

ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

58th Annual General Meeting

Date : 10th Day of August, 2018
Day : Friday
Time : 4.00 PM

Place : ' ARDRA'
No.9, North Huzur Road (Near Codissia Building),
Coimbatore - 641018.

Book Closure dates: 04th August, 2018 to 10th August, 2018
(both days inclusive)

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Board of Directors

Non-Executive Directors

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

Managing Director

Mr. Jairam Varadaraj

Chief Financial Officer

Mr. S. Sriram

Company Secretary

Mrs. Vaishnavi P.M

Statutory Auditors

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

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	2017-18	2016-17
Revenue from operations	16,222	14,380
Other Income	123	121
Total Income	16,345	14,501
Total Expenditure		
a) (Increase) / Decrease in Inventories	(225)	16
b) Consumption of Raw Materials	9,274	7,523
c) Excise duty*	169	679
d) Staff Cost - Salaries (Inclusive of Performance Pay)	2,813	2,538
e) Other Expenditure	2,430	2,232
Interest Expenditure	60	78
Depreciation / Amortisation	447	446
Total Expenditure	14,968	13,512
Exceptional Items- VRS	27	-
Profit / Loss Before Tax	1,350	989
Tax Expenses	413	264
Share of Net Profit from Associates and Joint ventures	16	16
Net Profit	953	740
Paid up Equity Share Capital	158	158
Reserves and Surplus	6,731	5,911
Capital Expenditure	420	273
Cash flow from operations	485	1256
Basic EPS (in ₹)	6.0	4.7
Dividend per Share (in ₹)	1.20	1.00
No. of Shareholders	19205	18163
No. of Employees	2026	2013

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

Notice of the 58th Annual General Meeting

NOTICE is hereby given that the 58th Annual General Meeting of the Shareholders of the Company will be held on **Friday, 10th August 2018, at 4:00 PM at 'ARDRA', No.9, North Huzur Road (Near Codissia Building), Coimbatore – 641018** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt 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 2018, the Balance Sheet as at that date, the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend for the year ended 31st March 2018.
3. To appoint a Director in the place of Dr. T. Balaji Naidu (DIN: 00002755), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory enactment or modification(s) 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 2019 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 Sections 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable statutory provisions, rules, regulations and guidelines (including any statutory enactment or modification(s) thereof, for the time being in force), the approval of the members of the Company be and is hereby accorded to Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj, Managing Director of the Company, for holding or continuing to hold office or place of profit/ employment as Product Marketing Manager or such other designation as may

be decided in Elgi Compressors USA Inc., USA, a Wholly Owned Subsidiary of the Company with effect from 20th August 2018, on the following remuneration.

Remuneration: Not exceeding US \$ 150,000 per annum

Bonus potential: 10%

Housing expense at approx. US \$ 2000 pm

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Anvar Jay Varadaraj, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard.

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

RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory enactment or modification(s) thereof for the time being in force) the regulations contained in the new set of Articles of Association as placed on the Company's website "www.elgi.com" are hereby approved and adopted as the Articles of Association of the Company in place of, in substitution for, and to the entire exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

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 2018-19 for a fee of ₹ 3,00,000/- (exclusive of applicable taxes and out of pocket expenses), for conducting the audit of the cost accounting records of the Company and for issuing an audit report on cost accounting records maintained by the Company.

Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, 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 the recommendations of the Audit Committee, which shall also recommend the remuneration for such Cost Auditor and such remuneration shall be

approved by the Board of Directors and ratified subsequently by the shareholders at 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 2018-19.

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:

Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj, Managing Director of the Company, has been serving the Company as Senior Manager – Marketing & Corporate Communications since 2nd March 2015, at a remuneration not exceeding ₹ 2,50,000/- per month. Mr. Anvar Jay Varadaraj has been instrumental in revamping the marketing, branding and corporate communications function. He has worked closely with the Company's external consultants, Boston Consulting Group for initiating and successfully guiding the Company's after market strategy in India.

Considering his impressive educational qualifications viz. Bachelor of Arts, Economics and Philosophy from the University of Michigan, USA and Master of Business Administration from Cornell University, his contribution to the Company these past 3 years and based on a requirement at ELGi Compressors USA Inc., USA for an executive with international experience to guide it on strategic and special projects; more specifically, to appropriately lead the branding strategy and position the Company's products and services in the U.S. market, the Board of Directors of the Company have appointed Mr. Anvar Jay Varadaraj as Product Marketing Manager of ELGi Compressors USA Inc., USA.

Accordingly, pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members by way of an Ordinary Resolution is required for Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj, Managing Director of the Company, to hold or continue to hold an office or place of profit/employment as Product Marketing Manager or such other designation as may be decided in ELGi Compressors USA Inc., USA, a Wholly Owned Subsidiary of the Company.

In the above context, the necessary Ordinary Resolution is being proposed in Item No. 5 of the Notice for the approval of the members.

The information as required in accordance with Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 is as under:

a)	Name of the related party	Mr. Anvar Jay Varadaraj
b)	Name of the Director or Key Managerial Personnel who is related	Mr. Jairam Varadaraj, Managing Director
c)	Nature of relationship	Mr. Anvar Jay Varadaraj is Son of Mr. Jairam Varadaraj, Managing Director and one of the promoters of the Company
d)	Nature, material terms, monetary value and particulars of the contract or arrangement	Mr. Anvar Jay Varadaraj, to be appointed as Product Marketing Manager, in ELGi Compressors USA Inc, wholly owned subsidiary of the Company with effect from 20 th August 2018, on the following remuneration: Remuneration: Not Exceeding US\$ 150,000 per annum Bonus potential: 10% Housing expense at approx. US\$ 2000 pm
e)	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The Board recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for the approval of the members who are not related party.

Except Mr. Jairam Varadaraj and Mr. Anvar Jay 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:

The existing regulations of the Articles of Association of the Company were framed based on the provisions contained in the Companies Act, 1956. However, with the commencement of the Companies Act, 2013, most of the regulations contained in the existing Articles of Association of the Company are not in line with the provisions of the Companies Act, 2013.

Therefore, the Board of Directors of the Company at their meeting held on 28th May 2018 has approved the proposal of replacement of the existing Regulations of the Articles of Association with a new set of Regulations which are in line with the provisions of the Companies Act, 2013.

Further, pursuant to Section 14 of the Companies Act, 2013, alteration of the Articles of Association of the Company requires the approval of the members by a special resolution.

The Board recommends the Special Resolution as set out in Item No.6 of the Notice for approval of the Members.

A copy of the draft Articles of Association of the Company is available in the website of the Company and can be viewed by the members through the web-link "www.elgi.com". Both the existing and the new set of Articles of Association of the Company are available for inspection at the registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

None of the 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. 6 of the Notice.

By order of the Board
For Elgi Equipments Limited

Vaishnavi P.M
Company Secretary
ACS: 31824

Place : Coimbatore
Date : 28/05/2018

NOTES:

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

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

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the Meeting.
4. Details under Regulation 36 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment at the Annual General Meeting are furnished and forms part of the notice.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 04/08/2018 to 10/08/2018 (both days

inclusive) for determining the names of the members eligible for Dividend on equity shares, if declared at the meeting.

6. The Dividend proposed to be declared at the meeting will be made payable on or before 05/09/2018 to those members whose names appear on the Register of Members of the Company on 03/08/2018.
7. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrars and Share Transfer Agents, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share Transfer Agents.
8. **Change of Address:** Members are requested to notify any change of address and bank details to their Depository Participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the registered office of the Company or to M/s. Link Intime India Pvt. Limited, "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore – 641028, the Registrar and Share Transfer Agent of the Company.
9. **Dividend of Prior Years:** Pursuant to Section 124 of the Companies Act, 2013, the Dividend which remains un-encashed/ unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. Members who have not encashed the Dividend Warrant(s) so far, since the financial year 2010-11, are requested to send their claim immediately to the Company/ Registrar & Share Transfer Agent for issue of pay order/ demand draft in lieu thereof. Further, 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 unclaimed shares on which the beneficial owner has not encashed any dividend warrant continuously for seven years to the IEPF Account as identified by the IEPF Authority. Details of shares transferred during the year 2017-18 are available at the Company's website www.elgi.com. The shareholders, whose unclaimed shares or unpaid amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF-5 along with requisite documents.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent,

for consolidation into a single folio.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.
 12. Copies of the Annual Report 2017-18, the Notice of the 58th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent only through electronic mode to all the members whose e-mail addresses are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Annual Report 2017-18 are being sent through permitted mode.
 13. Members may also note that the Notice of the 58th Annual General Meeting and the Annual Report 2017-18 will be available on the Company's website, www.elgi.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on any working day.
 14. Members holding shares in electronic form may please note that as per the Regulations of National Security Depository Services (India) Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the Dividend Warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/change of bank details already printed on Dividend Warrants as per the information received from the concerned Depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.
 15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members may file Nomination Forms in respect of their physical shareholdings. Any Member willing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed Statutory Form. Should any assistance be desired, Members should get in touch with the Company's Registrar & Share Transfer Agent.
 16. Members who have not received the Split Share Certificates (₹ 1/- face value) are requested to receive the Split Share Certificates by surrendering their old Share Certificates (₹ 10/- face value) to the Company's Registrar & Share Transfer Agent immediately.
 17. Members are requested to register / update their E mail address in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with M/s. Link Intime India Pvt. Ltd.
 18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 19. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
 20. Members holding shares in physical form are requested to convert their holdings into dematerialized form to eliminate all risks associated with physical shares.
 21. Members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and Share Transfer Agent of the Company M/s. Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
 22. Members are requested to note that the venue of the 58th Annual General Meeting at **"ARDRA" No.9, North Huzur Road, (Near Codissia Building), Coimbatore – 641018** and the route map containing the complete particulars of the venue is attached to this Notice.
- 23. Voting through electronic means:**
- I. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote at the 58th Annual General Meeting (AGM) by electronic means and the business may be transacted through e voting services provided by the Central Depository Services (India) Limited (CDSL).
 - II. The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their voting through polling paper at the meeting.
 - III. The members who have cast their vote by remote voting may also attend the meeting but shall not be entitled to cast their vote again.
- The instructions for shareholders voting electronically are as under:**
- i) The voting period begins on Tuesday, 7th August 2018 at 09.00 AM and ends on Thursday, 9th August 2018 at 05.00 PM. During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 3rd August 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - ii) The shareholders should log on to the e-voting website www.evotingindia.com

- iii) Click on Shareholders.
- iv) Now enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form
PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Proxy Form / Attendance Slip indicated in the PAN field.
DOB Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

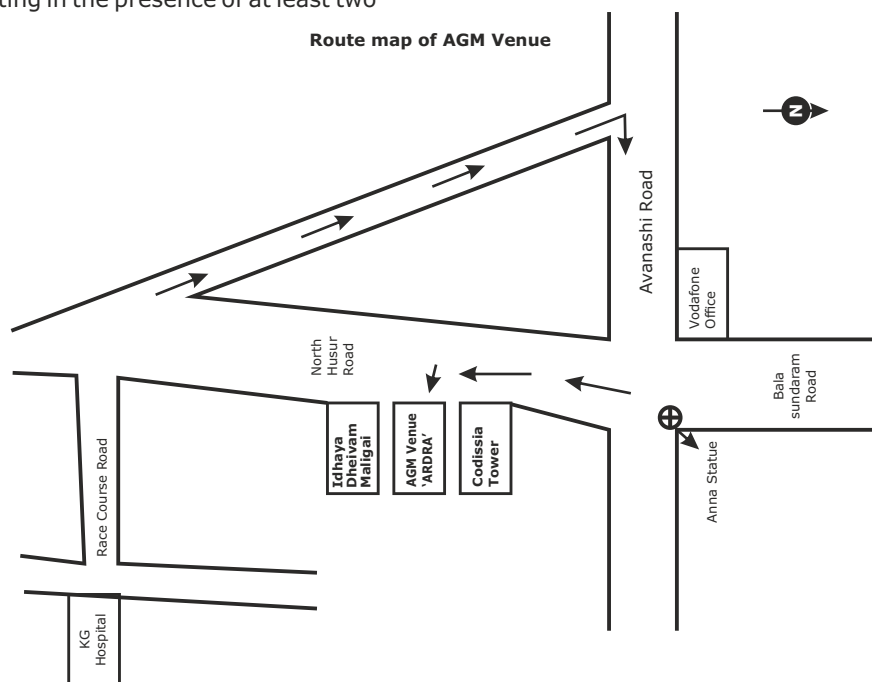
- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily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

- xi) Click on the EVSN for the relevant 'Elgi Equipments Limited' on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the app store and the Windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote
 - A scan copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- xx) In case you have any queries or issues regarding e voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

- 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 03/08/2018.
- V. Mr. M.D. Selvaraj FCS, of MDS & Associates, Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two

(2) witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Annual General Meeting.

- VII. The results shall be declared within 2 days from the conclusion of the Annual General Meeting. The results declared along with the consolidated scrutinizer's report shall be placed on the company's website www.elgi.com and on the website of CDSL and communicated to the stock exchanges where the shares of the company are listed.



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

Name	Dr. T Balaji Naidu
DIN	00002755
Date of Birth	22.01.1947
Nationality	INDIAN
Date of appointment on the Board	26.07.1984
Relationship with other Directors or Key Managerial Personnel of the Company	Not related to any of the Directors or Key Managerial Personnel of the Company
Qualification	MBBS, DLO
Experience/ Expertise in functional areas	Has more than 30 years of experience in Medical Profession.
No. of shares held	31,000 equity shares of ₹1/- each
Board position held	Director
Terms and conditions of appointment / re-appointment	Liable to retire by rotation
Remuneration sought to be paid	Sitting fee for attending the Board and Committee Meetings
Remuneration last drawn (For the year 2017-18)	₹ 1,80,000 per annum (sitting fee)
No. of Board meetings attended during the year	4 out of 4 Meetings held
Directorships held in other Companies	1. Bluemountain Treads Private Limited 2. Adisons Precision Instruments Manufacturing Company Limited 3. L G Balakrishnan & Bros Ltd
Chairman/Member of the Committees of the Board of the other companies in which he is a Director	NIL

Management Discussion and Analysis

ELGI EQUIPMENTS LIMITED

The year under review witnessed a steady growth in key industries, product segments and regions on the back drop of increased off take of capital goods in the domestic market combined with rising compressor sales in select strategic international markets. Though the impact of GST in the domestic market had its disruptive share initially, the market stabilised towards the later part of the year.

COMPRESSORS:

The compressor business accounted for 89% of the total sales of the Company. It accounts for 90% of the profits of the Company and 89% of the capital employed. This business presently employs 1638 people.

PERFORMANCE:

World Economy is showing clear growth signs. Developed markets are recovering from subdued growth and moving into a predictable growth phase.

The growth in Indian market was satisfactory despite implementation of major structural reforms. The pains of demonetisation are behind us and implementation of the goods and services tax has been fairly smooth and the system has stabilised within a short time. The overall performance of the Company is satisfactory barring a few segments.

Company has seen business improving in the ASEAN region on the back of overall growth signs in the world markets. The Company's focus is on brand building and creating a reference customer base in strategic markets.

The steady rise in oil prices is a cause of concern. The Middle East region has seen some dramatic developments and coupled with self sufficiency of major western markets in oil has led to a drop in business for the Company. The Company remains cautiously optimistic on a turnaround in these markets. The African region saw muted growth.

The Company currently operates as a trading entity in China. The aim is to re-engineer products suited to Chinese market and introduce them at an appropriate time. Growth in industrial activity in the South East Asian markets continue to be a drag and the company sustained its share of business. The Company's continued efforts in Australia are yielding results and the company plans to increase its focus in the coming years.

The European subsidiary ROTAIR S.P.A has performed commendably well and we expect to sustain this growth.

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

USA and Europe are identified as two key markets and the company would continue to invest strategically in these markets.

The Company will focus on offering the lowest ownership cost for the customers with lower energy and maintenance cost. The company is in the process of introducing customer facing technology initiatives which will enable to monitor compressor's key parameters with a goal of predicting failure, scheduling maintenance and improving product quality. The Company continues to invest in products and sales levers to stay on track for increasing its market share.

In its aspiration to be a leading player amongst the air compressor manufacturers in the world, the Company strives to move up in its brand state to become the market player with the lowest life cycle cost experience for its customers. The Company has been practising Total Quality Management with the philosophy of continuously improving the quality of its products, services and processes to serve customers' stated and unstated needs in order to enhance customer satisfaction. These initiatives have brought the desired results.

The Company has been leveraging information technology to boost productivity, improve quality and availability of information. Various digital and automation initiatives were implemented during the year in collaboration with the business functions. The Company was one of the early adopters of ERP (Enterprise Resource Planning) system and during the year the company successfully completed implementation of upgrade to Infor, LN ERP Software. The Company has realised the importance of SMAC (social, mobile, analytics and cloud) and has started leveraging them. The IT function will increasingly play a key enabling role in achieving various business and functional objectives. An air alert device is being added to our Global range of electric screw air compressors that will monitor the working of the equipment, alert and/ or predict failures. This device is aimed at improving UPTIME of air compressors. The company has started implementation of a Customer Relationship Management software will be going live during the second quarter of the financial year. The company is constantly exploring opportunities to leverage digital technology in managing its business processes.

OPPORTUNITIES:

With India generally poised for over 7% GDP growth and with more capital investments as a natural consequence, the Company is well placed to perform well in the Indian market.

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

THREATS:

Rising oil prices could result in lower capital investments that drive demand for the Company's products in many countries. Fluctuations in commodity prices may have a negative impact on the contribution in the short term though the same will get nullified over a longer period.

ATS ELGI LIMITED:**PERFORMANCE:**

Growth in passenger vehicle sales in India has a significant influence in the revenues of the Company. While Indian passenger vehicle growth was subdued at 8% during the year, the Company recorded a growth of 17% over previous year, by growing its market share with an array of existing and new products

OPPORTUNITIES:

Rise in per-capita income and change in style of living of the younger generation are seen to be the driving force in passenger vehicle market growth. Increased demand for SUV's and the thrust in rural markets by major players will witness smaller workshops mushrooming. The Company is well prepared to cater to this demand.

THREATS:

The increase in the steel price and depreciation of the Rupee will remain a concern and this could impact margins. With the negative impacts of oil prices, if there is a slowdown in capacity expansion in vehicle servicing, the same may affect the demand for the Company's products.

OVERALL PERSPECTIVES:

Notwithstanding that India is moving closer to general

elections, the economy will largely be unaffected and reforms are most likely to continue in the next financial year also. With a steady rise in GDP and being the world's fastest growing market, the Company expects to perform well in the ensuing year. With the select strategic global markets showing clear signs of revival and increased consumption pattern, the Company expects to perform satisfactorily in the next financial year.

HUMAN RESOURCE DEVELOPMENT:

During the year, the ELGi Vocational Training School (EVTS) trainers' teaching skills were enhanced by an exclusive training programme executed in collaboration with a training organisation based in Switzerland. This is part of the ongoing development of our trainers.

In collaboration with Amrita University, we launched a post graduate engineering programme for our young, aspiring engineers. 25 of our engineers from various functional areas are attending the first batch of this customised Masters in Engineering programme.

Basic technical training has been imparted to all our dealer engineers over the year. This is towards our commitment to our dealers to assist them upgrade their service and sales engineers' skills.

Board's Report

Dear Shareholders,

Your Directors hereby present the 58th Annual Report along with the audited accounts for the year ended 31st March, 2018.

Financial Results

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

(₹. In Million)

Particulars	2017 - 18		2016 - 17	
Profit before Depreciation, Exceptional Items & Tax		1468.37		1251.07
Less : Depreciation	364.90		368.36	
: Exceptional Items	27.44		-	368.36
Profit Before Tax		1076.03		882.71
Less: Tax Expense		307.29		198.88
Net Profit		768.74		683.83
Add: Opening Balance in Retained Earnings		3440.20		2,952.93
Less : Dividend & Dividend distribution tax paid during the year		(180.52)		(180.52)
: Transfer to General reserve		-		-
: Remeasurement of post-employment benefit obligation, net of tax		13.40		(16.42)
Add : Other adjustments		-		0.38
Closing Balance in Retained Earnings		4041.82		3,440.20

Review of Business Operations

The Company made operating revenue of ₹ 10,383 Million as against ₹ 9,487 Million in 2016-17. The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis.

There was no change in the nature of business of the Company during the financial year ended 31st March 2018.

Transfer to reserves

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹768.74 million of the current profits has been carried forward under the head retained earnings.

Dividend

For the financial year 2017-18, the Board of Directors has recommended a dividend of ₹ 1.20/- per share (120%) on the paid-up share capital of 15,84,54,508 shares. Subject to the approval of shareholders, an amount of ₹ 229.23 Million will be paid as Dividend including Dividend Distribution Tax (previous year ₹ 190.71 Million).

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Dividend Distribution Policy of the Company is annexed herewith as **Annexure 'A'** and can also be accessed on the Company's website at the link <http://www.elgi.com/wp-content/uploads/Dividend-Policy.pdf>

Share Capital

The paid-up capital of the Company as at 31/03/2018 stood at ₹ 158.45 Million. During the year under review the Company has not made any fresh issue of shares.

Transfer of unclaimed Dividend & Shares to Investor Education and Protection Fund

In terms of Section 124 and 125 of the Companies Act, 2013 unclaimed or unpaid Dividend relating to the Financial Year 2010-11 is due for remittance on 02/09/2018 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, 89390 equity shares of ₹ 1/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of demat Account identified by the IEPF Authority during the year under review.

Extract of Annual Return

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

Board Meetings and its Committees conducted during the period under review

During the year under review, 4 (four) 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 and 35 Meetings of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

Statement on compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such 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 –

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards;
- 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;
- 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;
- the Directors have prepared the annual accounts on a going concern basis;
- 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
- 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 employees of the Company. The Criteria for determining qualifications, positive attributes, and independence of Directors and Senior Management Personnel have been stated in **Annexure 'C'** to this report. The Remuneration policy of the Company is annexed herewith as **Annexure 'D'** and can also be accessed on the Company's website at the link <http://www.elgi.com/wp-content/uploads/Remuneration-Policy.pdf>

Comments on Auditors' Report

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

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

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

Particulars of contracts or arrangements with Related Parties

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2017-18 were in the ordinary course of business and on an arm's length pricing basis. Since there are no transactions which are not on arm's length basis and material in nature, Form AOC-2 is not being annexed.

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

Material Changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year as on 31/03/2018 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 'E'**.

Risk Management Plan Implementation

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

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

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

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

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

As part of its initiatives under CSR for the year 2017-18, the Company has undertaken projects in the areas of Education, Social Development, Medical Relief, Sports, Women Empowerment, Animal Welfare, Cultural Protection etc. These projects are by and large in accordance with Schedule VII of The Companies Act, 2013.

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

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

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

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

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Company formulated 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, performance evaluation has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose.

Directors and Key Managerial Personnel

Dr. T. Balaji Naidu, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

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

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

The Company has 14 subsidiaries and 2 joint ventures. The statement pursuant to Section 129(3) of The Companies Act, 2013, containing the salient features of the financial statements of subsidiary companies, forms part of this Annual report.

The Company does not have any material subsidiary whose networth exceeds 20% of the consolidated networth of the holding Company in the immediately preceding financial year or has generated 20% of the consolidated income of the Company during the previous financial year. The board has approved a policy for determining material subsidiaries, which has been uploaded on the company's website viz. www.elgi.com

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 shall also provide the copy of the annual accounts of subsidiary companies to the shareholders upon their request.

Fixed Deposits

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remain unclaimed with the Company as on 31st March 2018.

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

There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

Adequacy of Internal Financial Controls with reference to the Financial Statements

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

The Directors confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the

Company. A report of Auditors pursuant to Section 143(3)(I) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

Auditors:

Statutory Auditors

Price Waterhouse Chartered Accountants LLP (FRN : 012754N/N500016) statutory auditors of the company hold office till the conclusion of 62nd Annual General Meeting of the company.

The auditors report to the Standalone and Consolidated Financial Statements for the year ended March 31, 2018 does not contain any qualification, observation or adverse comment.

Secretarial Auditors

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

Cost Auditors

The Board of Directors on the recommendation of the Audit Committee, have appointed M/s.STR & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2018-19. 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 2018-19 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.

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 2018 was 2026. (Including subsidiaries).

Particulars of Employees

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

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received from any employee or third parties during the financial year 2017-18.

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 'I'** 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 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 24 complaints under this policy and all the complaints were solved and closed. The Whistle Blower policy is available in the website of the Company at the following address <http://www.elgi.com/wp-content/uploads/Whistle-Blower-Policy.pdf>

Shareholder Initiatives

- Your Company adheres strictly to all the statutory and other legal compliances;
- Your Company has in place the regulations for preventing and regulating Insider Trading. The designated employees are required to adhere to the Company's Code of Conduct and Business Ethics;
- Your Company regularly intimates the shareholders (through quarterly newsletters) on the performance of the Company, even though it is not mandatory;
- Your Company has consistently paid Dividend through the years;
- Your Company has been prompt and regular in its replies to your queries received by it;
- Your Company also replies within the stipulated time to all legal and statutory authorities;
- The custodial charges and listing fees are promptly paid by the Company to the depositories and the stock exchanges;
- During this year, your Company de-matted 144619 shares; with this, the total number of shares de-matted as on 31st March 2018 are 15,63,27,182 shares, which represents 98.66% shares of the Company.

Acknowledgement

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

For and on behalf of the Board

Place : Coimbatore

Date : 28/05/2018

Jairam Varadaraj

Managing Director

DIN:00058056

N. Mohan Nambiar

Director

DIN:00003660

Annexure 'A'

DIVIDEND POLICY**INTRODUCTION**

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

PURPOSE

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

DIVIDEND POLICY

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

in terms of cash requirement for the business. The Board may recommend interim dividend depending upon the cash flow situation of the company. During periods of losses, the Board will use its discretion to recommend to distribute dividend from reserves based on the expected future outlook at those times. The dividend distribution, as per recommendation of the Board of Directors, shall always be decided at the general meeting of shareholders, taking into account the then current law and other regulations applicable to the company.

PARAMETERS TO BE ADOPTED FOR VARIOUS CLASSES OF SHARES

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

INTERNAL AND EXTERNAL FACTORS THAT WILL BE CONSIDERED FOR DECLARING DIVIDEND

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

HOW RETAINED EARNINGS WILL BE USED

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

Annexure 'B'

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31/03/2018**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

I)	CIN	L29120TZ1960PLC000351
ii)	Registration Date	14.03.1960
iii)	Name of the Company	ELGI EQUIPMENTS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company having share capital / Non-Government Company
v)	Address of the Registered office and contact details	Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 Phone: 91-422-2589555 Fax: 91-422-2573697 E-mail: investor@elgi.com Website: www.elgi.com
vi)	Whether listed Company	YES
vii)	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED Coimbatore Branch No. 35, Surya, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore – 641028. Phone: 0422 - 2314 792 Email Id: coimbatore@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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 COMPRESSORS TRADING (SHANGHAI) CO. LTD* Room 912, No. 8 & 9 Lane1500, South Lianhua Road, Min Hang District, Shanghai, P. R. China - 201108	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
3.	ELGI GULF (FZE) P.O. Box: 120695, P6-027, SAIF Zone, Sharjah, U.A.E.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
4.	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)
5.	ELGI EQUIPMENTS AUSTRALIA PTY LTD. 38, Richard Avenue, COOPERS PLAINS, 4108, Brisbane, Queensland	N.A.	Subsidiary	100%	Section 2 (87) (ii)
6.	ELGI COMPRESSORS EUROPE S.R.L. Rome(RM) Via Del Babuino 51, 00187	N.A.	Subsidiary	100%	Section 2 (87) (ii)
7.	ROTAIR SPA Step down Subsidiary of Elgi Compressors Europe S.R.L. Via Bernezzo 67, 12023 Caraglio (CN) Italy	N.A.	Subsidiary	100%	Section 2 (87) (ii)
8.	ELGI COMPRESSORS USA, INC. 3335 Pelton St., Charlotte, NC 28217 USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
9.	PATTON'S INC. Step down Subsidiary of Elgi Compressors USA Inc., 3201 South Boulevard. Charlotte, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
10.	PATTON'S MEDICAL LLC. Step down Subsidiary of Pattons Inc., 3201 South Boulevard. Charlotte, NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)

*Elgi Compressors Trading (Shanghai) Co. Ltd is in the process of being woundup.

Sl.No	Name and Address of the Company	CIN/GL	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
11.	PT ELGI EQUIPMENTS INDONESIA KawasanPergudangan, BIZPARK Commercial Estate, Pulogadung Jl. Raya Bekasi KM 21, 5 Blok A3 No. 12, Kel. RawaTerate, Kec. Cakung, Pulogadung Jakarta Timur 13920.	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
12.	ATS ELGI LIMITED Private Industrial Estate, Kurichy, Coimbatore - 641021	U34300TZ2007PLC014125	Subsidiary	100%	Section 2 (87) (ii)
13.	ADISONS PRECISION INSTRUMENTS MANUFACTURING COMPANY LIMITED Elgi Industrial Complex Trichy Road, Coimbatore Tamil Nadu, India - 641005	U32109TZ1972PLC008922	Subsidiary	100%	Section 2 (87) (ii)
14.	ERGO DESIGN PRIVATE LIMITED India House, New No 1443/1 Trichy Road, Coimbatore 641018	U29299TZ2012PTC018828	Subsidiary	100%	Section 2 (87) (ii)
15.	ELGI SAUER COMPRESSORS LIMITED Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore 641005	U29120TZ2008PLC014639	Joint Venture	26%	Section 2 (6)
16.	INDUSTRIAL AIR SOLUTIONS LLP 1, RR Industrial Estate, Opp. Shanthi Gears Regd. Office, Singanallur, Coimbatore 641005	AAH9252	Associate/ Joint Venture	50%	Section 2 (6)

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

i) Category-wise Shareholding

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (As on 01/04/2017)				Shareholding at the end of the year (As on 31/03/2018)				% 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	17366317	-	17366317	10.96	17016505	-	17016505	10.74	(0.22)
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Banks / FI	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	31920836	-	31920836	20.14	32270836	-	32270836	20.36	0.22
(e)	Any Other (Specify)									
	Trusts	1261130	-	1261130	0.80	1261130	-	1261130	0.80	-
	Sub Total (A)(1)	50548283	-	50548283	31.90	50548471	-	50548471	31.90	-
[2]	Foreign									
(a)	NRIs -Individuals	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	50548283	-	50548283	31.90	50548471	-	50548471	31.90	-
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds	20305492	-	20305492	12.82	18180795	-	18180795	11.47	(1.35)
(b)	Banks / FI	145386	1030	146416	0.09	38034	530	38564	0.02	(0.07)
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIIIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
(i)	Foreign Portfolio Investor	23535566	-	23535566	14.85	25513568	-	25513568	16.10	1.25
(j)	Foreign Mutual Fund	345596	-	345596	0.22	457504	-	457504	0.29	0.07
(k)	Foreign Bank	2000	-	2000	-	2000	-	2000	-	-
(l)	UTI	-	500	500	-	-	500	500	-	-
(m)	Any Other	-	-	-	-	-	-	-	-	-
	Sub Total (B) (1)	44334040	1530	44335570	27.98	44191901	1030	44192931	27.89	(0.09)

Sl. No	Category of Shareholders	Shareholding at the beginning of the year (As on 01/04/2017)				Shareholding at the end of the year (As on 31/03/2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	Non-Institutions									
(a)	Bodies Corp.									
(i)	Indian	20403391	138112	20541503	12.96	21408641	137112	21545753	13.60	0.64
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	17312295	1850879	19163174	12.09	16563044	1733340	18296384	11.55	(0.54)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	21048147	-	21048147	13.28	20737737	-	16559393	13.09	(0.19)
(c)	Any Other									
	IEPF	-	-	-	-	120758	-	120758	0.07	0.07
	Clearing Member	19729	-	19729	0.01	55225	-	55225	0.03	0.02
	Market Maker	1575	-	1575	0.00	545	-	545	0.00	0.00
	NRI (Repatriable)	239804	36424	276228	0.17	254925	35344	290269	0.18	0.01
	NRI (Non Repatriable)	481204	-	481204	0.30	650199	-	650199	0.41	0.11
	Office Bearers	91275	245000	336275	0.21	85970	220500	306470	0.19	(0.02)
	Unclaimed Shares	499609	-	499609	0.32	405861	-	405861	0.26	(0.06)
	HUF	1203011	-	1203011	0.76	1303705	-	1303705	0.82	0.06
	Trusts	200	-	200	0.00	200	-	200	0.00	0.00
	Sub Total (B) (2)	61300240	2270415	63570655	40.12	61586810	2126296	63713106	40.21	0.09
	Total Public Shareholding (B)=(B)(1)+(B)(2)	105634280	2271945	107906225	68.10	105778711	2127326	107906037	68.10	0.00
(c)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	156182563	2271945	158454508	100.00	156327182	2127326	158454508	100	0.00

ii) Shareholding Pattern of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2017)			Shareholding at the end of the year (as on 31/03/2018)			% change in shareholding during the year
		No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	DARK HORSE PORTFOLIO INVESTMENT LIMITED	25509390	16.10	0.00	25859390	16.32	0.00	0.22
2.	JAIRAM VARADARAJ	14160478	8.94	0.00	13810478	8.72	0	(0.22)
3.	M/S ELGI ULTRA INDUSTRIES LIMITED	6079366	3.84	0.00	6079366	3.84	0.00	0.00
4.	L.G.B.PUBLIC WELFARE SOCIETY	1261130	0.79	0.00	1261130	0.79	0.00	0.00
5.	ANVAR JAY VARADARAJ	962624	0.61	0.00	962624	0.61	0.00	0.00
6.	VARUN JAY VARADARAJ	958342	0.60	0.00	958342	0.60	0.00	0.00
7.	MAYA JAY VARADARAJ	958324	0.60	0.00	958324	0.60	0.00	0.00
8.	ELGI RUBBER COMPANY LIMITED	332080	0.21	0.00	332080	0.21	0.00	0.00
9.	UDAY BALAJI	64000	0.04	0.00	64000	0.04	0.00	0.00
10.	VANITHA MOHAN	57720	0.04	0.00	57720	0.04	0.00	0.00
11.	SUDARSAN VARADARAJ	41786	0.03	0.00	41786	0.03	0.00	0.00
12.	HARSHA VARADARAJ	40000	0.03	0.00	40000	0.03	0.00	0.00
13.	VARSHINI VARADARAJ	40000	0.03	0.00	40000	0.03	0.00	0.00
14.	T BALAJI	31000	0.02	0.00	31000	0.02	0.00	0.00
15.	GAYATHRI BALAJI	20863	0.01	0.00	20863	0.01	0.00	0.00
16.	VIREN MOHAN	19980	0.01	0.00	19980	0.01	0.00	0.00
17.	VINAY BALAJI	11000	0.01	0.00	11188	0.01	0.00	0.00
18.	VARADARAJULU L. G (Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	200	0.00	0.00	200	0.00	0.00	0.00
	Total	50548283	31.90	0.00	50548471	31.90	0.00	0.00

iii) Change in Promoters' shareholding

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year as on 01/04/2017		Cumulative Shareholding during the year as on 31/03/2018	
		No. of Shares Held	% Of Total Shares Of The Company	No. of Shares Held	% Of Total Shares of The Company
1.	DARK HORSE PORTFOLIO INVESTMENT LIMITED				
	At the beginning of the year	25509390	16.10	25509390	16.10
	Transfer of shares as on 19/01/2018	95000	0.06	25604390	16.16
	Transfer of shares as on 09/03/2018	125000	0.08	25729390	16.24
	Transfer of shares as on 16/03/2018	130000	0.08	25859390	16.32
	At the end of the year	25859390	16.32	25859390	16.32
2.	JAIRAM VARADARAJ				
	At the beginning of the year	14160478	8.94	14160478	8.94
	Transfer of shares as on 12/01/2018	(95000)	(0.06)	14065478	8.88
	Transfer of shares as on 02/03/2018	(125000)	(0.08)	13940478	8.80
	Transfer of shares as on 09/03/2018	(130000)	(0.08)	13810478	8.72
	At the end of the year	13810478	8.72	13810478	8.72
3.	VINAY BALAJI				
	At the beginning of the year	11000	0.01	11000	0.01
	Transfer of shares as on 03/11/2017	188	0.01	11188	0.01
	At the end of the year	11188	0.01	11188	0.01

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 01/04/2017)		Cumulative shareholding during the year (as on 31/03/2018)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
1.	SBI CONTRA FUND				
	At the beginning of the year	14377243	9.07	14377243	9.07
	Transfer of shares as on 15/09/2017	(400000)	(0.25)	13977243	8.82
	Transfer of shares as on 16/02/2018	(2205000)	(1.39)	11772243	7.43
	Transfer of shares as on 23/02/2018	2205000	1.39	13977243	8.82
	At the end of the year	14377243	8.82	13977243	8.82
2.	PARI WASHINGTON INDIA MASTER FUND LTD.				
	At the beginning of the year	8765714	5.53	8765714	5.53
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	8765714	5.53	8765714	5.53
3.	GAGANDEEP CREDIT CAPITAL PVT LTD				
	At the beginning of the year	8152575	5.15	8152575	5.15
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	8152575	5.15	8152575	5.15
4.	NALANDA INDIA EQUITY FUND LIMITED				
	At the beginning of the year	4442385	2.80	4442385	2.80
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	4442385	2.80	4442385	2.80
5.	EAST SAIL				
	At the beginning of the year	4388965	2.77	4388965	2.77
	Transfer of shares as on 12/01/2018	(730784)	(0.46)	3658181	2.31
	Transfer of shares as on 09/02/2018	(24700)	(0.02)	3633481	2.29
	Transfer of shares as on 16/02/2018	(33150)	(0.02)	3600331	2.27
	At the end of the year	3600331	2.27	3600331	2.27
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	2680000	1.69
7.	FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS ASIA PACIFIC FUND**				
	At the beginning of the year	1009055	0.64	1009055	0.64
	Transfer of shares as on 21/04/2017	23854	0.02	1032909	0.65
	Transfer of shares as on 15/09/2017	786417	0.50	1819326	1.15
	Transfer of shares as on 22/09/2017	285052	0.18	2104378	1.33
	At the end of the year	2104378	1.33	2104378	1.33
8.	ICICI PRUDENTIAL MIDCAP FUND				
	At the beginning of the year	3012505	1.90	3012505	1.90
	Transfer of shares as on 30/06/2017	(43211)	(0.03)	2969294	1.87

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01/04/2017)		Cumulative Shareholding during the year (as on 31/03/2018)	
		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 07/07/2017	(238091)	(0.15)	2731203	1.72
	Transfer of shares as on 04/08/2017	(50739)	(0.03)	2680464	1.69
	Transfer of shares as on 15/09/2017	(34822)	(0.02)	2645642	1.67
	Transfer of shares as on 22/09/2017	(11832)	(0.01)	2633810	1.66
	Transfer of shares as on 24/11/2017	(14811)	(0.01)	2618999	1.65
	Transfer of shares as on 01/12/2017	(185142)	(0.12)	2433857	1.54
	Transfer of shares as on 08/12/2017	(412070)	(0.26)	2021787	1.28
	Transfer of shares as on 22/12/2017	(6820)	(0.00)	2014967	1.27
	Transfer of shares as on 29/12/2017	(1307)	(0.00)	2013660	1.27
	At the end of the year	2013660	1.27	2013660	1.27
9.	WASATCH EMERGING INDIA FUND**				
	At the beginning of the year	310529	0.20	310529	0.20
	Transfer of shares as on 07/04/2017	6933	0.00	317462	0.20
	Transfer of shares as on 14/04/2017	5467	0.00	322929	0.20
	Transfer of shares as on 28/04/2017	11175	0.01	334104	0.21
	Transfer of shares as on 05/05/2017	16561	0.01	350665	0.22
	Transfer of shares as on 12/05/2017	102982	0.06	453647	0.29
	Transfer of shares as on 19/05/2017	55183	0.03	508830	0.32
	Transfer of shares as on 26/05/2017	34817	0.02	543647	0.34
	Transfer of shares as on 02/06/2017	26040	0.02	569687	0.36
	Transfer of shares as on 03/11/2017	46169	0.03	615856	0.39
	Transfer of shares as on 10/11/2017	37122	0.02	652978	0.41
	Transfer of shares as on 17/11/2017	18674	0.01	671652	0.42
	Transfer of shares as on 24/11/2017	180203	0.11	851855	0.54
	Transfer of shares as on 01/12/2017	184092	0.12	1035947	0.65
	Transfer of shares as on 08/12/2017	25572	0.02	1061519	0.67
	Transfer of shares as on 15/12/2017	204439	0.13	1265958	0.80
	Transfer of shares as on 22/12/2017	110906	0.07	1376864	0.87
	Transfer of shares as on 05/01/2018	6855	0.00	1383719	0.87
	Transfer of shares as on 12/01/2018	234620	0.15	1618339	1.02
	Transfer of shares as on 19/01/2018	62260	0.04	1680599	1.06
	Transfer of shares as on 26/01/2018	22330	0.01	1702929	1.07
	Transfer of shares as on 02/02/2018	34175	0.02	1737104	1.10
	Transfer of shares as on 09/02/2018	24055	0.02	1761159	1.11
	Transfer of shares as on 23/02/2018	144565	0.09	1905724	1.20
	At the end of the year	1905724	1.20	1905724	1.20

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01/04/2017)		Cumulative Shareholding during the year (as on 31/03/2018)	
		No. of Shares Held	% Of Total Shares of The Company	No. of Shares Held	% Of Total Shares of The Company
10.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS INDIAN SUBCONTINENT FUND				
	At the beginning of the year	1491622	0.94	1491622	0.94
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	1491622	0.94	1491622	0.94
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	1480000	0.93
12.	HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAGE FUND ##				
	At the beginning of the year	2247749	1.42	2247749	1.42
	Transfer of shares as on 23/06/2017	(47500)	(0.03)	2200249	1.39
	Transfer of shares as on 04/08/2017	(111249)	(0.07)	2089000	1.32
	Transfer of shares as on 15/09/2017	(152000)	(0.10)	1937000	1.22
	Transfer of shares as on 22/09/2017	(165000)	(0.10)	1772000	1.12
	Transfer of shares as on 22/12/2017	(71000)	(0.04)	1701000	1.07
	Transfer of shares as on 23/02/2018	(154000)	(0.10)	1547000	0.98
	Transfer of shares as on 02/03/2018	(283194)	(0.18)	1263806	0.80
	At the end of the year	1263806	0.80	1263806	0.80

**Not in the list of Top 10 shareholders as on 31/03/2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2018.

##Ceased to be in the list of Top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

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 01/04/2017)		Cumulative Shareholding during the year (as on 31/03/2018)	
		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	14160478	8.94	14160478	8.94
	Transfer of shares as on 12/01/2018	(95000)	(0.06)	14065478	8.88
	Transfer of shares as on 02/03/2018	(125000)	(0.08)	13940478	8.80
	Transfer of shares as on 09/03/2018	(130000)	(0.08)	13810478	8.72
	At the end of the year	13810478	8.72	13810478	8.72
2.	DR T BALAJI NAIDU (Non-Executive Director)				
	At the beginning of the year	31000	0.02	31000	0.02
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	31000	0.02	31000	0.02
3.	SUDARSAN VARADARAJ (Non-Executive Director)				
	At the beginning of the year	41786	0.03	41786	0.03
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	41786	0.03	41786	0.03
4.	DR GANESH DEVARAJ (Independent Director)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	M RAMPRASAD (Independent Director)				
	At the beginning of the year	8000	0.01	8000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	8000	0.01	8000	0.01
6.	N MOHAN NAMBIAR (Independent Director)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sl. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 01/04/2017)		Cumulative Shareholding during the year (as on 31/03/2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	B VIJAYAKUMAR (Independent Director)				
	At the beginning of the year	50000	0.03	50000	0.03
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	50000	0.03	50000	0.03
8.	DR MADHAVI GOPINATH (Independent Director)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
9.	HARJEET SINGH WAHAN (Non-Executive Director)				
	At the beginning of the year	10000	0.01	10000	0.01
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	10000	0.01	10000	0.01
10.	S SRIRAM (Chief Financial Officer)				
	At the beginning of the year	350	0.00	350	0.00
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	350	0.00	350	0.00
11.	VAISHNAVI P M (Company Secretary)				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS

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

(₹. In Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans (Banks & Others)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	484.91	-	484.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.26	-	0.26
Total (i+ii+iii)	-	485.17	-	485.17
Change in indebtedness during the financial year				
* Addition	803.92	1,166.51	-	1,970.43
* Reduction	322.74	1,301.21	-	1,623.95
Exchange Difference	9.22	12.49	-	21.71
Net Change	490.40	-122.21	-	368.19
Indebtedness at the end of the financial year				
i) Principal Amount	490.40	362.71	-	853.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	490.40	362.71	-	853.11

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹. In Million)

Sl.No	Particulars of Remuneration	Mr. Jairam Varadaraj Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.77
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others	-
5.	Others	-
	Total (A)	12.77
	Overall ceiling as per the Act	5% of the 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	0.45	-	-	0.45
Dr. Ganesh Devaraj	0.22	-	-	0.22
Mr. B. Vijayakumar	0.18	-	-	0.18
Mr. N. Mohan Nambiar	0.27	-	-	0.27
Dr. Madhavi Gopinath	0.20	-	-	0.20
Total				1.32

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	0.18	-	-	0.18	
Mr.Sudarsan Varadaraj	0.12	-	-	0.12	
Mr.Harjeet Singh Wahan	0.24	-	1.44*	1.68	
Total				1.98	16.07

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

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

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

(₹. In Million)

Sl. No	Particulars of Remuneration	Mr. S.Sriram Chief Financial Officer	Mrs. Vaishnavi P. M Company Secretary	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.16	0.89	11.05
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total	10.16	0.89	11.05

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 : 28/05/2018

Jairam Varadaraj
Managing Director
DIN:00058056

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'C'

Criteria for selection of Non-Executive Directors:

The Non Executive Director shall:-

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

Annexure 'D'

REMUNERATION POLICY

The Board of Directors (the "Board") of Elgi Equipments Limited (the "Company"), upon recommendations of the 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 'E'

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

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

A. Conservation of Energy**I Steps taken for conservation of energy:**

The Company introduced an Internet of Things (IoT) based control system for Energy Management for all CNC machines at Air center plant, which absorbs 42% of the total energy consumption of the Company. This Energy Management system controls and optimizes the energy by sensing the variable and fixed electrical loads and shuts off the drive control system of the machines when there is a delay in the manufacturing process of loading and unloading the components or machine idle time or undefined time without machine operations. It contributes significantly to optimize the energy consumption at machine shops. The IoT helps a lot to see the past and present energy micro level trend data to identify the gaps; especially, if it crosses the energy targets. In each and every manufacturing process, the cycle time of the components has been defined and if there is a delay in the cycle, the machine will stop automatically to optimize the energy consumption.

Similarly, the Company has introduced weekly timers to switch off the lights, Air Handling Units, Fans and Air conditioners as per the set times. This system helps the Company to save energy. Energy data is being collected and energy base line set for each of the manufacturing process, thus identifying the energy gaps. The Energy Management System has reduced the Air end manufacturing power cost by 21% and the Overall Power to Sale ratio to 16%. There is further scope for optimizing energy by replacing motors and optimizing the maximum demand for the entire plant. The Energy Management System also contributes to carbon emission reduction of 14.8%. During the year, the Energy Management System was certified by TUV Nord as having conformed to the standards of ISO 50001:2011 at the Air center plant.

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. The Company is studying a proposal for harnessing solar power at the Air Compressor Plant and has proposed to install a 100 KW Solar Plant in the coming year.

III Capital investment on energy conservation equipment

₹ 15.00 Lakhs were spent during the year for modifying the existing system

B. Technology Absorption:**I Efforts made towards technology absorption**

- An algorithm was developed and tested to save energy when multiple compressors are in use

- In-house software tool developed for electro-magnetic design of motors

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

- Designed and developed a 1200-T3 VOLVO Diesel Engine driven Rotary Air Compressor for water well application for Brazilian market requiring compliance with Tire-3 emission norms.
- Designed and developed an Oil Free air-cooled compressor in the power range between 45 to 75 kW OF45A to OF75A for Indian and US markets.
- Designed and developed ELGI – Intake valve 102 & 159 and adopted the same in the compressor packages with capacity between 11kW to 45kW.
- Designed and developed a Heat Recovery system for Oil injected screw compressor of 11kW, 15kW, 18kW, 22kW, 30kW, 37kW, 45kW, 200kW and 250kW capacities.
- Designed and developed a F2-Alpha project an enhanced version of existing F2 for Indian, European and US markets for compressors of 11kW, 15kW, 18kW & 22kW capacities.
- Designed and developed an Oil flooded air cooled premium compressor for Indian and US markets in 90kW, 110kW, 132kW & 160kW capacities.
- Designed and developed an Oil flooded air cooled compressor for Indian market of 200kW & 250kW capacities.

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	2017-18	2016-17
Capital	42.43	12.56
Revenue	303.71	278.67
Total	346.14	291.23
R & D Expenditure as a percentage on turnover*	3.4%	3.3%

*Turnover is net of excise duty

C. Foreign Exchange Earnings and Outgo during the year

Foreign exchange earned : ₹ 1937 million

Foreign exchange outgo : ₹ 1055 million

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 a Registered Trust supports a school financially as well as through involvement in its Management and Administration. Apart from education, Company's CSR Policy is also to promote gender equality, women empowerment, environmental sustainability, protection of national heritage, music, drama, dance, sports, fine arts, helping Widows, aged persons, physically and mentally challenged persons and rural development projects. The Company was 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. T. Balaji Naidu** - Member of the Committee (Non Executive Director)
- **Mr. B. Vijayakumar** -Member of the Committee (Independent Director)
- **Dr. Madhavi Gopinath** - Member of the Committee (Independent Director)

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

Average net profit: 850.75 Million

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

The Company was required to spend 17.01 Million towards CSR during the year

05. Details of CSR spent during the Financial Year 2017-18**(a) Total amount spent for the financial year:** ₹ 41.61 Million**(b) Amount unspent, if any;** Nil**(c) Manner in which the amount spent during the financial year is detailed below:**

(In ₹)

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	District and State where projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the project or programs	Cumulative Expenditures up to the reporting period	Amount spent, direct or through implementing agencies
1.	Promoting Education & Rural Development	Education	Coimbatore, Tamilnadu	3,83,20,000	3,83,20,000	3,83,20,000	Through a Registered Trust*
2.	Sports promotion activities	Rural Sports	Coimbatore & Karur, Tamilnadu	50,424	50,424	50,424	Direct
3.	Zoological Park Association	Animal Welfare	Coimbatore, Tamilnadu	1,20,000	1,20,000	1,20,000	Direct
4.	Cankids Kidscan-Cancer Foundation for Children	Medical Relief	New Delhi	10,00,000	10,00,000	10,00,000	Direct
5.	Marathon - Coimbatore Cancer Foundation	Medical Relief	Coimbatore, Tamilnadu	17,00,000	17,00,000	17,00,000	Direct
6.	Medical Relief & Public Welfare activities	Public & Woman Welfare	Coimbatore, Tamilnadu	4,18,000	4,18,000	4,18,000	Direct
			Total	41,608,424	41,608,424	41,608,424	

* Details of the trust 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.

Place: Coimbatore
Date : 28/05/2018

Jairam Varadaraj
Chairman of CSR Committee
DIN:00058056

N. Mohan Nambiar
Director
DIN:00003660

Annexure 'G'

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON
31ST MARCH 2018

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

To

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

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

Based on my verification of **M/s. Elgi Equipments Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2018** 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, 2018 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)

Regulations, 2011;

- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

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

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

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

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director.

There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

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

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

M D SELVARAJ

MDS & Associates

Place: Coimbatore

Company Secretaries

Date : 28/05/2018

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

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

'Annexure A'

To

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on 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 standards, laws, rules and regulation is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M D SELVARAJ

MDS & Associates

Place: Coimbatore

Company Secretaries

Date : 28/05/2018

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

Annexure 'H'

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

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

(₹. In Million)

Name	Date of joining	Designation	Qualification & Experience	Age	% of Share holding	Remuneration	Last employed
Jairam Varadaraj	29/05/1992	Managing Director	B.Com., MBA, PhD (USA); 29 years	57	8.71%	12.77	-
Ramesh Ponnuswami	07/11/2011	Director-ISAAME	B.E., MBA 25 years	49	-	12.12	EID Parry (I) Limited
Sriram S	11/07/2007	CFO & Director-COSEA	B.Sc., FCA, FCMA, CISA 35 years	59	0.00%	10.16	Cholayil Private Limited
Jayashankar Jayaraman	02/11/2009	Director-HR	BA(Honours), LLB, PGDPM & HR (XLRI); 30 years	56	-	10.25	Watanmal Group
Sreeramachandra Murthy K	10/11/2010	Director-Technology & Operations	M.E., PG Diploma (Finance & Marketing) 29 years	51	-	9.68	Hindustan Motors Limited
Jayakanthan R	07/01/2009	Director- Product, Systems & Strategy	B.Com, 31 years	53	0.00%	8.84	Kennametal India Limited
VenuMadhav K	31/01/1998	VP-Technology	M.Tech., PhD 22 years	46	-	8.29	Gas Turbine Research Establishment
Vijayakumar V.P	01/10/2012	Head-Design	ME; 25 years	51	-	7.22	Ergoform Consulting Private Limited
Salim P.R	09/03/2009	VP-Technology (Group E&E)	MS; 30 years	52	0.00%	7.07	LG Electronics Limited
Raajeshwar M.K	17/04/2006	VP& Head-Industrials (ISA)	B.E,MBA; 25 years	47		6.24	Tega Industries Limited

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

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

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

Name	Ratio
Mr. Jairam Varadaraj (Managing Director)	22.0:1
Mr. Sudarsan Varadaraj (Director)	0.2:1
Dr. T. Balaji Naidu (Director)	0.3:1
Mr. M. Ramprasad (Director)	0.7:1
Dr. Ganesh Devaraj (Director)	0.4:1

Name	Ratio
Mr. B. Vijayakumar (Director)	0.3:1
Mr. N. Mohan Nambiar (Director)	0.4:1
Dr. Madhavi Gopinath (Director)	0.3:1
Mr. Harjeet Singh Wahan (Director)	2.7:1

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)	:	7.00%
Mr. S Sriram	- (Chief Financial Officer)	:	26.26%
Mrs. Vaishnavi PM	- (Company Secretary)	:	8.00%

c) The percentage increase in the median remuneration of employees in the financial year: 15.07 %

d) The number of permanent employees on the rolls of company: 1289 (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 15.07% 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 : 28/05/2018

Jairam Varadaraj
Managing Director
DIN:00058056

N. Mohan Nambiar
Director
DIN:00003660

Annexure I

Business Responsibility Report

Introduction

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2018, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN):	L29120TZ1960PLC000351
2.	Name of the Company:	ELGI EQUIPMENTS LIMITED
3.	Registered Address:	ELGI INDUSTRIAL COMPLEX III, TRICHY ROAD, SINGANALLUR, COIMBATORE -641005.
4.	Website:	www.elgi.com
5.	E-mail id:	vaishnavi@elgi.com
6.	Year reported:	2017-2018
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:	24 Locations
	Number of International Locations (5 major):	11 Locations Major Locations – China, Australia, Brazil, Italy, Middle-East, USA
	Number of national locations:	13 Locations
10.	Markets served by the Company:	Local/State/National/International

Section B: Financial details of the Company

1.	Paid up Capital:	15,84,54,508
2.	Total Turnover(including excise duty):	₹ 10,383 Million
3.	Total profit after taxes:	₹ 769 Million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of PAT:	5.41% (The company has spent to the tune of ₹ 41.61 million towards CSR activities during the current reporting year)
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 including step down 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, CHINA
5.	ELGI COMP.TRADING (SHANGHAI) CO. LTD, CHINA
6.	ELGI GULF-(FZE)
7.	ELGI COMPRESSORES DO BRASIL IMP.E.EXP.LTDA
8.	ELGI EQUIPMENTS AUSTRALIA PTY LTD
9.	ELGI COMPRESSORS EUROPE S.R.L
10.	ROTAIR SPA
11.	ELGI COMPRESSORS USA INC
12.	PATTON'S INC
13.	PATTON'S MEDICAL LLC
14.	PT. ELGI EQUIPMENTS INDONESIA

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

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

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

The Company 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 : 00058056
 iii. Designation : Managing Director
 iv. Telephone Number : 0422-2589555
 v. E-mail id : investors@elgi.com

b. Details of BR head

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

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

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

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

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	N	Y	N	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	N	Y	N	Y	N
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	N	Y	N	Y	N
		The policies are in line with international Standards and Practices such as ISO 9001: 2008 , ISO 14001- BS OHSAS 18001.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	N	Y	N	Y	N
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	N	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online?	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	Y	N	Y	N	Y	N
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	N	Y	N	Y	N
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	N	Y	N	Y	N
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	N	Y	N	Y	N

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

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

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

3. Governance related to BR:

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

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

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

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.

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

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

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

- 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 2017-18. Few complaints received from anonymous sources during 2017-18 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.

- 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.

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

We are not capturing resource use as of now during development of products. But we are 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 however have a method yet to capture details separately for old and new products; we are working towards it.

a. Energy Consumption/ Air end(16-17 : 538 Kwh/ Air end (17-18 :433 Kwh/ Air end)

b. Water Consumption/ man (16-17 :96 Lts/ Man) (17-18 : 90 Lts/ Man)

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

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

- 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 MultiNational Companies, listed companies etc. The Company possesses a commodity specific sustainable sourcing plan. There are suppliers on board for more than two decades located within Coimbatore region itself, which is the result of a "Sustainable Sourcing Plan". The Company supports many MSME's.

- 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 our MSME suppliers to next level in-line with Company's expectations.

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

The Company does recycle Foundry Sand waste to convert them to bricks to the extent of 20 Tons / Yr. The Company generates minimal quantities of hazardous waste, electronic waste, used oil waste and used batteries; all of which are disposed of in accordance with prevailing pollution control laws.

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

1. Please indicate the Total number of employees. 2026 (including subsidiaries)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 515
3. Please indicate the Number of permanent women employees: 91
4. Please indicate the Number of permanent employees with disabilities: 2
5. Do you have an employee association that is recognized by management: There are no formal associations but the management engages with employee committees on a continuous basis.
6. What percentage of your permanent employees are members of this recognized employee association? 26%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

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

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

(a) Permanent Employees: 55%

(b) Permanent Women Employees: 61%

(c) Casual/Temporary/Contractual Employees: 100%

(d) Employees with Disabilities: Nil

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

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

Yes.

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

None

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

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

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 web page etc.

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

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

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

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

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

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

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

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

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

Yes

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

None

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

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

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

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

No

Principle 8: Businesses should support inclusive growth and equitable development

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

Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which 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 2017-18.

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

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

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

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

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

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

Project undertaken	CSR contribution (Amount in ₹)
Support to School through LRG Foundation	3,80,00,000
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 monitors school activities continuously on a day to day basis. With respect to other projects, the company monitors by seeking progress reports from time to time.

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

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

The Company has an on-line system of addressing consumer complaints that are attended to promptly. Since the complaints redressal mechanism is an on going process, the number of complaints at any given

point in time may not convey the correct picture. The Company strives to resolve all complaints to the satisfaction of its customers. For a Company of this size, the number of consumer cases are very minimal. There are no consumer cases that have any material impact on the financials of the Company.

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

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

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

In packing

- a) Box dimensions
- b) Weight
- c) Total no. of boxes

- d) Packing slip no.
- e) Customer name
- f) Item
- g) Description
- h) MRP
- i) Month / year .

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

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

None.

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

Yes we have a policy for attending the Customer Complaints. We carry out surveys on an ongoing basis with customers who log into our on-line Customer Care System.

For and on behalf of the Board

Place: Coimbatore
Date : 28/05/2018

Jairam Varadaraj
Managing Director
DIN:00058056

N. Mohan Nambiar
Director
DIN:00003660

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS- COMPOSITION, CATEGORY AND ATTENDANCE

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

The Board met Four times during the Financial Year on 9th May 2017, 28th July 2017, 14th November 2017 and 29th January 2018. 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 No.00058056)	Managing Director Promoter	4	Yes	9	1	3
Mr. Sudarsan Varadaraj (DIN No.00133533)	Non-Executive Promoter	4	No	5	1	1
Dr. T. Balaji Naidu (DIN No.00002755)	Non-Executive Promoter	4	Yes	2	-	1
Mr. B. Vijayakumar (DIN No.00015583)	Non-Executive Independent	4	Yes	6	-	3
Mr. N. Mohan Nambiar (DIN No.00003660)	Non-Executive Independent	3	Yes	2	1	1
Mr. M. Ramprasad (DIN No.00004275)	Non-Executive Independent	4	Yes	2	1	-
Dr. Ganesh Devaraj (DIN No.00005238)	Non-Executive Independent	3	Yes	0	-	1
Dr. Madhavi Gopinath (DIN No.00096061)	Non-Executive Independent	4	Yes	1	-	-
Mr. Harjeet Singh Wahan (DIN No.00003358)	Non-Executive Non-Independent	4	Yes	1	-	1

Excludes directorships in Private Companies and Foreign Companies

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

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

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

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March, 2018:-

Name of the Director	No of Shares held (as on 31/03/2018)
Mr. M. Ramprasad	8000
Mr. B. Vijayakumar	50000
Dr. T. Balaji Naidu	31000
Mr. Sudarsan Varadaraj	41786
Mr. Harjeet Singh Wahan	10000

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

INDEPENDENT DIRECTORS

Familiarization Program for Independent Directors:

At every Board Meeting, the concerned Senior Management personnel of the Company presents to the Directors, region-wise operational and financial aspects of the Company and its subsidiaries. The Directors are also apprised about the new products and related aspects. Project on Oil free Compressors, Air-Alert services and over all Global Strategy of the Company were presented to the Directors.

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

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 four Committees:

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

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

AUDIT COMMITTEE

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

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

During the year under review, the Committee met four times on 9th May 2017, 28th July 2017, 14th November 2017 and 29th January 2018. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

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

The Chairman of the Audit Committee had attended the Annual General Meeting.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors and Internal Auditor and Chief Financial Officer of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the accounts for the year 2017-18, before it was placed in the Board.

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee comprises of the following Directors as its Members.

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

The Chairman of the Nomination and Remuneration Committee had attended the Annual General Meeting.

This Committee would basically look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the committee had met three times on 9th May 2017, 13th June 2017 and 28th July 2017.

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

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

Performance Evaluation of non-executive and Independent Directors

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

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 2018 as follows:

Name of the Director	Salary, Allowance and Perquisites (₹ in Million)	Service Contract
Mr. Jairam Varadaraj, Managing Director	12.77	01/04/2016 to 31/03/2021

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

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

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

The details of sitting fees paid during the year ended 31st March 2018 to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees (In ₹)	Name of the Director	Sitting Fees (In ₹)
Mr. N. Mohan Nambiar	2,90,000	Dr. T. Balaji Naidu	1,80,000
Mr. M. Ramprasad	4,70,000	Mr. Sudarsan Varadaraj	1,20,000
Dr. Ganesh Devaraj	2,80,000	Dr. Madhavi Gopinath	2,00,000
Mr. B. Vijayakumar	1,80,000	Mr. Harjeet Singh Wahan	2,40,000

The Company currently does not have any Stock Option Scheme.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr. N. Mohan Nambiar (Chairman)	Independent – Non-Executive	35	35
Mr. Jairam Varadaraj (Member)	Executive Managing Director - Promoter	35	35
Dr. T. Balaji Naidu (Member)	Non-Executive - Promoter	35	35

The Chairman of the Stakeholders Relationship Committee had attended the Annual General Meeting.

Mrs. Vaishnavi P M, Company Secretary of the Company is the Compliance Officer.

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

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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2018 was 26. There were no outstanding complaints as on 31st March 2018.

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 Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

Unclaimed Suspense Account

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

Particulars	Number of Shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	1746	4,99,609
Shares transferred to IEPF from unclaimed suspense account during the year	-	89,390
Number of shareholders whose shares were transferred from suspense account during of the year	12	4,358
Total shares transferred from suspense account	12	93,748
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2018	1734	4,05,861

The voting rights on the outstanding unclaimed shares as on 31st March 2018 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

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

The Committee comprises four members Mr. Jairam Varadaraj, Mr. B. Vijaya Kumar, Dr. T. Balaji Naidu and Dr. Madhavi Gopinath as members. During the year under review, the Committee had met thrice on 09th May 2017, 28th July 2017 and 29th January 2018.

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
2016-2017	28/07/2017	4.00 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	-Nil-
2015-2016	29/07/2016	4.30 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	-Nil-
2014-2015	31/07/2015	3.45 pm	ARDRA, No. 9, North Huzur Road (Near Codiissia Building) Coimbatore – 641 018	-Nil-

EGM AND POSTAL BALLOT:

During the year no EGM was held. No resolutions were put through postal ballot last year. No Special resolution requiring postal ballot is being proposed.

MEANS OF COMMUNICATION

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

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

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

GENERAL SHAREHOLDER INFORMATION**58th Annual General Meeting**

Date and Time : 10th day of August, 2018 at 04:00 PM

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

Date of Book closure : 04/08/2018 to 10/08/2018 (both days inclusive)

Dividend Payment Date : 05/09/2018

Listing of shares on Stock Exchanges**BSE Limited**

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

National Stock Exchange of India Ltd

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

Annual listing fees for the year 2018-19 were paid to BSE Limited & National Stock Exchange of India Limited.

STOCK MARKET DATA

Type of Security: Equity

Stock Code:

BSE Limited - **522074**

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

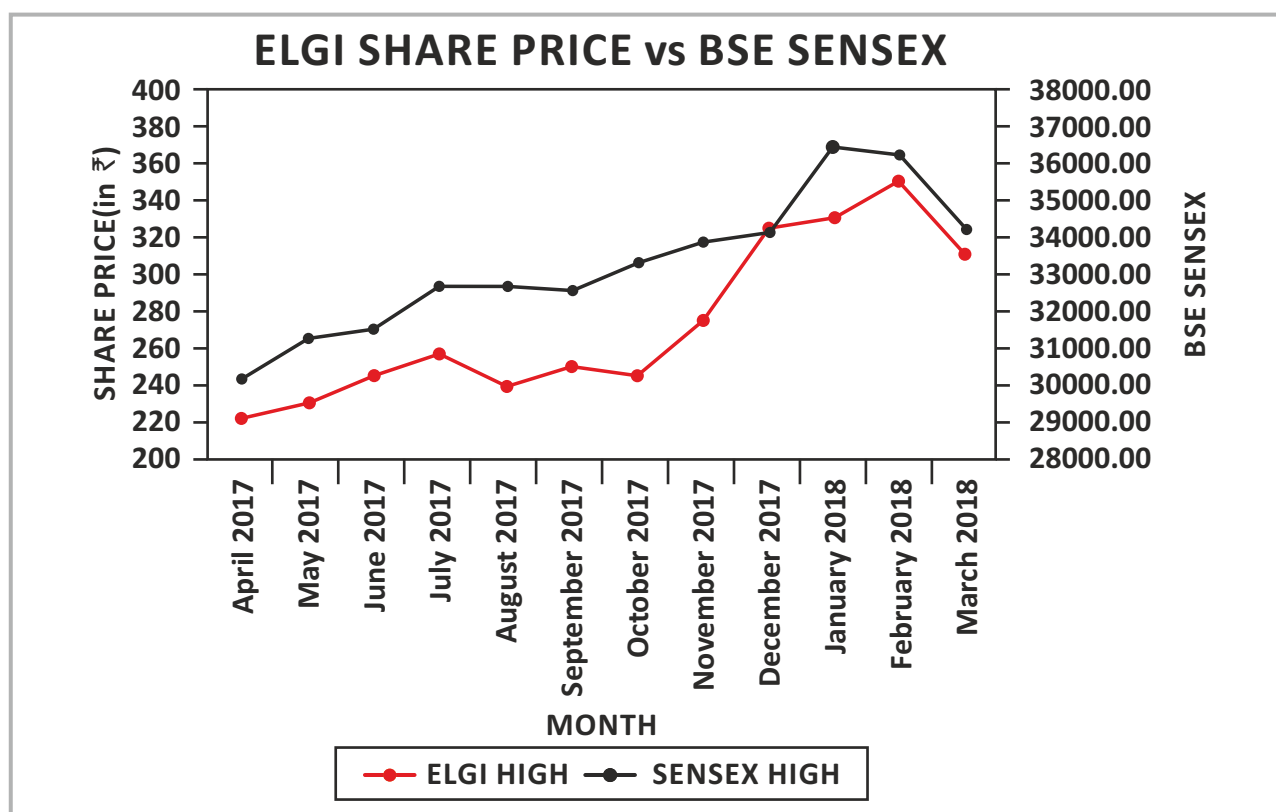
ISIN number allotted for equity shares: **INE 285A01027**

(Fully paid ₹ 1/- each)

Stock Price Data:

For the Period: April 2017 to March 2018

Month	NSE			BSE		
	HIGH (In ₹)	LOW (In ₹)	QTY	HIGH (In ₹)	LOW (In ₹)	QTY
APRIL 2017	222.85	200.25	11,79,712	223.25	200.55	1,06,907
MAY	223.40	199.85	8,53,849	228.90	199.00	1,16,334
JUNE	245.00	203.00	13,24,691	244.00	203.70	1,19,081
JULY	259.90	217.20	10,52,611	257.45	218.65	1,30,754
AUGUST	238.95	215.00	3,88,335	239.00	213.00	40,456
SEPTEMBER	249.95	211.00	13,60,960	249.80	210.00	5,58,569
OCTOBER	244.00	217.00	5,64,973	244.00	215.00	48,678
NOVEMBER	274.00	238.20	17,30,043	274.35	238.60	3,95,980
DECEMBER	325.50	259.10	22,82,156	324.80	242.00	2,06,647
JANUARY 2018	335.00	283.40	17,88,526	330.90	274.55	11,64,351
FEBRUARY	349.90	267.60	33,80,954	350.00	292.00	2,76,217
MARCH	312.10	238.00	3,93,997	311.10	238.55	2,77,754
TOTAL			1,63,00,807			34,41,728



REGISTRAR AND SHARE TRANSFER AGENTS

(For both physical and demat segments)

Link Intime India Private Ltd

Head Office :

C-13, 247 Park, L.B.S.Marg, Vikroli (West), Mumbai 400 083

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

Coimbatore Branch:

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

Details of Compliance Officer:

Mrs. Vaishnavi P. M

Company Secretary

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

Reconciliation of Share Capital Audit

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

Share Transfer System

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

Categories of Shareholders as on 31st March 2018

Category	No. of Shares	% To Total
PROMOTERS	5,05,48,471	31.90
FINANCIAL INSTITUTIONS/BANKS	38,564	0.02
MUTUAL FUNDS	1,81,81,295	11.47
FIIIs	2,59,73,072	16.39
BODIES CORPORATE	2,15,45,753	13.60
NON -RESIDENT INDIANS	9,40,468	0.59
MARKET MAKER	545	0.00
CLEARING MEMBERS	55,225	0.04
EMPLOYEES	3,06,470	0.19
PUBLIC	4,08,64,645	25.80
TOTAL	15,84,54,508	100.00

Distribution of Shares as on 31st March 2018

No. of shares	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	18337	95.48	63,91,156	4.03
5001 to 10000	306	1.59	22,91,789	1.45
10001 to 20000	218	1.13	31,29,559	1.98
20001 to 30000	74	0.39	18,53,191	1.17
30001 to 40000	56	0.29	20,15,837	1.27
40001 to 50000	28	0.15	12,70,660	0.80
50001 to 100000	55	0.29	41,55,828	2.62
100001 & above	131	0.68	13,73,46,488	86.68
Total	19205	100.00	15,84,54,508	100

Dematerialization of Shares and liquidity

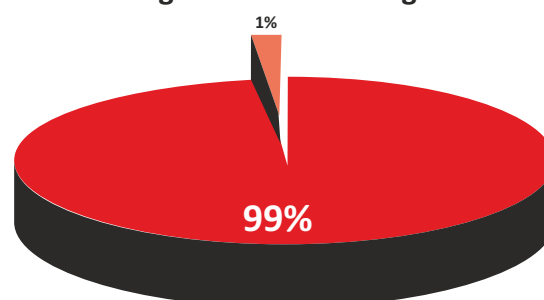
The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

During the financial year 2017-18, 1,44,619 shares were dematted. As on 31st March 2018, out of 15,84,54,508 shares, total shares in demat form is 15,63,27,182 shares and 21,27,326 shares in physical form. The dematted portion represents 98.66% shares of the company and 1.34% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26/6/2000 for all investors.

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

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

Elgi Demat Percentage



■ Demat ■ Physical

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**Mrs. Vaishnavi P.M**

Company Secretary

Elgi Equipments Ltd

Elgi Industrial Complex,

Trichy Road, Singanallur,

Coimbatore – 641 005.

e-mail : investor@elgi.com

Tel: 91- 422- 2589136, 2589187

Fax: 91-422-2573697

DISCLOSURES:

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

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

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

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

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

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

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

The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the company. Besides this the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or

not is placed before the Audit Committee for its perusal and comments.

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

The Company has complied with all the mandatory 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 <http://www.elgi.com/wp-content/uploads/Policy-on-Material-Subsidiaries.pdf>

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

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

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

During the financial year ended 31/03/2018, the Company did not engage in commodity hedging activities

- h) Disclosure on accounting treatment.

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

i) Disclosure on risk management

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

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

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

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 28th May, 2018 as required under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the

Company. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

CODE FOR PREVENTION OF INSIDER TRADING

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

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

DECLARATION FOR CODE OF CONDUCT

I hereby affirm and state that all Board Members and Senior Management personnel of the Company have given a declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2017-2018.

Place: Coimbatore

Date : 28/05/2018

Jairam Varadaraj

Managing Director

DIN:00058056

Certificate on Corporate Governance for the year ended 31/03/2018

To

The Members of M/s. Elgi Equipments Limited

Dear Sir,

I have examined the compliance conditions of Corporate Governance by M/s Elgi Equipments Limited (The Company) for the financial year ended March 31, 2018 as stipulated under The SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

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

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

Place: Coimbatore

Date : 28/05/2018

M D SELVARAJ

MDS & Associates

Company Secretaries in Practice

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

Group Performance for Ten Years

(₹. In Million)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Revenue from Operations	16,222	14,380	14,660	13,621	14,081	12,101	10,490	10,006	7,155	5,990
Total Income	16,345	14,501	14,751	13,945	14,172	12,263	10,637	10,124	7,179	6,036
Total Expenditure	14,489	12,989	13,453	12,737	13,088	11,106	9,389	8,644	6,175	5,300
PBDIT	1,856	1,513	1,299	1,208	1,084	1,157	1,248	1,480	1,004	736
Depreciation / Amortisation	447	446	436	366	262	182	135	115	108	90
Interest Income(+)/Expenditure(-)	(60)	(78)	(122)	(158)	(97)	(45)	(7)	(4)	44	8
Profit Before Tax	1,350	989	741	684	725	931	1,106	1,361	940	654
Income Tax	413	264	244	203	269	329	350	472	361	247
Share of profit from Associates & Joint ventures	16	16	13	-	-	-	-	-	-	-
Profit After Tax	953	740	509	481	455	602	756	890	579	407
Dividend (%)	120	100	100	100	100	100	100	100	200	130
Capital Employed (LT)	7,492	7,035	6,853	6,622	6,781	6,534	3,976	3,383	2,648	1,967
Net Worth	6,889	6,069	5,462	4,934	4,636	4,336	3,976	3,383	2,621	1,967
Total Loan Funds	603	966	1,391	1,688	2,145	2,198	-	-	28	-
Net Block incl. Capital WIP	4,478	4,445	4,683	4,643	4,772	3,726	1,162	904	731	666
Investments	91	102	60	148	149	149	149	173	143	143
Current Assets	7,760	6,354	6,198	6,706	6,484	6,332	4,819	4,581	4,270	2,526
Current Liabilities	4,972	3,931	4,079	4,728	4,696	3,823	2,196	2,329	2,497	1,372
Net Working Capital	2,788	2,424	2,119	1,978	1,788	2,509	2,624	2,252	1,773	1,154
Total Assets	12,644	11,163	11,208	11,668	11,758	10,549	6,216	5,746	5,133	3,310

Notes:

1. Revenue from operations for 2017-18 is not comparable with the previous year as the figure for 2017-18 excludes GST recovered from July 1, 2017, but, includes excise duty paid up to June 30, 2017.
2. Total Income and total expenditure include Exceptional Items.
3. 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	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
OPERATIONAL PERFORMANCE								
Material Consumption ratio (%)	56.75	55.43	55.94	56.03	58.26	59.45	61.63	59.94
Personnel expenses (%)	17.64	18.66	18.42	19.16	17.40	14.37	11.10	9.77
Other Expenses ratio (%)	15.24	16.41	17.16	18.52	17.56	17.73	16.30	15.43
Interest component ratio (%)	0.37	0.57	0.88	1.21	0.73	0.39	0.07	0.04
Depreciation component ratio (%)	2.80	3.28	3.13	2.80	1.96	1.60	1.37	1.23
Tax component ratio (%)	2.53	1.82	1.66	1.48	1.90	2.68	3.29	4.66
Other Income / Total Income (%)	1.40	1.52	1.08	1.19	1.25	1.60	1.57	1.36
Sales (net) per employee (Rs. in million)	7.90	6.78	7.00	6.50	6.54	5.99	5.90	5.90
FINANCIAL STRUCTURING								
Long Term Debt Equity Ratio	0.09	0.16	0.25	0.34	0.46	0.51	-	-
Net Working Capital / Total Assets	0.36	0.34	0.31	0.29	0.25	0.37	0.65	0.66
Investments / Total Assets	0.01	0.01	0.01	0.02	0.02	0.02	0.04	0.05
Inventory / Current Assets	0.35	0.36	0.36	0.40	0.39	0.37	0.25	0.25
Trade Receivables/ Current Assets	0.44	0.38	0.41	0.36	0.37	0.35	0.27	0.25
LIQUIDITY								
Current Ratio	1.56	1.62	1.52	1.42	1.38	1.66	2.20	1.97
Liquidity Ratio	1.01	1.04	0.97	0.86	0.84	1.05	1.65	1.47
EFFICIENCY								
Current Assets Turnover Ratio (CATR)	2.26	2.17	2.08	1.98	2.09	2.04	2.10	2.12
Average Current Assets - no. of days	162	168	176	185	175	179	174	173
Average Inventory - No. of days								
RM & Components	43	47	50	57	53	50	47	44
WIP	5	7	6	7	9	9	6	5
Finished Goods	29	29	32	33	26	18	8	7
Trade Receivables turnover ratio (DTR)	5.50	5.69	5.83	5.57	5.99	6.77	8.45	9.67
Trade Receivables - no of days of net sales	66	64	63	66	61	54	43	38
Trade Creditors' Turnover Ratio (TCTR)	4.93	4.35	4.36	4.10	4.57	5.63	7.16	5.63
Trade Creditors - no of days	74	84	84	89	80	65	51	65
Capital Turnover Ratio	2.20	1.96	2.04	1.95	2.01	2.16	2.68	3.10
Net Fixed Assets Turnover Ratio (NFATR)	3.57	2.98	3.08	3.09	3.89	5.60	10.08	11.85
PROFITABILITY								
Gross Profit Margin (%)	11.53	10.43	9.10	7.17	7.65	9.43	11.74	14.62
PBIT Margin (%)	8.79	7.35	6.15	4.51	5.80	7.95	10.47	13.48
Pre-tax Profit Margin (%)	8.43	6.82	5.11	4.98	5.11	7.59	10.40	13.45
Net Profit Margin (%)	5.83	5.10	3.45	3.51	3.21	4.91	7.10	8.79
Post Tax Margin from Operations (%)	5.44	4.79	3.21	1.94	2.57	4.18	6.51	8.55
ROCE (%)	19.78	15.36	13.29	9.23	12.35	18.56	30.25	45.26
SHAREHOLDER'S EARNINGS								
RONW (%)	14.71	12.83	9.64	5.38	10.15	14.48	20.54	29.64
Earnings Per Share (current equity)	6.02	4.67	3.22	3.04	2.87	3.80	4.77	5.62
Dividend Per Share (₹)	1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dividend Payout Ratio (%)	19.96	21.41	31.11	32.94	34.79	26.33	20.97	17.81
Price Earnings Ratio (current equity)	45.67	45.29	40.23	51.57	34.48	20.86	15.68	15.98
Dividend Yield	0.44	0.47	0.77	0.64	1.01	1.26	1.34	1.11
Dividend to Net Worth Ratio (%)	2.76	2.61	2.90	3.21	3.42	3.65	3.98	4.68
Book Value per share (₹)	43.51	38.33	34.50	31.14	29.26	27.36	25.09	21.35

Note: Net Profit Margin Includes Exceptional Items

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ELGI EQUIPMENTS LIMITED**Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of Elgi Equipments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information in which are included the financial information of two joint operations.

Management's Responsibility for the Standalone Ind AS Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act

and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

9. We did not audit the Ind AS financial statements of two joint operations included in the standalone Ind AS financial statements of the Company, which constitute Company's share of total assets of ₹ 125.44 million and net assets of ₹ 124.28 million as at March 31, 2018, total revenue of ₹ NIL, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.81 million and net cash flows amounting to ₹ 0.12 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 Ind AS financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

10. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 09, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. 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 accounts 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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2018 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 42;
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2018 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 during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 28, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018

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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 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, 2018, based on the internal controls over

financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Coimbatore
Date : May 28, 2018

Baskar Pannerselvam
Partner
Membership Number: 213126

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the Standalone Ind AS financial statements as of and for the year ended March 31, 2018

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

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

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

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

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

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

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

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

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
- (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, 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, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount In millions (₹)	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/Penalty/Interest	3.79	FY 2007-13	Customs Excise
Finance Act, 1994	Service tax/Penalty/Interest	2.44	FY 2006-07	Service Tax Appellate Tribunal
Finance Act, 1994	Service tax/Penalty/Interest	4.50	FY 2011-12	Deputy Commissioner
The Central Sales Tax Act, 1956	Central Sales Tax	3.81	FY 2006-07	Commissioner of Service Tax (Appeals)
The Central Sales Tax Act, 1956	Central Sales Tax	5.31	FY 2011-12	Central Sales Tax Appellate Tribunal
The Central Sales Tax Act, 1956	Central Sales Tax	25.60	FY 2012-15	Honourable High Court of Madras
Tamil Nadu Value Added Tax Act, 2006	VAT	11.27	FY 2004-05, 2008-09, 2013-14	Joint Commissioner (CT), Appeals
				Honourable High Court of Madras

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The Company has not issued any debentures.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of 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

Place : Coimbatore
Date : May 28, 2018

Baskar Pannerselvam
Partner
Membership Number: 213126

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Balance Sheet as at March 31, 2018

Particulars	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,162.11	2,368.35
Capital work-in-progress	3	5.95	2.58
Investment properties	4	56.53	57.24
Other intangible assets	3	45.57	19.21
Intangible assets under development	3 (iv)	9.35	-
Financial assets			
(i) Investments	5	1,559.23	1,376.33
(ii) Loans	6	54.76	40.52
(iii) Other financial assets	7	44.00	32.13
Current tax assets (Net)	8	13.61	15.50
Other non-current assets	9	59.37	17.12
Total non-current assets		4,010.48	3,928.98
Current Assets			
Inventories	10	1,185.52	1,003.73
Financial assets			
(i) Trade receivables	11	2,534.24	1,592.60
(ii) Cash and cash equivalents	12	246.25	424.87
(iii) Bank balances other than (ii) above	13	365.18	112.13
(iv) Loans	14	151.24	144.04
(v) Other Financial Assets	15	44.94	27.67
Other current assets	16	339.86	430.04
Total current assets		4,867.23	3,735.08
Total assets		8,877.71	7,664.06
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	17	158.45	158.45
Other equity	18	5,841.18	5,249.88
Total equity		5,999.63	5,408.33
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	19	3.60	-
Provisions	20	33.87	35.91
Deferred tax liabilities (Net)	21	54.48	91.44
Government grants	22	31.52	38.74
Total non-current liabilities		123.47	166.09

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Balance Sheet as at March 31, 2018 (Continued)

Particulars	Note	March 31, 2018	March 31, 2017
Current liabilities			
Financial liabilities			
(i) Borrowings	23	853.11	484.91
(ii) Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		157.50	133.34
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,249.84	1,002.55
(iii) Other financial liabilities	25	270.52	214.34
Provisions	26	106.43	113.70
Government grants	22	8.26	8.26
Other current liabilities	27	108.95	132.54
Total current liabilities		2,754.61	2,089.64
Total liabilities		2,878.08	2,255.73
Total equity and liabilities		8,877.71	7,664.06

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126Place: Coimbatore
Date: May 28, 2018Place: Coimbatore
Date: May 28, 2018

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	28	10,382.64	9,487.14
Other income	29	171.85	143.05
Total Income		10,554.49	9,630.19
Expenses			
Cost of materials consumed	30	5,024.26	4,216.37
Purchases of stock-in-trade	31	984.67	913.98
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	32	(25.35)	22.25
Excise duty expenses		145.02	570.00
Employee benefits expenses	33	1,382.01	1,179.59
Finance costs	34	16.59	12.24
Depreciation and amortisation expenses	35	364.90	368.36
Other Expenses	36	1,558.92	1,464.69
Total Expenses		9,451.02	8,747.48
Profit Before exceptional items and tax		1,103.47	882.71
Exceptional Items	45	(27.44)	-
Profit Before tax		1,076.03	882.71
Tax expense	37		
- Current tax		347.70	173.38
- Deferred Tax		(40.41)	25.50
Profit for the year		768.74	683.83
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	18 (g)	(10.32)	41.80
Remeasurement of post-employment benefit obligations	18 (e)	20.49	(25.11)
Income tax relating to these items	18 (e)	(7.09)	8.69
Other comprehensive income for the year, net of tax		3.08	25.38
Total comprehensive income for the year		771.82	709.21
Earnings per equity share	47		
Nominal value of the shares		1.00	1.00
(1) Basic		4.86	4.32
(2) Diluted		4.86	4.32

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

For and on behalf of the Board

JAIRAM VARADARAJ

Managing Director

DIN: 00058056

N. MOHAN NAMBIAR

Director

DIN: 00003660

VAISHNAVI P. M.

Company Secretary

S. SRIRAM

Chief Financial Officer

As per our report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

BASKAR PANNERSELVAM

Partner

Membership No: 213126

Place: Coimbatore

Date: May 28, 2018

Place: Coimbatore

Date: May 28, 2018

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

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

	Notes	Amounts
Balance as at April 1, 2016	17	158.45
Changes in equity share capital during the year		-
Balance as at March 31, 2017		158.45
Changes in equity share capital during the year	17	-
Balance as at March 31, 2018		158.45

2) Other equity

Description	Notes	Reserve and Surplus						Other Reserve			
		Capital Reserve	Statutory reserve	Securities Premium	General Reserve	Treasury Stock	Retained earnings	Total	FVOCI-Equity instruments	Total	Total equity
Balance at April 1, 2016		181.41	5.49	409.37	1,140.60	(11.40)	2,952.93	4,678.40	42.41	42.41	4,720.81
Profit for the year	18	-	-	-	-	-	683.83	683.83	-	-	683.83
Other Comprehensive Income	18	-	-	-	-	-	(16.42)	(16.42)	41.80	41.80	25.38
Total Comprehensive Income for the year		-	-	-	-	-	667.41	667.41	41.80	41.80	709.21
Others		-	-	-	-	-	0.38	0.38	-	-	0.38
Transfer to General Reserve	18	-	-	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners:											
Dividend Paid (including dividend distribution tax)	40	-	-	-	-	-	(180.52)	(180.52)	-	-	(180.52)
Balance at March 31, 2017		181.41	5.49	409.37	1,140.60	(11.40)	3,440.20	5,165.67	84.21	84.21	5,249.88
Balance at April 1, 2017		181.41	5.49	409.37	1,140.60	(11.40)	3,440.20	5,165.67	84.21	84.21	5,249.88
Profit for the year	18	-	-	-	-	-	768.74	768.74	-	-	768.74
Other Comprehensive Income	18	-	-	-	-	-	13.40	13.40	(10.32)	(10.32)	3.08
Total Comprehensive Income for the year		-	-	-	-	-	782.14	782.14	(10.32)	(10.32)	771.82
Transactions with owners in their capacity as owners:											
Dividend Paid (including dividend distribution tax)	40	-	-	-	-	-	(180.52)	(180.52)	-	-	(180.52)
Balance at March 31, 2018		181.41	5.49	409.37	1,140.60	(11.40)	4,041.82	5,767.29	73.89	73.89	5,841.18

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126Place: Coimbatore
Date: May 28, 2018Place: Coimbatore
Date: May 28, 2018

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of cash flows

Particulars	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Profit before income tax	1,076.03	882.71
<i>Adjustments for:</i>		
Depreciation and amortisation expense	364.90	368.36
Provision for bad and doubtful debts	11.71	11.43
Gain on disposal of property, plant and equipment	(1.03)	(0.46)
Rental Income from Investment property (net of expenses)	(19.33)	(16.81)
Amortisation of government grants	(8.27)	(8.85)
Dividend and interest income classified as investing cash flows	(95.33)	(90.03)
Finance costs	16.59	12.24
Impairment of investments	28.19	-
Change in operating assets and liabilities		
Increase in trade receivables	(953.35)	(5.82)
Increase in inventories	(181.79)	(26.03)
Increase/(decrease) in trade payables	271.45	(21.75)
Increase in other financial assets	(24.27)	(7.29)
(Increase)/decrease in other current assets	90.18	(68.72)
Increase/(decrease) in provisions	17.58	(24.67)
Increase in other financial liabilities	56.08	29.12
Decrease in other current liabilities	(23.60)	(6.55)
Cash generated from operations	625.74	1,026.88
Income taxes paid	(349.45)	(157.69)
Net cash inflow from operating activities	276.29	869.19
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(234.66)	(191.66)
Investments in subsidiaries and joint ventures	(227.08)	(203.00)
Investment in bank deposits	(253.05)	(10.88)
Rental Income from Investment property (net of expenses)	19.33	16.81
Loans to employees and subsidiaries	(21.44)	(70.68)
Proceeds from sale of property, plant and equipment	1.06	0.83
Dividends received	60.78	58.37
Interest received	28.95	25.21
Net cash outflow from investing activities	(626.11)	(375.00)

Standalone Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of cash flows (Continued)

Particulars	March 31, 2018	March 31, 2017
Cash flows from financing activities		
Loans borrowed /(repayment) from/to banks and related parties (net)	368.20	(153.06)
Dividends paid to company's shareholders	(157.97)	(158.30)
Interest paid	(16.85)	(15.56)
Dividend Tax paid	(22.18)	(22.18)
Net cash inflow/(outflow) from financing activities	171.20	(349.10)
Net increase/(decrease) in cash and cash equivalents	(178.62)	145.09
Cash and cash equivalents at the beginning of the financial year	424.87	279.78
Cash and cash equivalents at end of the year	246.25	424.87

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126Place: Coimbatore
Date: May 28, 2018Place: Coimbatore
Date: May 28, 2018

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

(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.

(ii) Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted. Accordingly, the Company shall be adopting the said rules from April 1, 2018.

Ind AS 115, Revenue from contracts with customers

Nature of change : Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices. A new five-step process must be applied 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.

The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact : The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

Nature of change : The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised

(a) on or after the beginning of the reporting period in which the appendix is first applied (i.e. April 1, 2018 for entities with March year-end); or

(b) from the beginning of a prior reporting period presented as comparative information (i.e. April 1, 2017 for entities with March year-end).

Impact : The Company is in the process of assessing the detailed impact of Appendix B to Ind AS 21.

Amendments to Ind AS 40 Investment property - Transfers of investment property

Nature of change : The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The amendment provides two transition options. Entities can choose to apply the amendment:

- Retrospectively without the use of hindsight; or
- Prospectively to changes in use that occur on or after the date of initial application (i.e. 1 April 2018 for entities with March year-end). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

Impact : Management has assessed the effects of the amendment on classification of existing property at April 1, 2018 and concluded that no reclassifications are required.

Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

Nature of change: The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the company.

(iii) Historical cost convention

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

- a) certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- b) defined benefit plans — plan assets measured at fair value.

(iv) Amended standards adopted by the Company

The amendments to Ind AS 7 require disclosures of changes in liabilities arising from financing activities, see note 23.

(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 50.

(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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

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

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

(iii) Foreign operations

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

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions), and
- all resulting foreign exchange differences are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as a part of the gain or loss on sale.

The results and financial position of foreign operation which have a functional currency similar to the company are translated using the same principle enumerated in note 1(d)(ii) above.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Amounts disclosed as revenue are inclusive of excise duty till June 30, 2017 and net of returns, trade allowances, rebates, value added taxes, goods and services tax and amount collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

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

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

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

(f) Government grants

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

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

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

(g) Income taxes

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and 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.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

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

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

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

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

(h) Leases

As a lessee

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

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

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over

the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(i) Impairment of assets

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

(j) Cash and cash equivalents

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

(k) Trade receivables

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

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

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

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

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

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

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

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

(ii) Measurement

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

Debt instruments

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

a) Amortised cost:

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

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are

taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/ (expense). Interest income from these financial assets is included in other income using the effective interest rate method.

c) Fair value through profit or loss:

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

Equity instruments

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

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

Impairment of financial assets

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

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

Derecognition of financial assets

A financial asset is derecognised only when

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

Income recognition**a) Interest income**

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

b) Dividends

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

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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

(n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts

and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

(o) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying 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.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income / (expense).

(p) Investment Properties

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

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.

(q) Intangible assets

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

(r) Research and Development

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

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

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

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

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

(s) Trade and other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12

months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(u) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(v) Financial guarantee contracts

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

37 and the amount initially recognised less cumulative amortisation, where appropriate.

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

Where guarantees in relation to loans or other payables of subsidiaries / joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(w) Provisions

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

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

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.

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

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

(ii) Other long-term employee benefit obligations

The liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period

that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund and Superannuation fund.

Gratuity obligations

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

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

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

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

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

Defined contribution plans

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

(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 terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) 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.

(z) 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.

(aa) Earnings Per Share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- a) the profit attributable to owners of the Company
- b) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 47).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(ab) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the

requirement of Schedule III, unless otherwise stated.

2 Critical estimates and judgements

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

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

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation	– Note 26(a)
Estimation of provision for warranty claims	– Note 26
Estimation of current tax expense and payable	– Note 37

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

3 Property, plant and equipment and Intangible assets

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Intangible Assets (Computer Softwares)	Total of Tangible and Intangible assets	Capital Work in Progress
Year ended March 31, 2017											
Gross Carrying Amount											
Opening gross carrying amount	231.95	974.01	1,579.43	14.51	91.84	1.53	14.75	2,908.02	20.26	2,928.28	5.16
Additions	1.62	30.65	130.36	6.87	8.16	-	0.49	178.15	9.06	187.21	175.57
Disposal	-	-	(17.20)	(0.40)	(0.89)	(0.10)	-	(18.59)	-	(18.59)	-
Transfers	-	-	-	-	-	-	-	-	-	-	(178.15)
Closing gross carrying amount	233.57	1,004.66	1,692.59	20.98	99.11	1.43	15.24	3,067.58	29.32	3,096.90	2.58
Accumulated depreciation											
Opening accumulated depreciation	-	123.48	183.92	5.58	36.52	0.29	5.08	354.87	5.04	359.91	-
For the year	-	110.15	219.03	6.43	22.95	0.26	3.76	362.58	5.07	367.65	-
Disposal	-	-	(16.93)	(0.37)	(0.82)	(0.10)	-	(18.22)	-	(18.22)	-
Closing accumulated depreciation	-	233.63	386.02	11.64	58.65	0.45	8.84	699.23	10.11	709.34	-
Net carrying amount	233.57	771.03	1,306.57	9.34	40.46	0.98	6.40	2,368.35	19.21	2,387.56	2.58
Year Ended March 31, 2018											
Gross carrying amount											
Opening gross carrying amount	233.57	1,004.66	1,692.59	20.98	99.11	1.43	15.24	3,067.58	29.32	3,096.90	2.58
Additions	-	12.29	121.29	3.73	6.63	2.37	0.80	147.11	37.23	184.34	150.48
Disposal	-	-	(1.83)	(0.23)	(0.67)	-	-	(2.73)	-	(2.73)	-
Transfers	-	-	-	-	-	-	-	-	-	-	(147.11)
Closing gross carrying amount	233.57	1,016.95	1,812.05	24.48	105.07	3.80	16.04	3,211.96	66.55	3,278.51	5.95
Accumulated depreciation											
Opening accumulated depreciation	-	233.63	386.02	11.64	58.65	0.45	8.84	699.23	10.11	709.34	-
For the year	-	100.10	227.65	5.44	17.15	0.44	2.54	353.32	10.87	364.19	-
Disposal	-	-	(1.80)	(0.23)	(0.67)	-	-	(2.70)	-	(2.70)	-
Closing accumulated depreciation	-	333.73	611.87	16.85	75.13	0.89	11.38	1,049.85	20.98	1,070.83	-
Net carrying amount	233.57	683.22	1,200.18	7.63	29.94	2.91	4.66	2,162.11	45.57	2,207.68	5.95

Note**i) Property, plant and equipment pledged as security**

Refer note 48 for information on property, plant and equipment pledged as security by the company.

ii) Contractual obligations

Refer to note 43 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Capital work-in-progress

Capital work-in-progress mainly comprises improvements in building & additions to plant & machinery.

iv) Intangible Assets under development

Intangibles assets under development amounting to ₹ 9.35 million for the year ended March 31, 2018 mainly comprises of software under development.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

4 Investment properties

Particulars	March 31, 2018			March 31, 2017		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Additions	-	-	-	-	-	-
Closing gross carrying amount	46.25	12.53	58.78	46.25	12.53	58.78
Accumulated depreciation						
Opening accumulated depreciation	-	1.54	1.54	-	0.83	0.83
Depreciation charge for the year	-	0.71	0.71	-	0.71	0.71
Closing accumulated depreciation	-	2.25	2.25	-	1.54	1.54
Net carrying amount	46.25	10.28	56.53	46.25	10.99	57.24

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

Particulars	March 31, 2018	March 31, 2017
Rental income	20.13	17.49
Direct operating expenses from property that generated rental income	(0.80)	(0.68)
Profit from investment properties before depreciation	19.33	16.81
Depreciation	(0.71)	(0.71)
Profit from investment property	18.62	16.10

(ii) Fair value

Particulars	March 31, 2018			March 31, 2017		
	Land	Building	Total	Land	Building	Total
Investment property	493.12	10.28	503.40	736.25	10.99	747.24

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 has been revised by the Government of Tamil Nadu with effect from June 9, 2017.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

5. Financial Assets-Non current investments

Particulars	No.of Shares	Face Value Per Share	March 31, 2018	March 31, 2017
(i) Investments in equity instruments (fully paid-up) (Unquoted) At cost				
Investment in Subsidiaries (wholly owned)				
ATS Elgi Limited	9,000	Rs.10/-	180.90	180.90
Elgi Gulf-FZE	150,000	Dhs.1/-	1.78	1.78
Elgi Equipments (Zhejiang) Limited			450.23	416.48
Less :Impairment			(450.23)	(416.48)
Elgi Compressors Trading (Shanghai) Co.Limited			28.68	28.68
Less :Impairment			(28.68)	(28.68)
SAS Belair - France			-	19.66
Less :Impairment			-	(19.66)
Elgi Compressor Do Brasil Imp.E.EXP.LTDA	356,440	Brl.1/-	-	-
Elgi Equipments Australia Pty Limited	100		3.53	3.53
Elgi Compressors Europe S.R.L.	2,555,000	Euro.1/-	276.88	215.57
Elgi Compressors USA Inc.	1,000		890.99	761.86
(common stock without par value)				
PT Elgi Equipments Indonesia (Share 99.71%)			19.00	19.00
Ergo Design Private Limited	10,000	Re.1/-	0.10	0.10
Adisons Precision Instruments Manufacturing Company Limited	743,350	Rs.10/-	89.06	89.06
Investment in Joint Ventures				
Elgi Sauer Compressors Ltd [Share 26%]	168,994	Rs.10/-	1.69	1.69
(ii) Investment in Limited Liability Partnership At cost				
Industrial Air Solutions LLP (Refer Note:41 (a) (ii))			4.00	1.10

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

5. Financial Assets-Non current investments (continued)

Particulars	No. of Shares	Face Value Per Share	March 31, 2018	March 31, 2017
(iii) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	Rs.10/-	0.34	0.21
State Bank of India	3,600	Re.1/-	0.90	1.05
HDFC Bank Limited	2,500	Rs.2/-	4.73	3.61
HDFC Limited	12,000	Rs.2/-	21.89	18.03
Magna Electro Castings Ltd	80,000	Rs.10/-	12.99	13.92
Rajshree Sugars & Chemicals Ltd	229,000	Rs.10/-	6.92	14.26
Pricol Ltd	94,245	Re.1/-	8.11	7.47
L.G.Balakrishnan & Bros.Ltd.	2,496	Rs.10/-	2.67	1.55
LGB Forge Limited	18,720	Re.1/-	0.06	0.13
Elgi Rubber Company Limited	763,700	Re.1/-	32.69	41.51
(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	Rs.50/-	0.00	0.00
			1,559.23	1,376.33
Aggregate amount of quoted investments and market value thereof			91.30	101.74
Aggregate amount of unquoted investments			1,467.93	1,274.59
Aggregate amount of impairment in the value of investments			478.91	464.82

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
6 Loans (Non-current)		
Unsecured, considered good		
Loans to employees	54.76	40.52
	54.76	40.52
7 Other financial assets		
Security Deposits	44.00	32.13
	44.00	32.13
8 Current tax assets (Net)		
Opening Balance	15.50	(5.33)
Add: Tax Paid	349.45	157.69
Less : Current tax payable for the year	(354.79)	(164.69)
Add: MAT Credit Utilised	3.45	27.83
	13.61	15.50
9 Other non-current assets		
Capital Advances	59.37	17.12
	59.37	17.12
10 Inventories		
(a) Raw materials and components*	692.42	573.74
(b) Work-in-progress	82.26	99.61
(c) Finished goods	252.66	255.22
(d) Stock-in-trade*	99.93	15.33
(e) Stores and spares (including packing materials)	29.49	15.90
(f) Loose Tools	28.76	43.93
	1,185.52	1,003.73
*Include goods in-transit, ₹ 72.06 million and Nil as on March 31, 2018 and March 31, 2017 respectively. Note: Raw materials, Work-in-progress and Finished goods include R&D inventory also.		
11 Trade receivables		
Unsecured, considered good	2,534.24	1,592.60
Doubtful	9.01	42.45
	2,543.25	1,635.05
Less: Allowance for doubtful debts	(9.01)	(42.45)
	2,534.24	1,592.60

Note: For receivables from related parties refer Note 41

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
12 Cash and cash equivalents		
(a) Cash on hand	0.05	0.14
(b) Cheques, drafts on hand	0.57	10.43
(c) Balance with banks		
- In current accounts	226.24	65.02
- In EEFC accounts	13.71	8.32
- In deposit accounts (with original maturity of 3 months or less)	-	335.65
- In unclaimed dividend account*	5.68	5.31
	246.25	424.87
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods except in respect of balances in unclaimed dividend account. *Earmarked for payment of unclaimed dividend		
13 Other bank balances		
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	365.18	112.13
	365.18	112.13
*Includes margin money deposit	100	100
14 Loans (Current)		
Unsecured, considered good		
Loan to subsidiaries (refer note 41 & 51)	97.24	98.21
Loan to employees	54.00	45.83
	151.24	144.04
Doubtful		
Loan to subsidiaries (refer note 41 & 51)	73.56	73.56
	224.80	217.60
Less: Allowance for doubtful loans	(73.56)	(73.56)
	151.24	144.04

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 41 & 51)

Particulars	March 31, 2018	March 31, 2017
15 Other Financial Assets		
Derivatives not designated as hedges		
Derivative Instruments	0.26	-
Others		
Interest accrued	24.33	18.73
Others	20.35	8.94
	44.94	27.67

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
16 Other Current Assets		
Income / refund receivable	68.31	67.72
Prepaid expenses	75.27	30.66
Balance with Government authorities	27.06	98.98
Rent advances	9.87	9.20
Advance to suppliers	65.23	112.85
Others	94.12	110.63
	339.86	430.04

17 Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
As at April 1, 2016	300	300
Increase during the year	-	-
As at March 31, 2017	300	300
Increase during the year	-	-
As at March 31, 2018	300	300

(ii) Issued, Subscribed and fully paid up:

Particulars	Number of shares (in millions)	Equity share capital (par value)
Equity shares of ₹ 1 each		
As at April 1, 2016	158.45	158.45
Increase during the year	-	-
As at March 31, 2017	158.45	158.45
Increase during the year	-	-
As at March 31, 2018	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 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, 2018, the amount of dividend per share recognized as distributions to equity shareholders is Re. 1/- (March 31, 2017: Re. 1/-).

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

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	25,859,390	16.32%	25,509,390	16.10%
SBI Contra Fund	13,977,243	8.82%	14,377,243	9.07%
Mr. Jairam Varadaraj	13,810,478	8.72%	14,160,478	8.94%
Pari Washington India Master Fund, Ltd.	8,765,714	5.53%	8,765,714	5.53%
Gagandeep Credit Capital Pvt. Limited	8,152,575	5.15%	8,152,575	5.15%

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
18 Other Equity		
Reserves & Surplus:		
Capital reserve	181.41	181.41
Securities premium reserve	409.37	409.37
Statutory reserve	5.49	5.49
General reserve	1,140.60	1,140.60
Retained earnings	4,041.82	3,440.20
Treasury Stock	(11.40)	(11.40)
Other Reserves:		
FVOCI - Equity instruments	73.89	84.21
	5,841.18	5,249.88

Particulars	March 31, 2018	March 31, 2017
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	1,140.60	1,140.60
Additions during the year	-	-
Deductions / Adjustments during the year	-	-
Closing balance	1,140.60	1,140.60

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
e) Retained earnings		
Opening balance	3,440.20	2,952.93
Net profit for the year	768.74	683.83
<i>Item of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurement of post-employment benefit obligation, net of tax	13.40	(16.42)
MAT Credit entitlement of earlier years	-	0.38
<i>Appropriations</i>		
General Reserve	-	-
Dividend on equity shares (including dividend distribution tax)	(180.52)	(180.52)
Closing balance	4,041.82	3,440.20
f) Treasury Stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions / Adjustments during the year	-	-
Closing balance	(11.40)	(11.40)
g) Other Reserves		
FVOCI - Equity instruments		
Opening balance	84.21	42.41
Additions during the year	(10.32)	41.80
Deductions / Adjustments during the year	-	-
Closing balance	73.89	84.21

Nature and purpose of other reserves**Capital reserve**

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

Securities Premium

Securities premium reserve 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

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 shares of the Company held by its joint operations.

FVOCI equity investments

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
19 Other Financial liabilities (Non-Current)		
Capital Creditors	3.60	-
	3.60	-
20 Provisions (Non-current)		
Provision for compensated absences (Refer note 26(a))	33.87	35.91
	33.87	35.91
21 Deferred Tax Liabilities (Net)		
Depreciation	104.40	131.29
<i>Set-off of deferred tax assets in relation to:</i>		
Provision for compensated absences	(13.50)	(13.56)
Provision for Warranty	(27.03)	(16.65)
Allowance for doubtful debts	(3.12)	(3.00)
MAT Credit entitlement	-	(3.45)
Other timing differences	(6.27)	(3.19)
	54.48	91.44

Movements in deferred tax liabilities:

Particulars	Depreciation	Provision for compensated absences	Provision for Warranty	Allowance for doubtful debts	MAT Credit entitlement	Other timing differences	Total
At April 1, 2016	153.92	(9.78)	(22.68)	(51.79)	(31.28)	(0.28)	38.11
MAT credit adjusted against current tax payable	-	-	-	-	27.83	-	27.83
(Charged) / credited:							
- to profit or loss	(22.63)	(3.78)	6.03	48.79	-	(2.91)	25.50
- to other comprehensive income	-	-	-	-	-	-	-
At March 31, 2017	131.29	(13.56)	(16.65)	(3.00)	(3.45)	(3.19)	91.44
MAT credit adjusted against current tax payable	-	-	-	-	3.45	-	3.45
(Charged)/credited:							
- to profit or loss	(26.89)	0.06	(10.38)	(0.12)	-	(3.08)	(40.41)
- to other comprehensive income	-	-	-	-	-	-	-
At March 31, 2018	104.40	(13.50)	(27.03)	(3.12)	-	(6.27)	54.48

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
22 Government Grants		
Opening Balance	47.00	55.85
Grants during the year	1.05	-
Less: Released to profit or loss	(8.27)	(8.85)
	39.78	47.00
Non-Current Portion	31.52	38.74
Current Portion	8.26	8.26
23 Borrowings (Current)		
Loans		
Secured		
- from Banks	853.11	484.91
	853.11	484.91

Secured borrowings and assets pledged as security:

- (a) The borrowings from banks as at March 31, 2018 and March 31, 2017 are secured by charges on assets as disclosed on note 48.
- (b) The borrowings of the Company comprise of packing credit facility from Banks. The Borrowings from Bank are repayable within 180 days from the date of borrowing and carry an interest rate of LIBOR/ EURIBOR plus 30 to 50bps.

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	March 31, 2018	March 31, 2017
Current borrowings	23	853.11	484.91
Interest accrued but not due on borrowings	25	-	0.26
		853.11	485.17
Net debt as at March 31, 2017		485.17	
Cash flows arising from principal payments		368.20	
Interest expense		16.59	
Interest paid		(16.85)	
Net debt as at March 31, 2018		853.11	

Particulars	March 31, 2018	March 31, 2017
24 Trade payables		
Due To Micro, Small and Medium Enterprises (Refer Note 46)	157.50	133.34
Others	1,249.84	1,002.55
	1,407.34	1,135.89

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

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
25 Other Financial liabilities		
Derivatives not designated as hedges		
Derivative Instruments	-	1.39
Others		
Interest accrued but not due on borrowings	-	0.26
Unclaimed dividends	5.68	5.31
Dealer deposits	20.34	20.46
Employee benefit expenses payable*	204.53	175.38
Others	39.97	11.54
	270.52	214.34
*includes provision for compensated absences amounting to ₹ 36.51 million and ₹ 36.45 million as on March 31, 2018 and March 31, 2017 respectively (Refer note- 26(a))		
26 Provisions		
Provision for Warranty	78.99	67.87
Provision for Financial Guarantee	-	6.40
Provision for Gratuity (Refer Note 26(a))	27.44	39.43
	106.43	113.70

(i) Information about individual provisions and significant estimates**Provision for Warranty**

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year and therefore the time value of money not being material, no adjustment has been warranted. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Provision for Financial Guarantee

The Company has provided financial guarantee to lenders of money to its subsidiaries. In accordance with the expected credit loss model prescribed under Ind AS, the Management had recognised a provision for these guarantees based on its best estimate of the outflow expected to be paid in the event such guarantees are invoked by the respective lenders. These guarantees had been funded during the year.

(ii) Movements in provisions

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

Particulars	Provision For Warranty	Provision for Financial Guarantee
As at April 1, 2017	67.87	6.40
Additional provisions recognised	78.99	-
Amounts used during the year	(67.87)	(6.40)
As at March 31, 2018	78.99	-

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

26 (a) Employee benefit obligations**(i) Leave obligations**

The leave obligations cover the Company's liability for earned leave.

The total provision for compensated absences amounts to ₹ 70.38 million and ₹ 72.36 million for March 31, 2018 & March 31, 2017 respectively.

The provision amount of ₹ 36.51 million (March 31, 2017: ₹ 36.45 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 ₹ 68.84 million (March 31, 2017- ₹ 57.11 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
April 1, 2016	167.76	129.38	38.38
Current service cost	12.75	-	12.75
Past service cost	-	-	-
Interest expense/(income)	12.98	11.40	1.58
Total amount recognised in profit or loss	25.73	11.40	14.33
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in assumptions	-	-	-
Experience (gains)/losses	25.35	0.24	25.11
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	25.35	0.24	25.11
Employer contributions	-	38.39	(38.39)
Benefit payments	(8.47)	(8.47)	-
March 31, 2017	210.37	170.94	39.43

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	Present value of obligation	Fair value of plan assets	Total
April 1, 2017	210.37	170.94	39.43
Current service cost	16.35	-	16.35
Past service cost	29.90	-	29.90
Interest expense/(income)	14.72	13.22	1.50
Total amount recognised in profit or loss	60.97	13.22	47.75
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	(19.77)	0.72	(20.49)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	(19.77)	0.72	(20.49)
Employer contributions	-	39.25	(39.25)
Benefit payments	(18.83)	(18.83)	-
March 31, 2018	232.74	205.30	27.44

The net liability disclosed above related to funded plans is as follows:

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligations	232.74	210.37
Fair value of plan assets	205.30	170.94
Deficit of funded plan	27.44	39.43

(iv) Post-employment benefits

The significant actuarial assumptions were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.71%	7.30%
Rate of increase in compensation levels	7.75%	9.00%
Attrition Rate	3.00%	3.00%
Expected rate of return on Plan Assets	7.71%	7.30%

(v) Sensitivity Analysis

Particulars	March 31, 2018	March 31, 2017
A. Discount Rate + 50 BP	8.21%	7.80%
Defined Benefit Obligation [PVO]	223.00	201.36
Current Service Cost	18.35	14.65
B. Discount Rate - 50 BP	7.21%	6.80%
Defined Benefit Obligation [PVO]	243.19	221.62
Current Service Cost	20.59	16.67
C. Salary Escalation Rate +50 BP	8.25%	9.50%
Defined Benefit Obligation [PVO]	243.33	219.07
Current Service Cost	20.60	16.11
D. Salary Escalation Rate -50 BP	7.25%	8.50%
Defined Benefit Obligation [PVO]	222.78	203.31
Current Service Cost	18.32	15.10

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

(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, 2018	March 31, 2017
Funds managed by LIC of India	100.00%	100.00%

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vii) Risk exposure

The Company operates the Gratuity Plan through Elgi Equipments Gratuity Fund which invests in Life Insurance Corporation of India.

Asset Volatility: A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the Company is not exposed to the risk of asset volatility as at the balance sheet date.

Changes in bond yield: A decrease in bond yield will increase plan liabilities, although this will be partially offset by an increase in value of plan's bond holdings.

Inflation Risk: In the pension plans, the pensions in the payment are not linked to inflation, so this is a less material risk.

(viii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 9.52 years (March 31, 2017 – 10.49 years).

The following are the expected benefit payments in future.

Particulars	March 31, 2018	March 31, 2017
Within next 12 months (next annual reporting period)	8.16	9.12
Between 1 to 2 years	27.81	14.33
Between 2 to 5 years	58.57	47.94
Beyond 5 years	125.21	111.32
	219.75	182.71

Particulars	March 31, 2018	March 31, 2017
27 Other Current Liabilities		
Advances received from customers	84.17	114.41
Statutory payable	23.28	16.63
Rental advances received	1.50	1.50
	108.95	132.54

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
28 Revenue from Operations		
Sale of products (including excise duty) (refer note below)	10,243.08	9,285.22
Sale of services	37.53	115.97
Other operating revenues	102.03	85.95
	10,382.64	9,487.14

Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

Particulars	March 31, 2018	March 31, 2017
29 Other Income		
Interest Income - Bank Deposits	18.92	19.70
Interest Income - Others	15.63	11.96
Dividend Income (refer (i) below)	60.78	58.37
Miscellaneous Income (Net)	26.20	23.71
Profit on sale of assets	1.03	0.54
Rental receipts	27.17	19.92
Government Grants (refer (ii) below)	8.27	8.85
Net Gain on foreign currency transaction and translation (other than considered as finance cost)	13.85	-
	171.85	143.05

(i) All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

(ii) Government grants are related to import duties saved on import of property, plant and equipments. The Company has an export obligation calculated at a specified percentage of duty saved, which has to be fulfilled within a specified period from the date of import. There are no other unfulfilled conditions or contingencies attaching to these grants.

Particulars	March 31, 2018	March 31, 2017
30 Cost of material consumed		
Opening Stock of Raw Materials	542.70	513.14
Purchases	5,114.79	4,245.93
	5,657.49	4,759.07
Less:		
Inventory of materials at the end of the year	633.23	542.70
	5,024.26	4,216.37
31 Purchases of Traded goods		
Oil	245.43	120.95
Others	739.24	793.03
	984.67	913.98

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
32 Changes in Inventory		
Opening inventory		
- Finished goods	219.92	210.09
- WIP	71.83	97.50
- Stock in Trade	15.33	21.74
Closing inventory		
- Finished goods	214.50	219.92
- WIP	18.00	71.83
- Stock in Trade	99.93	15.33
	(25.35)	22.25
33 Employee Benefit Expenses		
Salaries, wages and bonus	1,153.54	1,026.51
Contribution to Provident fund & Superannuation scheme	68.84	57.11
Gratuity (Refer note 26(a))	47.75	14.33
Staff welfare expenses	111.88	81.64
	1,382.01	1,179.59
34 Finance costs		
Interest Expenses	16.59	12.24
	16.59	12.24
35 Depreciation and Amortisation Expense		
Depreciation of property, plant and equipment	353.32	362.58
Depreciation on investment properties	0.71	0.71
Amortisation of intangible assets	10.87	5.07
	364.90	368.36
36 Other expenses		
Packing & Forwarding	143.05	127.43
Consumption of stores	51.35	53.16
Tools Consumed	53.72	47.12
Commission	87.74	86.42
Repairs and maintenance		
- Building	39.24	38.94
- Plant and machinery	47.23	46.93
- Others	25.21	24.65
Communication expenses	15.93	15.64
Royalty expenses	0.53	2.56
Power and fuel	147.90	126.54
Transport charges	95.30	85.38
Travelling & conveyance	125.08	102.31
Insurance	9.55	9.19

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
36 Other expenses (continued)		
Advertisement & Publicity	47.29	26.11
Printing and stationery	9.79	7.94
Research & Development Material cost (refer note 49)	41.83	54.66
After sales expenses	140.27	155.87
Factory Expenses	8.65	12.62
Rates and taxes	22.68	11.42
Payment to the auditors (refer note 36(a) below)	2.70	2.23
Subscription & Membership	1.61	1.32
CSR Expenses (refer note 36(b) below)	41.61	32.03
Rent*	22.32	22.14
Legal and Consultancy charges	244.97	249.87
Directors' sitting fees	1.86	1.56
Bank Charges	7.99	9.06
Excise Duty	12.66	29.08
Net Loss on foreign currency transaction and translation (other than considered as finance cost)	-	6.80
Loss on sale of assets	-	0.08
Bad debts written off and Provision for Doubtful advances and debts	11.71	11.43
Impairment of investments	28.19	-
Miscellaneous expenses	70.96	64.20
	1,558.92	1,464.69
36 (a) Details of payment to auditors		
Payment to auditors		
- audit fees including limited review	2.41	1.72
- other services	0.06	0.51
- reimbursement of out of pocket expenses	0.23	-
	2.70	2.23
36 (b) Corporate Social responsibility expenditure		
Contribution to LRG Foundation	38.00	-
Contribution to Ellargi Trust	-	27.50
Contribution to Others	3.61	4.53
	41.61	32.03
Amount required to be spent as per Section 135 of the Companies Act, 2013	17.01	18.39
Amount spent during the year on		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	41.61	32.03

*The company's lease arrangements are operating lease for its premises.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
37 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	347.70	173.38
Adjustments for current tax of prior periods	-	-
Total current tax expense	347.70	173.38
Deferred tax		
Decrease (increase) in deferred tax assets	(13.52)	48.13
(Decrease) increase in deferred tax liabilities	(26.89)	(22.63)
Total deferred tax expense/(benefit)	(40.41)	25.50
Income tax expense	307.29	198.88
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,076.03	882.71
Tax at the Indian tax rate of 34.608% (2016-2017 – 34.608%)	372.39	305.49
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deduction under Section 35(2AB) for expenditure on research and development	(53.00)	(78.03)
Impairment of investments and provision for doubtful debts	9.76	6.75
Dividend Income from equity instruments exempt u/s 10(34)	(21.03)	(20.16)
Provisions for expenses disallowed	-	(16.29)
Corporate social responsibility expenditure (net of 80G benefit)	7.22	5.88
Deduction u/s 24 of IT Act (Income from house property)	(2.57)	(1.85)
Others	(5.48)	(2.91)
Income tax expense	307.29	198.88

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

38 Fair value measurements**Financial instruments by category**

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	91.30	-	-	101.74	-
Loans	-	-	206.00	-	-	184.56
Trade receivables	-	-	2,534.24	-	-	1,592.60
Cash and bank balances	-	-	611.43	-	-	537.00
Security deposits	-	-	44.00	-	-	32.13
Derivative Financial Asset	0.26	-	-	-	-	-
Others	-	-	44.68	-	-	27.67
Total financial assets	0.26	91.30	3,440.35	-	101.74	2,373.96
Financial liabilities						
Borrowings	-	-	853.11	-	-	484.91
Trade payables	-	-	1,407.34	-	-	1,135.89
Dealer Deposits	-	-	20.34	-	-	20.46
Derivative Financial Liabilities	-	-	-	1.39	-	-
Employee benefit expenses payable	-	-	204.53	-	-	175.38
Capital Creditors	-	-	3.60	-	-	-
Others	-	-	45.65	-	-	17.11
Total financial liabilities	-	-	2,534.57	1.39	-	1,833.75

(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, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Foreign Exchange Forward Contracts	15	-	0.26	-	0.26
Financial Investments at FVOCI:					
Quoted Equity Investments	5	91.30	-	-	91.30
Total financial assets		91.30	0.26	-	91.56

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

(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, 2018	Notes	Level 1	Level 2	Level 3	Total
Loans					
Loans to employees	6 , 14	-	-	108.76	108.76
Security deposits	7	-	-	44.00	44.00
Total financial assets		-	-	152.76	152.76

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

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI:					
Quoted Equity Investments	5	101.74	-	-	101.74
Total financial assets		101.74	-	-	101.74
Financial liabilities					
Foreign Exchange Forward Contracts	25	-	1.39	-	1.39
Total financial liabilities		-	1.39	-	1.39

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Loans					
Loans to employees	6 , 14	-	-	86.35	86.35
Security deposits	7	-	-	32.13	32.13
Total financial assets		-	-	118.48	118.48

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Loans to employees	108.76	111.90	86.35	88.94
Security deposits	44.00	44.00	32.13	32.13
Total financial assets	152.76	155.90	118.48	121.07

The carrying amounts of trade receivables, trade payables, cash and bank balances, current loans to employees and subsidiaries, borrowings and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including 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 their fair values.

39 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis, Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Foreign Exchange Forward Contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The company's risk management is carried out by a central treasury department under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a company basis for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk

C2 : Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are included -

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

Macro economic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

(ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision		
			Investments	Loans and deposits	Trade receivables
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
C2	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

For the years ended March 31, 2018, March 31, 2017

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

The estimated gross carrying amount at default is ₹ 552.47 million (March 31, 2017: ₹ 538.38 million) for Investments and loans and deposits. Consequently expected credit loss of an amount of ₹ 33.75 million for the year ended March 31, 2018 (March 31, 2017: ₹ 52.91 million) has been recognised.

(b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the Company based on the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers has sufficient capacity to meet the obligations and the risk of default is negligible.

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on April 1, 2016	126.74
Changes in loss allowance	(84.29)
Loss allowance on March 31, 2017	42.45
Changes in loss allowance	(33.44)
Loss allowance on March 31, 2018	9.01

(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, 2018	March 31, 2017
Floating rate		
Expiring within one year (bank overdraft and other facilities)	2,687.84	4,533.28

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:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

(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, 2018						
Non-derivatives						
Borrowings	314.61	538.50	-	-	-	853.11
Trade payables	1,407.34	-	-	-	-	1,407.34
Other financial liabilities	266.92	-	3.60	3.60	-	274.12
Total non-derivative liabilities	1,988.87	538.50	3.60	3.60	-	2,534.57
Derivatives (Net Settled)	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-
March 31, 2017						
Non-derivatives						
Borrowings	65.73	419.18	-	-	-	484.91
Trade payables	1,135.89	-	-	-	-	1,135.89
Other financial liabilities	212.95	-	-	-	-	212.95
Total non-derivative liabilities	1,414.57	419.18	-	-	-	1,833.75
Derivatives (Net Settled)	1.39	-	-	-	-	1.39
Total derivative liabilities	1.39	-	-	-	-	1.39

(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, 2018			March 31, 2017		
	USD	EUR	AUD	USD	EUR	AUD
Financial assets						
Trade receivables	12.26	2.95	1.27	8.82	1.66	1.06
Loans	-	-	2.38	-	-	2.28
Cash and Cash equivalent	0.21	-	-	0.12	-	-
Net exposure to foreign currency risk (assets)	12.47	2.95	3.65	8.94	1.66	3.34
Financial liabilities						
Foreign currency loan	10.64	2.00	-	6.70	0.72	-
Trade payables	1.67	0.41	-	0.96	0.08	-
Net exposure to foreign currency risk (liabilities)	12.31	2.41	-	7.66	0.80	-

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax	
	March 31, 2018	March 31, 2017
USD sensitivity		
INR/USD Increases by 5%	0.35	2.71
INR/USD Decreases by 5%	(0.35)	(2.71)
EURO sensitivity		
INR/EURO Increases by 5%	1.42	1.92
INR/EURO Decreases by 5%	(1.42)	(1.92)
AUD sensitivity		
INR/AUD Increases by 5%	5.95	5.42
INR/AUD Decreases by 5%	(5.95)	(5.42)

(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 profit for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2018	March 31, 2017
NSE Nifty 50 – increase 5%	4.57	5.09
NSE Nifty 50 – decrease 5%	(4.57)	(5.09)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

40 Capital management**(a) Risk management**

The company's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and bank balances) divided by

Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the Company is as follows:

Particulars	March 31, 2018	March 31, 2017
Net debt	241.68	-
Total equity	5,999.63	5,408.33
Net debt to equity ratio	4.02%	-

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

(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, 2018	March 31, 2017
(i) Equity shares		
Final dividend for the year ended March 31, 2016	-	158.45
Final dividend for the year ended March 31, 2017	158.45	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1.20 per fully paid equity share (March 31, 2017 – Re. 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

41 Related party transactions**(a) Name of the related parties and nature of relationship:****(i) Where control exists:****Subsidiaries**

Name of entity	Place of business	Ownership interest held by the company		Principal Activities
		March 31, 2018 %	March 31, 2017 %	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Compressors Trading (Shanghai) Co. Limited	China	100	100	Trading of air compressors
Elgi Gulf (FZE)	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brazil IMP.E. EXP.LTDA	Brazil	100	100	Assembly and trading of Air compressors
Elgi Equipments Australia PTY Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Europe S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors 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
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 to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Post-employment benefit plan (Refer note : 26(a))	Elgi Equipments Gratuity Fund Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director Mr. Sriram S, Chief Financial Officer Mrs. Vaishnavi P.M. Company Secretary
Relatives of Key Management Personnel	Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj Mr. Varun Jay Varadaraj, son of Mr. Jairam Varadaraj
Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited Elgi Ultra Industries Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited Elgi Automotive Services Private Limited

Details of Joint Ventures

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

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

Details of Joint Operations

The company has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (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.

(b) Particulars of transactions with related parties

The following transactions occurred with related parties:

Particulars	Subsidiaries		Joint Venture & Others		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Purchase of goods	81.52	75.84	148.12	94.16	-	-
Sale of goods	1,292.94	986.22	334.44	124.93	-	-
Receiving Services	13.21	10.26	30.80	18.99	-	-
Providing Services	23.93	19.78	9.18	6.16	-	-
Loans						
- Received from related parties	-	30.00	-	-	-	-
- Given to related parties	64.58	38.21	-	-	-	-
Repayments of loans						
- Received from related parties	-	(100.00)	-	-	-	-
- Given to related parties	(64.58)	-	-	-	-	-
Interest						
- Received from related parties	5.15	5.53	-	-	-	-
- Paid to related parties	-	4.76	-	-	-	-
Reimbursement of Expenses						
- To related parties	31.24	22.53	0.41	0.01	-	-
- By related parties	29.14	28.50	-	0.03	-	-
Investments	225.17	164.08	2.90	-	-	-
Dividend						
- Received from related parties	49.50	49.50	10.65	7.94	-	-
- Paid to related parties	-	-	0.27	0.27	-	-
Key management personnel compensation						
- Short-term employee benefits					22.68	19.44
- Other long-term benefits					1.14	0.99
Remuneration			2.60	1.96		

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

(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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Payable at the end of the year	33.01	28.28	9.49	-
Total payables to related parties	33.01	28.28	9.49	-
Receivable at the end of the year (including impaired receivables-refer note below)	410.53	462.87	67.92	16.58
Loans receivable at the end of the year	170.80	171.77	-	-
Total receivables from related parties	581.33	634.64	67.92	16.58

An allowance of ₹ 159.51 million as at March 31, 2018 (March 31, 2017: ₹ 159.51 million) has been recognised in respect of impaired receivables and loans to related parties.

(d) Terms and conditions

Transactions relating to dividends, subscriptions for new equity shares were on the same terms and conditions that applied to other shareholders.

42 Contingent liabilities and contingent assets**(a) Contingent liabilities****(i) Claims against the Company not acknowledged as debts**

The company has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹ 108.32 million and ₹ 102.61 million as on March 31, 2018 and March 31, 2017 respectively. The company has deposited ₹ 49.02 million and ₹ 47.72 million against the above mentioned disputes as on March 31, 2018 and March 31, 2017 respectively.

The company has filed appeals with appropriate authorities against the above mentioned disputes.

Particulars	March 31, 2018	March 31, 2017
Guarantees (excluding financial guarantees)	Nil	Nil

43 Commitments**(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account	177.70	80.63

44 Events occurring after the reporting period

Refer Note 40 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

45 Exceptional Item

Exceptional item of ₹ 27.44 million for the year ended March 31, 2018 pertains to expense under the Company's Voluntary Retirement Scheme (VRS).

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

46 Details of dues to Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars		March 31, 2018	March 31, 2017
The Principal amount due to Supplier under the Act.	S 22 (i)	157.50	133.34
Interest accrued and due to Suppliers on the above amount (Other than Section 16)	S 22 (i)	Nil	Nil
Interest paid to Suppliers under the act (Section 16)	S 22 (ii)	Nil	Nil
Interest due and payable for delay (for payments during the year beyond due date)	S 22 (iii)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed Day, during the year.	S 22 (iii)	Nil	Nil
Interest accrued & remaining unpaid at the end of year to Suppliers under the Act	S 22 (iv)	Nil	Nil
Interest due & payable to suppliers under the Act for payments already made	S 22 (v)	Nil	Nil

The information has been given in respect of vendors to the extent they could be identified as "Micro and Small enterprises" on the basis of information available with the Company.

47 Earnings per share

Particulars	March 31, 2018	March 31, 2017
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	4.86	4.32
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	4.86	4.32
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to equity holders of the company used in calculating basic earnings per share	768.74	683.83
<i>Diluted earnings per share</i>		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	768.74	683.83
- used in calculating diluted earnings per share	768.74	683.83
Profit attributable to equity holders of the company used in calculating basic earnings per share	768.74	683.83
(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 Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

48 Assets Pledged as security

Particulars	March 31, 2018	March 31, 2017
Current		
a. Charge on entire Stocks and Receivables, both present and future	3,719.76	2,596.33
b. Charge on specific land, building & machinery	1,239.76	1,385.33
c. Cash Margin of INR 100 Million	100.00	100.00
	5,059.52	4,081.66

49 Details of R&D Expenses

Particulars	March 31, 2018	March 31, 2017
i) Capital	42.43	12.56
ii) Salaries & Wages	223.80	196.86
iii) R&D Materials	41.83	54.66
iv) Maintenance	0.49	0.11
v) Other Expense	37.59	27.04
	346.14	291.23

50 Joint Operations

The Company has two joint operations as detailed in note-41

The Company has determined its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

(i) The following share of assets and liabilities arising from the financial statements of joint operation has been recognised under Ind AS

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Non-current assets				
Property, plant and equipment	112.21	112.21	0.43	0.43
Financial assets	-	-		
(i) Investments	11.39	11.39	-	-
Total non-current assets	123.60	123.60	0.43	0.43
Current assets				
(i) Cash and cash equivalents	0.50	0.38	0.01	0.01
(ii) Other financial assets	0.04	0.04	-	-
Current Tax Assets (Net)	0.53	0.43	-	-
Other current assets	0.33	0.26	-	-
Total current assets	1.40	1.11	0.01	0.01
Total Assets	125.00	124.71	0.44	0.44
Current liabilities				
Financial liabilities				
(i) Trade payables	0.03	0.27	0.04	0.04
Other current liabilities	0.39	0.18	-	-
Total current liabilities	0.42	0.45	0.04	0.04
Partners current account	0.70	0.38	-	-
Net Assets	123.88	123.88	0.40	0.40

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

(ii) Consequent to the above, the following inter company assets and liabilities have been derecognised.

Particulars	L.G. Balakrishnan & Bros.		Elgi Services	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investment	124.00	124.00	0.40	0.40
Treasury Stock	(11.40)	(11.40)	-	-
Inter-Company assets & liabilities	0.70	0.38	0.04	0.04
Profit after tax	113.30	112.98	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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Other Income	1.18	0.57	-	-
Expenses:				
Other Expenses	0.50	0.50	-	-
Current tax expense	0.38	0.11	-	-
Profit after tax	0.30	(0.04)	-	-

51 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, 2018	March 31, 2017
Loans and advances to subsidiaries		
Loan to Elgi Equipments Australia Pty Limited - Australia		
Balance as at the year end	97.24	98.21
Maximum amount outstanding at any time during the year	98.21	101.02
Loan to Elgi Equipments (Zhejiang) Limited- China		
Balance as at the year end	73.56	73.56
Maximum amount outstanding at any time during the year	73.56	73.56

52 Previous year figures have been regrouped /reclassified to confirm to current years classification.

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126

Place: Coimbatore

Date: May 28, 2018

Place: Coimbatore

Date: May 28, 2018

Notes to the Standalone Ind AS financial statements as at and for the year ended March 31, 2018

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

The annual accounts of the below listed Subsidiary Companies and the related detailed information will be made available on the website

- 1 Adisons Precision Instruments Manufacturing Company Limited
- 2 ATS Elgi Limited
- 3 Elgi Compressors Trading (Shanghai) Co. Limited
- 4 Elgi Equipments (Zhejiang) Limited
- 5 Elgi Gulf (FZE)
- 6 Elgi Compressors Do BRASIL IMP.E.EXP.Ltda
- 7 Elgi Equipments Australia Pty Limited
- 8 Elgi Compressors Europe S.R.L.
- 9 Rotair Spa
- 10 Elgi Compressors USA Inc
- 11 Patton's Inc
- 12 Patton's Medical LLC.
- 13 PT Elgi Equipments Indonesia
- 14 Ergo Design Private Limited

INDEPENDENT AUDITORS' REPORT

To the Members of Elgi Equipments Limited**Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying consolidated Ind AS financial statements of Elgi Equipments Limited, ("hereinafter referred to as the Holding Company") and its subsidiaries (hereinafter the 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), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Group including its joint operations and joint ventures in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind AS Financial Statements. The respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint venture company respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the

accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its joint operations and its joint ventures as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the consolidated/ standalone financial statements/ financial information of thirteen subsidiaries (including three step down subsidiary), and two joint operations whose financial statements/ financial information, including the Holding Company's share of joint operations, reflect total assets of ₹ 5,685.51 million and net assets of ₹ 1,772.39 million as at March 31, 2018, total revenue of ₹ 5,320.06 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 75.87 million and net cash flows amounting to ₹ 84.88 million for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 25.44 million for the year ended March 31, 2018 as considered in the Consolidated Ind AS Financial Statements, in respect of two joint ventures whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint operations and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint operations and joint ventures, is based solely on the reports of the other auditors.
9. Of the above, six subsidiaries (including three step down subsidiary) which are located outside India whose financial statements/ financial information have been prepared in accordance with accounting principles generally accepted in their respective countries, have been audited by other auditors under

generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/ financial information of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

10. The Consolidated Ind AS Financial Statements of the Holding Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 9, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law have been kept by the Holding Company, its subsidiaries included in the Group and joint venture company incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group and joint venture company

incorporated in India including relevant records relating to the preparation of the Consolidated Ind AS Financial Statements.

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture company incorporated in India, none of the directors of the Group companies and joint venture company incorporated in India is disqualified as on March 31, 2018 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 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its joint venture company - Refer Note 41 and 43 to the Consolidated Ind AS Financial Statements.
- ii. The Group and its joint venture company had long-term contracts including derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint venture company incorporated in India during the year ended March 31, 2018.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group and its joint venture company for the year ended March 31, 2018.

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

Place : Coimbatore
Date : May 28, 2018

Baskar Pannerselvam
Partner
Membership Number: 213126

Annexure A to Independent Auditors' Report

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. In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, and joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and 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 over financial reporting 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 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 Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, its subsidiary companies and joint venture company, which are companies incorporated in India, internal financial controls 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 Holding Company, its subsidiary companies, and joint venture company, which are companies incorporated in India, have, in all

material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Baskar Pannerselvam
Partner
Membership Number: 213126

Place : Coimbatore
Date : May 28, 2018

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Balance Sheet as at March 31, 2018

Particulars	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	2,986.64	3,169.30
Capital work-in-progress	3	11.23	35.60
Investment Properties	4	166.91	43.27
Goodwill	5	1,250.58	1,171.62
Other Intangible assets	5	53.27	24.78
Intangible Assets under development	5 (i)	9.35	-
Investments accounted for using the equity method	41 (c)	59.16	50.90
Financial Assets			
(i) Investments	6	91.38	101.86
(ii) Loans	7	56.98	41.40
(iii) Other Financial Assets	8	53.17	39.28
Deferred Tax Assets (Net)	27 (c)	61.05	85.62
Current Tax Assets (Net)	27 (b)	24.64	26.79
Other non-current assets	9	59.37	17.73
Total non-current assets		4,883.73	4,808.15
Current Assets			
Inventories	10	2,736.77	2,260.47
Financial assets			
(i) Trade receivables	11	3,434.28	2,423.10
(ii) Cash and cash equivalents	12	653.74	819.48
(iii) Bank balances other than (ii) above	13	435.19	239.63
(iv) Loans	14	58.76	51.42
(v) Other Financial Assets	15	34.55	25.69
Other current assets	16	406.94	534.67
Total current assets		7,760.23	6,354.46
Total Assets		12,643.96	11,162.61
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	17	158.45	158.45
Other Equity	18	6,731.03	5,910.54
Total Equity		6,889.48	6,068.99
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Long Term Borrowings	19 (a)	602.84	965.76
(ii) Other financial liabilities	20	3.60	-
Provisions	21	62.52	35.91
Deferred tax liabilities (Net)	27 (c)	68.56	102.01
Government Grants	22	44.90	59.36
Total non-current liabilities		782.42	1,163.04

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Balance Sheet as at March 31, 2018

Particulars	Note	March 31, 2018	March 31, 2017
Current liabilities			
Financial liabilities			
(i) Borrowings	19 (b)	1,625.05	1,144.87
(ii) Trade payables	23	2,133.93	1,712.98
(iii) Other financial liabilities	24	861.04	719.55
Provisions	25	163.19	138.04
Current Tax Liabilities (Net)	27 (b)	22.90	-
Government Grants	22	10.10	10.23
Other current liabilities	26	155.85	204.91
Total current liabilities		4,972.06	3,930.58
Total liabilities		5,754.48	5,093.62
Total equity and liabilities		12,643.96	11,162.61

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126Place: Coimbatore
Date: May 28, 2018Place: Coimbatore
Date: May 28, 2018

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of Profit & Loss for the year ended March 31, 2018

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue From Operations	28	16,222.39	14,380.50
Other Income	29	122.66	120.78
Total Income		16,345.05	14,501.28
Expenses			
Cost of materials consumed	30	7,044.52	5,320.64
Purchases of Stock in Trade	31	2,229.05	2,202.37
Changes in Inventories of finished goods, work-in-progress and Traded goods	32	(224.80)	15.71
Excise duty		169.25	679.38
Employee benefits expense	33	2,812.64	2,538.21
Finance costs	34	59.60	77.54
Depreciation and Amortisation Expense	35	446.94	446.41
Other Expenses	36	2,430.46	2,232.19
Total Expenses		14,967.66	13,512.45
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		1,377.39	988.83
Share of Profit of Joint Ventures using equity method		15.96	15.66
Exceptional Items	46	(27.44)	-
Profit before tax		1,365.91	1,004.49
Income tax expense	27 (a)		
- Current tax		423.79	220.77
- Deferred Tax		(10.69)	43.72
Profit for the year		952.81	740.00
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Change in fair value of FVOCI equity instruments	18 (g)	(10.32)	41.80
Remeasurement of post employment benefit obligations	18 (e)	23.15	(25.11)
Income tax relating to these items	18 (e)	(8.01)	8.69
Share of other comprehensive income of joint ventures accounted for using the equity method	18 (e)	(0.02)	0.05
<i>Items that will be reclassified to profit or loss:</i>			
Changes in Foreign Currency Translation Reserve	18 (g)	53.41	16.06
Other comprehensive income for the year, net of tax		58.21	41.49
Total comprehensive income for the year		1,011.02	781.49
Net Profit attributable to:			
- Owners		952.81	740.00
- Non-controlling interests		-	-
		952.81	740.00

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of Profit & Loss for the year ended March 31, 2018

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Other comprehensive income attributable to:			
- Owners		58.21	41.49
- Non-controlling interests		-	-
		58.21	41.49
Total comprehensive income attributable to:			
- Owners		1,011.02	781.49
- Non-controlling interests		-	-
		1,011.02	781.49
Earnings per equity share for profit from continuing and discontinuing operation attributable to the owners of Elgi Equipments Limited			
Nominal value of the shares	49	1.00	1.00
(1) Basic		6.02	4.67
(2) Diluted		6.02	4.67

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJ
Managing Director
DIN: 00058056

N. MOHAN NAMBIAR
Director
DIN: 00003660

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

VAISHNAVI P. M.
Company Secretary

S. SRIRAM
Chief Financial Officer

BASKAR PANNERSELVAM
Partner
Membership No: 213126

Place: Coimbatore
Date: May 28, 2018

Place: Coimbatore
Date: May 28, 2018

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Consolidated Statement of changes in equity**I) Equity Share Capital**

	Notes	Amounts
Balance as at April 1, 2016	17	158.45
Changes in equity share capital during the year		-
Balance as at March 31, 2017	17	158.45
Changes in equity share capital during the year		-
Balance as at March 31, 2018		158.45

II) Other equity

Description	Notes	Attributable to the owners of Elgi Equipments Limited										
		Reserve and Surplus						Total	Other Reserve		Total	Total equity
		Capital Reserve	Statutory reserve	Securities Premium	General Reserve	Treasury Stock	Retained earnings		FVOCI-Equity instruments	Foreign Currency Translation Reserve		
Balance at April 1, 2016		181.41	5.49	409.37	1,154.98	(11.40)	3,472.72	5,212.57	42.41	48.70	91.11	5,303.68
Profit for the year	18	-	-	-	-	-	740.00	740.00	-	-	-	740.00
Other Comprehensive Income	18	-	-	-	-	-	(16.37)	(16.37)	41.80	16.06	57.86	41.49
Total Comprehensive Income for the year		-	-	-	-	-	723.63	723.63	41.80	16.06	57.86	781.49
Share of dividend distribution tax of Elgi Sauer Compressors Limited		-	-	-	-	-	(2.34)	(2.34)	-	-	-	(2.34)
Transfer to General Reserve	18	-	-	-	7.65	-	(7.65)	-	-	-	-	-
Provision for tax on dividend in respect of earlier - years written back	18	-	-	-	-	-	10.08	10.08	-	-	-	10.08
Others	18	-	-	-	-	-	-	-	-	7.96	7.96	7.96
Transactions with owners in their capacity as owners:												
Dividend Paid (including dividend distribution tax)	18	-	-	-	-	-	(190.33)	(190.33)	-	-	-	(190.33)
Balance at March 31, 2017		181.41	5.49	409.37	1,162.63	(11.40)	4,006.11	5,753.61	84.21	72.72	156.93	5,910.54
Balance at April 1, 2017		181.41	5.49	409.37	1,162.63	(11.40)	4,006.11	5,753.61	84.21	72.72	156.93	5,910.54
Profit for the year	18	-	-	-	-	-	952.81	952.81	-	-	-	952.81
Other Comprehensive Income	18	-	-	-	-	-	15.12	15.12	(10.32)	53.41	43.09	58.21
Total Comprehensive Income for the year		-	-	-	-	-	967.93	967.93	(10.32)	53.41	43.09	1,011.02
Transfer to General Reserve	18	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners:												
Dividend Paid (including dividend distribution tax)	18	-	-	-	-	-	(190.53)	(190.53)	-	-	-	(190.53)
Balance at March 31, 2018		181.41	5.49	409.37	1,162.63	(11.40)	4,783.51	6,531.01	73.89	126.13	200.02	6,731.03

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

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJ

Managing Director

DIN: 00058056

N. MOHAN NAMBIAR

Director

DIN: 00003660

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

VAISHNAVI P. M.

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAM

Partner

Membership No: 213126

Place: Coimbatore

Date: May 28, 2018

Place: Coimbatore

Date: May 28, 2018

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of consolidated cash flows

Particulars	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Profit before income tax	1,365.91	1,004.49
<i>Adjustments for</i>		
Depreciation and amortisation expense	446.94	446.41
Provision for bad and doubtful debts	27.16	25.64
(Gain)/loss on disposal of property, plant and equipment	(3.66)	0.38
Amortisation of government grants	(8.76)	(10.82)
Share of profits of associates and joint ventures	(15.96)	(15.66)
Rental Income from Investment property (net of expenses)	(13.55)	(12.30)
Exchange difference on translation of foreign operations (excluding differences arising from property, plant and equipment)	(51.60)	37.63
Dividend and interest income classified as investing cash flows	(53.76)	(53.27)
Finance costs	59.60	77.54
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(1,038.34)	48.18
Increase in inventories	(476.30)	(4.07)
Increase/(decrease) in trade payables	420.95	(4.80)
Increase in other financial assets	(27.85)	(5.70)
(Increase)/decrease in other non-current assets	0.61	(0.61)
(Increase)/decrease in other current assets	124.26	(47.24)
Increase in provisions	74.91	42.46
Increase in other financial liabilities	107.05	3.29
Decrease in other current liabilities	(49.06)	(89.10)
Cash generated from operations	888.55	1,442.45
Income taxes paid	(403.30)	(186.95)
Net cash inflow from operating activities	485.25	1,255.50
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(295.73)	(272.71)
Payments for investment property	(123.81)	-
Investment in Joint Ventures	(2.90)	-
Loans to employees	(22.92)	(52.72)
Proceeds from sale of property, plant and equipment	5.37	1.35
Rental Income from Investment property (net of expenses)	13.55	12.30
Dividends received on equity instruments	0.63	0.81
Dividends received from associate and joint venture	10.65	7.94
Investments in Bank Deposits (net)	(195.56)	(138.38)
Interest received	58.23	52.67
Net cash outflow from investing activities	(552.49)	(388.74)

Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Statement of consolidated cash flows (Continued)

Particulars	March 31, 2018	March 31, 2017
Cash flows from financing activities		
Interest paid	(59.28)	(77.54)
Loan borrowed /(repayment) from/to banks (net)	151.01	(506.16)
Dividends paid to company's shareholders	(157.97)	(158.03)
Dividend Tax paid	(32.26)	(32.26)
Net cash outflow from financing activities	(98.50)	(773.99)
Net increase/(decrease) in cash and cash equivalents	(165.74)	92.77
Cash and cash equivalents at the beginning of the financial year	819.48	726.71
Cash and cash equivalents at end of the year	653.74	819.48

The above Consolidated Statement of cash flow should be read in conjunction with the accompanying notes.

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJ

Managing Director

DIN: 00058056

N. MOHAN NAMBIAR

Director

DIN: 00003660

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

VAISHNAVI P. M.

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAM

Partner

Membership No: 213126

Place: Coimbatore

Date: May 28, 2018

Place: Coimbatore

Date: May 28, 2018

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

General Information

Elgi Equipments Limited ("the Company") is engaged in manufacturing of air compressors. The Company has manufacturing plants in different locations in India and has its registered office in Coimbatore. Along with its subsidiaries, Elgi Equipments Limited is engaged in manufacture, trading of air compressors and providing after sales services. Elgi Equipments Limited together with its subsidiaries is herein after referred as 'the Group'. The Company is a public limited company and listed on both the Bombay Stock Exchange and the National Stock Exchange.

1. Significant accounting policies

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

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

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act. The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

(ii) Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted. Accordingly, the group shall be adopting the said rules from April 1, 2018.

Ind AS 115, Revenue from contracts with customers

Nature of change : Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or

service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

A new five-step process must be applied 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.

The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact: The group is in the process of assessing the detailed impact of Ind AS 115. Presently, the group is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

Nature of change : The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised

(a) on or after the beginning of the reporting period in which the appendix is first applied (i.e. April 1, 2018 for entities with March year-end); or

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(b) from the beginning of a prior reporting period presented as comparative information (i.e. April 1, 2017 for entities with March year-end).

Impact : The group is in the process of assessing the detailed impact of Appendix B to Ind AS 21.

Amendments to Ind AS 40 Investment property - Transfers of investment property

Nature of change : The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The amendment provides two transition options. Entities can choose to apply the amendment:

- Retrospectively without the use of hindsight; or
- Prospectively to changes in use that occur on or after the date of initial application (i.e. 1 April 2018 for entities with March year-end). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

Impact : Management has assessed the effects of the amendment on classification of existing property at April 1, 2018 and concluded that no reclassification is required.

Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

Nature of change : The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be

recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Impact : Management has assessed the effects of the above amendment and concluded that the same has no impact on the group.

(iii) Historical cost convention

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

- a) certain financial assets and liabilities (including derivative instruments) and commitments that are measured at fair value; and
- b) defined benefit plans — plan assets measured at fair value.

(b) Principles of consolidation and equity accounting**(I) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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

(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(I) below.

(c) Segment reporting

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

The Managing Director (MD) of Elgi Equipments Limited has been identified as the chief operating decision

maker of group who assesses the financial performance and position of the group, and makes strategic decisions. The business activities of the group 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 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.

(iii) Foreign operations

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

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which incomes and expenses are translated at the dates of the transactions), and
- all resulting foreign exchange differences are recognised in other comprehensive income.

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.

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

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 (c)(ii) above.

(e) Revenue recognition

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

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

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

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

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 group will comply with all the attached conditions.

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

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

(g) Income taxes

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

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

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

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

in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases**As a lessee**

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

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

As a lessor

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

(i) Impairment of assets

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

are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

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

(k) Trade receivables

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

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

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

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

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

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

b) those measured at amortised cost.

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

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election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

(ii) Measurement

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

Debt instruments

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

a) Amortised cost:

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

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

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

c) Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not

part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ (expense) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The group measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

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

Impairment of financial assets

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

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

Derecognition of financial assets

A financial asset is derecognised only when

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

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

Where the group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the

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

financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition**a) Interest income**

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

b) Dividends

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

Derivatives

Derivatives that are not designated as hedges

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

(n) Offsetting financial instruments

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

(o) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 and in certain cases based on technical evaluation done by the management's expert.

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

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

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

(p) Investment Properties

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

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

(q) Goodwill and Other Intangible assets

Goodwill represents the cost of business acquisitions in excess of the group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquire.

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 asset includes technical know-how and computer software which are recorded at the cost of

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

acquisition and are amortized over a period of five years or their legal / useful life whichever is less.

(r) 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.

(s) 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.

(t) Borrowings

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

down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(u) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(v) Financial guarantee contracts

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

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

Where guarantees in relation to loans or other payables of subsidiaries / joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(w) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

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.

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

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

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the balance sheet if the 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 the future payments is available.

(iv) Bonus plans

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

(y) 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.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

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

(aa) 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.

(ab) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

2. Critical estimates and judgements

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

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

The areas involving critical estimates or judgements are:

Estimation goodwill impairment - **Note 5**

Estimation of provision for warranty claims - **Note 25**

Impairment of Trade Receivables - **Note 38**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

3. Property, Plant and Equipment

Particulars	Land	Building	Plant & Machinery	Office equipment	Furniture and Fixtures	Vehicle	Canteen Equipments	Total	Capital Work in Progress
Year ended March 31, 2017									
Gross Carrying Amount									
Opening gross carrying amount	530.19	1,271.79	1,813.42	18.28	127.15	38.97	23.36	3,823.16	19.84
Additions	1.62	40.54	166.85	7.02	20.06	2.83	0.49	239.41	255.17
Disposal	-	-	(20.48)	(0.40)	(0.89)	(2.66)	-	(24.43)	-
Exchange Difference	(4.52)	(12.36)	(14.45)	0.44	(1.97)	(1.42)	(0.29)	(34.57)	-
Transfers	-	-	-	-	-	-	-	-	(239.41)
Closing gross carrying amount	527.29	1,299.97	1,945.34	25.34	144.35	37.72	23.56	4,003.57	35.60
Accumulated depreciation									
Opening Accumulated depreciation	-	142.56	222.43	4.70	50.66	12.76	3.96	437.07	-
For the year	-	127.96	249.59	8.32	34.23	11.33	8.32	439.75	-
Disposal	-	-	(18.91)	(0.37)	(0.82)	(2.60)	-	(22.70)	-
Exchange Difference	-	(2.86)	(13.45)	0.09	(2.13)	(1.26)	(0.24)	(19.85)	-
Closing Accumulated depreciation	-	267.66	439.66	12.74	81.94	20.23	12.04	834.27	-
Net carrying amount	527.29	1,032.31	1,505.68	12.60	62.41	17.49	11.52	3,169.30	35.60
Year Ended March 31, 2018									
Gross Carrying Amount									
Opening gross carrying amount	527.29	1,299.97	1,945.34	25.34	144.35	37.72	23.56	4,003.57	35.60
Additions	-	14.03	165.41	5.89	13.19	32.76	0.80	232.08	207.71
Disposal	-	-	(2.64)	(0.23)	(0.67)	(5.71)	-	(9.25)	-
Exchange Difference	3.57	22.53	26.21	(0.28)	4.90	0.96	0.31	58.20	-
Transfers	-	-	-	-	-	-	-	-	(232.08)
Closing gross carrying amount	530.86	1,336.53	2,134.32	30.72	161.77	65.73	24.67	4,284.60	11.23
Accumulated depreciation									
Opening accumulated depreciation	-	267.66	439.66	12.74	81.94	20.23	12.04	834.27	-
For the year	-	120.90	258.37	7.45	28.64	13.50	4.80	433.66	-
Disposal	-	-	(2.60)	(0.23)	(0.67)	(4.86)	(0.01)	(8.37)	-
Exchange Difference	-	5.78	30.01	(0.15)	3.00	(0.55)	0.31	38.40	-
Closing Accumulated depreciation	-	394.34	725.44	19.81	112.91	28.32	17.14	1,297.96	-
Net carrying amount	530.86	942.19	1,408.88	10.91	48.86	37.41	7.53	2,986.64	11.23

i) Property, plant and equipment pledged as security

Refer Note 47 for information on property, plant and equipment pledged as security by the company.

ii) Contractual obligations

Refer to note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iii) Capital work-in-progress

Capital work-in-progress mainly comprises machinery additions in the Plant & Machinery & Improvements in buildings.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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 taken and given under lease as at March 31, 2018 and March 31, 2017 is given as follows:

Particulars	Assets taken under finance lease*						Assets given under operating lease	
	Plant & Machinery		Vehicle		Office equipment		Plant & Machinery	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Gross Carrying Amount	-	-	17.66	17.66	2.54	1.66	21.89	3.71
Accumulated Depreciation	(0.24)	-	(16.40)	(7.74)	(1.86)	(1.48)	(1.10)	(1.05)
Net Carrying Amount	1.48	-	29.48	10.08	0.68	0.18	20.79	2.66

*Future lease payments in relation to these assets are given in note no-48(a).

4. Investment properties

Particulars	March 31, 2018			March 31, 2017		
	Land	Building	Total	Land	Building	Total
Gross carrying amount						
Opening gross carrying amount	38.46	4.99	43.45	38.46	5.40	43.86
Additions	123.81	-	123.81	-	-	-
Reclassification	-	-	-	-	(0.41)	(0.41)
Closing gross carrying amount	162.27	4.99	167.26	38.46	4.99	43.45
Accumulated depreciation						
Opening accumulated depreciation	-	0.18	0.18	-	0.10	0.10
Depreciation charge	-	0.17	0.17	-	0.08	0.08
Closing accumulated depreciation	-	0.35	0.35	-	0.18	0.18
Net carrying amount	162.27	4.64	166.91	38.46	4.81	43.27

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

Particulars	March 31, 2018	March 31, 2017
Rental income	14.24	12.84
Direct operating expenses from property that generated rental income	(0.52)	(0.46)
Profit from investment properties before depreciation	13.72	12.38
Depreciation	(0.17)	(0.08)
Profit from investment properties	13.55	12.30

(ii) Fair value

Particulars	March 31, 2018			March 31, 2017		
	Land	Building	Total	Land	Building	Total
Investment properties	522.19	4.64	526.83	594.85	4.81	599.66

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 have been revised by the Government of Tamil Nadu with effect from June 9, 2017.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

5. Intangible assets

Particulars	Intangible Assets (Computer Software)	Goodwill
Year ended March 31, 2017		
Gross Carrying Amount		
Opening gross carrying amount	28.78	1,212.48
Additions	10.39	-
Disposal	-	-
Exchange differences	(1.78)	(40.86)
Closing gross carrying amount	37.39	1,171.62
Accumulated amortisation		
Opening accumulated amortisation	7.57	-
For the year	6.58	-
Disposal	-	-
Exchange differences	(1.54)	-
Closing accumulated amortisation	12.61	-
Closing net carrying amount	24.78	1,171.62
Year Ended March 31, 2018		
Gross Carrying Amount		
Opening gross carrying amount	37.39	1,171.62
Additions	41.07	-
Disposal	(0.87)	-
Exchange differences	5.22	78.96
Closing gross carrying amount	82.81	1,250.58
Accumulated amortisation		
Opening accumulated amortisation	12.61	-
For the year	13.11	-
Disposal	(0.04)	-
Exchange differences	3.86	-
Closing accumulated amortisation	29.54	-
Closing net carrying amount	53.27	1,250.58

(i) Intangible Assets under development

Intangible assets under development amounting to ₹ 9.35 million mainly comprises software under development.

(ii) Impairment tests for goodwill

Goodwill is monitored by management at the level of each country where the group operates.

A country-level summary of the goodwill allocation is presented below.

Particulars	Italy	USA	India
March 31, 2018	460.27	789.82	0.49
March 31, 2017	393.46	777.67	0.49

(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/six year period. Cash flows beyond the five/six year period are extrapolated using the estimated growth rates stated below.

It may be noted that management has considered six years as the explicit period for calculation of value in use in the respect of goodwill allocated to Italy CGU, since the operations are expected to achieve stability at the end of six years.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

The following table sets out the key assumptions for those countries that have significant goodwill allocated to them:

Particulars	Italy	USA
March 31, 2018		
Sales (% annual growth rate)	5.06	7.29
Budgeted gross margin (%)	29.00	39.00
Other operating costs (INR-Million)	477.88	1027.80
Annual capital expenditure (INR-Million)	16.42	28.44
Long term growth rate (%)	2.00	2.50
Post-tax discount rate (%)	11.50	11.00
March 31, 2017		
Sales (% annual growth rate)	7.20	6.30
Budgeted gross margin (%)	31.90	32.90
Other operating costs (INR-Million)	363.67	749.10
Annual capital expenditure (INR-Million)	6.93	12.97
Long term growth rate (%)	1.46	3.00
Post-tax discount rate (%)	10.90	10.50

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	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost saving measures. The amounts disclosed above are the average operating costs for the explicit forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure. The amounts disclosed above are the average for the explicit forecast period.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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, 2018	March 31, 2017
(i) Investment in Equity Instruments (fully paid-up) (Quoted)				
At Fair Value through Other Comprehensive Income				
Lakshmi Machine Works Ltd	50	Rs.10/-	0.34	0.21
State Bank of India	3,600	Re.1/-	0.90	1.05
HDFC Bank Limited	2,500	Rs.2/-	4.73	3.61
HDFC Limited	12,000	Rs.2/-	21.89	18.03
Magna Electro Castings Ltd	80,000	Rs.10/-	12.99	13.92
Rajshree Sugars & Chemicals Ltd	229,000	Rs.10/-	6.92	14.26
Pricol Ltd	94,245	Re.1/-	8.11	7.47
L.G.Balakrishnan & Bros.Ltd.	2,496	Rs.10/-	2.67	1.55
LGB Forge Limited	18,720	Re.1/-	0.06	0.13
Elgi Rubber Company Limited	763,700	Re.1/-	32.69	41.50
(ii) Investment in Equity Instruments (fully paid-up) (Unquoted)				
At Fair Value through Other Comprehensive Income				
The Mill Officers Co-Op Housing Colony Ltd. Ahmedabad	5	Rs.50/-	-	-
Marol Co-operative Industrial Estate Limited	1,053	Rs.100/-	0.06	0.11
B.C.C. Caraglio -Rotair Spa.	258	Euro 1/-	0.02	0.02
			91.38	101.86
Aggregate amount of quoted investments and market value thereof			91.30	101.73
Aggregate amount of unquoted investments			0.08	0.13
Aggregate amount of impairment in the value of investments			-	-

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
7. Loans (Non-current)		
Unsecured, considered good		
Loans to employees	56.98	41.40
	56.98	41.40
8. Other financial assets		
Security Deposits	53.17	39.28
	53.17	39.28
9. Other non-current assets		
Capital Advances	59.37	17.12
Others	-	0.61
	59.37	17.73
10. Inventories		
(a) Raw materials and components*	1,106.11	878.31
(b) Work-in-progress	171.03	225.66
(c) Finished goods*	1,231.04	1,078.92
(d) Stock-in-trade*	167.23	15.33
(e) Stores and spares and packing materials	30.46	16.05
(f) Loose Tools	30.90	46.20
	2,736.77	2,260.47
*Include goods in transit ₹ 101.26 million and Nil as on March 31, 2018 and March 31, 2017 respectively. Note: Raw materials, Work-in-progress, Finished goods include R&D inventory also.		
11. Trade receivables		
Unsecured, considered good	3,434.28	2,423.10
Doubtful	50.91	82.51
	3,485.19	2,505.61
Less : Allowance for doubtful debts	(50.91)	(82.51)
	3,434.28	2,423.10
Note: For receivables from related parties refer note no- 42		
12. Cash and cash equivalents		
(a) Cash on hand	1.07	2.04
(b) Cheques, drafts on hand	0.57	10.43
(c) Balance with banks	-	-
- In current accounts	489.37	224.98
- In deposit accounts (with original maturity of 3 months or less)	157.05	576.72
Balance in unclaimed dividend account*	5.68	5.31
	653.74	819.48
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods except in the respect of balance in unclaimed dividend account *Earmarked for payment of unclaimed dividend		
13. Other bank balances		
- In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	435.19	239.63
	435.19	239.63
*Includes margin money deposit of ₹ 100 million as at March 31, 2018 and March 31, 2017 respectively.		

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
14 Loans (Current)		
<i>Unsecured, considered good</i>		
Loan to employees	58.76	51.42
	58.76	51.42
15 Other Financial Assets		
Derivatives not designated as hedges		
Derivative instruments	0.26	-
Others		
Interest accrued	10.96	16.06
Security Deposits	4.39	0.90
Others	18.94	8.73
	34.55	25.69
16 Other Current Assets		
Income / refund receivable	69.84	73.11
Minimum Alternate Tax	-	3.45
Prepaid expenses	104.61	58.51
Balance with Government authorities	39.52	134.17
Rent advances	9.37	9.20
Advance to suppliers	91.82	128.13
Others	91.78	128.10
	406.94	534.67

17. Equity share capital

(i) Authorised:

Particulars	Number of shares (in millions)	Amount
Equity shares of ₹ 1 each		
As at April 1, 2016	300	300
Increase during the year	-	-
As at March 31, 2017	300	300
Increase during the year	-	-
As at March 31, 2018	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, 2016	158.45	158.45
Increase during the year	-	-
As at March 31, 2017	158.45	158.45
Increase during the year	-	-
As at March 31, 2018	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 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, 2018, the amount of dividend per share recognized as distributions to equity shareholders is Re. 1/- (March 31, 2017: Re. 1/-)

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

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Dark Horse Portfolio Investment Limited	25,859,390	16.32%	25,509,390	16.10%
SBI Contra Fund	13,977,243	8.82%	14,377,243	9.07%
Mr. Jairam Varadaraj	13,810,478	8.72%	14,160,478	8.94%
Pari Washington India Master Fund, Ltd.	8,765,714	5.53%	8,765,714	5.53%
Gagandeep Credit Capital Pvt. Limited	8,152,575	5.15%	8,152,575	5.15%

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
18 Other Equity		
Reserves & Surplus		
Capital reserve	181.41	181.41
Securities premium reserve	409.37	409.37
Statutory reserve	5.49	5.49
General reserve	1,162.63	1,162.63
Retained earnings	4,783.51	4,006.11
Treasury Stock	(11.40)	(11.40)
Other Reserves	200.02	156.93
	6,731.03	5,910.54

Particulars	March 31, 2018	March 31, 2017
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	1,154.98
Additions during the year	-	7.65
Deductions / Adjustments during the year	-	-
Closing balance	1,162.63	1,162.63
e) Retained earnings		
Opening balance	4,006.11	3,472.72
Net profit for the period	952.81	740.00
Provision for tax on dividend in respect of earlier years written back	-	10.08
Share of dividend distribution tax of Elgi Sauer Compressors Limited	-	(2.34)
<i>Item of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurement of post-employment benefit obligation, net of tax	15.14	(16.42)
- Share of other comprehensive income of joint ventures accounted for using the equity method	(0.02)	0.05
<i>Appropriations</i>		
- General Reserve	-	(7.65)
- Dividend on equity shares (including Dividend distribution tax)	(190.53)	(190.33)
Closing balance	4,783.51	4,006.11

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
f) Treasury Stock		
Opening balance	(11.40)	(11.40)
Additions during the year	-	-
Deductions / Adjustments during the year	-	-
Closing balance	(11.40)	(11.40)

Particulars	FVOCI - Equity instruments	Foreign Currency Translation Reserve	Total
g) Other Reserves			
As at April 1, 2016	42.41	48.70	91.11
Change in fair value of equity instruments	41.80	-	41.80
Other currency translation differences	-	24.02	24.02
As at March 31, 2017	84.21	72.72	156.93
Change in fair value of equity instruments	(10.32)	-	(10.32)
Other currency translation differences	-	53.41	53.41
As at March 31, 2018	73.89	126.13	200.02

Nature and purpose of other reserves**Capital reserve**

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

Securities Premium

Securities premium reserve 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

Represents the Company's share of cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve and share of retained earnings of other entities in the group.

Treasury stock

Represents the purchase value of shares of the Company held by another entity in the group (Treasury shares).

FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign Currency Translation Reserve

Exchange Differences arising on translation of the foreign operations are recognised in other comprehensive income as described in the accounting policy and accumulated in a separate reserve within equity.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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, 2018	March 31, 2017
Secured				
Term Loan				
from Banks				
-USD	12 equated half yearly installments	90 day LIBOR+1.25%	608.12	921.94
-EURO	20 equated quarterly installments	0.8%	396.79	436.28
Long term maturities of finance lease obligation	36-48 monthly installments	4.3%	34.91	10.45
Total non- current borrowings			1,039.82	1,368.67
Less: Current maturities of long term debt (Note no- 24)			(433.83)	(400.08)
Less: Interest accrued but not due on borrowings (Note no- 24)			(3.15)	(2.83)
Non- current borrowings			602.84	965.76

(b) Current Borrowings

Particulars	Terms of Repayment	Coupon/ Interest rate	March 31, 2018	March 31, 2017
Secured				
from Banks				
Lines of Credit				
-USD	Payable on Demand	30 day LIBOR+1.85%	390.24	370.49
-EURO	Payable on Demand		381.71	289.47
Packing Credit				
-USD	Payable within 180 days	LIBOR+0.3% to 0.5%	691.86	434.71
-EURO	Payable within 180 days	EURIBOR+0.3% to 0.5%	161.24	50.20
Total current borrowings			1,625.05	1,144.87

Secured borrowings and assets pledged as security:

The borrowings from banks as at March 31, 2018 and March 31, 2017 are secured by charges on assets as disclosed on note 47.

There are no defaults in the repayments of above borrowings during the current year.

Net debt reconciliation

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

Particulars	Note	March 31, 2018	March 31, 2017
Borrowings (including current maturities and interest accrued)	19(a)	1,039.82	1,368.67
Current borrowings	19(b)	1,625.05	1,144.87
		2,664.87	2,513.54
Net debt as at March 31, 2017		2,513.54	
Cash flows arising from principal movements		151.01	
Interest expense		59.60	
Interest paid		(59.28)	
Net debt as at March 31, 2018		2,664.87	

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
20 Other financial liabilities (Non-Current)		
Capital Creditors	3.60	-
	3.60	-
21 Provisions (Non-current)		
Provision for compensated absences (Refer Note 25(a))	33.87	35.91
Provision for defined pension benefits (Refer Note 25(a))	28.65	-
	62.52	35.91
22 Government Grants		
Deferred Income	55.00	69.59
	55.00	69.59
Non-Current Portion	44.90	59.36
Current Portion	10.10	10.23
23 Trade payables		
Trade payables	2,133.93	1,712.98
	2,133.93	1,712.98
Note: For payables from related parties refer note no- 42		
24 Other Financial liabilities		
Derivatives not designated as hedges		
Derivative Instruments	-	1.67
Others		
Current maturities of long-term debt	433.83	400.08
Interest Accrued & due on borrowings	3.15	2.83
Unclaimed dividends	5.68	5.31
Dealer deposits	27.18	26.88
Employee benefit expenses payable*	359.74	270.30
Others	31.46	12.48
	861.04	719.55
*Includes provision for compensated absences of ₹ 51.91 million and ₹ 50.98 million as on March 31, 2018 & March 31, 2017 respectively.		
25 Provisions		
Provision for Warranty	91.70	79.41
Provision for Gratuity (Refer Note 25(a))	27.92	39.42
Provision for defined pension benefits (Refer Note 25(a))	9.53	6.47
Others	34.04	12.74
	163.19	138.04

(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:

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	Provision for Warranty
As at April 1, 2017	79.41
Charged/(credited) to profit or loss	(79.41)
Additional provisions recognised	91.70
As at March 31, 2018	91.70

25 (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 ₹ 85.78 million and ₹ 86.89 million for March 31, 2018 and March 31, 2017 respectively.

(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 ₹ 84.69 million (March 31, 2017 – ₹ 71.42million).

(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	Fair value of plan assets	Total
April 1, 2016	187.08	156.44	30.64
Current service cost	17.09	-	17.09
Past service cost	4.19	0.01	4.18
Interest expense/(income)	14.46	13.51	0.95
Total amount recognised in profit or loss	35.74	13.52	22.22
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in assumptions	-	-	-
Experience (gains)/losses	25.35	0.24	25.11
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	25.35	0.24	25.11
Employer contributions	-	38.55	(38.55)
Benefit payments	(10.69)	(10.69)	-
March 31, 2017	237.48	198.06	39.42

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Balance sheet amounts-Gratuity (India) (Continued)

Particulars	Present value of obligation	Fair value of plan assets	Total
April 1, 2017	237.48	198.06	39.42
Current service cost	19.65	-	19.65
Past service cost	30.29	-	30.29
Interest expense/(income)	16.55	15.16	1.39
Total amount recognised in profit or loss	66.49	15.16	51.33
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	(22.61)	0.54	(23.15)
Changes in asset ceiling excluding amounts included in interest expense	-	-	-
Total amount recognised in other comprehensive income	(22.61)	0.54	(23.15)
Employer contributions	-	39.25	(39.25)
Benefit payments	(21.00)	(20.57)	(0.43)
March 31, 2018	260.36	232.44	27.92

(iv) Post-employment benefits

The significant actuarial assumptions were as follows

Particulars	March 31, 2018	March 31, 2017
Discount Rate*	7.68%	7.31%
Rate of increase in compensation levels*	7.84%	9.00%
Attrition Rate*	4.15%	3.00%
Expected rate of return on Plan Assets*	7.68%	7.31%

*represents weighted average rate.

(v) Sensitivity Analysis

Particulars	March 31, 2018	March 31, 2017
A. Discount Rate + 50 BP		
Defined Benefit Obligation [PVO]	249.54	225.49
Current Service Cost	21.76	18.34
B. Discount Rate - 50 BP		
Defined Benefit Obligation [PVO]	271.20	248.83
Current Service Cost	24.23	21.00
C. Salary Escalation Rate +50 BP		
Defined Benefit Obligation [PVO]	271.37	245.99
Current Service Cost	24.25	20.40
D. Salary Escalation Rate -50 BP		
Defined Benefit Obligation [PVO]	249.27	227.64
Current Service Cost	21.74	18.85

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 Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(vi) Major Category of Plan Assets as a % of total Plan Assets

	March 31, 2018	March 31, 2017
Funds managed by LIC of India	100.00%	100.00%
	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 9.17 years (March 31, 2017 – 10.77 years).

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

Particulars	March 31, 2018	March 31, 2017
Within next 12 months (next annual reporting period)	11.51	9.80
Between 1 to 2 years	33.08	16.30
Between 2 to 5 years	67.91	52.80
Beyond 5 years	136.88	119.27
	249.38	198.17

(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.

Balance sheet amounts - Other employee terminal benefits (UAE and Italy)

Particulars	UAE	Italy	Total
Balance as at the April 1, 2016	8.00	-	8.00
Transferred from Other current liabilities	-	27.86	27.86
Provided during the year	3.41	11.35	14.76
Paid during the year	(4.97)	(12.53)	(17.50)
Exchange difference	0.03	(1.80)	(1.77)
Balance as at the March 31, 2017	6.47	24.88	31.35
Balance as at the April 1, 2017	6.47	24.88	31.35
Provided during the year	6.43	12.17	18.60
Paid during the year	(3.79)	(12.47)	(16.26)
Exchange difference	0.42	4.07	4.49
Balance as at the March 31, 2018	9.53	28.65	38.18

The above plans are unfunded as on March 31, 2018 and March 31, 2017.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(x) Summary for funded and Unfunded Plan

Particulars	March 31, 2018	March 31, 2017
Funded Plans		
Present value of funded obligations	260.36	237.48
Fair value of plan assets	232.44	198.06
Net Deficit (A)	27.92	39.42
Unfunded Plans (B)	38.18	31.35
Total Deficit (A) + (B)	66.10	70.77

Particulars	March 31, 2018	March 31, 2017
26 Other Current Liabilities		
Advances received from customers	140.27	124.26
Statutory payable	4.68	26.78
Rental advances received	1.50	-
Other liabilities	9.40	53.87
	155.85	204.91

27 Income Taxes**(a) Income tax expense**

Particulars	March 31, 2018	March 31, 2017
(a) Income tax expense		
Current tax		
Current tax on profits for the year	423.79	220.77
Adjustments for current tax of prior periods	-	-
Total current tax expense	423.79	220.77
Deferred tax		
Decrease (increase) in deferred tax assets	(10.69)	43.72
Total deferred tax expense/(benefit)	(10.69)	43.72
Income tax expense	413.10	264.49
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit from operations before income tax expense	1,365.91	1,004.49
Tax at the Indian tax rate of 34.608% (2016-2017-34.608%)	472.71	347.63
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Tax effect due to non-taxable income for India tax purposes		
-Deduction under Section 35(2AB) for expenditure on research and development	(60.91)	(95.66)
-Provisions for expenses disallowed	-	(16.29)
-Corporate social responsibility expenditure (net of 80G benefit)	7.65	6.40
-Deduction u/s 24 of IT Act (Income from house property)	(2.57)	(1.85)
-Others	1.00	(2.83)
Effect of differential overseas tax rate*	(3.38)	(9.28)
Effect of change in overseas tax rate	18.57	-
Others	(19.97)	36.37
Income tax expense	413.10	264.49

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

***Applicable tax rates in the following material subsidiaries are as follows:**

Particulars	March 31, 2018	March 31, 2017
United Arab Emirates (UAE)	0%	0%
Australia	30%	30%
Italy	24%	24%
United State of America (USA)	36.3%	38.60%

(b) Income Tax Assets / Liabilities

Particulars	March 31, 2018	March 31, 2017
Current Tax Assets (Net)	24.64	26.79
Current Tax Liabilities (Net)	22.90	-
Net Current tax asset/(liability) at the end of the year	1.74	26.79
Opening Balance	26.79	24.09
Add : Tax Paid	403.30	186.95
Less: Current tax payable for the year	(423.79)	(220.77)
Income tax on other comprehensive income	(8.01)	8.69
Add : MAT Credit utilised	3.45	27.83
Net Current tax asset/(liability) at the end of the year	1.74	26.79

(c) Deferred Tax Asset / Liabilities

Particulars	Deferred Tax Asset (Net)		Deferred Tax Liabilities (Net)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Depreciation	13.39	28.87	127.73	157.39
<i>Set-off of deferred tax assets in relation to:</i>				
Provision for compensated absences	-		(16.39)	(20.53)
Provision for Warranty	1.55	2.25	(31.47)	(20.64)
Allowance for doubtful debts	3.08	3.57	(5.00)	(4.05)
Other timing differences	(5.23)	(9.42)	(6.31)	(10.16)
Accumulated Loss	20.99	43.28	-	-
Unrealised Gain in Stock	27.27	17.07	-	-
	61.05	85.62	68.56	102.01

The group has recognised deferred tax assets on carried forward losses of Elgi Compressors USA, Inc. The subsidiary has incurred losses till financial year 2016. 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 subsidiary. It may be noted that the subsidiary has already started to generate taxable profits during the year. The losses can be carried forward till financial year ending March 31, 2034 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, 2018 and March 31, 2017 is as follows

Particulars	March 31, 2018	March 31, 2017
Net deferred tax liability at the beginning of the year	16.39	31.15
(Credits) / charge relating to temporary differences	(10.69)	43.72
Translation differences and others	1.81	(58.48)
Net deferred tax liability at the end of the year	7.51	16.39

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Certain subsidiaries of the group have undistributed earnings, which if distributed, would be subject to tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distribution from the subsidiaries. These subsidiaries are not expected to distribute the dividends out of accumulated earnings in the foreseeable future.

Particulars	March 31, 2018	March 31, 2017
28 Revenue from Operations		
Sale of products (including excise duty) (refer note below)	15,567.19	13,700.12
Sale of services	548.27	580.87
Other operating revenues	106.93	99.51
	16,222.39	14,380.50

In India, Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

Particulars	March 31, 2018	March 31, 2017
29 Other Income		
Interest Income - Bank Deposits	40.91	46.75
Interest Income - Others	12.22	5.71
Dividend Received on Investments (refer (i) below)	0.63	0.81
Miscellaneous Income (Net)	35.75	22.01
Profit on sale of assets	3.66	1.01
Rental receipts	20.73	14.30
Net Gain on foreign currency transaction and translation (other than considered as finance cost)	-	19.37
Government Grants (refer (ii) below)	8.76	10.82
	122.66	120.78

(i) All dividends from equity investments designated at FVOCI relate to investments held at the end of reporting period. There were no investments derecognised during the reporting period.

(ii) Government grants are related to import duties saved on import of property, plant and equipments. The group has an export obligation calculated at a specified percentage of duty saved, which has to be fulfilled within a specified period from the date of import. There are no other unfulfilled conditions or contingencies attaching to these grants.

Particulars	March 31, 2018	March 31, 2017
30 Cost of material consumed		
Opening Stock of Raw Materials	842.65	848.71
Purchases	7,242.79	5,314.58
	8,085.44	6,163.29
Less:		
Inventory of materials at the end of the year	1,040.92	842.65
	7,044.52	5,320.64
31 Purchases of Traded goods		
Oil	245.43	120.95
Others	1,983.62	2,081.42
	2,229.05	2,202.37

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
32 Changes in Inventory		
Opening inventory		
-Finished goods	1,038.63	940.12
-Work-in-progress	197.87	246.36
-Stock in Trade	15.33	81.06
Closing inventory		
-Finished goods	1,122.52	1,038.63
-Work-in-progress	186.88	197.87
-Stock in Trade	167.23	15.33
	(224.80)	15.71
33 Employee Benefit Expenses		
Salaries, wages and bonus	2,502.10	2,314.75
Contribution to Provident fund & Superannuation scheme (refer note 25(a))	84.69	71.42
Gratuity (refer note 25(a))	51.33	22.22
Post employment pension benefits (refer note 25(a))	18.60	14.76
Staff welfare expenses	155.92	115.06
	2,812.64	2,538.21
34 Finance costs		
Interest Expenses	59.60	77.54
	59.60	77.54
35 Depreciation and Amortisation Expense		
Depreciation of property, plant and equipment	433.66	439.75
Depreciation on investment properties	0.17	0.08
Amortisation of intangible assets	13.11	6.58
	446.94	446.41
36 Other expenses		
Packing & Forwarding	186.82	162.78
Consumption of stores	72.49	64.55
Tools Consumed	60.50	52.50
Commission	151.21	137.62
<i>Repairs and maintenance</i>		
- Building	52.62	53.51
- Plant and machinery	57.33	56.22
- Others	97.14	88.31
Communication expenses	41.94	40.11
Royalty expenses	0.53	2.56
Power and fuel	180.88	156.68
Transport charges	205.60	130.44
Traveling & conveyance	209.15	186.80
Insurance	47.08	42.33
Advertisement & Publicity	73.86	58.77
Printing and stationery	19.94	17.75

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

36 Other expenses (continued)

Particulars	March 31, 2018	March 31, 2017
Research & Development Material cost	64.44	73.51
After sales expenses	184.08	208.58
Factory Expenses	12.64	18.44
Rates and taxes including license fees	42.81	28.51
Subscription & Membership	4.13	4.41
CSR Expenses	44.21	35.03
Rent*	74.18	78.28
Legal and Professional charges	362.18	352.73
Directors' sitting fees	2.10	1.92
Bank Charges	14.17	15.69
Excise Duty	14.05	32.32
Net Loss on foreign currency transaction and translation (other than considered as finance cost)	14.09	-
Loss on sale of assets	-	1.39
Bad debts written off & Provision for Doubtful Advances and Debts	27.16	25.64
Miscellaneous expenses	113.13	104.81
	2,430.46	2,232.19

*the group's lease arrangements are operating lease for its premises. The future lease obligations in respect of non-cancellable operating leases are given in note no-48(b)

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

37 Fair value measurements**Financial instruments by category**

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments*	-	91.38	-	-	101.86	
Loans			115.74			92.82
Trade receivables	-	-	3,434.28	-	-	2,423.10
Cash and bank balances	-	-	1,088.93	-	-	1,059.11
Security deposits	-	-	57.56	-	-	40.18
Others	-	-	29.90	-	-	24.79
Derivative Financial Asset	0.26	-	-	-	-	-
Total financial assets	0.26	91.38	4,726.41	-	101.86	3,640.00
Financial liabilities						
Borrowings	-	-	2,664.87	-	-	2,513.54
Trade payables	-	-	2,133.93	-	-	1,712.98
Dealer Deposits	-	-	27.18	-	-	26.88
Derivative Financial Liabilities	-	-	-	1.67	-	-
Employee benefit expenses payable	-	-	359.74	-	-	270.30
Others	-	-	40.74	-	-	17.79
Total financial liabilities	-	-	5,226.46	1.67	-	4,541.49

*The equity shares which are not held for trading and for which the group has made irrevocable election at initial recognition to recognise the changes in fair value through Other Comprehensive Income (OCI) rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

(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 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Foreign Exchange Forward Contracts	15	-	0.26	-	0.26
Financial Investments at FVOCI:					
Quoted Equity Investments	6	91.30	-	0.08	91.38
Total financial assets		91.30	0.26	0.08	91.64

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Loans</i>					
Loans to employees	7,14	-	-	115.74	115.74
Security deposits	8,15	-	-	57.56	57.56
Total financial assets				173.30	173.30
Financial Liabilities					
Borrowings	19 (a)	-	-	1,039.82	1,039.82
Total financial liabilities				1,039.82	1,039.82

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

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Financial Investments at FVOCI:</i>					
Quoted Equity Investments	6	101.73	-	0.13	101.86
Total financial assets		101.73	-	0.13	101.86
Financial liabilities					
Foreign Exchange Forward Contracts	24	-	1.67	-	1.67
Total financial liabilities		-	1.67	-	1.67

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Loans</i>					
Loans to employees	7,14	-	-	92.82	92.82
Security deposits	8,15	-	-	40.18	40.18
Total financial assets		-	-	133.00	133.00
Financial Liabilities					
Borrowings	19 (a)	-	-	1,368.67	1,368.67
Total financial liabilities		-	-	1,368.67	1,368.67

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This consists of listed equity instruments, that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for deposits included in level 3.

There are no transfers between levels 1 and 2 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans</i>				
Loans to employees	115.74	118.88	92.82	95.41
Security deposits	57.56	57.56	40.18	40.18
Total financial assets	173.30	176.44	133.00	135.59
Financial Liabilities				
Borrowings	1,039.82	1,039.82	1,368.67	1,368.67
Total financial liabilities	1,039.82	1,039.82	1,368.67	1,368.67

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, current loans to employees, and other current financial liabilities and financial assets are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans to employees were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk. The security deposits are payable on demand and hence their carrying amount is considered as fair value. 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.

38 Financial risk management

The group's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis, Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward Foreign Exchange Contracts
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio Diversification

The group's risk management is carried out by a central treasury department 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.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, The group assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a company basis for each class of financial instruments with different characteristics. The group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk

C2 : Doubtful assets, credit-impaired

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are included

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

(ii) Provision for expected credit losses

The Group provides for expected credit loss based on the following:

Internal rating	Category	Description of category	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		

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

For the years ended March 31, 2018, March 31, 2017**(a) Expected credit loss for loans, security deposits and investments**

The estimated gross carrying amount at default is ₹ Nil (March 31, 2017: ₹ 19.66 million) for Investments and loans and deposits. Consequently expected credit loss of an amount of ₹ Nil for the year ended March 31, 2018 (March 31, 2017: ₹ 19.66 million) has been recognised.

(b) Expected credit loss for trade receivables under simplified approach

Customer credit risk is managed by the group based on the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for 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, 2016	56.87
Changes in loss allowance	25.64
Loss allowance on March 31, 2017	82.51
Changes in loss allowance	(31.60)
Loss allowance on March 31, 2018	50.91

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of The group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2018	March 31, 2017
Floating rate		
Expiring within one year (bank overdraft and other facilities)	2,817.92	4,946.95

The credit facility sanctioned by the banks are subject to renewal every year.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and can be renewed for further period of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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, 2018						
Non-derivatives						
Borrowings	779.07	670.19	612.78	421.83	181.00	2,664.87
Trade payables	2,133.93	-	-	-	-	2,133.93
Other financial liabilities	420.46	-	3.60	3.60	-	427.66
Total non-derivative liabilities	3,333.46	670.19	616.38	425.43	181.00	5,226.46
Derivatives (Net Settled)	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-
March 31, 2017						
Non-derivatives						
Borrowings	718.81	828.97	-	404.94	560.82	2,513.54
Trade payables	1,712.98	-	-	-	-	1,712.98
Other financial liabilities	314.97	-	-	-	-	314.97
Total non-derivative liabilities	2,746.76	828.97	-	404.94	560.82	4,541.49
Derivatives (Net Settled)	1.67	-	-	-	-	1.67
Total derivative liabilities	1.67	-	-	-	-	1.67

(C) Market risk**(i) Foreign currency risk**

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, AUD, BRL. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

(Amounts in million in respective currencies)

Particulars	March 31, 2018				March 31, 2017			
	USD	EUR	AUD	BRL	USD	EUR	AUD	BRL
<i>Financial assets</i>								
Trade receivables	12.43	2.95	1.27	-	8.95	1.68	1.06	-
Loans (including accrued interest)	-	-	2.38	15.13	-	-	2.28	13.30
Cash and cash equivalent	0.21	-	-	-	0.12	-	-	-
Net exposure to foreign currency risk (assets)	12.64	2.95	3.65	15.13	9.07	1.68	3.34	13.30
<i>Financial liabilities</i>								
Foreign currency loan	10.64	2.00	-	-	6.70	0.72	-	-
Trade payables	2.14	0.58	-	-	3.44	0.51	-	-
Net exposure to foreign currency risk (liabilities)	12.78	2.58	-	-	10.14	1.23	-	-

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax	
	March 31, 2018	March 31, 2017
<i>USD sensitivity</i>		
Functional currency/USD Increases by 5%	(0.29)	(2.09)
Functional currency/USD decreases by 5%	0.29	2.09
<i>EURO sensitivity</i>		
Functional currency/EURO Increases by 5%	0.98	1.24
Functional currency/EURO decreases by 5%	(0.98)	(1.24)
<i>AUD sensitivity</i>		
Functional currency/AUD Increases by 5%	5.95	5.42
Functional currency/AUD decreases by 5%	(5.95)	(5.42)
<i>BRL sensitivity</i>		
Functional currency/BRL Increases by 5%	1.88	1.65
Functional currency/BRL decreases by 5%	(1.88)	(1.65)

The above sensitivity has been computed assuming there is no change in functional currency to INR.

(ii) Cash flow and Fair value interest rate risk

The group's main interest rate risk arises from long term borrowings with variable rates, which exposes the group to cash flow interest rate risk. During the year March 31, 2018 and March 31, 2017 the groups borrowing at variable rate are mainly denominated in USD.

At the end of the reporting period the group has following variable rate long term borrowings outstanding.

Particulars	March 31, 2018		March 31, 2017	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Term Loan				
-USD	2.73%	608.12	2.30%	921.94

The analysis for maturities of borrowings is provided in the note no 38 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	March 31, 2018	March 31, 2017
Interest rate increase by 50 basis points	2.25	2.91
Interest rate decrease by 50 basis points	(2.25)	(2.91)

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(ii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as fair value through OCI.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the group's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 5% or decreased by 5% with all other variables held constant, and that all the group's equity instruments moved in line with the index.

Particulars	Impact on other components of equity	
	March 31, 2018	March 31, 2017
NSE Nifty 50 – increase 5%	4.57	5.09
NSE Nifty 50 – decrease 5%	(4.57)	(5.09)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

39 Capital management**(a) Risk management**

The group's objectives when managing capital are to

- provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

Consistent with others in the industry, The group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances)

divided by

Total 'equity' (as shown in the balance sheet).

The current gearing ratio of the group is as follows:

Particulars	March 31, 2018	March 31, 2017
Net debt	1,575.94	1,454.43
Total equity	6,889.48	6,068.99
Net debt to equity ratio	22.9%	24.0%

(b) Dividends

Particulars	March 31, 2018	March 31, 2017
(I) Equity shares		
Final dividend for the year ended March 31, 2016	-	158.45
Final dividend for the year ended March 31, 2017	158.45	-

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1.20 per fully paid equity share (March 31, 2017 – ₹ 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

40 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, 2018	March 31, 2017
Air Compressors	14,357.11	12,694.90
Automotive equipments	1,867.10	1,687.50
Less: Inter segment revenue	(1.82)	(1.90)
Income from operations	16,222.39	14,380.50

(c) Segment profit before tax

Segment profit before tax is measured as the profit before share of net profit of joint ventures accounted for using the equity method.

Particulars	March 31, 2018	March 31, 2017
Air Compressors (including exceptional item)	1,216.00	897.81
Automotive equipments	133.95	91.02
Total	1,349.95	988.83
Share of net profit of joint ventures accounted for using the equity method	15.96	15.66
Total profit before tax	1,365.91	1,004.49

(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, 2018	March 31, 2017
Air Compressors	11,492.60	10,116.23
Automotive equipments	1,151.36	1,046.38
Total Segment Assets	12,643.96	11,162.61

(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, 2018	March 31, 2017
a) Air Compressors	5,360.25	4,793.70
b) Automotive equipments	394.23	299.92
Total Segment Liabilities	5,754.48	5,093.62

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(f) Capital Employed

Capital employed is measured as the difference between segment assets and segment liabilities.

Particulars	March 31, 2018	March 31, 2017
a) Air Compressors	6,132.35	5,322.53
b) Automotive equipments	757.13	746.46
Total Capital employed	6,889.48	6,068.99

Note:

- i) The group has provided the segment information to the extent consistently reviewed by the CODM.
- ii) Revenues from transactions with no single external customer amount to 10 per cent of the group's revenues.
- iii) Previous year segment information have been presented in accordance with current years classification.

(g) The total non-current assets other than financial instruments, investments accounted under equity method and deferred tax assets broken down by location of assets in shown below,

Particulars	March 31, 2018	March 31, 2017
India	2,780.11	2,809.92
USA	1,161.31	1,141.61
Italy	607.39	522.42
Other Countries	13.18	15.14
Total non-current assets	4,561.99	4,489.09

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

(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 entity	Place of business	Ownership interest held by the company		Principal Activities
		March 31, 2018 %	March 31, 2017 %	
ATS Elgi Limited	India	100	100	Manufacture and trading of automotive equipments
Elgi Equipments (Zhejiang) Limited	China	100	100	Trading of air compressors
Elgi Compressors Trading (Shanghai) Co. Limited	China	100	100	Trading of air compressors
Elgi Gulf (FZE)	U.A.E.	100	100	Trading of air compressors
Elgi Compressors Do Brazil IMP.E. EXP.LTDA	Brazil	100	100	Assembly and trading of Air compressors
Elgi Equipments Australia PTY Limited	Australia	100	100	Trading of air compressors
Elgi Compressors Europe S.R.L	Italy	100	100	Manufacture and trading of compressors
Rotair SPA	Italy	100	100	Manufacture and trading of compressors, hydraulic hammers and rampi cars
Elgi Compressors 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
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

(b) Joint Operations

The group has 98% interest in a joint arrangement called L.G. Balakrishnan & Bros (Firm) which was set up as partnership together with Elgi Ultra Industries Limited to earn rental income from Investment Property.

The group has 80% interest in a joint arrangement called Elgi Services which was set up as partnership together with Elgi Ultra Industries Limited.

The principal place of business of the joint operations is in India.

(i) Significant judgement: classification of joint arrangements

The joint venture agreements in relation to the above joint arrangements require unanimous consent from both parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(c) Joint Venture

Set out below are the joint ventures of the group as at March 31, 2018 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Elgi Sauer Compressors Limited	India	26%	Joint venture	*	*	57.66	50.48
Industrial Air Solutions LLP	India	50%	Joint venture	*	*	1.50	0.42
Total equity accounted investments				-	-	59.16	50.90

*Unlisted entity – no quoted price available.

Elgi Sauer Compressors Limited was set up as a company together with JP Sauer & Sohn Maschinenbau GMBH to sell compressors and their parts along with rendering engineering services.

Industrial Air Solutions LLP which was set up as Limited liability partnership in India with Mr. Rajeev Sharma, for distribution of products of ELGi Equipments Limited.

(i) Commitments and contingent liabilities in respect of joint ventures

Particulars	March 31, 2018	March 31, 2017
<i>Commitments – joint ventures</i>	-	-
<i>Contingent liabilities – joint ventures</i>		
Share of joint ventures' contingent liabilities in respect of legal matters against the entity and guarantees	21.78	14.70

(ii) Summarised financial information for joint ventures

The tables below provide summarised financial information for the joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

Summarised balance sheet	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Current assets				
Cash and cash equivalents	75.21	77.77	0.59	0.92
Other assets	164.90	217.92	48.58	4.71
Total current assets	240.11	295.69	49.17	5.63
Total non-current assets *	34.26	34.73	10.20	2.56
Current liabilities				
Financial liabilities (excluding trade payables)	23.14	15.85	3.04	-
Other liabilities	27.63	109.88	38.82	6.28
Total current liabilities	50.77	125.73	41.86	6.28
Non-current liabilities				
Employee benefit obligations	1.24	0.94	-	-
Total non-current liabilities	1.24	0.94	-	-
Net assets	222.36	203.75	17.51	1.91

* Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in ELGi Equipments Limited

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Reconciliation to carrying amounts	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Opening net assets	203.75	174.37	1.91	2.61
Capital Investment (net)	-	-	5.37	-
Profit for the year	67.94	65.96	10.23	(0.70)
Other comprehensive income*	(0.04)	0.19	-	-
Dividends paid (including dividend distribution tax)	(49.29)	(36.77)	-	-
Closing net assets	222.36	203.75	17.51	1.91
Group's share in %	26%	26%	50%	50%
Group's share in INR millions	57.81	52.98	8.75	0.95
Unrealised profit in stock	(0.15)	(2.50)	(7.25)	(0.53)
Carrying amount	57.66	50.48	1.50	0.42

*Excludes the impact of fair value gain on shares held by Elgi Sauer Compressors Limited in ELGi Equipments Limited

Summarised statement of profit and loss	Elgi Sauer Compressors Limited		Industrial Air Solutions LLP	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Revenue	356.87	292.36	251.72	2.33
Interest income	3.15	4.23	-	-
Depreciation and amortisation	(1.04)	(1.26)	1.84	0.26
Income tax expense	29.26	(35.82)	5.04	-
Profit for the year	67.94	65.96	10.23	(0.70)
Other comprehensive income	(0.04)	0.19	-	-
Total comprehensive income	67.90	66.15	10.23	(0.70)
Dividends received	10.65	7.94	-	-

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

42 Related party transactions**(a) Name of the related parties and nature of relationship:**

(i) Where control exists:

Subsidiaries

Interests in subsidiaries are set out in note 41.

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

Joint venture	Elgi Sauer Compressors Limited Industrial Air Solutions LLP
Post employment benefit plan (Refer note 25(a))	Elgi Equipments Gratuity Fund Elgi Equipments Superannuation Fund
Key management personnel	Mr. Jairam Varadaraj, Managing Director Mr. Sriram S, Chief Financial Officer Mrs. Vaishnavi P.M, Company Secretary
Relatives of Key Management Personnel	Mr. Anvar Jay Varadaraj, son of Mr. Jairam Varadaraj Mr. Varun Jay Varadaraj, son of Mr. Jairam Varadaraj
Other companies / firms in which directors or their relatives are interested	L.G. Balakrishnan & Bros Limited Elgi Ultra Industries Limited Ellargi & Co Elgi Rubber Company Limited LGB Forge Limited Pricol Travels Limited Festo Controls Private Limited Magna Electro Castings Limited LGB Fuel Systems Private Limited Elgi Automotive Services Private Limited

(b) Particulars of transactions with related parties

Description	Joint Ventures & Others		Key Management Personnel		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Transactions during the year						
Purchase of Goods	149.36	95.41	-	-	149.36	95.41
Sale of Goods	334.44	124.93	-	-	334.44	124.93
Receiving of Services	34.28	18.99	-	-	34.28	18.99
Providing of Services	9.18	6.16	-	-	9.18	6.16
Interest received	-	3.12	-	-	-	3.12
Reimbursement of Expenses					-	-
To Related Parties	0.41	0.01	-	-	0.41	0.01
By Related Parties	-	0.03	-	-	-	0.03
Investments	2.90	-	-	-	2.90	-
Remuneration	2.60	1.96	23.82	20.43	26.42	22.39
Dividends Received	10.65	7.94	-	-	10.65	7.94
Dividends Paid	0.27	0.27	-	-	0.27	0.27

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Description	Joint Ventures & Others		Key Management Personnel		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Balances at Year end						
Investments accounted for using the equity method	59.16	50.90	-	-	59.16	50.90
Receivable at the end of the year	67.92	16.58	-	-	67.92	16.58
Payable at the end of the year	9.72	0.12	-	-	9.72	0.12

(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**

The group has disputed demands for excise duty, service tax and sales tax and other matters amounting to ₹ 171.81 million and ₹ 166.10 million in India as on March 31, 2018 and March 31, 2017 respectively. The company has deposited ₹ 67.72 million and ₹ 66.42 million against the above mentioned disputes as on March 31, 2018 and March 31, 2017 respectively.

The group has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.

44 Commitments**Capital commitments**

Particulars	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account	182.81	89.14

45 Events occurring after the reporting period

Refer note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

46 Exceptional Item

Exceptional item of ₹ 27.44 million for the year ended March 31, 2018 pertains to expense under the Voluntary Retirement Scheme (VRS) of Holding Company- Elgi Equipments Limited, India.

47 Assets Pledged as security

Particulars	March 31, 2018	March 31, 2017
a. Charge on specific current and non-current assets	5,070.75	3,744.94
b. Charge on Property, Plant & equipment and Investment property	1,805.88	1,988.49
e. Cash Margin of INR 100 million	100.00	100.00
	6,976.63	5,833.43

48 Lease obligations**(a) Finance Lease obligations**

The Carrying amounts of assets taken under finance lease are given in note 3(iv). Future lease payments in relation to those assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Repayable		
-not later than one year	12.02	4.55
-later than one year and not later than 5 years	22.89	5.90
-later than 5 years	-	-
	34.91	10.45

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

(b) Operating Lease obligations

The total rent expenses for the premises taken under operating lease for the year ended March 31, 2018 and March 31, 2017 is ₹ 74.18 million and ₹ 78.28 million respectively.

The future lease obligations in respect of non-cancellable operating leases are as follows,

Particulars	March 31, 2018	March 31, 2017
Repayable		
-not later than one year	19.84	20.00
-later than one year and not later than 5 years	52.30	63.21
-later than 5 years	2.57	11.26
	74.71	94.47

49 Earnings per share

Particulars	March 31, 2018	March 31, 2017
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	6.02	4.67
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	6.02	4.67
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to equity holders of the company used in calculating basic earnings per share	952.81	740.00
<i>Diluted earnings per share</i>		
Profit attributable to equity holders of the company		
- used in calculating basic earnings per share	952.81	740.00
Used in calculating diluted earnings per share	952.81	740.00
Profit attributable to equity holders of the company used in calculating basic earnings per share	952.81	740.00
(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 Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

50 Additional information required by Schedule III

Name of the entity in the Group	Net Asset i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
<i>Elgi Equipments Limited</i> (refer note below)								
March 31, 2018	78%	5,402.77	76%	727.71	97%	56.49	78%	784.20
March 31, 2017	85%	5,176.22	85%	631.22	100%	41.44	86%	672.66
Subsidiaries								
Indian								
<i>ATS Elgi Limited</i>								
March 31, 2018	9%	597.21	9%	88.61	3%	1.74	9%	90.35
March 31, 2017	9%	562.51	10%	76.55	0%	-	10%	76.55
<i>Adisons Precision Instruments Manufacturing Company Limited</i>								
March 31, 2018	0%	(11.20)	0%	0.17	0%	-	0%	0.17
March 31, 2017	0%	(10.38)	0%	0.23	0%	-	0%	0.23
<i>Ergo Design Private Limited</i>								
March 31, 2018	0%	(8.97)	0%	1.47	0%	-	0%	1.47
March 31, 2017	0%	(9.13)	0%	0.06	0%	-	0%	0.06
Foreign								
<i>Elgi Equipments (Zhejiang) Limited</i>								
March 31, 2018	-7%	(493.06)	-1%	(12.05)	0%	-	-1%	(12.05)
March 31, 2017	-8%	(459.02)	-4%	(27.49)	0%	-	-4%	(27.49)
<i>Elgi Compressors Trading (Shanghai) Co. Limited</i>								
March 31, 2018	-2%	(141.52)	0%	0.43	0%	-	0%	0.43
March 31, 2017	-2%	(141.10)	0%	(3.14)	0%	-	0%	(3.14)
<i>Elgi Gulf FZE</i>								
March 31, 2018	9%	626.36	1%	8.93	0%	-	1%	8.93
March 31, 2017	11%	653.36	3%	25.51	0%	-	3%	25.51
<i>Elgi Compressors Do Brasil Imp.E.Exp LTDA</i>								
March 31, 2018	-2%	(109.73)	-3%	(29.59)	0%	-	-3%	(29.59)
March 31, 2017	-1%	(88.33)	-4%	(29.11)	0%	-	-4%	(29.11)
<i>Elgi Equipments Australia Pty Limited</i>								
March 31, 2018	0%	(31.39)	1%	6.09	0%	-	1%	6.09
March 31, 2017	-1%	(77.64)	-1%	(4.16)	0%	-	-1%	(4.16)

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

50 Additional information required by Schedule III

Name of the entity in the Group	Net Asset i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<i>Elgi Compressors Europe S.R.L</i>								
March 31, 2018	7%	510.59	9%	89.70	0%	-	9%	89.70
March 31, 2017	3%	180.28	2%	13.90	0%		2%	13.9
<i>Elgi Compressors USA Inc.</i>								
March 31, 2018	6%	391.01	4%	39.77	0%	-	4%	39.77
March 31, 2017	3%	155.61	3%	24.20	0%		3%	24.2
<i>PT Elgi Equipments Indonesia</i>								
March 31, 2018	1%	98.25	2%	15.61	0%	-	2%	15.61
March 31, 2017	1%	75.71	2%	16.57	0%	-	2%	16.57
Joint Ventures								
(Investment as per equity method)								
Indian								
<i>Elgi Sauer Compressors Limited</i>								
March 31, 2018	1%	57.66	2%	17.78	0%	-0.02	2%	17.76
March 31, 2017	1%	50.48	2%	16.54	0%	0.05	2%	16.59
<i>Industrial Air Solutions LLP</i>								
March 31, 2018	0%	1.50	0%	(1.82)	0%	-	0%	(1.82)
March 31, 2017	0%	0.42	0%	(0.88)	0%	-	0%	-0.88
Total								
March 31, 2018	100%	6,889.48	100%	952.81	100%	58.21	100%	1,011.02
March 31, 2017	100%	6,068.99	100%	740.00	100%	41.49	100%	781.49

Note: Includes the group's share in the assets and results of L.G. Balakrishnan & Bros. and Elgi Services classified as joint operations.

For and on behalf of the Board

As per our report of even date

JAIRAM VARADARAJManaging Director
DIN: 00058056**N. MOHAN NAMBIAR**Director
DIN: 00003660**For Price Waterhouse Chartered Accountants LLP**Firm Registration Number: 012754N/N500016
Chartered Accountants**VAISHNAVI P. M.**

Company Secretary

S. SRIRAM

Chief Financial Officer

BASKAR PANNERSELVAMPartner
Membership No: 213126Place: Coimbatore
Date: May 28, 2018Place: Coimbatore
Date: May 28, 2018

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

FORM AOC-1**Part "A" : Subsidiaries****Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014****Statement Containing Salient Features of the Financial statement of Subsidiaries :-**

Name of the Subsidiary Company	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Compressors Trading (Shanghai) Co.Ltd	Elgi Gulf (FZE)	Elgi Compressors Do BRASIL IMP. E.EXP.Ltd.	Elgi Australia Pty Ltd.	Elgi Compressors Europe S.r.l.	Rotair Spa	Elgi Compressors USA Inc.	Patton's Inc.	Patton's Medical LLC.	PT Elgi Equipments Indonesia	Ergo Design Private Limited	Adisons Precision Instruments Mfg.Co. Limited
Reporting Currency	INR	RMB	RMB	DHS	BRL	AUD	EURO	EURO	USD	USD	USD	IDR	INR	INR
Financial Year of the Subsidiary ended on	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018
Exchange Rate	-	10.35	10.35	17.74	19.63	49.92	80.62	80.62	65.04	65.04	65.04	0.0047		
Share Capital	0.90	450.23	28.68	1.78	110.06	0.01	304.02	45.01	921.51	-	-	19.05	0.10	7.43
Reserves and Surplus	790.18	-491.17	-25.36	323.16	-223.43	-121.10	148.78	424.78	-120.34	1503.94	-324.32	29.81	1.49	70.98
Total Liabilities	396.90	107.99	0.00	88.33	351.83	184.47	437.43	987.96	2171.42	204.86	579.74	22.02	6.28	2.56
Total Assets (Excluding Investments)	1187.98	67.05	3.32	413.27	238.46	63.38	890.24	1457.72	2972.60	1708.80	255.43	70.88	7.87	80.86
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	0.02				-	-	0.11
Turnover	1941.31	36.70	0.00	504.54	201.20	118.68	0.00	1805.52	809.06	1398.38	573.01	104.31	17.42	-
Profit before Tax	133.95	-12.05	0.43	8.93	-28.63	6.09	49.13	136.96	56.06	-5.74	21.03	20.09	1.95	0.23
Provision for Taxation	45.34	-	-	-	0.96	-	2.65	33.56	22.35	-2.31	8.46	4.48	0.48	0.05
Profit after Tax	88.61	-12.05	0.43	8.93	-29.59	6.09	46.48	103.40	33.71	-3.43	12.58	15.61	1.47	0.18
Proposed Dividend	58.50	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Notes to Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2018

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

Part "B" : Associates and Joint Ventures**Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures**

Sl. No.	Name of Joint Ventures/Joint Operations	Elgi Sauer Compressor Limited	Industrial Air Solutions LLP	L.G.Balakrishnan & Bros (Firm)	Elgi Services (Firm)
1.	Latest Audited Balance Sheet Date	31st March 2018	31st March 2018	31st March 2018	31st March 2018
2.	Shares if Associate / Joint Ventures held by the Company on the year end:				
	No of Shares	169000			
	Amount of Investment in Associates/ Joint Venture	1.69	4.0	124.0	0.40
	Extent of Holding	26%	50%	98%	80%
3	Description of how there is significant influence	Shareholding of more than 20%	Share more than 20%	Share more than 20%	Share more than 20%
4	Reason why the associate/joint venture is not consolidated	Consolidated to the extent of holding i.,e 26%	Consolidated to the extent of holding i.,e 50%	Consolidated to the extent of holding i.,e 98%	Consolidated to the extent of holding i.,e 80%
5	Networth attributable to Shareholding as per latest audited Balance Sheet	69.65	8.75	124.82	0.40
6	Profit / Loss for the Year				
	i. Considered in Consolidation	17.66	5.12	0.82	(0.00)
	ii. Not Considered in Consolidation	50.25	5.12	0.02	(0.00)

Factory & Registered Office, Subsidiary Offices, Branch Offices and Overseas Offices

BRANCH OFFICES

Ahmedabad	: "ELGI HOUSE" 2, Mill Officer's Colony, Behind La-Gajjar Chambers, (Old Reserve Bank), Opp. Times of India, Ashram Road, Ahmedabad - 380 009, Tel: 91-79-2683736, 26581274, Fax: 91-79-6587683, E-mail: enquiry@elgi.com
Bangalore	: 15,16 Richmond Road, Bangalore - 560 025, Tel: 91-80-22537200, Fax: 91-080-22293274, E-mail: enquiry@elgi.com
Chennai	: S4-II Floor, Apollo Dubai Plaza, No-100, Mahalingapuram Main Road, Nungambakkam, Chennai - 600 034, Tel: 91-44-28172599, 28172699, 28173599, Fax: 91-44-28174699, E-mail: enquiry@elgi.com
Coimbatore	: 1st Floor, No.622-A, Near ELGi industrial Complex, Trichy Road, Singanallur, Coimbatore - 641 005, Tel: 91-422-2589555, Fax: 91-422-2573697, E-mail: enquiry@elgi.com
Hyderabad	: H.NO: 12-13-188, II nd Floor, Street No. 2, Taranaka, Hyderabad - 500 017, Tel: 91-40-27000435, 27000437, 27000439, 27000431, Fax: 91-40-27000438, E-mail: enquiry@elgi.com
Jaipur	: 602, 6th Floor, Diamond Tower, Purani Chungi, Ajmer Road, Jaipur - 302 021, Tel: 91-141-2970120, Fax: 91-141-2970121, E-mail: enquiry@elgi.com
Kochi	: 1st Floor, Asset Summit Suites, National Highway 47, Near SCMS, Kalamassery, Kochi - 683106. Tel: 91-484-2360155, 2351904, E-mail: enquiry@elgi.com
Kolkata	: Space No. 502, Block - C, 5th Floor, Axis Mall, Action Area - 1C, New Town, Premises No. CF - 9, Kolkata - 700 156, Tel: 91-33-2324-4270, 2324-4271, Fax: 91-33-2324-4272, E-mail: enquiry@elgi.com
Mumbai	: Marol Co-op Industrial Estate Ltd. Plot No.48, Mathurdas Vassanji Road, Near Sakinaka, Andheri (East), Mumbai - 400 059, Tel: 91-22-42161000, Fax: 91-22-28591601, E-mail: enquiry@elgi.com
New Delhi	: 23, Shivaji Marg, Near Karampura, Opp.DCM, New Delhi - 110 015, Tel: 91-11-25928095, 25928593, Fax: 91-11-25459375, E-mail: enquiry@elgi.com
Pune	: White House, Ground Floor, 388/A-1/2240, Mumbai - Pune Road, Opp. Sandvik(Asia), Dapodi, Pune - 411 012, Tel: 91-20-30635454, Fax: 91-20-4073759, E-mail: enquiry@elgi.com
Raipur	: Office No. 311, 3rd Floor, Harshit Corporate, Amanaka, Raipur (C.G) Pincode - 492 001, Chhattisgarh, M: +91 97520 93009, E-mail: enquiry@elgi.com
Tiruchengode	: 4/2, Nandhini Complex, 1st Floor, Velur Road, Tiruchengode - 637 211, Tel: 91-4288-257137, Fax: 91-4288-257693, E-mail: enquiry@elgi.com

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Thailand	: ELGI EQUIPMENTS LIMITED , 223/66, 14th Floor, Building A, Country Complex, Sanphawut Road, Bang Na, Bangkok, Thailand - 10260, Tel: +662-7455160, 001800 13204 2905 (Toll-Free No.), Local Use: 02-7455160, E-mail: thailand-enquiry@elgi.com, Web: www.elgi.co.th

OVERSEAS FELLOW SUBSIDIARIES

Australia	: ELGI EQUIPMENTS AUSTRALIA PTY LTD , 38 Richland Avenue, Coopers Plain, QLD 4108, Australia, Tel: +61-7 3106 0589, 1800 813 1777 (Toll-Free No.), Fax: +61-7 3106 0537, Email: enquiry@elgi.com.au, Web: www.elgi.com.au
Brazil	: ELGI COMPRESSORS DO BRASIL IMP.E.EXP LTDA , Av. Emílio Chechinatto, 4195 - Bairro São Roque da Chave, CEP:13.295-000, Itupeva - São PauloBrasil, Tel: 4496 5519, 4496 6611, E-mail: enquiry@elgi.com.br

- China** : **ELGI EQUIPMENTS (ZHEJIANG) LIMITED**, West of 1st Floor, Building 2, No. 232, Yunhai Road, Jiaxing 314033 P.R. China, Tel: +86-573-82079100, Hotline: 400-826-3585
E-mail: enquiry.cn@elgi.com, Web: elgi.cn
- : **ELGI COMPRESSORS TRADING (SHANGHAI) CO.,LTD.** Rm 912-913, No. 8-9, Lane 1500, South Lianhua Road, Shanghai 201108 P.R. China, Tel: +86-21-33581191, Hotline: 400-826-3585, E-mail: enquiry.cn@elgi.com, Web: elgi.cn
- Indonesia** : **PT ELGI EQUIPMENTS INDONESIA**, Kawasan Pergudangan, Bizpark Commercial Estate, Pulogadung Jl, Raya Bekasi Km. 21, 5 Block A3 No. 12, Kel. Rawa Terate, Kec. Cakung, Pulogadung Jakarta Timur 13920, Tel: +62-21-46827388, 46822216, 46827388, E mail: indonesia-enquiry@elgi.com, Web: www.elgi.co.id
- Italy** : **ROTAIR Spa**, Via Bernezzo-67, 12023, Caraglio (CN), Italy, Tel: +39-0171619676, Fax: +39-0171619677, E-mail: info@rotairspa.com, Web: www.rotairspa.com
- Middle East** : **ELGI GULF FZE**, PO Box: 120695, P6-27, SAIF Zone, Sharjah, U.A.E. Tel: +971 6 557 9970, +971 50 457 6470, Fax: +971 6 557 9980, E-mail: gulfenquiry@elgi.com, Web: www.elgigulf.com
- USA** : **ELGI COMPRESSORS USA, INC.** 1500 Suite N Continental Blvd, Charlotte, NC 28273, USA. Tel: 704-943-7966, E-mail: usa.sales@elgi.com

FELLOW SUBSIDIARIES (DOMESTIC)

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ADISONS PRECISION INSTRUMENTS MFG.CO.LIMITED

Elgi Industrial Complex, Singanallur, Coimbatore - 641 005

ERGO DESIGN PVT LTD, 150, 2nd Main, 2nd Cross, Chelekare, Kalyan Nagar, Bengaluru, Karnataka 560043, Tel: 099450 06565

JOINT VENTURE

ELGI SAUER COMPRESSORS LIMITED, Elgi Industrial Complex III, Singanallur, Coimbatore - 641 005, India, Tel: +91-422-2589555, 2589634, 2589510, Fax: +91-422-2573697, E-mail: info@elgisauer.com, Web: www.elgisauer.com

INDUSTRIAL AIR SOLUTIONS LLP, 1, R R Industrial Estate, Opposite Shanthi Gears Regd Office, Singanallur, Coimbatore, Tamil Nadu 641005, Tel: 0422 227 1862

DIVISION

PRESSURE VESSEL DIVISION

1473 - Trichy Road, Coimbatore - 641 018, Tel: 0422-2589777, Email: enquiry@elgi.com

FACTORY & REGISTERED OFFICE

ELGI EQUIPMENTS LIMITED, Singanallur, Coimbatore - 641 005, India (CIN:L29120TZ1960PLC000351), Tel: +91-422-2589555, Fax: +91-422-2573697, +91-422-2589401 (for international markets), E-mail: enquiry@elgi.com, Web: www.elgi.com

ELGI EQUIPMENTS LIMITED (Foundry Division), SF No: 212/1A, 213/1, Kodangipalayam Village, Nallatipalayam Road, Singarampalayam Post, Kinathukkadavu, Pollachi Taluk, Coimbatore - 642 109, Tel: 04259-241201, 241401

GLOBAL SUPPORT CENTRE, SF NO 221, 221/2 & 221/3, Kothavadi Road, Kodangipalayam Village, Singarampalayam (PO), Kinathukkadavu Taluk, Coimbatore - 642 109, Tel: 04259-241018.

ELGI EQUIPMENTS LIMITED AIR COMPRESSOR PLANT, SF NO 221/1 to 3, 4pt,5,222/1B,2,223/1pt, 2,225/1, 2, 226/1, 2C,227/1, 2A,2B, 2C1,228/1, 2A, 229/B1, B2, B3, 232/B1, B2, 234/B1, 264/B1 and 264/B2, Kothavadi Road, Kodangipalayam Village, Singarampalayam (PO), Kinathukkadavu Taluk, Coimbatore - 642 109.



National Electronic Clearing Service (NECS Mandate Form)

(For Shares held in Physical Form)

1. First Shareholder's Name :

2. Shareholders' Folio No. :

3. Particulars of Bank Account

a) Bank Name :

b) Branch Name :

c) Account No. :

d) Account Type : SB ☐ Current ☐ Cash Credit ☐
(tick the correct box)

e) Ledger folio no. of the :
Bank A/c (if appearing on
the cheque book)

f) 9 Digit code No. of the
Bank & Branch appearing :
on the MICR cheque
issued by the bank

Important :

1. Please attach the photocopy of a cheque of a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code numbers.
2. I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Date :

Signature of First Shareholder



Notes



ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005, India.

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