*	March 31, 2019*
USD sensitivity		
INR/USD increases by 5%	44.83	16.94
INR/USD decreases by 5%	(44.83)	(16.94)
EURO sensitivity		
INR/EURO increases by 5%	7.42	1.95
INR/EURO decreases by 5%	(7.42)	(1.95)
AUD sensitivity		
INR/AUD increases by 5%	6.25	6.62
INR/AUD decreases by 5%	(6.25)	(6.62)

* 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, 2020	March 31, 2019
NSE Nifty 50 – increase 5%	2.44	3.74
NSE Nifty 50 – decrease 5%	(2.44)	(3.74)

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 and lease liabilities net of cash and cash equivalents and deposits with banks and financial institutions) divided by Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as follows:

Particulars	March 31, 2020	March 31, 2019
Net debt (refer note 22)	272.61	-
Total equity	7,100.19	6,619.22
Net debt to equity ratio	**3.84%**	**-**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

(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, 2020	March 31, 2019
(i) Equity shares		
Final dividend for the year ended March 31, 2018	-	190.14
DDT on final dividend	-	27.06
Final dividend for the year ended March 31, 2019	205.99	-
DDT on final dividend	30.32	-
Interim dividend for the year ended March 31, 2020	261.44	-
DDT on interim dividend	-	
(ii) Dividends not recognised at the end of the reporting period	-	205.99
As at March 31, 2019, directors had recommended the payment of a final dividend of ₹1.30 per fully paid. This proposed dividend was subject to the approval of shareholders in the annual general meeting as on March 31, 2019.		
DDT on proposed dividend	-	30.32

40 Related party transactions

(a) Name of the related parties and nature of relationship:

(i) Where control exists:

Name of Subsidiaries	Place of business	Ownership interest held by the company		Principal activities
		March 31, 2020 %	March 31, 2019 %	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Gulf Mechanical and Engineering Equipment Trading LLC (refer note (a) below)	U.A.E.	100	-	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Assembly and trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Italy S.R.L(formerly known as 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 Europe S.R.L (formerly known as Elgi Compressors Belgium SPRL)	Belgium	100	100	Trading of air compressors
Elgi Compressors Iberia S.L. (refer note (b) below)	Spain	100	-	Trading of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

40 Related party transactions(continued)

(a) Name of the related parties and nature of relationship:

(i) Where control exists:

Name of Subsidiaries	Place of business	Ownership interest held by the company		Principal activities
		March 31, 2020 %	March 31, 2019 %	
Michigan Air Solutions(refer note (c) below)	USA	100	-	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

Notes:

a) In June 2019, the Company through its wholly owned subsidiary Elgi Gulf FZE incorporated a subsidiary Elgi Gulf Mechanical and Engineering Equipment Trading LLC with 49% stake, which is set up along with Mr. Faisal Mohamed Hassan Abdalla Al-Ali at UAE.

b) In December 2019, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Iberia S.L. at Madrid.

c) In December 2019, the Company through its wholly owned subsidiary Elgi Compressors USA Inc., USA acquired 100% stake in Michigan Air Solutions.

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)
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 Limited Mr. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Limited Ms. Vaishnavi P.M, Company Secretary [Till November 08, 2019] Mr. Nithya Prabhu R, Company Secretary [From November 27, 2019 to January 13, 2020]
Relatives of Key Management Personnel	Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj Mr. Varun Jay Varadaraj, son of Mr. Jairam Varadaraj

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

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

Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited Elgi Ultra Industries Limited Elgi Ultra Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited AGT Electronics Limited 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.

In April 2019, the Company through its wholly owned subsidiary Elgi Compressors USA Inc. has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr.Michael Keim for a share of 50% each. The Company is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

Details of Joint Operations

The company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership 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, 2020

(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	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Purchase of goods	88.72	88.78	21.65	108.78		
Sale of goods	1,482.66	1,509.18	235.25	342.61		
Receiving services	12.88	13.30	44.10	36.24		
Providing services	25.06	25.42	10.35	11.17		
Payment for business acquisition	-	-	34.50	-		
Loans						
- Given to related parties	620.98	-				
Repayment of Loans						
- Received from related parties	-	-				
- Given to related parties	105.38	-				
Interest						
- Received from related parties	12.56	5.75	0.38	-		
Reimbursement of expenses						
- To related parties	55.26	43.66	1.65	0.09		
- By related parties	38.13	31.89	-	-		
Investments	15.76	238.95	-	-		
Dividend						
- Received from related parties	326.38	58.50	15.72	12.67		
-Paid to related parties	-	-	23.67	0.32		
Key management personnel compensation*						
Short-term employee benefits					32.90	26.35
Other long-term benefits					1.46	1.39
Remuneration			-	1.38		

*The above Key management personnel compensation does not include gratuity since the same is computed actuarially for all the employees and amount attributable to key management personnel cannot be ascertained separately.

The remuneration paid to the Managing Director amounting to ₹17.13 million is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

(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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Payable at the end of the year	29.68	52.08	2.40	15.02
Total payables to related parties	**29.68**	**52.08**	**2.40**	**15.02**
Receivable at the end of the year	861.47	835.03	44.10	65.78
Loans receivable at the end of the year	705.83	169.02	-	-
Total receivables from related parties	**1,567.30**	**1,004.05**	**44.10**	**65.78**

An allowance of ₹73.56 million as at March 31, 2020 (March 31, 2019:₹73.56 million) has been recognised in respect of loans to related parties.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(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.

40A Details of material transactions with related parties

(i) Transactions during the year

Particulars	Subsidiaries		Joint Venture & Others	
	2019-20	2018-19	2019-20	2018-19
Purchase of goods				
ATS Elgi Limited	78.34	84.33		
LGB Forge Limited			13.59	60.66
Sale of goods				
Elgi Gulf FZE	278.41	243.99		
Elgi Compressors Do Brasil Imp.E.Exp LTDA	76.99	53.83		
Elgi Equipments Australia Pty Limited	139.50	153.23		
Rotair SPA	415.80	399.25		
Elgi Compressors USA Inc.	511.29	598.10		
PT Elgi Equipments Indonesia	53.67	52.79		
Industrial Air Solutions LLP			215.69	276.52
LGB Forge Limited			8.69	42.94
Elgi Sauer Compressors Limited			3.20	-
Receiving services				
Ergo Design Private Limited	7.68	7.20		
Pricol Travels Limited			25.87	30.28
Business Acquisition				
Elgi Ultra Industries Limited			34.50	-
Loans- Given to related party				
Elgi Compressors USA Inc.	508.06	-		
Elgi Compressors Italy S.R.L	15.92	-		
Industrial Air Compressors Pty Ltd	97.00	-		
Repayment of Loans-Given to related party				
Elgi Compressors Italy S.R.L	(6.26)	-		
Industrial Air Compressors Pty Ltd	(99.12)	-		
Interest- Received from related Party				
Elgi Equipments Australia Pty Limited	4.33	5.75		
Elgi Compressors USA Inc.	6.60	-		
Elgi Compressors Italy S.R.L	0.12	-		
Industrial Air Compressors Pty Ltd	1.51	-		

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(i) Transactions during the year (continued)

Particulars	Subsidiaries		Joint Venture & Others	
	2019-20	2018-19	2019-20	2018-19
Investments				
Elgi Compressors USA Inc.	-	166.77		
Elgi Equipments (Zhejiang) Limited	-	35.62		
Elgi Compressors Italy S.R.L	15.76	-		
Adisons Precision Instruments Manufacturing Company Limited	-	36.55		
Dividends- Received from related party				
ATS Elgi Limited	58.50	58.50		
Elgi Gulf FZE	224.11	-		
PT Elgi Equipments Indonesia	43.77	-		
Elgi Sauer Compressors Limited			13.45	10.99
Industrial Air Solutions LLP			1.50	1.50

(ii) Outstanding balances

Particulars	Subsidiaries		Joint Venture & Others	
	2019-20	2018-19	2019-20	2018-19
Payables at the end of the year				
Elgi Compressors USA Inc.	3.63	10.44		
Elgi Gulf FZE	4.77	7.56		
ATS Elgi Limited	13.10	26.31		
Receivables at the end of the year				
Elgi Compressors USA Inc.	352.28	422.85		
Elgi Gulf FZE	171.06	56.21		
Industrial Air Solutions LLP			23.58	52.21
Rotair SPA	211.35	233.93		
Elgi Equipments Australia Pty Limited	67.39	93.61		
Loan receivables at the end of the year				
Elgi Compressors USA Inc.	532.91	-		
Elgi Equipments (Zhejiang) Limited	73.56	73.56		
Elgi Equipments Australia Pty Limited	89.36	95.46		
Elgi Compressors Italy S.R.L	10.00	-		

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

41 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and the shareholders by way of postal ballot on January 31, 2020. The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market.

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the company and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2020	
	Average exercise price per share option (₹)	Number of Options
Opening balance	-	-
Granted during the year (on March 06, 2020)	200.05	1,60,600
Exercised during the year	-	-
Forfeited during the year	-	-
Closing balance	**200.05**	**1,60,600**
Vested and exercisable	**-**	**-**

Share options outstanding at the end of the year March 31, 2020:

Grant date	Expiry date	Exercise price (₹)	Number of Share Options
March 06, 2020	June 05, 2023	200.05	1,60,600

The remaining contractual life of options outstanding at the end of the period is 3.2 years.

(i) Fair value of options granted

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹55.42 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 included:

a) Options are granted for no consideration and vest upon completion of service for a period of three years. Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 200.05

c) Grant date: March 06, 2020

d) Expiry date: June 05, 2023

e) Share price at grant date: ₹201.65

f) Expected price volatility of the company's shares: 30.45%

g) Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹1.65 per share)

h) Risk-free interest rate: 5.48%

The expected volatility is calculated using market data for stock prices of ELGI. (Source: Bloomberg)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(ii) Expense arising from the share based transactions

Total expense arising from the employee stock options plan recognised in profit or loss as a part of employee benefit expenses for March 31, 2020 is:

Particulars	March 31, 2020
Employee stock option expense	0.21
Less: Amount recovered from subsidiaries	(0.08)
Net expense carried to statement of profit and loss (refer note 32)	**0.13**

42 Business Combinations

Acquisition of business from Elgi Ultra Industries Limited:

On July 01, 2019, the Company entered into a business purchase agreement with Elgi Ultra Industries Limited to acquire its locomotive wiper division business. Prior to this acquisition, the locomotive wipers were purchased from Elgi Ultra Industries Limited as a finished product. This acquisition is to take advantage of the Company's in-house expertise in manufacturing engineering and for optimum utilisation of resources.

The purchase consideration of ₹34.50 million was paid in cash.

The assets and liabilities acquired as a result of the business combination were:

(Recognised on acquisition at fair value)

Particulars	₹ in Million
Property, plant and equipment	1.20
Intangible assets-Drawings	24.75
Inventories	7.32
Net identifiable assets acquired	**33.27**

Computation of Goodwill and reconciliation of opening and carrying amount of Goodwill on the reporting date.

Calculation of Goodwill	₹ in Million
Purchase consideration	34.50
Less: Net identifiable assets acquired	(33.27)
Goodwill	**1.23**

(i) Revenue and Profit Contribution for the year:

The acquired business contributed revenue of ₹109.73 million and gross margin of ₹ 47.02 million for the period July 01, 2019 to March 31, 2020.

Prior to acquisition, during the period April 01, 2019 to June 30, 2019, the business had revenue of ₹12.8 million and gross margin of ₹6.17 million.

(ii) Purchase Consideration- Cash Outflow

The total cash outflow to acquire the business was ₹34.50 million.

43 Contingent liabilities and contingent assets

Contingent liabilities

(a) Claims against the Company not acknowledged as debts

(I) The company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹56.52 million and ₹93.07 million as on March 31, 2020 and March 31, 2019, respectively. The company has deposited ₹43.54 million and ₹37.58 million against the above mentioned disputes as on March 31, 2020 and March 31, 2019, respectively.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

The Company has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.
(ii) The Company had deposited a sum of ₹18.8 Mn with Railways department of the Government of India in respect of a Road Under Bridge(RUB) project undertaken by the Railways near the Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the Company has to bear the full cost or only the differential cost. The company has received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. As the Company is appealing against this order for consideration by the Division bench and as the Company is confident of defending the case successfully, no provision has been made in the books of account.

(iii) In respect of Belair SAS, the erstwhile subsidiary over which the Company lost control in April 2016, the company has received an unfavourable order from the French Authority to an extent of ₹13.33 Million. The Company has assessed the impact of the order and has provided for ₹ 9.2 million based on the best estimate of the possible outflow.

(iv) The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the Company, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these financial statements.

44 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account	137.06	232.80

45 Details of dues to Micro enterprises and Small enterprises under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	267.27	395.64
Interest due to suppliers registered under the MSMED Act and remaining unpaid at the year end.	4.21	3.00
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	393.17	612.67
Interest paid (other than Section 16 of MSMED Act) to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for the payments already made.	1.21	2.92
Further interest remaining due and payable for earlier years.	3.00	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, 2020
(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 116 Leases.

As indicated in Note no 1(a)(iii) of Significant Accounting policies, the Company has accounted for Ind AS 116 from April 01, 2019 using simplified approach and has not restated comparative for the financial year ended March 31, 2019 as permitted under the specific transition provision in the standard.

The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note no 3(v).

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'Operating lease' under the principles of Ind AS 17 Leases. These liabilities were measured at present value of remaining lease payments discounted using lessee's incremental borrowing rate as at April 01, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.15% p.a.

As on the date of initial application, there were no leases previously classified as finance leases.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used following practical expedients permitted by the standard;

a) applying a single discount rate to a portfolio of leases with similar characteristics.

b) accounting for operating lease with remaining lease period less than 12 months as at April 01, 2019 as short term leases.

(ii) Measurement of lease liabilities :

Particulars	Amount
Operating lease commitments as disclosed at March 31, 2019	23.37
Add: Rental contracts assessed as leases on the transition date, April 01, 2019 (excluding short-term leases)	36.14
Operating lease commitments considered for initial application as at April 01, 2019	**59.51**
Discounted using lessee's incremental borrowing rate of at the date of initial application@9.15%	42.66
Add: Finance lease liabilities recognised as at March 31, 2019	-
Lease liability recognised as at April 01, 2019	**42.66**
Which comprised of	
Current lease liabilities	8.85
Non-Current lease liabilities	33.81

(iii) Measurement of right-of-use assets

The associated right-of-use assets for leases were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in balance sheet as at March 31, 2019.

(iv) Adjustments recognised in the balance sheet as on April 01, 2019

As at Apirl 01, 2019	Note No.	As Per Ind AS 17	Reclassifications/ Remesurements	After adoption of Ind AS 116
Right of use assets	3(b)	-	42.66	42.66
Lease liabilities	3(b)	-	42.66	42.66
Deferred tax (asset) on lease liabilities	21	-	(14.91)	(14.91)
Deferred tax liabilities on Right of use assets	21	-	14.91	14.91

The net impact on retained earnings on April 01, 2019 is nil.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

47 Earnings per share

Particulars	March 31, 2020	March 31, 2019
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	6.34	5.35
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	6.34	5.35
(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	1,004.24	847.44
Diluted earnings per share		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	1,004.24	847.44
- used in calculating diluted earnings per share	1,004.24	847.44
Profit attributable to equity holders of the company used in calculating basic earnings per share	1,004.24	847.44
(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**

Particulars	March 31, 2020	March 31, 2019
48 Assets pledged as security		
a. Charge on entire Stocks and Receivables, both present and future	3,860.94	3,979.05
b. Charge on Specific land, building & machinery	1,432.96	1,266.09
c. Cash Margin	224.25	100.00
	5,518.15	**5,345.14**
49 Details of R & D Expenses		
i) Capital expenditure	17.01	21.03
ii) Salaries & wages	264.63	245.75
iii) R&D materials	69.53	119.70
iv) Maintainence expense	0.55	0.79
v) Other expenses	53.11	54.91
	404.83	**442.18**

50 Operating lease obligations

The total rent expenses for the premises taken under operating lease for the year ended March 31, 2019 is₹26.69 million.

The future lease obligations in respect of non-cancellable operating leases are as follows,

Particulars	March 31, 2020*	March 31, 2019
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

*Refer note- 3(b) and 46 for disclosure in relation to all leases, subsequent to adoption of Ind AS 116, Leases.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Non-current assets				
Property, plant and equipment	112.21	112.21	0.43	0.43
Financial assets				
(i) Investments	11.40	11.40	-	-
Total non-current assets	**123.61**	**123.61**	**0.43**	**0.43**
Current assets				
Cash and cash equivalents	1.72	0.86	0.01	0.01
Other financial assets	0.04	0.04	-	-
Current Tax Assets (Net)	1.29	0.99	-	-
Other current assets	0.35	0.35	-	-
Total current assets	**3.40**	**2.24**	**0.01**	**0.01**
Total Assets	**127.01**	**125.85**	**0.44**	**0.44**
Current liabilities				
Financial liabilities				
(i) Trade payables	0.03	0.03	0.04	0.04
Other current liabilities	0.92	0.71	-	-
Total current liabilities	**0.95**	**0.74**	**0.04**	**0.04**
Partners current account	**2.18**	**1.23**	**-**	**-**
Net Assets	**123.88**	**123.88**	**0.40**	**0.40**

(ii) Consequent to the above, the following inter company assets and liabilities have been derecognised.

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investment	124.00	124.00	0.40	0.40
Treasury Stock	(11.40)	(11.40)	-	-
Inter-Company assets & liabilities	2.17	1.78	0.04	0.04
	114.77	**114.38**	**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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue :	**0.86**	**1.21**	-	-
Expenses:				
Other Expenses	0.72	0.72	-	-
Current tax expense	0.21	0.32	-	-
Profit after tax	**(0.07)**	**0.17**	**-**	**-**

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020

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

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, 2020	March 31, 2019
(a) Loans and advances to subsidiaries		
Elgi Australia Pty Ltd - Australia		
Balance as at the year end	89.36	95.46
Maximum amount outstanding at any time during the year	97.27	102.05
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
Elgi Compressors USA Inc.-USA		
Balance as at the year end	532.91	-
Maximum amount outstanding at any time during the year	532.91	-
Elgi Compressors Italy S.R.L- Italy		
Balance as at the year end	10.00	-
Maximum amount outstanding at any time during the year	15.77	-
Industrial Air Compressors Pty Ltd- Australia		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	97.60	-
(b) Guarantees to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	1,300.15	346.30
Elgi Compressors Italy S.R.L- Italy	-	544.25
Industrial Air Compressors Pty Ltd- Australia	1,384.57	751.32
Elgi Compressors Europe S.R.L- Belgium	833.30	-
(c) Standby Letters of Credit (SBLC) to Subsidiaries		
Balance as at the year end		
Elgi Compressors USA Inc.-USA	226.77	865.75
Elgi Compressors Italy S.R.L- Italy	297.90	387.20

53 Impact of COVID-19 Pandemic:

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruptions to regular business operations due to lock-downs, disruption in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Company is in the business of manufacturing and selling a range of air compressors and its related parts to its customers having industrial applications in segment of food & beverages, oil & gas, manufacturing, medical, mining & construction and power generation business. The segments which are engaged in manufacturing and supply of products/services which are identified as essentials are not/less impacted compared to other segments. The Company is trying to ensure the continuity of supplies and support to these customers while the lock down is being slowly lifted across the country.

However, the uncertainty caused by the current situation has resulted in delays in the confirmation of customer orders and in executing the orders in hand and increase in lead times in sourcing components. The situation is likely to continue for next two quarters based on the current assessment. With lockdown restrictions easing out in phases, the Company is now seeing a slow improvement in inflows of customer orders and the pace of recovery is being closely monitored.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

The company is actively monitoring the sales performance across its geographies and taking necessary actions to contain costs to reduce the impact of revenue compression from COVID-19. While the profitability for the first quarter of 2020-21 would be impacted due to this, the exact profitability would be measured and reported as part of the quarterly results to be declared by the company for the first quarter.

Since the Company's customers and dealers delayed their payments, the Company in turn actively negotiated for credit period extension from its suppliers. The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, plant and equipment, Intangible assets, Trade receivables, Inventory and Investments as at the balance sheet date and has concluded that there are no material adjustments required in the standalone financials results. Regarding Inventory, the management has performed the year-end inventory verification in the presence of the internal auditor subsequently in May and June 2020 and performed rollback procedures to obtain comfort over the existence and condition of inventories as at March 31, 2020.

The Company has also evaluated the internal controls, including internal controls with reference to financial statements. All the controls are operating effectively and the Company has not diluted any controls.

The Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of standalone financial statements. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to the future economic conditions. The Company expects to get back to its pre-lockdown level of operations gradually over a period of time.

The Statutory auditors have drawn attention to the above matter in their auditor's report.

54 Events occurring after the reporting period

Subsequent to year ended March 31, 2020, the Company has appointed Mr. Ragunathan K as the Company Secretary of the Company.

55 Previous year figures have been regrouped /reclassified to conform to current year's classification.

For and on behalf of the Board of Directors

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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: Chennai
Date: June 29, 2020

Notes to the Standalone financial statements as at and for the year ended March 31, 2020

(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 MFG. CO. LIMITED
2. ATS ELGI LIMITED
3. ERGO DESIGN PRIVATE LIMITED
4. ELGI EQUIPMENTS (ZHEJIANG) LTD
5. ELGI COMPRESSORES DO BRASIL IMP.E.EXP.LTDA
6. ELGI EQUIPMENTS AUSTRALIA PTY LTD
7. ELGI GULF FZE (Consolidated)
8. INDUSTRIAL AIR COMPRESSORS PTY LTD (Consolidated)
9. ELGI COMPRESSORS ITALY S.R.L (Consolidated)
10. ELGI COMPRESSORS USA INC (Consolidated)
11. PT.ELGI EQUIPMENTS INDONESIA

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, 2020, 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, 2020, 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 joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 20 and 21 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 50 to the consolidated financial statements which explains the assessment of the management of the Holding Company and one of its subsidiary ATS Elgi Limited, audited by us, of the impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent on the circumstances as they evolve.

   Our opinion is not modified in respect of this matter.

5. The following emphasis of matter were included in the Auditors' report on financial information of Elgi Equipments Australia Pty Ltd and Industrial Air Compressors Pty limited dated June 26, 2020, subsidiaries of the Holding Company, issued by an independent auditor reproduced by us as under respectively:

   "We draw attention to Note 17, which describes the impact of the Coronavirus (COVID-19) on the Company. Our opinion is not modified in respect of this matter."

   "We draw attention to Note 24, which describes the impact of the Coronavirus (COVID-19) on the Group. Our opinion is not modified in respect of this matter."

   Our opinion is not modified in respect of this matter.

Key audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Roll back of physical count of inventory performed subsequent to year end The Holding company has Inventory of Rs.1,302.01 million as on March 31, 2020 (Refer Note 10 to the consolidated financial statements) and is material to the consolidated financial statements. The Holding Company conducted its annual inventory physical verification in the presence of its Internal Auditor on various dates in the months of May and June 2020 as against the year-end date due to the lockdown imposed by the government. In order to arrive at the quantities of inventory that existed as at the year end, roll-back procedures were performed on the quantities of inventory counted on those dates by adding back the sales/issues to production and deducting the purchases/production made during the period from the end of the financial year till the date of actual verification of inventory, from the quantities counted. Considering the magnitude of the inventory balances, the multiple warehouses and plants at which the inventory is located, we considered the timing of physical verification of inventories and the roll back procedures performed by the Holding company as a key audit matter.	In response to the matter, we carried out the following procedures: • We obtained an understanding on the design and tested the operating effectiveness of controls over the annual inventory count and the roll back procedures. • We placed reliance on the inventory count procedures performed by the internal auditor of the Holding Company after assessment of the independence and objectivity of the internal audit function. • The physical count performed by the internal auditors was subject to adequate supervision by us and re-performance on a test check basis by us • Management's reports and procedures over the roll back of inventory from the date of physical verification back to March 31, 2020 were tested on a sample basis through inspection of purchase, production and sales records. Based on our procedures performed, the annual physical verification performed subsequent to year end and the roll back of physical count of inventory was considered to be reasonable.
Assessment of carrying value of goodwill arising on consolidation of a subsidiary as per Ind AS 36 The Group has a goodwill balance of Rs.475.75 million, as at March 31, 2020 (Refer Note 5 to the consolidated financial statements) relating to the acquisition of a subsidiary in Italy, which is considered as a Cash Generating Unit (CGU). For the year ended March 31, 2020, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: • Calculating the recoverable amount for the CGU using a discounted cash flow model (DCF model); and • Comparing the recoverable amount to the respective carrying amount of assets and liabilities The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the financial statements, and where applicable, judgement involved in estimating future cash flows,	Our audit procedures in relation to assessment of carrying value of goodwill relating to the CGU, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill. • Together with auditors valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: a.Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance, discussions with the subsidiary auditors and our knowledge and understanding of current business conditions. b.Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company.

Key audit matter	How our audit addressed the key audit matter
particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates.	c.Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growthrates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the Management. • Evaluating the sufficiency of disclosures made in the consolidated financial statements Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

7. The following Key Audit Matter is included in the Memorandum of work performed dated June 19, 2020, issued by an independent auditor of Elgi Compressors USA Inc., a subsidiary of the Holding Company reproduced by us as under:

   "Auditing of assessment of potential for goodwill impairment. For the year ended March 31, 2020, the Company performed a goodwill impairment analysis using a discounted cash flow model both at a consolidated level and at reporting unit levels. The preparation of discounted cash flows required assumptions for projections of cash flows. The Company projected future cash flows over a period of five years with a terminal value growth rate applied in determining a terminal value. This was considered to be a Key Audit Matter due to its significance to the financial statements and the degree of management judgment involved in performing the discounted cash flow analysis.

   Our audit procedures including discussing with management and understanding its projections of revenue and expenses over the five year period, evaluating those projections for reasonableness, and testing the mathematical accuracy of the calculations. Based on the above procedures we found that management's assessment of carrying value of goodwill to be reasonable."

8. The following Key Audit Matter is included in the Memorandum of work performed dated June 26, 2020, issued by an independent auditor of Industrial Air Compressors Pty Limited, a subsidiary of the Holding Company, reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill as per Ind AS 36 (refer Note 3 of the group reporting package) Industrial Air compressors Pty Limited in its consolidated financial Statement, has a goodwill balance of AUD 4.96 million as at March 31, 2020 relating to acquisition of F.R. Pulford & Sons and its subsidiary Advanced Air Compressors Pty Ltd. For the year ended March 31, 2020, the management performed an assessment of the carrying value of goodwill as required under Ind AS 36 by: a.Calculating the recoverable amount for the cash generating unit (CGU) to which the goodwill has been allocated using a discounted cash flow model (DCF); and b.Comparing the recoverable amount of the respective carrying amount of assets and liabilities.	Our audit procedures in relation to the assessment of carrying value of goodwill included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill. • Evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: o Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance and our knowledge and understanding of current business conditions. o Determining a range of acceptable discount rates and terminal growth rates, with reference to

Key audit matter	How our audit addressed the key audit matter
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.	valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the management. o Performing sensitivity tests on the DCF model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range. • Tested the arithmetical accuracy of the calculations carried out by the management. Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.

Other Information

9. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
10. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
11. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraphs 20 and 21), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

12. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group and its joint operations and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
13. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

14. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its joint operations and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its joint operations and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its joint operations and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

17. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the

auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

20. We did not audit the financial information of two joint operations included in the standalone financial statements of the Holding Company whose financial information reflect total assets of Rs.127.45 million, net assets of Rs.124.28 million, total revenues of Rs.Nil, total comprehensive income (comprising of profit and other comprehensive income) of Rs.0.70 million and net cash inflows of Rs.0.86 million for the year ended March 31, 2020, as considered in the Standalone financial Statement of the Holding Company included in the Group. The financial information of these joint operations have been audited by other auditors whose reports have been furnished to us by other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on the reports of such other auditors.

21. We did not audit the Consolidated/Standalone financial statements/financial information of 13 subsidiaries (including their relevant step-down subsidiaries and Joint venture), whose financial statements/ financial information reflect total assets of Rs.8,625.63 million and net assets of Rs.1,846.35 million as at March 31, 2020, total revenue of Rs.7,945.21 million, total comprehensive income (comprising of loss and other comprehensive income) of Rs.(214.40) million and net cash outflows amounting to Rs.109.73 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 Rs.10.61 million for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of two joint ventures respectively, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.

22. Of the above, the financial statements of one subsidiary, located outside India, included in the consolidated financial statements, which constitute total assets of Rs.923.01 million and net assets of Rs.735.18 million, total revenue of Rs.Nil and total comprehensive income (comprising of profit and other comprehensive income) of Rs.123.35 million and net cash outflow amounting to Rs.0.51 million for the year ended March 31, 2020 have been prepared in accordance with accounting principles generally accepted in their country and have been audited by other auditors under generally accepted auditing standards applicable in their country. The Company's management has converted the financial statements of the subsidiary located outside India from the accounting principles generally accepted in their country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of the subsidiary located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

23. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated

Statement of cash flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on April 1, 2020 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, 2020 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 43 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020 - Refer Note 20 and 23 to the consolidated financial statements in respect of such items as it relates to the Group and its joint ventures.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its joint venture company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company, its subsidiary companies and its joint venture company incorporated in India for the year ended March 31, 2020.

24. The Group, and its joint ventures company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 20213126AAAADM7400

Place : Chennai
Date : June 29, 2020

Annexure A to the Independent Auditors' Report

Referred to in paragraph 23 (f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the consolidated financial statements as of and for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and a joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and joint venture company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on Internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Baskar Pannerselvam
Partner
Membership Number: 213126
UDIN: 20213126AAAADM7400

Place : Chennai
Date : June 29, 2020

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Balance Sheet as at March 31, 2020

Particulars	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	3,025.24	2,988.69
Right of use assets	3(b)	422.32	-
Capital work-in-progress	3(a)	37.21	51.42
Investment properties	4	166.78	166.84
Goodwill	5	1,855.26	1,528.84
Other intangible assets	5	532.08	357.78
Intangible assets under development	5(i)	-	5.75
Investments accounted for using the equity method	41	75.41	68.35
Financial assets			
(i) Investments	6	48.94	74.98
(ii) Loans	7	74.97	66.06
(iii) Other financial assets	8	79.06	65.39
Deferred tax assets (Net)	26(c)	160.61	105.08
Current tax assets (Net)	26(b)	52.96	27.98
Other non-current assets	9	51.45	103.97
Total non-current assets		**6,582.29**	**5,611.13**
Current Assets			
Inventories	10	3,434.30	2,786.63
Financial assets			
(i) Trade receivables	11	3,467.62	3,669.11
(ii) Cash and cash equivalents	12	455.10	702.38
(iii) Bank balances other than (ii) above	13	402.05	399.28
(iv) Loans	14	69.43	72.93
(v) Other financial assets	15	631.36	166.34
Other current assets	16	508.51	446.86
Total current assets		**8,968.37**	**8,243.53**
Total assets		**15,550.66**	**13,854.66**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	17	158.45	158.45
Other equity	18	7,531.48	7,550.65
Total equity		**7,689.93**	**7,709.10**

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Balance Sheet as at March 31, 2020(continued)

Particulars	Notes	March 31, 2020	March 31, 2019
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	19(a)	1,027.23	763.46
(ii) Lease liabilities	3(b)	333.94	-
(iii) Other financial liabilities	20	36.97	-
Provisions	21	120.14	69.21
Deferred tax liabilities (Net)	26(c)	39.76	103.85
Total non-current liabilities		**1,558.04**	**936.52**
Current liabilities			
Financial liabilities			
(i) Borrowings	19(b)	2,871.16	1,167.92
(ii) Lease liabilities	3(b)	105.57	-
(iii) Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		308.13	440.67
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,779.79	2,026.22
(iv) Other financial liabilities	23	828.81	1,201.28
Provisions	24	121.62	131.27
Current tax liabilities (Net)	26(b)	-	21.62
Other current liabilities	25	287.61	220.06
Total current liabilities		**6,302.69**	**5,209.04**
Total liabilities		**7,860.73**	**6,145.56**
Total equity and liabilities		**15,550.66**	**13,854.66**

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

For and on behalf of the Board of Directors

As per our report of even date

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

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: June 29, 2020

Place: Chennai
Date: June 29, 2020

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	27	18,293.92	18,634.69
Other income	28	132.14	96.55
Total income		**18,426.06**	**18,731.24**
Expenses			
Cost of materials consumed	29	7,571.66	7,820.73
Purchases of stock-in-trade	30	2,531.23	2,464.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(296.57)	26.27
Employee benefits expenses	32	4,045.64	3,408.30
Finance costs	33	155.47	89.85
Depreciation and amortisation expenses	34	652.32	511.07
Other expenses	35	3,083.10	2,997.70
Total expenses		**17,742.85**	**17,318.07**
Profit before share of net Profits of investments accounted for using equity method and tax		**683.21**	**1,413.17**
Share of Profit of Joint Ventures accounted for using equity method		12.40	21.87
Profit before tax		**695.61**	**1,435.04**
Income tax expense	26(a)		
- Current tax		378.94	480.82
- Deferred tax		(109.00)	(76.43)
Profit for the year		**425.67**	**1,030.65**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value of FVOCI equity instruments	18(h)	(26.04)	(16.50)
Remeasurement of post-employment benefit obligations	18(f)	3.76	10.38
Income tax relating to these items	18(f)	(0.95)	(3.53)
Share of other comprehensive income of joint ventures accounted for using equity method	18(f)	(0.04)	(0.28)
Items that will be reclassified to profit or loss:			
Changes in fair value of interest rate swap	18(h)	(13.21)	(29.11)
Deferred tax relating to above	18(h)	3.96	8.73
Changes in foreign currency translation reserve	18(h)	142.39	40.49
Other comprehensive income for the year, net of tax		**109.87**	**10.18**
Total comprehensive income for the year		**535.54**	**1,040.83**

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2020 (continued)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Earnings per equity share for profit attributable to the owners of Elgi Equipments limited	49		
Nominal value of the shares		1.00	1.00
(1) Basic		2.69	6.51
(2) Diluted		2.69	6.51

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

For and on behalf of the Board of Directors

As per our report of even date

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Chennai
Date: June 29, 2020

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Statement of Changes in Equity

i) Equity share capital

	Notes	Amount
Balance as at April 1, 2018	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31, 2019	17	**158.45**
Changes in equity share capital during the year		-
Balance as at March 31, 2020		**158.45**

ii) Other equity

Description	Notes	Attributable to the owners of Elgi Equipments Limited												
		Reserve and Surplus								Other reserve				Total equity
		Capital reserve	Statutory reserve	Securities premium	General reserve	Treasury stock	Share options outstanding account	Retained earnings	Total	FVOCI-Equity instruments	Cash flow hedge reserve	Foreign currency translation reserve	Total	
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		-	-	-	-	-	-	-	-	-	-	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**
Balance at April 1, 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**
Profit for the year	18	-	-	-	-	-	-	425.67	425.67	-	-	-	-	425.67
Other Comprehensive Income	18	-	-	-	-	-	-	2.81	2.81	(26.04)	(9.25)	142.39	107.10	109.91
Share of other comprehensive income of joint ventures accounted for using equity method	18	-	-	-	-	-	-	(0.04)	(0.04)	-	-	-	-	(0.04)
Total Comprehensive Income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**428.44**	**428.44**	**(26.04)**	**(9.25)**	**142.39**	**107.10**	**535.54**
Transactions with owners in their capacity as owners:														
Dividend Paid (including dividend distribution tax)*	18	-	-	-	-	-	-	(554.92)	(554.92)	-	-	-	-	(554.92)
Employee stock option expense	18	-	-	-	-	-	0.21	-	0.21	-	-	-	-	0.21
Balance at March 31, 2020		**181.41**	**5.49**	**409.37**	**1,162.63**	**(11.40)**	**0.21**	**5,465.25**	**7,212.96**	**31.35**	**(29.63)**	**316.80**	**318.52**	**7,531.48**

*includes tax paid on dividend received from foreign subsidiaries and redistributed to the shareholders.

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

For and on behalf of the Board of Directors

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

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: Chennai
Date: June 29, 2020

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Statement of Cash Flows

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax	**695.61**	**1,435.04**
Adjustments for		
Depreciation and amortisation expense	652.32	511.07
Allowance for doubtful debt	53.53	22.39
Loss on disposal of property, plant and equipment	(4.13)	(0.18)
Share of profits of associates and joint ventures	(12.40)	(21.87)
Rental income from Investment property (net of expenses)	(7.14)	(5.80)
Exchange difference on translation of foreign operations	38.56	4.47
Loss recognised on loss of control over subsidiary	-	11.11
Non-cash employee share based payments	0.21	-
Dividend and interest income classified as investing cash flows	(66.31)	(52.26)
Finance costs	155.47	89.85
Change in operating assets and liabilities, net of effects from purchase of subsidiary and loss of control over subsidiary		
Increase in trade receivables	(48.57)	(105.21)
(Increase)/decrease in inventories	(268.85)	73.65
Increase/(decrease) in trade payables	(437.62)	183.80
Increase in other financial assets	(15.32)	(7.54)
Increase in other current assets	(58.21)	(33.11)
Increase in provisions	45.04	11.75
Increase in other financial liabilities	3.50	37.91
Increase in other current liabilities	55.60	64.21
Cash generated from operations	**781.29**	**2,219.28**
Income taxes paid	(426.49)	(500.66)
Net cash inflow from operating activities	**354.80**	**1,718.62**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(439.19)	(543.55)
Payment for acquisition of subsidiary/business, net of cash acquired (refer note 40(a))	(386.26)	(508.47)
Payments for settlement of contingent consideration in relation to acquisition of subsidiary	(180.87)	-
Payment for acquisition of business/assets (refer note 40(b))	(138.46)	-
Investment in joint ventures	(9.43)	-
Loans to employees	(5.41)	(23.25)
Proceeds from sale of property, plant and equipment	21.19	29.62
Rental income from Investment property (net of expenses)	7.14	5.80
Dividends received on equity instruments	1.03	0.56
Dividends received from associate and joint venture	15.33	12.49
(Investments)/Redemption of Deposits with Banks/Financial institutions	(462.77)	(89.09)
Interest received	61.91	46.82
Net cash outflow from investing activities	**(1,515.79)**	**(1,069.07)**

Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Consolidated Statement of Cash Flows (continued)

Particulars	March 31, 2020	March 31, 2019
Cash flows from financing activities		
Interest paid	(144.70)	(88.76)
Proceeds from Long term borrowings from banks	443.34	620.61
Repayment of Long term borrowings to banks	(442.69)	(447.86)
Net Short term loans borrowed from/(repayment to) banks	1,703.24	(457.13)
Payment of lease liabilities	(92.88)	-
Dividends paid to company's shareholders	(464.58)	(188.69)
Dividend Tax paid	(88.02)	(39.08)
Net cash inflow/(outflow) from financing activities	**913.71**	**(600.91)**
Net increase/(decrease) in cash and cash equivalents	**(247.28)**	**48.64**
Cash and cash equivalents at the beginning of the financial year	**702.38**	**653.74**
Cash and cash equivalents at end of the year*	**455.10**	**702.38**

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

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

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

RAGUNATHAN K
Company Secretary
ACS: 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date: June 29, 2020

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Chennai
Date: June 29, 2020

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. Along with its subsidiaries, Elgi Equipments Limited is engaged in manufacture, trading of air compressors and automotive garage equipments and also providing related after sales services. Elgi equipments limited together with its subsidiaries is herein after referred as 'the Group'. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1 Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The Consolidated Financial Statement has been approved by the Board of Directors in their meeting held on June 29, 2020.

(ii) Historical cost convention

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

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

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

c) share based payments

(iii) New and amended standards adopted by the Company

The group has applied the following standards and amendments for the first time in their annual reporting period commencing April 01, 2019.

1. Ind AS 116, Leases. Refer note 1(h) read along with note 48.

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

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

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

5. Borrowing costs eligible for capitalisation to Ind AS 23, Borrowing Cost.

6. Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements.

7. Long term interest in associates and joint ventures- Amendments to Ind AS 28, Investments in Associates and Joint Ventures.

The group had to change its accounting policies and make certain adjustments following the adoption of Ind AS 116. This is disclosed in note 48. 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. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Elgi Equipments Limited has both joint operations and joint ventures.

Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated balance sheet.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(j) below.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is 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 hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- assets and liabilities are translated at the closing rate at the date of that balance sheet

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which income and expenses are translated at the dates of the transactions), and

- all resulting foreign exchange differences are recognised in other comprehensive income.

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

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

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

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

(e) Revenue recognition

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

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

(i) Sale of products:

The group manufactures and sells a range of air compressors, automotive equipments and related parts. Sales are recognised when control of the product has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could effect the customer's acceptance of products. Delivery occurs when the products have been shipped from the warehouse to the specific location in case of domestic sales and when a bill of lading is generated in case of exports, the 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 24.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional, because only the passage of time is required before the payment is due. The credit facility is as per standard industry terms, thus there is no significant financing component.

(ii) Sale of Services:

The performance obligation under service contract are installation, maintenance and other ancillary services set forth in the contracts. Revenue from rendering of services are recognised over a period of time by reference to the stage of completion as the customer simultaneously receives and consumes the benefit provided by the group's performance as the group performs. In case of transportation revenue, the group recovers actual cost of transportation from the customers. The cost is either billed separately in the invoice or included in the total transaction price. Where the transaction price is inclusive of cost of transportation, the group splits the transaction price into sale of products and sale of services. Payment for the service rendered is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

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

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

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

(f) Government grants

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

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

Government grants relating to purchase of property, plant and equipment are presented by deducting the grant from carrying amount of the asset.

(g) Income taxes

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

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

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

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

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

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

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

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 explained in Note 1(a)(iii) point 1, the group has changed its accounting policy for leases, where the group is the lessee. The effects of change in accounting policy is described in note 48.

Till March 31, 2019

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 cost increases.

As a lessor

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

With effective from April 01, 2019:

As a lessee

From April 01, 2019, leases are recognised as right of use assets and a corresponding liabilities at the date at which the leased asset are available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases of real estate for which the group is the lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option, if the group is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing and

- makes adjustments specific to the lease such as term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment and small items of office furniture.

As a lessor

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

The group did not need to make any adjustments to the accounting for the assets held as lessor as a result of adopting the new standard.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(j) Impairment of assets

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

(k) Cash and cash equivalents

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

Cash Flow Statement: The Cash flow from Operating activities are prepared under the Indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(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.

b) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/ (expense). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

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

Equity instruments

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

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 retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vi) Income recognition

a) Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income.

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

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

b) Dividends

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

(o) Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. However where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for FVPL. They 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 are recognised in cash flow hedging reserve within equity. The gain or loss relating to ineffective portion is recognised immediately in profit or loss, within other gains/(losses). Changes in the fair value of derivatives 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

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 the group**	**As per Schedule II**
Roads	10	5
Tools, Jigs & Fixtures, Patterns, Moulds & Dies	5-8	15

However, in relation to Elgi Compressors USA Inc, the depreciation is recorded on the straight-line basis\written down value method over the estimated useful lives of 3 to 7 years for machinery and equipment, office furniture and fixtures and automobiles, over the life of the lease for leasehold improvements and 20 years for buildings. In Rotair SPA, the depreciation is recorded on the straight line method over the estimated useful life of 10 years for light weight constructions classified under buildings, over 33 years for other buildings and over 4 to 10 years for other tangible assets.

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

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

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

(r) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

(s) Goodwill and Other Intangible assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The intangible assets includes technical know-how, customer relationships, brand, non-compete fees and computer software which are recorded at the cost of acquisition and are amortized over a period of their legal / useful life as below,

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Useful Life (years)

Asset group \ Entity	Elgi USA Compressors Inc	Indutrial Air Compressors Pty Ltd	Elgi Equipments Ltd & Others
Computer softwares	-	5	5
Drawings	-	-	5
Customer relationships	8-10	15	-
Brand	20	5	-
Non-compete	5	3	3

(t) Research and development

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

-it is technically feasible to complete the asset so that it will be available for use

-management intends to complete the asset and use or sell it

-there is an ability to use or sell the product

-it can be demonstrated how the asset will generate probable future economic benefits

-adequate technical, financial and other resources to complete the development and to use or sell the asset are available and

-the expenditure attributable to the asset during its development can be reliably measured

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

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

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

(u) Trade and Other Payables

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

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(x) Provisions

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

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

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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(y) Employee Benefits

(I) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

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

Gratuity obligations

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

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

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

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

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

Defined contribution plans

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

(iv) Bonus plans

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

(v) Share based payments

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

The fair value of options granted under the Elgi Equipments Limited Employee Stock Option Plan,2019 is recognised as an employee benefit expense with a corresponding increase in the equity. The total amount to be expensed is determined by reference to the fair value of the options granted. Refer note 47.

- including any market performance conditions (e.g.,the entity's share price)

-excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining of an employee of the entity over a specified time period) and

-including the impact of any non-vesting conditions (e.g. the requirement for employees to hold the shares for a specific period of time).

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

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(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 49).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

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

(ac) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(ad) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

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

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

The areas involving critical estimates or judgements are:

Estimation of goodwill impairment	– Note 5
Estimation of provision for warranty claims	– Note 24
Estimation of defined benefit obligations and other employee terminal benefits	– Note 24(a)
Estimation of current tax expense and payable	– Note 26

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

3(a) Property, plant and equipment and Capital work-in-progress

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Capital Work in Progress
Year ended March 31, 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	-	-	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 difference	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 difference	-	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**
Year ended March 31, 2020									
Gross carrying amount									
Opening gross carrying amount	578.90	1,341.25	2,349.29	39.06	184.53	139.59	26.52	4,659.14	51.42
Acquisition of business/ subsidiary (refer note 40)	-	-	1.20	-	-	6.11	-	7.31	-
Additions	-	16.55	423.09	7.67	27.84	8.86	3.69	487.70	473.49
Disposal	-	(0.12)	(24.47)	(0.21)	(0.77)	(5.83)	(0.21)	(31.61)	-
Exchange difference	19.99	26.57	13.65	0.05	9.10	3.05	1.48	73.89	-
Transfer to Right of use assets*	-	-	(1.84)	-	(1.77)	(96.54)	-	(100.15)	-
Transfers	-	-	-	-	-	-	-	-	(487.70)
Closing gross carrying amount	**598.89**	**1,384.25**	**2,760.92**	**46.57**	**218.93**	**55.24**	**31.48**	**5,096.28**	**37.21**
Accumulated depreciation									
Opening accumulated depreciation	-	498.00	926.91	26.96	139.61	58.00	20.97	1,670.45	-
For the year	-	101.71	284.39	7.33	19.72	7.86	3.58	424.59	-
Disposal	-	(0.08)	(10.87)	(0.19)	(0.69)	(3.62)	(0.06)	(15.51)	-
Exchange difference	-	9.10	14.98	0.01	7.36	3.97	1.16	36.58	-
Transfer to Right of use assets*	-	-	(0.71)	-	(1.77)	(42.59)	-	(45.07)	-
Closing accumulated depreciation	**-**	**608.73**	**1,214.70**	**34.11**	**164.23**	**23.62**	**25.65**	**2,071.04**	**-**
Net carrying amount	**598.89**	**775.52**	**1,546.22**	**12.46**	**54.70**	**31.62**	**5.83**	**3,025.24**	**37.21**

*Pursuant to adoption of Ind AS 116 Leases, the Assets taken under finance leases are reclassified as Right of use assets, refer note-3(b) along with note 48.

i) Property, plant and equipment pledged as security

Refer Note 45 for information on property, plant and equipment pledged as security by the group.

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 the Consolidated Financial Statements as at and for the year ended March 31, 2020

(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, 2020 and March 31, 2019 is given as follows:

Particulars	Assets taken under finance lease*						Assets given under operating lease	
	Plant & Machinery		Vehicle		Office equipment		Plant & Machinery	
	31-Mar-20*	31-Mar-19	31-Mar-20*	31-Mar-19	31-Mar-20*	31-Mar-19	31-Mar-20	31-Mar-19
Gross carrying amount		1.84		99.99	-	1.77	23.84	42.72
Accumulated depreciation		(0.71)		(45.90)	-	(1.77)	(5.76)	(8.06)
Net carrying amount		**1.13**		**54.09**	**-**	**-**	**18.08**	**34.66**

*Pursuant to the adoption of Ind AS 116 Leases, Assets taken under finance lease are reclassified as Right of useassets, refer note 3(b) along with note 48.

3(b) Leases

This note provides information for leases where the group is a lessee.

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 months to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

i) Amounts recognised in the balance sheet

The balance sheet shows following amounts relating to leases:

a) Right of use assets

Particulars	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Total
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount	**-**	**-**	**-**	**-**	**-**	**-**
Contracts assessed as Right of use assets on April 01, 2019	306.36	-	-	-	5.22	311.58
Finance Leases reclassified from Property, plant & equipment on April 01, 2019*	-	1.84	-	1.77	96.54	100.15
Additions	63.06	1.53	3.15	0.68	82.05	150.47
Disposal	-	-	-	-	(3.20)	(3.20)
Exchange difference	9.86	0.27	(0.30)	0.21	13.94	23.98
Closing gross carrying amount	**379.28**	**3.64**	**2.85**	**2.66**	**194.55**	**582.98**
Accumulated depreciation						
Opening accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Finance Leases reclassified from Property, Plant & Equipments on April 01, 2019*	-	0.71	-	1.77	42.59	45.07
For the year	76.05	0.36	0.85	0.14	33.71	111.11
Disposal	-	-	-	-	(2.24)	(2.24)
Exchange difference	0.68	0.09	(0.08)	0.17	5.86	6.72
Closing accumulated depreciation	**76.73**	**1.16**	**0.77**	**2.08**	**79.92**	**160.66**
Net carrying amount	**302.55**	**2.48**	**2.08**	**0.58**	**114.63**	**422.32**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

b) Lease liabilities

Particulars	March 31, 2020	April 01, 2019*
Current	105.57	77.49
Non-Current	333.94	299.66
	439.51	**377.15**
Reconciliation:-		
Rental Contracts assessed as Leases on transition date - April 01, 2019	311.58	
Add: Finance leases- reclassified from Non-current borrowings	59.50	
Add: Finance leases- reclassified from Current financial liabilities	6.07	
Restated Lease liabilities as at April 01, 2019	**377.15**	
Add: Leases recognised during the year (non-cash in nature)	150.47	
Less: Repayment of leases liabilities	(92.88)	
Add/Less: Exchange difference	4.77	
Closing balance	**439.51**	

*In the previous year, the group only recognised lease assets and liabilities in relation to leases that were classified as 'finance leases' under Ind AS 17, Leases. The assets were presented in property, plant and equipment and liabilities as part of group's borrowings and other financial liabilities. For all adjustments recognised on adoption of Ind AS 116 on April 01, 2019, pleaser refer note 48.

ii) Amounts recognised in the statement of profit and loss

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

Particulars	Note	March 31, 2020*
Depreciation of Right of use assets	**34**	
Building		76.05
Plant & Machinery		0.36
Office equipment		0.85
Furniture and Fixtures		0.14
Vehicle		33.71
		111.11
Included in Finance costs	**33**	
Interest expense		20.27
Included in other expenses	**35**	
Expenses relating to short term leases (included in Other expenses)		58.93
		79.20

(iii) Cash outflow

The total cash outflow for leases is ₹ 172.08 million for the year ended March 31, 2020.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases. The majority of extension and termination options held are exercisable only by the group and not by respective lessor.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

4 Investment properties

Particulars	March 31, 2020			March 31, 2019		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	162.27	4.99	167.26	162.27	4.99	167.26
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Closing gross carrying amount	**162.27**	**4.99**	**167.26**	**162.27**	**4.99**	**167.26**
Accumulated depreciation						
Opening accumulated depreciation	-	0.42	0.42	-	0.35	0.35
Depreciation charge	-	0.06	0.06	-	0.07	0.07
Closing accumulated depreciation	**-**	**0.48**	**0.48**	**-**	**0.42**	**0.42**
Net carrying amount	**162.27**	**4.51**	**166.78**	**162.27**	**4.57**	**166.84**

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

Particulars	March 31, 2020	March 31, 2019
Rental income	7.86	6.41
Direct operating expenses from property that generated rental income	(0.72)	(0.54)
Profit from investment properties before depreciation	**7.14**	**5.87**
Depreciation	(0.06)	(0.07)
Profit from investment property	**7.08**	**5.80**

(ii) Fair value

Particulars	March 31, 2020			March 31, 2019		
	Land	Building	Total	Land	Building	Total
Investment property	522.19	4.51	526.70	522.19	4.57	526.76

Estimation of fair value

The fair values of investment properties have been determined as follows:

(i) for the investment property purchased during the year, the transaction price has been considered as the fair value, considering the shorter time period between date of acquisition of the asset and the reporting date.

(ii) for others, the fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings. All the resulting fair value estimates of investment properties are included in Level 2. The Guideline values were revised by the Government of Tamil Nadu with effect from June 9, 2017.

Investment properties pledged as security

Refer note 45 for information on property, plant and equipment pledged as security by the group.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

5 Intangible assets

Particulars	Computer software	Drawings	Customer relationships	Brand names	Non-compete fees	Total Intangible Assets	Goodwill
Year ended March 31, 2019							
Gross Carrying Amount							
Opening gross carrying amount	82.81	-	-	-	-	82.81	1,250.58
Acquisition of subsidiary	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 accumlated 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**
Year ended March 31, 2020							
Gross Carrying Amount							
Opening gross carrying amount	100.92	-	110.21	123.22	116.63	450.98	1,528.84
Acquisition of business/ subsidiary (refer note 40)	-	24.75	220.80	-	13.52	259.07	217.61
Additions	30.36	-	-	-	-	30.36	-
Disposal	-	-	-	-	-	-	-
Exchange differences	2.43	-	9.61	(7.85)	(6.52)	(2.33)	108.81
Closing gross carrying amount	**133.71**	**24.75**	**340.62**	**115.37**	**123.63**	**738.08**	**1,855.26**
Accumulated amortisation							
Opening accumulated amortisation	45.95	-	4.90	16.43	25.92	93.20	-
For the year	26.38	3.73	22.91	24.21	39.33	116.56	-
Disposal	-	-	-	-	-	-	-
Exchange differences	1.29	-	0.38	(2.13)	(3.30)	(3.76)	-
Closing accumulated amortisation	**73.62**	**3.73**	**28.19**	**38.51**	**61.95**	**206.00**	**-**
Closing net carrying amount	**60.09**	**21.02**	**312.43**	**76.86**	**61.68**	**532.08**	**1,855.26**

(i) Intangible assets under development

Intangible assets under development amounting to ₹5.75 million as at March 31, 2019 comprised of computer software under development.

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each cash generating unit (CGU):

A CGU level summary of the goodwill allocation is presented below.

Particulars	Italy	USA			Australia	India	Total
	Rotair business	Pattons business	Michigan business*	FTG business*	Pulford business	Others	
March 31, 2020	475.75	917.94	176.86	55.25	227.74	1.72	1,855.26
March 31, 2019	443.86	841.07	-	-	243.42	0.49	1,528.84

*Refer note 40 for details of business combinations during the year.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(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
	Rotair business	Pattons business	Michigan business	FTG business	Pulford business
March 31, 2020					
Long term growth rate (%)	3.00	2.50	2.50	2.50	2.50
Post-tax discount rate (%)	10.00	7.77	7.77	7.77	10.00
March 31, 2019					
Long term growth rate (%)	2.00	3.00	-	-	2.50
Post-tax discount rate (%)	11.50	10.50	-	-	10.00

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 restructurings.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

The group has considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause carrying amount of the above mentioned CGU’s to exceed its recoverable amount.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

6 Financial Assets - Non-current investments

Particulars	No. of Shares	Face Value per Share	March 31, 2020	March 31, 2019
(i) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	₹10/-	0.12	0.30
State Bank of India	3,600	₹1/-	0.71	1.15
HDFC Bank Limited	5,000	₹1/-	4.31	5.79
[March 31, 2019: 2500 shares of face value Rs.2/-]				
Housing Development Finance Corp. Ltd.	12,000	₹2/-	19.56	23.61
Magna Electro Castings Ltd	80,000	₹10/-	8.09	15.28
Rajshree Sugars & Chemicals Ltd	2,29,000	₹10/-	3.21	5.04
Pricol Ltd	94,245	₹1/-	3.45	3.39
L.G.Balakrishnan & Bros.Ltd	4,992	₹10/-	0.80	1.93
LGB Forge Limited	18,720	₹1/-	0.03	0.06
Elgi Rubber Company Limited	7,63,700	₹1/-	8.48	18.25
Insurance Australia Group Limited	258	AUD 1/-	0.10	0.10
(ii) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	₹ 50/-	0.00	0.00
Marol Co-operative Industrial Estate Limited	1,053	₹100/-	0.06	0.06
B.C.C. Caraglio	258	Euro 1/-	0.02	0.02
			48.94	**74.98**
Aggregate amount of quoted investments and market value thereof			48.86	74.90
Aggregate amount of unquoted investments			0.08	0.08
Aggregate amount of impairment in the value of investments			-	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
7 Loans (Non-current)		
Loans considered good - Unsecured		
Loans to employees	74.97	66.06
	74.97	**66.06**
8 Other financial assets (Non-current)		
Security deposits	79.06	65.39
	79.06	**65.39**
9 Other non-current assets		
Capital advances	51.45	103.97
	51.45	**103.97**
10 Inventories		
(a) Raw materials and components*	1,072.91	1,072.02
(b) Work-in-progress	257.05	183.88
(c) Finished goods*	1,674.17	1,186.48
(d) Stock-in-trade*	348.14	256.40
(e) Stores and spares and packing materials*	47.79	50.09
(f) Loose tools*	34.24	37.76
	3,434.30	**2,786.63**

*Includes goods in-transit of ₹ 86.20 million and ₹ 106.61 million as on March 31, 2020 and March 31, 2019, respectively.

Note: (a) Raw materials, Work in progress and Finished goods include R&D inventory also (b) Out of the above, the Holding Company's inventory as on March 31, 2020 is ₹ 1,302.01 million. The Holding Company's management has performed the year-end inventory verification in the presence of the internal auditor subsequently in May and June 2020 and performed rollback procedures to obtain comfort over the existence and condition of inventories as at March 31, 2020.

Particulars	March 31, 2020	March 31, 2019
11 Trade receivables		
Unsecured, considered good	3,467.62	3,669.11
Unsecured, considered doubtful	55.41	35.85
	3,523.03	**3,704.96**
Less: Allowance for doubtful debts(expected credit loss allowance)	(55.41)	(35.85)
	3,467.62	**3,669.11**
12 Cash and cash equivalents		
(a) Cash on hand	1.05	1.39
(b) Balance with banks		
– In current accounts	276.51	527.79
- In EEFC accounts	2.10	8.86
- In deposit accounts (with original maturity of 3 months or less)	165.92	157.35
- Balance in unclaimed dividend account*	9.52	6.99
	455.10	**702.38**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* Earmarked for payment of unclaimed dividend

Particulars	March 31, 2020	March 31, 2019
13 Other bank balances		
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	402.05	399.28
	402.05	**399.28**

*Includes margin money deposit of ₹224.25 million and ₹100 million as at March 31, 2020 and March 31, 2019, respectively.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
14 Loans (Current)		
Loans considered good - Unsecured		
Loan to employees	69.43	72.93
	69.43	**72.93**
15 Other financial assets		
Interest accrued	19.21	15.84
Deposits with Financial institutions*	585.00	125.00
Security deposits	12.25	8.16
Others	14.90	17.34
	631.36	**166.34**
* The deposits are maintained with Housing Development Finance Corp. Ltd. (HDFC Limited).		
16 Other Current assets		
Income / refund receivable	50.31	69.51
Prepaid expenses	124.63	150.00
Balance with Government authorities	68.48	29.17
Rent advances	15.52	16.46
Advance to suppliers	156.00	87.98
Others*	93.57	93.74
	508.51	**446.86**
*includes assets related to Gratuity fund ₹2.15 million and ₹2.90 million for the year ended March 31, 2020 and March 31, 2019, respectively.		

17 Equity share capital

(i) Authorised :

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹1 each		
As at April 1, 2018	**300**	**300**
Increase during the year	-	-
At March 31, 2019	**300**	**300**
Increase during the year	-	-
At March 31, 2020	**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, 2018	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2019	**158.45**	**158.45**
Increase during the year	-	-
At March 31, 2020	**158.45**	**158.45**

Terms and rights attached to equity shares:

The Company has one class of equity shares having a par value of Re.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, 2020, the amount of Final dividend per share recognized as distributions to equity shareholders is ₹1.30 (March 31, 2019: ₹1.20) and interim dividend per share recognised as distribution to equity shareholders is ₹1.65 (March 31, 2019: Nil).

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

(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, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	2,59,64,390	16.39%	2,58,59,390	16.32%
SBI Small Cap Fund	1,40,43,957	8.86%	1,43,27,243	9.04%
Mr. Jairam Varadaraj	1,37,05,478	8.65%	1,38,10,478	8.72%
Pari Washington India Master Fund, Ltd.	1,37,14,611	8.66%	1,37,14,611	8.66%
Gagandeep Credit Capital Pvt. Limited	81,52,575	5.15%	81,52,575	5.15%

Particulars	March 31, 2020	March 31, 2019
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)
Share options outstanding account	0.21	-
Retained earnings	5,465.25	5,591.73
Other reserves	318.52	211.42
	7,531.48	**7,550.65**
a) Capital reserve		
Opening balance	181.41	181.41
Additions during the year	-	-
Deductions/adjustments during the year	-	-
Closing balance	**181.41**	**181.41**
b) Securities Premium reserve		
Opening balance	409.37	409.37
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 the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
e) Share options outstanding account		
Opening balance	-	-
Employee stock option expense	0.21	-
Closing balance	**0.21**	**-**
f) Retained earnings		
Opening balance	5,591.73	4,783.51
Net profit for the year	425.67	1,030.65
Item of other comprehensive income recognised directly in retained earnings		
-Remeasurement of post-employment benefit obligation, net of tax	2.81	6.85
-Share of other comprehensive income of joint ventures accounted for using the equity method	(0.04)	(0.28)
Appropriations:		
Dividend on equity shares (including Dividend distribution tax)*	(554.92)	(229.00)
Closing balance	**5,465.25**	**5,591.73**
*includes tax paid on dividend received from foreign subsidiaries and redistributed to the shareholders.		
g) Treasury stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions / Adjustments during the year	-	-
Closing balance	**(11.40)**	**(11.40)**
h) Other reserves		
FVOCI - Equity instruments		
Opening Balance	57.39	73.89
Change in fair value of equity instruments	(26.04)	(16.50)
Closing balance	**31.35**	**57.39**
Cash flow hedging reserve		
Opening balance	(20.38)	-
Change in fair value of interest rate swap (net of tax) (refer note 37(c) (ii))	(9.25)	(20.38)
Closing balance	**(29.63)**	**(20.38)**
Foreign currency translation reserve		
Opening Balance	174.41	126.13
Movement during the year	142.39	40.49
Amount transferred to profit and loss on loss of control over subsidiary	-	7.79
Closing balance	**316.80**	**174.41**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Nature and purpose of other reserves

Capital reserve:

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

Securities Premium:

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

Statutory reserve:

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

General reserve:

This is available for distribution to shareholders.

Retained earnings:

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

Share options outstanding account:

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Elgi Equipments Limited Employee Stock Option Plan, 2019.

Treasury stock:

Represents the purchase value of 114,032 shares of the Company held by jointly controlled entity (representing joint operation) in the Group (Treasury shares).

Cash flow hedging reserve:

The cash flow hedging reserve is used to recognise effective portion of gain or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss account.

FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange Differences arising on transalation of the foreign operations are recognised in other comprehensive income as described in the accounting policy and accumlated in a separate reserve within equity.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

19 Borrowings

(a) Borrowings (Non-Current)

Particulars	Terms of Repayment	Coupon/ Interest rate	March 31, 2020	March 31, 2019
Secured **Term Loan** from Banks Foreign Currency Loan -USD	12 equated half yearly installments	90 day LIBOR + 1.25%	-	316.07
-USD installments starting	15 equated quarterly LIBOR + 1.78% from June 30, 2021	90 day	469.65	-
-EURO	20 equated quarterly installments	0.8%	175.11	274.01
-AUD	20 equated quarterly installments starting from Jan 27, 2021	90 day AUD-BBR-BBSW + 1.6%	527.75	564.08
Long term maturities of lease obligations*	36-48 monthly installments	9.8%	-	59.50
Total non- current borrowings			**1,172.51**	**1,213.66**
Less: Current maturities of long term debt (Note no- 23)			**(143.05)**	**(445.96)**
Less: Interest accrued but not due on borrowings (Note no- 23)			**(2.23)**	**(4.24)**
Non- current borrowings			**1,027.23**	**763.46**

*Pursuant to adoption of Ind AS 116, Leases, the Long term maturities of Lease obligations are reclassified to Lease liabilities, refer note 3(b) read along with note 48.

Nature of security:

(Ithe term loan of ₹469.65 million (USD 6.21 million) as on March 31, 2020 availed by Elgi Compressors USA Inc from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and backed by a corporate guarantee issued by the Holding Company.

(ii) The term loan of ₹175.11 million (EUR 2.10 million) as on March 31, 2020 (₹274.01 million i.e. EUR 3.50 million as on March 31, 2019) availed by Elgi Compressors Italy SRL, from HSBC (Italy) is secured by a standby letter of credit (SBLC) that is backed by pari passu charge created on specific assets of the Holding Company.

(iii) The term loan of ₹527.75 million (AUD 11.50 million) as on March 31, 2020 (₹564.08 million i.e AUD 11.50 million as on March 31, 2019) availed by Industrial Air Compressors Pty Limited from Standard Chartered Bank (United Kingdom) is secured by a corporate guarantee issued by the Holding Company with charge created on specific assets of the Holding Company.

Also refer note 45 for value of assets pledged as security.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(b) Borrowings (Current)

Particulars	Terms of Repayment	Coupon/ Interest rate	March 31, 2020	March 31, 2019
Secured				
from Banks				
Lines of credit				
-USD	Payable on Demand	30 day LIBOR + 1.85%	1,058.26	415.56
Packing Credit				
-USD	Payable within 180 days	LIBOR + 0.3% to 0.5%	-	109.08
-EURO	Payable within 180 days	EURIBOR + 0.3% to 0.5%	-	174.68
-INR	Payable within 180 days	4.95%	260.00	-
Other facility				
-EURO	Payable within 360 days with renewal option	EURIBOR + 1.6%	255.82	-
-AUD	Payable within 90 days with renewal option	BBSY + 1.75%	55.07	-
Total (A)			**1,629.15**	**699.32**
Unsecured				
from Banks				
Lines of credit				
-EURO	Payable on Demand	0.8 % to 1 %	527.01	328.60
Packing Credit				
-INR	Payable within 180 days	4.85 % to 5.3 %	715.00	140.00
Total (B)			**1,242.01**	**468.60**
Total current borrowings (A) + (B)			**2,871.16**	**1,167.92**

Nature of security:

(Ithe line of credit of ₹1058.26 million (USD 14.00 million) as on March 31, 2020 (₹415.56 million i.e. USD 6.00 million as on March 31, 2019) availed by Elgi Compressors USA Inc. from HSBC (USA) is secured by substantially all the assets of USA subsidiaries and also by a Standby letter of credit (SBLC) backed by margin deposits made by the Holding Company.

(ii) The packing credit of ₹260.00 million as on March 31, 2020 (₹283.76 million as on March 31, 2019) availed by the Holding Company from HSBC (India) is secured by way of pari-passu charge on the specific assets of the Holding Company.

(iii) The Other facility of ₹255.82 million (EUR 3.07 million) as on March 31, 2020 availed by Elgi Compressors Europe SRL from Citi Bank (United Kingdom) is secured by a corporate guarantee issued by the Holding Company and a pari passu charge on the specific assets of Holding Company.

(iv) The Other facility of ₹ 55.07 million (AUD 1.20 million) as on March 31, 2020 availed by Industrial Air Compressors Pty Limited from Citi Bank (United Kingdom) is secured by corporate guarantee issued by the Holding Company and a pari passu charge on the specific assets of Holding Company.

Also refer note 45 for value of assets pledged as security.

There are no defaults in the repayments of above borrowings during the current year.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

(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	Notes	March 31, 2020	March 31, 2019
Borrowings (including current maturities and interest accrued)	19(a)	1,172.51	1,213.66
Current borrowings	19(b)	2,871.16	1,167.92
Interest accrued and due on Current Borrowings	23	3.62	-
Lease liabilities	3(b)	439.51	-
Cash and cash equivalents	12	(455.10)	(702.38)
Deposits with banks and financial institutions	13,15	(987.05)	(524.28)
		3,044.65	**1,154.92**
Reconciliation:			
Opening net debt		**1,154.92**	**1,575.93**
Recognition of lease liabilities on Ind AS 116 transition date, April 01, 2019		317.65	-
Opening net debt (restated)		**1,472.57**	**1,575.93**
Cash flows		1,488.40	(422.10)
Acquisitions - Leases		150.47	-
Cash flows arising from payment of lease liabilities		(92.88)	-
Interest expense		155.47	89.85
Interest paid		(144.70)	(88.76)
Translation difference		15.32	-
Closing net debt		**3,044.65**	**1,154.92**

Particulars	March 31, 2020	March 31, 2019
20 Other financial liabilities (Non-current)		
Derivatives designated as hedges		
Interest rate swap	36.97	-
	36.97	**-**
21 Provisions (Non-current)		
Provision for compensated absences (Refer Note 24(a))	72.56	42.07
Provision for defined pension benefits (Refer Note 24(a))	47.58	27.14
	120.14	**69.21**
22 Trade payables		
Due to micro enterprises and small enterprises	308.13	440.67
Due to creditors other than micro enterprises and small enterprises	1,779.79	2,026.22
	2,087.92	**2,466.89**
Note: For payables to related parties refer note 42		

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
23 Other Financial liabilities (Current)		
Derivatives not designated as hedges		
Foreign exchange forward contracts	47.41	4.99
Derivatives designated as hedges		
Interest rate swap	1.95	28.11
Others		
Current maturities of long-term debt	143.05	445.96
Interest accrued but not due on Non-Current borrowings	2.23	4.24
Interest accrued and due on Current borrowings	3.62	-
Unclaimed dividends	9.52	6.99
Dealer deposits	30.50	29.25
Employee benefit expenses payable*	454.89	443.56
Contingent consideration**	80.67	174.44
Others	54.97	63.74
	828.81	**1,201.28**

* amount includes provision for compensated absences of ₹95.02 million and ₹107.52 million as on March 31, 2020 and March 31, 2019, respectively.

**Contingent consideration of ₹80.67 million as at March 31, 2020 pertains to success fee payable in respect of acquisition of portable business from FTG Equipments Solutions.

Particulars	March 31, 2020	March 31, 2019
24 Provisions (Current)		
Provision for Warranty	99.97	105.71
Provision for Gratuity (Refer Note 24(a))	21.65	11.48
Provision for defined pension benefits (Refer Note 24(a))	-	14.08
	121.62	**131.27**

(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, 2019	**105.71**
Additional provisions recognised	99.97
Amounts used during the year	(105.71)
As at March 31, 2020	**99.97**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

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 ₹167.58 million and ₹149.59 million for March 31, 2020 & March 31, 2019 respectively.

The provision amount of ₹95.02 million (March 31, 2019 ₹107.52 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 eligible employees salary towards superannuation fund administered by a fund managed by Life Insurance Corporation of India.

The expense recognised during the period towards defined contribution plan is ₹122.85 million (March 31, 2019– ₹121.67 million)

(iii) Post-employment benefit obligations - Gratuity

The group provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity is a funded plan and the group makes contribution to recognised fund in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Balance sheet amounts- Gratuity (India)

Particulars	Present value of obligation (A)	Fair value of plan assets(B)	Total (A-B)
April 01, 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			
(Gain)/loss from change in demographic assumptions	(0.09)	-	(0.09)
(Gain)/loss from change in assumptions	2.00	0.88	1.12
Experience (gains)/losses	(12.80)	(1.39)	(11.41)
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 the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Balance sheet amounts - Gratuity (India) (Continued)

Particulars	Present value of obligation (A)	Fair value of plan assets(B)	Total (A-B)
April 01, 2019	**278.57**	**269.99**	**8.58**
Current service cost	25.47	-	25.47
Past service cost	-	-	-
Interest expense/(income)	20.22	19.68	0.54
Total amount recognised in profit or loss	**45.69**	**19.68**	**26.01**
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0.25)	-	(0.25)
(Gain)/loss from change in financial assumptions	(5.02)	(0.26)	(4.76)
Experience (gains)/losses	1.59	0.34	1.25
Total amount recognised in other comprehensive income	**(3.68)**	**0.08**	**(3.76)**
Employer contributions	-	10.34	(10.34)
Benefit payments	(23.40)	(22.41)	(0.99)
March 31, 2020	**297.18**	**277.68**	**19.50**
Gratuity assets grouped under Other current assets (refer note 16)			2.15
Gratuity liabilities grouped under Current provisions (refer note 24)			21.65

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2020	March 31, 2019
Discount Rate*	6.77%	7.59%
Rate of increase in compensation levels*	6.45%	7.89%
Attrition Rate*	6.77%	5.44%

*represents weighted average rate

(v) Sensitivity Analysis

Particulars	March 31, 2020	March 31, 2019
A. Discount Rate + 50 BP Defined Benefit Obligation [PVO]	287.95	267.95
B. Discount Rate - 50 BP Defined Benefit Obligation [PVO]	306.93	288.04
C. Salary Escalation Rate +50 BP Defined Benefit Obligation [PVO]	305.56	286.69
D. Salary Escalation Rate -50 BP Defined Benefit Obligation [PVO]	289.27	269.12

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

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, 2020	March 31, 2019
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The group operates the India Gratuity Plan through a trust fund which invests in Life Insurance Corporation of India.

Asset Volatility:

A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the group is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.27 years (March 31, 2018 – 10.97 years).The following payments are expected contribution to defined benefit obligation in the future years.

Particulars	March 31, 2020	March 31, 2019
Within next 12 months (next annual reporting period)	46.82	37.25
Between 1 to 2 years	34.94	25.15
Between 2 to 5 years	111.77	100.80
Beyond 5 years	227.48	233.03
	421.01	**396.23**

(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 of employment.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Balance sheet amounts - other employee terminal benefits (UAE and Italy)

Particulars	UAE	Italy	Total
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**
Balance as at the April 1, 2019	**14.08**	**27.14**	**41.22**
Provided during the year	6.24	15.05	21.29
Paid during the year	(1.97)	(14.44)	(16.41)
Exchange difference	1.37	0.11	1.48
Balance as at the March 31, 2020	**19.72**	**27.86**	**47.58**
Provision for defined pension benefits - Non-Current			47.58

The above plans are unfunded as on March 31, 2020 and March 31, 2019.

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2020	March 31, 2019
Funded Plans		
Present value of funded obligations	297.18	278.57
Fair value of plan assets	277.68	269.99
Net Deficit (A)	**19.50**	**8.58**
Unfunded Plans (B)	**47.58**	**41.22**
Total Deficit (A) + (B)	**67.08**	**49.80**

Particulars	March 31, 2020	March 31, 2019
25 Other current liabilities		
Contract liabilities	199.76	131.55
Statutory payable	72.70	67.69
Rental advances received	1.50	1.50
Other liabilities	13.65	19.32
	287.61	**220.06**

26 Income Taxes

Particulars	March 31, 2020	March 31, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	378.94	480.82
Total current tax expense	**378.94**	**480.82**
Deferred tax		
Decrease (increase) in deferred tax assets	(109.00)	(76.43)
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	**(109.00)**	**(76.43)**
Income tax expense	**269.94**	**404.39**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

26 Income Taxes (continued)

Particulars	March 31, 2020	March 31, 2019
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	695.61	1,435.04
Tax at the Indian tax rate of 25.168% (2018-2019 – 34.944%) (refer note (c) below)	**175.07**	**501.46**
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)
-Corporate social responsibility expenditure (net of 80G benefit)	2.93	8.45
-Deduction u/s 24 of IT Act (Income from house property)	(1.46)	(1.88)
-Differential impact on remeasurement of deferred tax (refer note (c) below)	(9.60)	-
-Others	(0.52)	1.82
Deferred tax asset recognised on accumulated unabsorbed tax losses in overseas subsidiaries	-	(36.48)
Deferred tax asset not recognised on accumulated unabsorbed tax losses in overseas subsidiaries	80.83	-
Effect of differential overseas tax rate*	30.69	(1.50)
Others	(8.00)	(1.64)
Income tax expense	**269.94**	**404.39**

(c) The newly introduced section 115BAA in the Income tax Act, 1961 allows a domestic company to pay income tax at the rate of 22% with applicable surcharge and cess. This is subject to conditions that the domestic company will not avail the specified exemptions, deductions and incentives. For the purpose of estimating the tax expense for FY 2019-20, the entities incorporated in India have considered the tax rate prescribed under the section 115BAA i.e. effective tax rate of 25.168%. For exercising the option to avail the rate prescribed under section 115BAA, the entities incorporated in India have time till the due date for furnishing the return of income for financial year 2019-20.

*Applicable tax rates in the following subsidiaries that are material are as follows:

Particulars	March 31, 2020	March 31, 2019
United Arab Emirates (UAE)	0%	0%
Australia	30%	30%
Italy	24%	24%
United State of America (USA)	26.50%	26.50%

(b) Income Tax Assets / Liabilities

Particulars	March 31, 2020	March 31, 2019
Current Tax Assets (Net)	**52.96**	**27.98**
Current Tax Liabilities (Net)	**-**	**21.62**
Net Current tax asset/ (liability) at the end of the year	**52.96**	**6.36**
Opening Balance	**6.36**	**1.74**
Less: Acquisition of subsidiary	-	(11.69)
Add : Tax paid	426.49	500.66
Less: Current tax payable for the year	(378.94)	(480.82)
Less: Income tax on other comprehensive income	(0.95)	(3.53)
Net Current tax asset at the end of the year	**52.96**	**6.36**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(c) Deferred Tax Asset / Liabilities

Particulars	Deferred Tax Asset (Net)		Deferred Tax Liabilities (Net)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Depreciation	(70.36)	(0.36)	65.10	170.88
Right of use assets	(34.15)	-	24.13	-
Set-off of deferred tax assets in relation to:				
Provision for compensated absences	23.33	-	-	(17.99)
Provision for Warranty	24.96	-	-	(36.31)
Allowance for doubtful debts	14.64	2.96	(0.23)	(5.47)
Lease liabilities	35.26	-	(24.79)	-
Other timing differences	29.43	3.11	(24.45)	(7.26)
Accumulated Loss	75.59	61.38	-	-
Unrealised Gain in Stock	61.91	37.99	-	-
	160.61	**105.08**	**39.76**	**103.85**

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 Inc, as per the local regulations and the group expects to recover the losses.

The gross movement in the deferred income tax account for the year ended March 31, 2020 and March 31, 2019 is as follows.

Particulars	March 31, 2020	March 31, 2019
Net deferred tax (asset)/ liability at the beginning of the year	**(1.23)**	**7.51**
Acquisition of subsidiary	-	78.64
(Credits) / charge in profit and loss relating to temporary differences	(109.00)	(76.43)
(Credits) / charge in other comprehensive income relating to temporary differences	(3.96)	(8.73)
Translation differences and others	(6.66)	(2.22)
Net deferred tax (asset)/liability at the end of the year	**(120.85)**	**(1.23)**

Certain subdidiaries of the group have undistributed earnings, which if distributed, would be subject to tax. An assessable temporary difference exists but, no deferred tax liability has been recognised as the parent entity is able to control the timing of the distribution from the subsidiaries. These subsidiaries are not expected to distribute the dividends out of accumlated earnings in the forseeable future.

27 Revenue from operations

The group derives following types of revenue:

Particulars	March 31, 2020	March 31, 2019
Revenue from contracts with customers		
Sale of products	16,759.64	17,354.82
Sale of services	1,404.84	1,155.32
Other operating revenues	129.44	124.55
	18,293.92	**18,634.69**

The group has disaggregated revenue from contracts with customers for the year ended March 31, 2020 and March 31, 2019 by nature of product and geography. The group believes that this disaggregation best depicts how the nature and cash fows are influenced by industry, market and other economic factors. Refer note 39 on Segment information for information related to disaggregation of revenue.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
28 Other income		
Interest income - Bank Deposits	53.19	39.25
Interest income - Others	12.09	12.45
Dividend income*	1.03	0.56
Profit on sale of assets	5.96	4.31
Rental receipts	14.58	13.21
Miscellenous income (net)	45.29	26.77
	132.14	**96.55**
*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.		
29 Cost of material consumed		
Opening stock of raw materials*	1,063.70	1,040.92
Purchases	7,564.48	7,843.51
	8,628.18	**8,884.43**
Less:		
Inventory of materials at the end of the year*	1,056.52	1,063.70
	7,571.66	**7,820.73**
30 Purchases of stock-in-trade		
Oil	252.38	264.18
Others	2,278.85	2,199.97
	2,531.23	**2,464.15**
31 Changes in inventory		
Opening inventory*		
-Finished goods (refer note below)	1,477.26	1,202.64
-Work-in-progress (refer note below)	162.70	106.76
-Stock- in-trade (refer note below)	305.42	290.75
Closing inventory*		
-Finished goods	1,651.00	1,164.40
-Work-in-progress	242.80	153.08
-Stock-in-trade	348.15	256.40
	(296.57)	**26.27**

*Excluding R & D inventory.

Note: The Opening Finished goods is adjusted to include the stock acquired from FTG Equipment Solutions amounting to ₹ 312.86 million and the Opening Work-in-progress and Stock-in-trade is adjusted to include stock-in-trade acquired from Michigan Air Solutions LLC as on the date of acquisition amounting to ₹ 9.62 million and ₹ 49.02 million, respectively. Also refer note 40.

Particulars	March 31, 2020	March 31, 2019
32 Employee benefit expenses		
Salaries, wages and bonus	3,683.14	3,061.76
Contribution to Provident fund & Superannuation scheme	122.85	121.67
Gratuity (Refer note 24(a))	26.01	24.46
Post employment pension benefits (refer note 24(a))	21.29	19.87
Employee stock option expense (refer note 47)	0.21	-
Staff welfare expenses	192.14	180.54
	4,045.64	**3,408.30**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
33 Finance costs		
Interest expenses (relating to lease liabilities)	20.27	-
Interest expenses (other financing arrangements)	135.20	89.85
	155.47	**89.85**
34 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	424.59	442.44
Depreciation on investment properties	0.06	0.07
Depreciation of right of use assets	111.11	-
Amortisation of intangible assets	116.56	68.56
	652.32	**511.07**
35 Other expenses		
Packing & forwarding	164.63	193.12
Consumption of stores	80.57	79.86
Tools consumed	54.54	56.46
Commission	223.13	162.28
Repairs and Maintenance		
- Building	50.22	55.38
- Plant and machinery	60.59	68.74
- Others	149.67	127.07
Communication expenses	53.83	47.77
Power and fuel	186.72	184.14
Transport charges	349.69	331.27
Travelling & conveyance	278.97	251.14
Insurance	71.20	53.92
Advertisement & publicity	108.13	104.83
Printing and stationery	27.39	24.24
Research & development material cost	73.18	132.07
After sales expenses	219.88	203.44
Factory expenses	22.05	13.09
Rates and taxes	29.50	31.37
Payment to the auditors	3.30	3.13
Subscription & membership	12.04	7.30
CSR expenses	23.73	49.68
Rent	58.93	102.88
Legal and consultancy charges	534.22	477.11
Directors' sitting fees	2.28	1.81
Bank charges	16.83	19.82
Excise duty	1.83	2.53
Net loss on foreign currency transaction and translation	13.42	46.27
Assets condemned & written off/ loss on sale of assets	1.83	4.13
Bad debts written off & provision for doubtful advances and debts	53.53	22.39
Loss recognised on loss of control over subsidiary	-	11.11
Miscellaneous expenses	157.27	129.35
	3,083.10	**2,997.70**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

36 Fair value measurements
Financial instruments by category

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	48.94	-	-	74.98	-
Loans			144.40			138.99
Trade receivables	-	-	3,467.62	-	-	3,669.11
Cash and bank balances	-	-	857.15	-	-	1,101.66
Security deposits	-	-	91.31	-	-	73.55
Others	-	-	619.11	-	-	158.18
Total financial assets	**-**	**48.94**	**5,179.59**	**-**	**74.98**	**5,141.49**
Financial liabilities						
Borrowings	-	-	4,047.29	-	-	2,381.58
Trade payables	-	-	2,087.92	-	-	2,466.89
Dealer deposits	-	-	30.50	-	-	29.25
Derivative financial liabilities	47.41	38.92	-	4.99	28.11	-
Employee benefit expenses payable	-	-	454.89	-	-	443.56
Contingent consideration	-	-	80.67	-	-	-
Others	-	-	64.49	-	-	245.17
Total financial liabilities	**47.41**	**38.92**	**6,765.76**	**4.99**	**28.11**	**5,566.45**

*The equity shares which are not held for trading and for which the group has made irrevocable election at initial recognition to recognise the changes in fair value through Other Comprehensive Income (OCI) rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

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

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted Equity Investments	6	48.86	-	-	48.86
Unquoted Equity Investments	6	-	-	0.08	0.08
Total financial assets		**48.86**	**-**	**0.08**	**48.94**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	23	-	47.41	-	47.41
Derivatives designated as hedges					
Interest rate swap	20,23	-	38.92	-	38.92
Total financial liabilities		**-**	**86.33**	**-**	**86.33**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	7,14	-	-	144.40	144.40
Security deposits	8,15	-	-	91.31	91.31
Total financial assets		**-**	**-**	**235.71**	**235.71**
Financial Liabilities					
Borrowings	19 (a)	-	-	1,172.51	1,172.51
Total financial liabilities		**-**	**-**	**1,172.51**	**1,172.51**

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 FVOCI:					
Quoted Equity Investments	6	74.90	-	-	74.90
Unquoted Equity Investments	6	-	-	0.08	0.08
Total financial assets		**74.90**	**-**	**0.08**	**74.98**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contracts	23	-	4.99	-	4.99
Derivatives designated as hedges					
Interest rate swap	20,23	-	28.11	-	28.11
Total financial liabilities		**-**	**33.10**	**-**	**33.10**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(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, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
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**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.
The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

-the use of quoted market prices or dealer quotes for similar instruments

-the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

-the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	144.40	144.40	138.99	118.88
Security deposits	91.31	91.31	73.55	73.55
Total financial assets	**235.71**	**235.71**	**212.54**	**192.43**
Financial Liabilities				
Borrowings	1,172.51	1,172.51	1,213.66	1,213.66
Total financial liabilities	**1,172.51**	**1,172.51**	**1,213.66**	**1,213.66**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, deposits with financial institutions 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.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

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 risk management
This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current years profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposit with financial institutions, trade receivables,derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of Bank/ Financial institutions deposits, credit limits and letters of credit. Investment guidelines for debt investment
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting, Sensitivity analysis	Foreign exchange forward contracts
Market risk – Interest rate	Long term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group’s risk management is carried out by a central treasury department under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the group’s operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and hedged item. This will effectively result in recognising interest expense at the fixed interest rate for the hedged floating rate loans.

(A) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows from debt instruments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed at individual company level. In relation to banks and financial institutions, only high rated banks/ institutions are accepted.
The group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the Company. The finance function consists of a separate team who assess and maintain an internal credit rating system. The compliance with the credit limits by customers is regularly monitored by the finance function.

(ii) Security
For some trade receivables, the group may obtain security in the form of guarantees, deeds of undertaking or letter of credit, which can be called upon if counter party is in default under the terms of the agreement. However, the group has not obtained any such securities for its trade receivables outstanding at the reporting date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(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, 2020 and March 31, 2019

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

During the year ended March 31, 2020 and March 31, 2019 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 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.

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2018	**82.51**
Changes in loss allowance	(31.60)
Loss allowance on March 31, 2019	**50.91**
Changes in loss allowance	4.50
Loss allowance on March 31, 2020	**55.41**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group’s liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2020	March 31, 2019
Floating rate		
Expiring within one year (including other facilities)	2,687.21	2,976.24

The credit facility sanctioned by the banks are subject to renewal, every year.
Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rate applicable at the end of the reporting period.

Contractual maturities of financial liabilities:

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2020 **Non-derivatives**						
Borrowings	1,017.09	604.17	1,398.80	287.74	739.49	4,047.29
Lease liabilities	26.39	26.39	52.79	105.57	228.37	439.51
Trade payables	2,087.92	-	-	-	-	2,087.92
Other financial liabilities	630.55	-	-	-	-	630.55
Total non-derivative liabilities	**3,761.95**	**630.56**	**1,451.59**	**393.31**	**967.86**	**7,205.27**
Derivatives (Net Settled)	22.91	25.41	1.05	1.95	35.01	86.33
Total derivative liabilities	**22.91**	**25.41**	**1.05**	**1.95**	**35.01**	**86.33**
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**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(C) Market risk

(i) Foreign currency risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, AUD, BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Amounts in million in respective currency

Particulars	March 31, 2020				March 31, 2019			
	USD	EUR	AUD	BRL	USD	EUR	AUD	BRL
Financial assets								
Trade receivables	11.51	2.56	1.66	2.71	10.03	3.23	2.08	1.10
Loans (inluding accrued interest)	7.13	0.12	2.13	15.53	-	-	2.07	15.49
Cash and cash equivalent	-	0.03	-	-	0.13	-	-	-
Net exposure to foreign currency risk (assets)	**18.64**	**2.71**	**3.79**	**18.24**	**10.16**	**3.23**	**4.15**	**16.59**
Financial liabilities								
Foreign currency loan	-	-	-	-	1.57	2.25	-	-
Trade payables	0.41	0.39	-	-	1.11	0.33	-	-
Net exposure to foreign currency risk (liabilities)	**0.41**	**0.39**	**-**	**-**	**2.68**	**2.58**	**-**	**-**

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, 2020	March 31, 2019
USD sensitivity		
Functional currency/USD Increases by 5%	51.57	16.83
Functional currency/USD decreases by 5%	(51.57)	(16.83)
EURO sensitivity		
Functional currency/EURO Increases by 5%	7.21	1.64
Functional currency/EURO decreases by 5%	(7.21)	(1.64)
AUD sensitivity		
Functional currency/AUD Increases by 5%	6.50	6.63
Functional currency/AUD decreases by 5%	(6.50)	(6.63)
BRL sensitivity		
Functional currency/BRL Increases by 5%	3.59	2.12
Functional currency/BRL decreases by 5%	(3.59)	(2.12)

The above sensitivity has been computed assuming that 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, 2020 and March 31, 2019, the group's borrowings at variable rate are mainly denominated in USD and AUD.

The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in the market interest rate.

At the end of the reporting period the group has following variable rate long term borrowings and interest rate swap contracts outstanding.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan - Variable rate borrowings				
-USD	2.52%	469.65	-	-
-AUD	2.84%	527.75	3.58%	564.08
Interest rate swap				
-AUD	4.45%	(527.75)	4.45%	(564.08)
		469.65		**-**

The analysis for maturities of borrowings is provided in the note no 37 B(ii) above.

Sensitivity

Profit or loss is sensitive to higher/lower interest expenses from borrowings as the result of change in interest rate.

Particulars	Impact on Profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rate increase by 50 basis points*	1.73	-	(4.10)	(1.46)
Interest rate decrease by 50 basis points*	(1.73)	-	4.10	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, 2020	March 31, 2019
Type of hedge & risk	Cash Flow Hedge -Interest rate risk	Cash Flow Hedge -Interest rate risk
Nominal Value		
-Assets	527.75	564.08
-Liabilities	-	-
Carrying amount of hedging Instrument		
-Assets	-	-
-Liabilities	38.92	28.11
Maturity Date	August 2018 -July 2025	August 2018 -July 2025
Hedge ratio	1:1	1:1
Rate	4.45%	4.45%
Change in fair value of hedging instrument (net of tax)	(22.34)	(32.54)
Change in value of hedging instrument used as basis for recognising hedge effectiveness	22.34	32.54

Refer table below in relation to disclosures of effect of hedge accounting on financial performance.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

b) Disclosure of effect of hedge accounting on financial performance:

Interest rate swap	March 31, 2020	March 31, 2019
Cash flow hedging reserve		
Opening balance	**(20.38)**	-
Add: Changes in fair value of interest rate swaps	(22.34)	(32.54)
Less: Amounts of loss reclassifed to profit or loss	9.13	3.43
Less: Deferred tax asset relating to above (net)	3.96	8.73
Closing balance	**(29.63)**	**(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.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the group's equity and total comprehensive income for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant and that all the group's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2020	March 31, 2019
NSE Nifty 50 – increase 5%	2.44	3.75
NSE Nifty 50 – decrease 5%	(2.44)	(3.75)

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 and lease liabilities net of cash and cash equivalents and deposits with Banks and Financial institutions) divided by Total equity (as shown in the balance sheet).

The current gearing ratio of the group is as follows:

Particulars	March 31, 2020	March 31, 2019
Net debt (refer note 19)	3,044.65	1,154.92
Total equity	7,689.93	7,709.10
Net debt to equity ratio	**39.6%**	**15.0%**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(i) Loan covenants

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

(b) Dividends

Particulars	March 31, 2020	March 31, 2019
(i) Equity shares		
Final dividend for the year ended March 31, 2018		190.14
DDT on final dividend		39.08
Final dividend for the year ended March 31, 2019	205.99	
DDT on final dividend	42.34	
Interim dividend for the year ended March 31, 2020	261.44	
Tax on foreign dividend received and redistributed to the shareholders as Interim dividend	45.68	
(ii) Dividends not recognised at the end of the reporting period		
As at March 31, 2019, directors had recommended the payment of a final dividend of ₹1.30 per fully paid share. This proposed dividend was subject to the approval of shareholders in the annual general meeting, as on March 31, 2019.		205.99
DDT on proposed dividend		42.34

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:

a) Air compressors

b) Automotive equipments

(b) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Particulars	March 31, 2020	March 31, 2019
Air Compressors	16,575.42	16,740.16
Automotive equipments	1,721.86	1,897.42
Less: Inter segment revenue	(3.36)	(2.89)
Income from operations	**18,293.92**	**18,634.69**

(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, 2020	March 31, 2019
Air Compressors	562.95	1,292.47
Automotive equipments	119.39	120.70
Add/(Less): Inter segment profit/(loss)	0.87	-
	683.21	**1,413.17**
Share of net profit of joint ventures accounted for using the equity method	12.40	21.87
Total profit before tax	**695.61**	**1,435.04**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(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, 2020	March 31, 2019
Air Compressors	14,364.35	12,695.56
Automotive equipments	1,204.80	1,159.10
Less: Inter segment assets	(18.49)	-
Total Segment Assets	**15,550.66**	**13,854.66**

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Particulars	March 31, 2020	March 31, 2019
a) Air Compressors	7,497.35	5,779.80
b) Automotive equipments	382.74	365.76
Less: Inter segment liabilities	(19.36)	-
Total Segment Liabilities	**7,860.73**	**6,145.56**

(f) Capital Employed

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2020	March 31, 2019
a) Air Compressors	6,867.00	6,915.76
b) Automotive equipments	822.06	793.34
Add: Inter segment capital employed	0.87	-
Total Capital employed	**7,689.93**	**7,709.10**

Notes:

i) The Company has provided the segment information to the extent consistently reviewed by the CODM.

ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.

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, 2020			
India	10,135.77	(96.58)	10,039.19
USA	4,528.94	(521.18)	4,007.76
Italy	2,399.69	(1,005.25)	1,394.44
Australia	1,277.92	(212.46)	1,065.46
Other countries	2,214.28	(427.21)	1,787.07
	20,556.60	**(2,262.68)**	**18,293.92**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(g) Disaggregation of revenue from contracts with customers(continued)

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, 2020	March 31, 2019
India	2,842.02	2,803.15
USA	1,906.34	1,226.02
Italy	720.96	595.76
Australia	569.78	598.81
Other countries	104.20	7.53
Total non-current assets	**6,143.30**	**5,231.27**

(i) Changes in accounting policy

The adoption of new leasing standard described in note 48 had the following impact on the segment disclosures in the current year:

Geography	Increase/(decrease)		
	Profit before tax	Segment Assets	Segment Liabilities
Air Compressors	(9.03)	367.24	373.94
Automotive equipments	(0.87)	18.49	19.36
Inter segment eliminations	0.87	(18.49)	(19.36)
	(9.03)	**367.24**	**373.94**

40 Business Combinations

(a) Acquistion of a subsidiary- Michigan Air Solutions LLC

On December 16, 2019, the subsidiary- Elgi Compressors USA Inc. entered into a Purchase Agreement in which it acquired all of the outstanding shares of Michigan Air Solutions LLC. The total purchase price consisted of ₹ 386.26 million of cash after certain working capital contributions. ₹ 42.50 million of this purchase is being held in escrow as a holdback for potential slow-moving or obsolete inventory. At the one-year anniversary date of the agreement, if the sales of this inventory is less than the holdback amount, then the inventory sales amount will go to the Seller and if it is greater, the entire amount will go to the Seller. The Company evaluated the expected funds to be returned from escrow as of the date of acquisition and determined that no amounts will be received. The purchase price was allocated to the Company's tangible and identifiable intangible assets and liabilities based on their estimated fair values on the closing date of the acquisition. The remainder of the purchase price was recorded as goodwill. The parties to this transaction agreed to an election under Section 338(h)(10) of the Internal Revenue Code to treat the transaction as an asset purchase, enabling the Company to deduct the amortization of intangible assets for tax purposes over fifteen years.

The purchase consideration of ₹ 386.26 million was paid in cash.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

The assets and liabilities acquired as a result of the business combination were:

(Recognised on acquisition at fair value)

Particulars	₹ in Million
Inventories	58.64
Trade receivables	87.86
Other current assets	3.44
Trade payables	(58.65)
Other current liabilities	(11.95)
Property, plant and equipment	6.11
Intangible assets	
-Customer relationships	125.42
-Non-compete	9.97
Net identifiable assets acquired	**220.84**

Computation of Goodwill and reconciliation of opening and carrying amount of Goodwill on the reporting date.

Calculation of Goodwill	₹ in Million
Purchase consideration	386.26
Less: Net identifiable assets acquired	(220.84)
Goodwill at the acquistion date	**165.42**
Add/(less): Translation difference	11.44
Goodwill at the balance sheet date	**176.86**

(i) Revenue and Profit contribution for the year:
The acquired business contributed revenues of ₹ 213.36 million, profit after tax of ₹ 7.9 million and total comprehensive income of ₹ 8.41 million for the period December 16, 2019 to March 31, 2020.

If the acquisition had occurred on April 01, 2019, consolidated pro-forma revenue and profit for the year ended March 31, 2020, would have been ₹ 721 million and ₹ 33 million, respectively.

(ii) Purchase Consideration- Cash Outflow
The total cash outflow to acquire the business was ₹ 386.26 million.

(b) Acquisition of other businesses

(1) Acquisition of business from FTG Equipment Solutions :

On May 1, 2019, the subsidiary- Elgi Compressors USA Inc. acquired the Master Service Distribution Agreement between FTG Equipment Solutions and Rotair S.P.A. (related through common ownership) and concurrently purchased ₹ 312.86 million of inventory from Rotair as a result of mutual termination and settlement agreement amongst the parties. Purchase consideration consisted of ₹ 103.96 of cash and contingent consideration of 10% of sales between May 01, 2019 and April 30, 2020. The contingent consideration was valued using Level 3 inputs at ₹ 74.40 million at the date of acquisition and is included in accrued expenses on the consolidated balance sheet as of March 31, 2020. The purchase price was allocated to the Company’s tangible and identifiable intangible assets and liabilities based on their estimated fair values on the closing date of the acquisition. The remainder of the purchase price was recorded as goodwill.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

The purchase consideration is comprised of the following:

Particulars	₹ in Million
Consideration paid	103.96
Contingent consideration	74.40
Total purchase consideration	**178.36**

The assets and liabilities acquired as a result of the business combination were:

(Recognised on acquisition at fair value)

Particulars	₹ in Million
Inventory	312.86
Intangible assets	
-Customer relationships	95.38
-Non-compete	3.55
Trade payables	(284.39)
Net identifiable assets acquired	**127.40**

Computation of Goodwill and reconciliation of opening and carrying amount of Goodwill on the reporting date.

Calculation of Goodwill	₹ in Million
Purchase consideration	178.36
Less: Net identifiable assets acquired	(127.40)
Goodwill at the acquistion date	**50.96**
Add/(less): Translation difference	4.29
Goodwill at the balance sheet date	**55.25**

(i) Revenue and Profit contribution for the year:

The acquired business contributed revenues of ₹658.57 million, profit after tax of ₹15.13 million for the period May 01, 2019 to March 31, 2020.

If the acquisition had occurred on April 01, 2019, consolidated pro-forma revenue and profit for the year ended March 31, 2020 would have been ₹714 million and ₹18 million, respectively.

(ii) Purchase Consideration- Cash Outflow

The total cash outflow to acquire the business was ₹103.96 million.

(2) Acquisition of business from Elgi Ultra Industries Limited

On July 01, 2019, the parent company, Elgi Equipments Limited, entered into a business purchase agreement with Elgi Ultra Industries Limited to acquire its locomotive wiper division business. Prior to this acquisition, the locomotive wipers were purchased from Elgi Ultra Industries Limited as finished products. This acquisition is to take advantage of the Company's in-house expertise in manufacturing engineering and for optimum utilisation of resources.

The purchase consideration of ₹34.50 million was paid in cash.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

The assets and liabilities acquired as a result of the business combination were:

(Recognised on acquisition at fair value)

Particulars	₹ in Million
Property, plant and equipment	1.20
Intangible assets - Drawings	24.75
Inventories	7.32
Net identifiable assets acquired	**33.27**

Computation of Goodwill and reconciliation of opening and carrying amount of Goodwill on the reporting date.

Calculation of Goodwill	₹ in Million
Purchase consideration	34.50
Less: Net identifiable assets acquired	(33.27)
Goodwill at the acquistion date	**1.23**
Add/(less): Translation difference	-
Goodwill at the balance sheet date	**1.23**

(i) Revenue and Profit contribution for the year:

The acquired business contributed revenue of ₹109.73 million and gross margin of ₹47.02 million for the period July 01, 2019 to March 31, 2020.

Prior to acquisition, during the period April 01, 2019 to June 30, 2019, the business had revenue of ₹12.8 million and gross margin of ₹6.17 million.

(ii) Purchase Consideration- Cash Outflow

The total cash outflow to acquire the business was ₹34.50 million.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

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 the entity	Place of business	Ownership interest held by the group		Principal activities
		March 31, 2020 (%)	March 31, 2019 (%)	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Gulf FZE	U.A.E.	100	100	Trading of air compressors
Elgi Gulf Mechanical and Engineering Equipment Trading LLC (refer note (a) below)	U.A.E.	100	-	Trading of air compressors
Elgi Compressors Do Brasil Imp.E.Exp LTDA	Brazil	100	100	Assembly and trading of air compressors
Elgi Equipments Australia Pty Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Italy S.R.L(formerly known as 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 Europe S.R.L (formerly known as Elgi Compressors Belgium SPRL)	Belgium	100	100	Trading of air compressors
Elgi Compressors Iberia S.L., (refer note (b) below)	Spain	100	-	Trading of air compressors
Elgi Compressors USA Inc.	USA	100	100	Trading of air compressors
Patton's Inc	USA	100	100	Trading of air compressors
Patton's Medical LLC.	USA	100	100	Marketing and sale of compressed air systems and vacuum pumps for medical applications
Michigan Air Solutions LLC(refer note (c) below)	USA	100	-	Trading of air compressors
Industrial Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
F.R. Pulford & Son Pty Limited	Australia	100	100	Trading of air compressors, nitrogen systems, altitude training systems
Advanced Air Compressors Pty Ltd	Australia	100	100	Trading of air compressors
Adisons Precision Instruments Manufacturing Company Limited	India	100	100	Renting out of property
PT Elgi Equipments Indonesia	Indonesia	100	100	Trading of air compressors
Ergo Design Private Limited	India	100	100	Design services

a) In June, 2019, the Company through its wholly owned subsidiary Elgi Gulf FZE incorporated a subsidiary Elgi Gulf Mechanical and Engineering Equipment Trading LLC with 49% stake. The subsidiary is set up along with Mr. Faisal Mohamed Hassan Abdalla Al-Ali, at UAE.

b) In December, 2019, the Company through its wholly owned subsidiary Elgi Compressors Europe S.R.L incorporated a wholly owned subsidiary Elgi Compressors Iberia S.L. at Madrid, Spain.

c) In December, 2019, the Company through its wholly owned subsidiary Elgi Compressors USA Inc, USA acquired 100% stake in Michigan Air Solutions LLC.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(b) Joint Operations

The group has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership together with Elgi Ultra Industries Limited to earn rental income from Investment Property.

The group has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Industries Limited.

The principal place of business of the joint operations is in India.

(i) Significant judgement: classification of joint arrangements

The joint venture agreements in relation to the above joint arrangements require unanimous consent from both parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

(c) Joint Venture

Set out below are the associates and joint ventures of the group as at March 31, 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Principal Place of business	Proportion of the ownership interest	Relationship	Quoted fair value		Carrying amount	
				March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	63.30	65.87
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	6.83	2.48
Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)	USA	50%	Joint venture	*	*	5.28	-
Total equity accounted investments						**75.41**	**68.35**

*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 was set up as Limited liability partnership in India with Mr. Rajeev Sharma for distribution of products of Elgi Equipments Limited.

In April 2019, the Company through its wholly owned subsidiary Elgi Compressors USA Inc. has set up a joint venture called Evergreen Compressed Air and Vacuum LLC, with Mr.Michael Keim for a share of 50% each. The Company is having registered office at Seattle, USA and will be the distributor of products of Elgi Equipments Limited.

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2020	March 31, 2019
Commitments – joint ventures	-	-
Contingent liabilities – joint ventures		
Share of joint venture's contingent liabilities in respect of legal matters against the entity and guarantees	22.95	25.24

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(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		Evergreen Compressed Air and Vacuum LLC	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Current assets						
Cash and cash equivalents	1.10	6.41	0.09	14.68	3.50	-
Other assets	282.77	325.16	55.29	61.46	18.90	-
Total current assets	**283.87**	**331.57**	**55.38**	**76.14**	**22.40**	**-**
Total non-current assets *	**63.14**	**33.13**	**12.92**	**10.80**	**-**	**-**
Current liabilities						
Financial liabilities (excluding trade payables)	33.12	33.10	1.71	2.39	4.90	-
Other liabilities	67.77	76.49	32.50	56.93	6.92	-
Total current liabilities	**100.89**	**109.59**	**34.21**	**59.32**	**11.82**	**-**
Non-current liabilities						
Employee benefit obligations	2.39	1.56	-	-	-	-
Total non-current liabilities	**2.39**	**1.56**	**-**	**-**	**-**	**-**
Net assets	**243.73**	**253.55**	**34.09**	**27.62**	**10.58**	**-**

* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in Elgi Equipments Limited.

Reconciliation to carrying amounts	Elgi Sauer Compressors Limited*		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening net assets	**253.55**	**222.36**	**27.62**	**17.51**	**-**	**-**
Capital Investment/ (Drawings)	-	-	(0.24)	-	18.86	-
Profit for the year	52.42	83.14	10.47	13.14	(9.08)	-
Other comprehensive income*	0.14	(1.01)	-	(0.03)	-	-
Interest on capital paid during the year	-	-	(0.76)	-	-	-
Dividends paid including dividend distribution tax	(62.38)	(50.94)	(3.00)	(3.00)	-	-
Translation difference	-	-	-	-	0.78	-
Closing net assets	**243.73**	**253.55**	**34.09**	**27.62**	**10.56**	**-**
Group's share in %	26%	26%	50%	50%	50%	-
Group's share in INR millions	63.37	65.92	17.05	13.81	5.28	-
Unrealised profit in stock	(0.07)	(0.05)	(10.22)	(11.33)	-	-
Carrying amount	**63.30**	**65.87**	**6.83**	**2.48**	**5.28**	**-**

* 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, 2020

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

Summarised statement of profit and loss	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP		Evergreen Compressed Air and Vacuum LLC	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	370.35	431.36	293.93	325.31	49.79	-
Interest income	0.66	4.37	-	-	-	-
Depreciation and amortisation	(1.20)	(0.93)	1.60	2.19	-	-
Income tax expense	19.25	39.01	5.63	7.06	-	-
Profit for the year	**52.42**	**83.14**	**10.47**	**13.14**	**9.08**	**-**
Other comprehensive income	0.14	(1.01)	-	(0.03)	-	-
Total comprehensive income	**52.56**	**82.13**	**10.47**	**13.11**	**9.08**	**-**
Dividends received	13.45	10.99	1.50	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 Evergreen Compressed Air and Vacuum LLC (jointly controlled entity of Elgi Compressors USA Inc.)
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. Ragunathan Gunabooshanam, Chief Financial Officer, Elgi Equipments Ltd Ms. Vaishnavi P.M, Company Secretary [Till November 08, 2019] Mr. Nithya Prabhu R, Company Secretary [From November 27, 2019 to January 13, 2020]
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 Elgi Ultra Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited AGT Electronics Limited Elgi Automotive Services Private Limited

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

(b) Particulars of transactions with related parties

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Transactions during the year						
Purchase of goods	22.73	110.05	-	-	22.73	110.05
Sale of goods	236.14	342.61	-	-	236.14	342.61
Receiving of services	58.69	36.55	-	-	58.69	36.55
Providing of services	10.35	11.17	-	-	10.35	11.17
Payment for acquisition of business	34.50	-	-	-	34.50	-
Interest received	0.38	-	-	-	0.38	-
Reimbursement of expenses						
To related parties	1.65	0.09	-	-	1.65	0.09
Investments	9.43	-	-	-	9.43	-
Dividends received	15.72	12.67	-	-	15.72	12.67
Dividends paid	23.67	0.32	-	-	23.67	0.32
Key management personnel compensation*						
-Short-term employee benefits	-	-	32.90	26.35	32.90	26.35
-Other long-term benefits	-	-	1.46	1.39	1.46	1.39
Remuneration	10.06	8.58	-	-	10.06	8.58

*The Key management personnel compensation does not include gratuity since the same is computed actuarially for all the employees and amount attributable to key management personnel cannot be ascertained separately.
The remuneration paid to the Managing Director amounting to ₹ 17.13 million is in accordance with the provisions of Section 197 read with schedule V to the Companies Act, 2013.

Particulars	Joint Ventures & Others		Key Management Personnel		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Balances at year end						
Investments accounted for using the equity method	75.41	68.35	-	-	75.41	68.35
Receivable at the end of the year	44.35	65.78	-	-	44.35	65.78
Payable at the end of the year	4.39	15.42	-	-	4.39	15.42

(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

Contingent liabilities

(Ithe group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹108.70 million and ₹ 156.56 million in India as on March 31, 2020 and March 31, 2019 respectively. The group has deposited ₹ 55.33 million and ₹56.28 million against the above mentioned disputes as on March 31, 2020 and March 31, 2019, respectively.

The group has filed appeals with appropriate authorities of Central Excise and Sales Tax Department against their claims.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(ii) The group had deposited a sum of ₹18.80 million with Railways department of the Government of India in respect of a Road Under Bridge (RUB) project undertaken by the Railways near the Holding Company's factory at Kodangipalayam village. As Railways had planned for a Limited Use Subway and as the RUB project undertaken would benefit the public at large, the deposit was made as directed by the Madras High Court as an interim measure, pending finality as to whether the group has to bear the full cost or only the differential cost. The group has received an unfavourable order on June 03, 2020 from the single judge of the Madras High Court holding that neither party is required to make any payment to the other. As the group is appealing against this order for consideration by the Division bench and the group is confident of defending the case successfully, no provision has been made in the books of account.

(iii) In respect of Belair SAS, the erstwhile subsidiary over which the Holding Company lost control in April 2016, the group has received an unfavourable order from the French Authority to an extent of ₹13.33 million. The group has assessed the impact of the order and has provided ₹ 9.2 million based on the best estimate of the possible outflow.

(iv) The group has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No.C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the group, the aforesaid matter is not likely to have a significant impact.

44 Commitments

(a) Capital commitments

Particulars	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account	153.07	237.94

45 Assets pledged as security

Particulars	March 31, 2020	March 31, 2019
a. Charge on Assets	5,803.56	5,413.07
b. Charge on Property, Plant & equipment	1,876.02	1,838.96
c. Cash Margin	224.25	100.00
	7,903.83	**7,352.03**

46 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, 2020*	March 31, 2019
Repayable		
-not later than one year		21.10
-later than one year and not later than 5 years		44.59
-later than 5 years		0.05
	-	**65.74**

*Refer note- 3(b) and 48 for disclosure in relation to leases, subsequent to adoption of Ind AS 116, Leases.

(b) Operating Lease obligations

The total rent expense for the premises taken under operating lease for the year ended March 31, 2019 is ₹102.88 million.

The future lease obligations in respect of non-cancellable operating leases are as follows.

Particulars	March 31, 2020*	March 31, 2019
Repayable		
-not later than one year		47.32
-later than one year and not later than 5 years		67.51
-later than 5 years		4.92
		119.75

*Refer note- 3(b) and 48 for disclosure in relation to leases, subsequent to adoption of Ind AS 116, Leases.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

47 Share based payments

Employee Stock Option Plan

The establishment of Elgi Equipments Limited Employee Stock Options Plan, 2019 (Elgi ESOP 2019) was approved by the Board of Directors at its meeting held on December 16, 2019 and by the shareholders by way of postal ballot on January 31, 2020.The plan shall be administered through a Trust via acquisition of the equity shares from the secondary market.

The Elgi ESOP 2019 plan is designed to provide benefits to the eligible employees of the Parent and its subsidiaries. Under the plan, the participants are granted options which vest upon completion of three years of service from the grant date. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, the options remain exercisable for a period of three months.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is the summary of options granted under the plan:

Particulars	March 31, 2020	
	Average exercise price per share option (₹)	Number of Options
Opening balance	-	-
Granted during the year (on March 06, 2020)	200.05	1,60,600
Exercised during the year	-	-
Forfeited during the year	-	-
Closing balance	**200.05**	**1,60,600**
Vested and exercisable		**-**

Share options outstanding at the end of the year March 31, 2020:

Grant date	Expiry date	Exercise price (₹)	Share Options
March 6, 2020	June 5, 2023	200.05	1,60,600

The remaining contractual life of options outstanding at the end of the period is 3.2 years.

(i) Fair value of options granted

The fair value at grant date of options granted during the year ended March 31, 2020 is ₹ 55.42 per option. The fair value at grant date is independently determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at the grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

The model inputs for the options granted during the year ended March 31, 2020 include the following.

a) Options are granted for no consideration and vest upon completion of service for a period of three years.Vested options are exercisable for a period of three months after vesting.

b) Exercise price: ₹ 200.05

c) Grant date: March 06, 2020

d) Expiry date: June 05, 2023

e) Share price at grant date: ₹ 201.65

f) Expected price volatility of the company's shares: 30.45%

g) Expected dividend yield: 0.82% (determined based on latest dividend declared at ₹ 1.65 per share)

h) Risk-free interest rate: 5.48%

The expected volatility is calculated using market data for stock prices of ELGI. (Source: Bloomberg)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(ii) Expense arising from the share based transactions
Total expense arising from the employee stock options plan recognised in profit or loss as a part of employee benefit expenses for March 31, 2020 is:

Particulars	March 31, 2020
Employee stock option expense	0.21
Expense carried to statement of profit and loss (refer note 32)	**0.21**

48 Changes in accounting policies

This note explains the impact of changes in accounting policies on adoption of Ind AS 116 Leases.
As indicated in Note no 1(a)(iii) of Significant Accounting policies, the group has accounted for Ind AS 116 from April 01, 2019, using simplified approach and has not restated the comparatives for the financial year ended March 31, 2019, as permitted under the specific transition provision in the standard.

The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note no 1(h).

On adoption of Ind AS 116, the group recognised lease liabilities in relation to leases which had previously been classified as 'Operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at present value of remaining lease payments discounted using lessee's incremental borrowing rate as at April 01, 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 5.75% p.a.

For leases previously classified as finance lease the group recognised the carrying amount of lease asset and lease liability as the carrying amount of right-of-use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are applied only after this date.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the group has used following practical expedients permitted by the standard;
a) applying a single discount rate to a portfolio of leases with similar characteristics
b) accounting for operating lease with remaining lease period of less than 12 months as at April 01, 2019 as short term leases.

(ii) Measurement of lease liabilities :

Particulars	Amount
Operating lease commitments as disclosed at March 31, 2019	119.75
Add: Rental contracts assessed as leases on the transition date, April 01, 2019 (excluding short-term leases and low value leases)	293.16
Operating lease commitments considered for initial application as at April 01, 2019	**412.91**
Discounted using lessee's incremental borrowing rate of 5.75% at the date of initial application	311.58
Add: Finance lease liabilities recognised as at March 31, 2019	65.57
Lease liabilities recognised as at April 01, 2019	**377.15**
Which comprised of	
Current lease liabilities	77.49
Non-current lease liabilities	299.66

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

(iii) Measurement of right-of-use assets
The associated right-of-use assets for leases were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in balance sheet as at March 31, 2019.

(iv) Adjustments recognised in the balance sheet as on April 01, 2019

As at April 01, 2019	Note No	As per Ind AS 17	Reclassifications/ Remeasurements	After adoption of Ind AS 116
Property, plant and equipment	3(a)	2,988.69	(55.08)	2,933.61
Right of use assets	3(b)	-	366.66	366.66
Lease liabilities	3(b)	-	377.15	377.15
Non-current Borrowings	19(a)	763.46	(59.50)	703.96
Other current financial liabilities	23	1,201.28	(6.07)	1,195.21
Net deferred tax (asset)/liability	26(b)	(1.23)	-	(1.23)

The net impact in retained earnings on April 01, 2019 is Nil.

49 Earnings per share

Particulars	March 31, 2020	March 31, 2019
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	2.69	6.51
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	2.69	6.51
(c) Reconciliations of earnings used in calculating earning per share		
Basic earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	425.67	1,030.65
Diluted earnings per share		
Profit attributable to equity holders of the company		
-used in calculating basic earnings per share	425.67	1,030.65
-used in calculating diluted earnings per share	425.67	1,030.65
Profit attributable to equity holders of the company used in calculating basic earnings per share	**425.67**	**1,030.65**
(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, 2020
(All amounts are in Millions in INR unless otherwise stated)

50 Impact of COVID-19 Pandemic:

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruptions to regular business operations due to lock-downs, disruption in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Company, its subsidiaries and jointly controlled entities is in the business of manufacturing and selling a range of air compressors, automotive equipments and its related parts to its customers having industrial applications in segment of food & beverages, oil & gas, manufacturing, medical, mining & construction, automotive and power generation business. The segments which are engaged in manufacturing and supply of products/services which are identified as essentials are not/less impacted compared to other segments. The Company, its subsidiaries and jointly controlled entities are trying to ensure the continuity of supplies and support to these customers while the lock down is being slowly lifted across the country.

However, the uncertainty caused by the current situation has resulted in delays in the confirmation of customer orders and in executing the orders in hand and increase in lead times in sourcing components. The situation is likely to continue for next two quarters based on the current assessment. With lockdown restrictions easing out in phases, the Company, its subsidiaries and jointly controlled entities are now seeing a slow improvement in inflows of customer orders and the pace of recovery is being closely monitored.

The Company, its subsidiaries and jointly controlled entities are actively monitoring the sales performance across its geographies and taking necessary actions to contain costs to reduce the impact of revenue compression from COVID-19. While the profitability for the first quarter of 2020-21 would be impacted due to this, the exact profitability would be measured and reported as part of the quarterly results to be declared by the company for the first quarter.

Since the dealers and customers of Company, its subsidiaries and jointly controlled entities have delayed their payments, the Company, its subsidiaries and jointly controlled entities in turn actively negotiated for credit period extension from their suppliers. The Company, its subsidiaries and jointly controlled entities have made detailed assessment of their liquidity position for next one year and of the recoverability and carrying values of the assets comprising of Property, plant and equipment, Intangible assets, Trade receivables, Inventory and Investments as at the balance sheet date and have concluded that there are no material adjustments required in the consolidated financial results. Regarding Inventory, the Holding Company’s management has performed the year-end inventory verification in the presence of the internal auditor subsequently in May and June 2020 and performed rollback procedures to obtain comfort over the existence and condition of inventories as at March 31, 2020.The Company, its subsidiaries and jointly controlled entities have also evaluated the internal controls including internal controls with reference to financial statements. All the controls are operating effectively and the Company has not diluted any controls.

The Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of consolidated financial statements. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company, its subsidiaries and jointly controlled will continue to monitor any material changes to the future economic conditions. The Company, its subsidiaries and jointly controlled entities expect to get back to their pre-lockdown level of operations gradually over a period of time.

The Statutory auditors have drawn attention to the above matter in their auditor's report.

Notes to the Consolidated financial statements as at and for the year ended March 31, 2020
(All amounts are in Millions in INR unless otherwise stated)

51 Additional information required by Schedule III

Name of the entity in the Group	Net Asset i.e.total assets minus total 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 other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Elgi Equipments Limited								
(refer note 1)								
March 31, 2020	92%	7,100.19	236%	1,004.24	-25%	(26.06)	183%	978.18
March 31, 2019	86%	6,619.22	82%	847.44	-106%	(10.78)	80%	836.66
Subsidiaries								
Indian:								
ATS Elgi Limited								
March 31, 2020	11%	835.24	21%	89.08	3%	2.83	17%	91.91
March 31, 2019	11%	813.85	9%	92.17	11%	1.12	9%	93.29
Adisions Precision Instruments Manufacturing Company Limited								
March 31, 2020	1%	113.41	0%	(0.73)	0%	-	0%	(0.73)
March 31, 2019	1%	114.14	0%	0.06	0%	-	0%	0.06
Ergo Design Private Limited								
March 31, 2020	0%	3.78	0%	1.43	0%	-	0%	1.43
March 31, 2019	0%	2.35	0%	0.76	0%	-	0%	0.76
Foreign:								
Elgi Equipments (Zhejiang) Limited								
March 31, 2020	-1%	(62.23)	-3%	(13.24)	-1%	(1.51)	-3%	(14.75)
March 31, 2019	-1%	(47.48)	-1%	(5.68)	-18%	(1.85)	-1%	(7.53)
Elgi Gulf FZE								
March 31, 2020	1%	49.59	-19%	(79.57)	10%	11.01	-13%	(68.56)
March 31, 2019	4%	334.46	-1%	(10.29)	195%	19.83	1%	9.54
Elgi Compressors Do Brasil Imp.E.Exp LTDA								
March 31, 2020	-1%	(103.93)	1%	2.76	22%	24.31	5%	27.07
March 31, 2019	-2%	(131.00)	-3%	(29.65)	118%	12.02	-2%	(17.63)
Elgi Equipments Australia Pty Limited								
March 31, 2020	0%	(25.99)	8%	33.48	2%	2.49	7%	35.97
March 31, 2019	-1%	(61.96)	6%	59.04	1%	0.09	6%	59.13
Elgi Compressors Italy S.R.L (formerly known as Elgi Compressors Europe S.R.L) (Consolidated)								
March 31, 2020	6%	439.46	-53%	(227.10)	30%	32.60	-36%	(194.50)
March 31, 2019	9%	618.15	13%	136.65	-225%	(22.89)	11%	113.76

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020
(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 other comprehensive income	Amount	As % of total comprehensive income	Amount
Elgi Compressors USA Inc. (Consolidated) (refer note 2)								
March 31, 2020	14%	1,062.54	-15%	(65.27)	82%	90.55	5%	25.28
March 31, 2019	13%	1,037.25	-4%	(36.85)	541%	55.06	2%	18.21
PT Elgi Equipments Indonesia								
March 31, 2020	0%	28.47	2%	6.58	-4%	(4.83)	0%	1.75
March 31, 2019	1%	66.22	1%	15.29	21%	2.13	2%	17.42
Industrial Air Compressors Pty Ltd (Consolidated)								
March 31, 2020	-2%	(43.74)	-1%	(4.32)	-6%	(6.52)	-2%	(10.84)
March 31, 2019	0%	(32.90)	-1%	(13.70)	-189%	(19.21)	-3%	(32.91)
Joint Ventures								
(Investment as per equity method)								
Indian:								
Elgi Sauer Compressors Limited								
March 31, 2020	1%	63.30	3%	10.66	0%	(0.04)	2%	10.62
March 31, 2019	1%	65.87	2%	19.38	-3%	(0.26)	2%	19.12
Industrial Air Solutions LLP								
March 31, 2020	0%	6.83	1%	6.30	0%	-	1%	6.30
March 31, 2019	0%	2.48	0%	2.49	0%	(0.02)	0%	2.47
Sub-total								
March 31, 2020	**122%**	**9,466.92**	**181%**	**764.30**	**113%**	**124.83**	**166%**	**889.13**
March 31, 2019	**122%**	**9,400.67**	**103%**	**1,077.11**	**346%**	**35.24**	**107%**	**1,112.35**
Add/(less): Consolidation adjustments and inter-company eliminations								
March 31, 2020	-22%	(1,776.99)	-81%	(338.63)	-13%	(14.96)	-66%	(353.59)
March 31, 2019	-22%	(1,691.57)	-3%	(46.46)	-246%	(25.06)	-7%	(71.52)
Total								
March 31, 2020	**100%**	**7,689.93**	**100%**	**425.67**	**100%**	**109.87**	**100%**	**535.54**
March 31, 2019	**100%**	**7,709.10**	**100%**	**1,030.65**	**100%**	**10.18**	**100%**	**1,040.83**

Note:1. Elgi Equipments limited includes the group's share in the assets and results of L.G. Balakrishnan & Bros. and Elgi Services classified as Joint Operations.

2. Elgi Compressors USA Inc. includes share of loss of the joint venture - Evergreen Compressed Air and Vacuum LLC.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2020

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

52 Previous year figures have been regrouped /reclassified to conform to current year's classification.

JAIRAM VARADARAJ
Managing Director
DIN: 00003361

N. MOHAN NAMBIAR
Director
DIN: 00003660

RAGUNATHAN K
Company Secretary
Acs : 62397

RAGUNATHAN GUNABOOSHANAM
Chief Financial Officer

Place: Coimbatore
Date : June 29, 2020

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

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Chennai
Date: June 29, 2020

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2020

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

FORM AOC - 1

Part"A" Subsidiaries
Pursuant of first provision to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries:

Name of the Subsidiary Company	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Gulf (FZE)	Elgi Gulf Mechanical and Engineering Equipment Trading LLC	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	Ergo Design Private Limited
Reporting currency	INR	RMB	DHS	DHS	BRL	AUD	AUD	AUD	AUD	INR
Financial year ending on	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020
Exchange rate	-	10.54	20.34	20.34	14.38	45.89	45.89	45.89	45.89	-
Share Capital	0.90	53.30	1.78	2.99	110.06	0.01	0.01	62.59	0.00	0.10
Reserves and Surplus	834.37	(125.45)	47.81	(2.71)	(213.99)	(26.00)	(152.49)	122.62	168.99	3.68
Total Liabilities	382.72	119.08	251.24	41.71	283.64	174.83	598.24	283.49	40.89	11.51
Total Assets (Excluding Investments)	1,217.99	46.93	297.85	41.99	179.71	148.84	6.71	303.04	209.88	15.30
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	-	0.09	-
Turnover	1,800.20	31.16	457.83	51.84	202.07	234.05	-	641.78	276.37	19.20
Profit/(Loss) before Tax	119.40	(22.87)	(77.00)	(2.57)	2.76	47.67	(100.99)	41.19	53.99	1.91
Provision for Taxation	30.31	-	-	-	-	14.19	(30.30)	12.57	16.24	0.47
Profit/(Loss) after Tax	89.09	(22.87)	(77.00)	(2.57)	2.76	33.48	(70.69)	28.62	37.75	1.43
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2020

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

FORM AOC - 1 (continued)

Part"A" Subsidiaries
Pursuant of first provision to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries:

Name of the Subsidiary Company	Elgi Compressors Italy S.R.L	Rotair Spa	Elgi Compressors Europe S.R.L	Elgi Compressors Iberia S.L.	Elgi Compressors USA Inc.	Patton's Inc.	Patton's Medical LLC.	Michigan Air Solutions LLC.	PT Elgi Equipments Indonesia	Adisons Precision Instruments Mfg.Co.Limited
Reporting currency	EURO	EURO	EURO	EURO	USD	USD	USD	USD	IDR	INR
Financial year ending on	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020	31st March 2020
Exchange rate	83.33	83.33	83.33	83.33	75.59	75.59	75.59	75.59	0.0045	-
Share Capital	319.79	45.12	3.75	0.22	1,088.29	-	-	412.97	19.05	10.92
Reserves and Surplus	415.39	386.94	(327.63)	(8.35)	19.99	1,611.89	(341.16)	8.41	9.41	102.50
Total Liabilities	194.02	1,158.13	413.61	11.39	3,835.45	97.89	639.15	129.88	17.94	3.32
Total Assets (Excluding Investments)	64.06	1,590.17	89.72	3.26	1,993.31	1,709.78	297.99	551.26	46.40	116.73
Investments (Other than Investments in Subsidiaries)		0.02	-	-	9.43	-	-			0.11
Turnover	-	1,982.02	-	-	1,952.24	1,502.37	736.78	213.36	107.71	-
Profit/(Loss) before Tax	123.85	129.47	(302.61)	(8.08)	29.90	(125.99)	14.09	10.80	9.32	(0.69)
Provision for Taxation	0.50	38.03	-	-	1.82	(28.51)	4.83	2.90	2.74	0.05
Profit/(Loss) after Tax	123.35	91.44	(302.61)	(8.08)	28.08	(97.48)	9.26	7.90	6.58	(0.73)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Notes:
1) Elgi Gulf Mechanical and Engineering Equipment Trading LLC and Elgi Compressors Iberia S.L. were incorporated during the year.
2) Michigan Air Solutions LLC was acquired during the year.
3) During the year, Elgi Gulf (FZE) and PT Elgi Elgi Equipments Indonesia paid dividend of ₹ 224.11 million and ₹ 43.76 million, respectively.

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	Elgi sauer compressor Ltd.	Industrial air solutions LLP	Evergreen Compressed Air and Vacuum LLC	L.G.Balakrishnan & Bros (Firm)	Elgi Services
1	Latest Audited Balance Sheet Date	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
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	9.43	124.0	0.40
	Extent of Holding	26%	50%	50%	98%	80%
3	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Operation	Joint Operation
	Reason why the associate/joint venture is not consolidated	Consolidated to the extent of holding i.,e 26 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 50 %	Consolidated to the extent of holding i.,e 98 %	Consolidated to the extent of holding i.,e 80 %
5	Networth attributable to Shareholding as per latest audited Balance Sheet	63.30	6.83	5.29	123.88	0.40
6	Profit / (Loss) for the year					
	i. Considered in Consolidation	13.63	5.24	(4.54)	0.67	-
	ii. Not Considered in Consolidation	38.79	5.24	(4.54)	0.01	-

Notes

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

ELGI EQUIPMENTS LIMITED
Singanallur, Coimbatore – 641005, India.
T: +91 422 2589555 **E:** enquiry @elgi.com

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