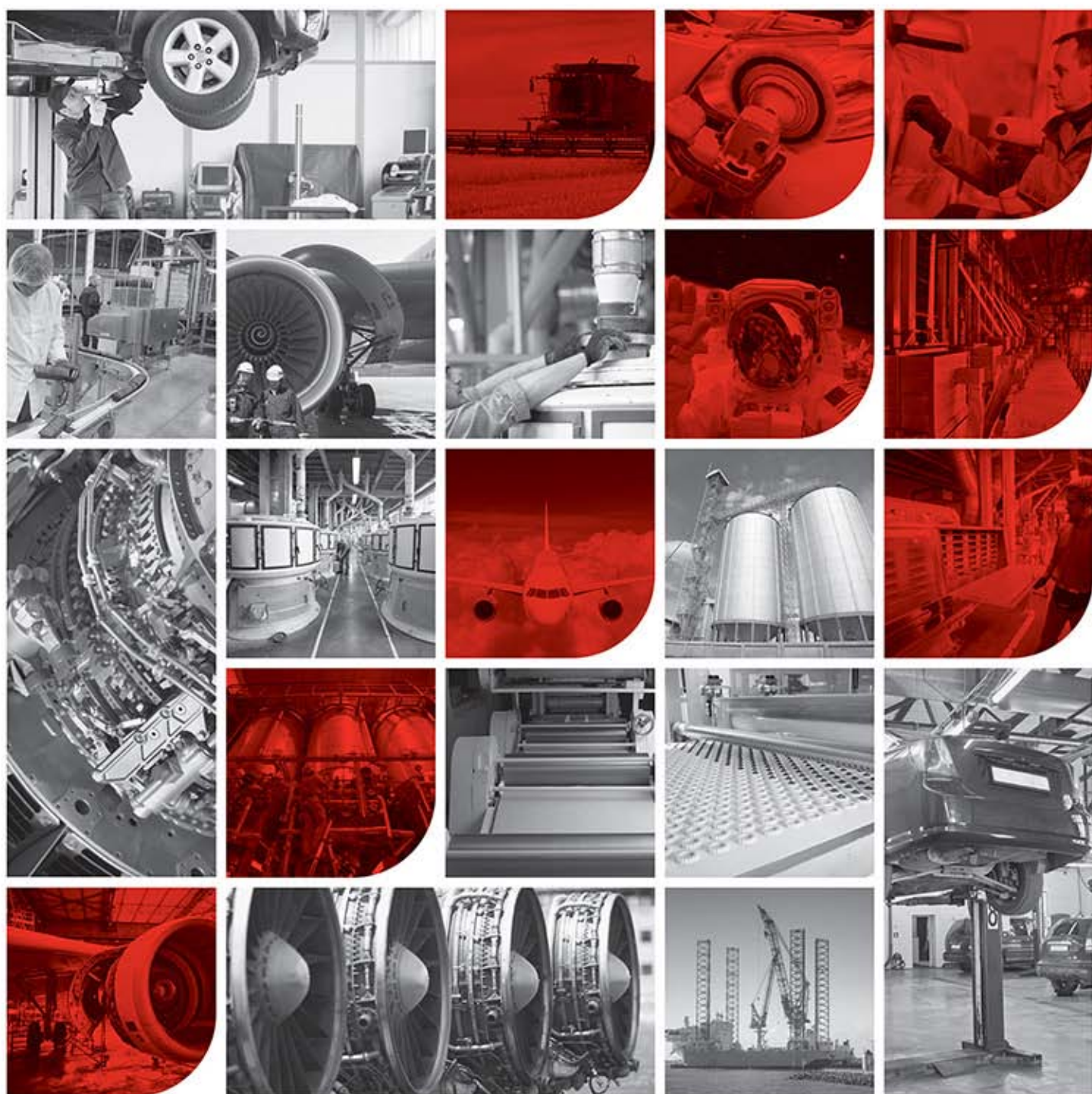


# ANNUAL REPORT 2015-2016

**ELGI**  
Always Better.



GROWING AND CREATING VALUE THROUGH INNOVATION



# ELGI EQUIPMENTS LIMITED

CIN:L29120TZ1960PLC000351

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

Date : 29<sup>th</sup> Day of July, 2016  
Day : Friday  
Time : 4.30 PM

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

Book Closure dates : 23<sup>rd</sup> July, 2016 to  
29<sup>th</sup> July, 2016  
(Both days inclusive)

## 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 Auditor

M/s. RJC Associates  
Chartered Accountants

### Secretarial Auditor

M/s. MDS & Associates  
Company Secretary in Practice

### Cost Auditor

M/s. STR & Associates  
Cost Accountants

### Bankers

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

### Registered Office

Elgi Industrial Complex III,  
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  
(2<sup>nd</sup> Floor) Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore - 641028.

Contents	Page No.
Notice of the 56 <sup>th</sup> Annual General Meeting	5
Management Discussion and Analysis	10
Board's Report	12
Corporate Governance Report	37
Auditor's Report	49
Standalone Financial Statements	54
Consolidated Financial Statements	71
Annual Report of ATS Elgi Limited	90

## Year at a glance - Consolidated Financial Statements

(₹ In Million)

Particulars	2015-16	2014-15
Net Sales	<b>14,123</b>	13,143
Other Income	<b>92</b>	100
Total Income	<b>14,215</b>	13,243
Total Expenditure		
a) (Increase) / Decrease in Inventories	<b>145</b>	(122)
b) Consumption of Raw Materials	<b>7,691</b>	7,427
c) Staff Cost - Salaries (Inclusive of Performance Pay)	<b>2,602</b>	2,499
d) Other Expenditure	<b>2,327</b>	2,455
Interest Expenditure	<b>122</b>	158
Depreciation / Amortisation	<b>426</b>	366
Total Expenditure	<b>13,314</b>	12,783
Exceptional Items	<b>43</b>	(224)
Profit / Loss Before Tax	<b>858</b>	684
Provision for Taxation	<b>224</b>	203
Net Profit	<b>634</b>	481
Paid up Equity Share Capital	<b>158</b>	158
Reserves and Surplus	<b>5,251</b>	4,776
Capital Expenditure	<b>315</b>	568
Cash flow from operations	<b>1,342</b>	780
Basic EPS (in ₹)	<b>4.0</b>	3.0
Dividend per Share (in ₹)	<b>1</b>	1
No. of Shareholders	<b>19,250</b>	19,628
No. of Employees	<b>2,000</b>	1,980

## Notice of the 56<sup>th</sup> Annual General Meeting

**NOTICE** is hereby given that the 56<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on **Friday, 29th July 2016, at 4.30 PM at 'ARDRA', No.9, North Huzur Road (Near Codissia Building), Coimbatore 641 018** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2016, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March 2016.
3. To appoint a Director in the place of Mr. Sudarsan Varadaraj, (DIN: 00133533) who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of the Auditors and to fix their remuneration and in this regard pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139(1) & 142(1) of the Companies Act, 2013, the appointment of M/s.RJC Associates, Chartered Accountants, Coimbatore, having Firm Registration No.003496S as the Statutory Auditors of the Company for the financial year 2016-17 be and is hereby ratified, to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company."

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) M/s. STR & Associates, Cost Accountants, (Firm Registration No.000029) 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 31<sup>st</sup> March, 2016, on a remuneration of ₹ 3,00,000 (Rupees Three Lakhs Only) (exclusive of service tax 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."

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

#### Item No. 5:

The Board of Directors, at its meeting held on 31<sup>st</sup> July, 2015, 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 2015-16 for a fee of ₹ 3,00,000/- for

conducting the audit of the cost accounting records of the Company and for issuing the compliance report on cost accounting records maintained by the Company, plus out of pocket expenses & service tax as applicable.

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

The resolution contained in Item No. 5 of the accompanying Notice, accordingly, seeks members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2015-16.

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

The Board recommends this resolution for your approval

By Order of the Board  
For Elgi Equipments Limited

**Vaishnavi P.M**

Company Secretary

ACS No. 31824

Place : Coimbatore

Date : 27/05/2016

### 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 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 is furnished and forms a 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 23.07.2016 to 29.07.2016 (both days inclusive) for determining the names of the members eligible for dividend on equity shares, if declared at the meeting.
6. The dividend proposed to be declared at the meeting, will be made payable on or before 25.08.2016 to those members whose names appear on the Register of Members of the Company on 22.07.2016.
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 205A of the Companies Act, 1956 the Dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid Dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed Dividend so transferred to the said Fund. Members who have not encashed the Dividend Warrant(s) so far, since the financial year 2008-09, are requested to send their claim immediately to the Company / Registrar for issue of pay order / demand draft in lieu thereof.
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 2015-16, the Notice of the 56<sup>th</sup> Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent only through electronic mode to all the members whose email 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 email address, physical copies of the Annual Report 2015-16 are being sent through permitted mode.
13. Members may also note that the Notice of the 56<sup>th</sup> Annual General Meeting and the Annual Report 2015-16 will be available on the Company's website, [www.elgi.com](http://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 Email 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 to dematerialized form to eliminate all risks associated with physical shares.
21. The 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 56<sup>th</sup> Annual General Meeting at **"ARDRA" No.9, North Huzur Road, (Near Codissia Building), Coimbatore – 641018** and the route map containing the complete particulars of the venue is attached to this Notice

## 23. Voting through electronic means

- I Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote at the 56th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by 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 e-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, 26<sup>th</sup> July, 2016 at 09.00 AM and ends on Thursday, 28<sup>th</sup> July, 2016 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 Friday, 22<sup>nd</sup> July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders.
- iv) Now enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

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

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

#### PAN

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

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

#### DOB

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

#### Dividend Bank Details

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

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

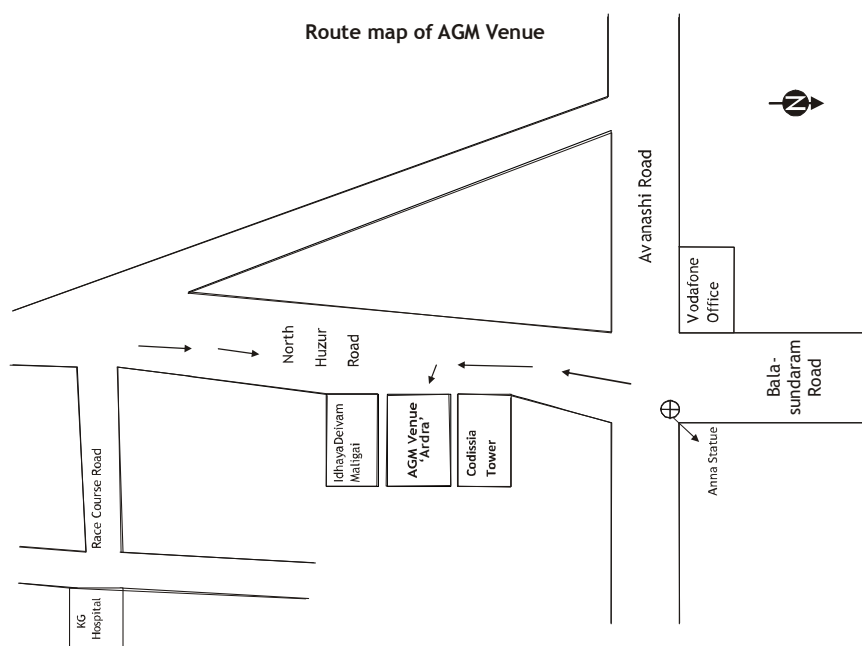
- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant 'Elgi Equipments Limited' on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and windows phone users can download the app from the app store and the windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scan copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- IV The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22<sup>nd</sup> July, 2016.
- 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](http://www.elgi.com) and on the website of CDSL and communicate to the Stock Exchanges, where the shares of the Company are listed.





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

<b>Name</b>	<b>Mr. Sudarsan Varadaraj</b>
DIN	00133533
Date of Birth	22.01.1958
Nationality	Indian
DOA on the Board	18/11/1993
Relationship with other Director	Mr. Jairam Varadaraj – Brother
Qualification	B.E., (Hons.), M.S (Mechanical Engg.)
Expertise in area	More than 30 years of experience as an Industrialist
No. of shares held	41,786 Equity Shares
Terms of appointment or reappointment	Liable to retire by rotation
Remuneration sought to be paid	Sitting fees only
Remuneration last drawn	₹ 60,000 paid as sitting fees
No. of Board meetings attended	3
List of Director- ships held in other Companies	<ol style="list-style-type: none"> <li>1. Elgi Rubber Company Limited</li> <li>2. Super Spinning Mills Limited</li> <li>3. KLR Limited</li> <li>4. Elgi Ultra Industries Limited</li> <li>5. LRG Technologies Limited</li> <li>6. Festo India Private Limited</li> <li>7. Tyre Point Private Limited</li> <li>8. Treadsdirect Limited, Kenya</li> <li>9. Treadsdirect Limited, Sri Lanka</li> <li>10. Treadsdirect LLC, USA</li> <li>11. Rubber Resources BV, The Netherlands</li> <li>12. Pincott International Pty, Australia</li> </ol>
Chairman/Member of the Committees of the Board of other Companies in which he is Director	<p>Stakeholders' Relationship Committee and Finance &amp; Administrative Committee</p> <ol style="list-style-type: none"> <li>1. Elgi Rubber Company Limited</li> </ol> <p>Audit Committee &amp; Nomination &amp; Remuneration Committee</p> <ol style="list-style-type: none"> <li>1. Super Spinning Mills Limited</li> <li>2. KLR Limited</li> </ol>

## Management Discussion and Analysis

### ELGI EQUIPMENTS LIMITED

Global economic activity remained subdued; however, risks to the overall outlook appear to be coming down. Economic growth is projected to be more gradual, especially in emerging markets and developing economies. The domestic market recovered from stagnancy in the latter part of the year, while growth in international markets has been sporadic.

#### COMPRESSORS:

The compressor business accounted for 86 % of the total sales of the Company. It accounts for 89% of the profits of the Company and 85% of the capital employed. This business presently employs 1592 people.

#### PERFORMANCE:

The Indian market remained at a low ebb during most part of the year. However, the Company's sales posted a modest growth during the latter part of the financial year. The Company has been able to improve profitability by managing costs and improving efficiencies. Demand for the Company's compressor business in the domestic market improved due to accelerated sales in select Compressor segments.

The Company's products continued to be well received by distributors and customers in international markets especially in USA, Europe and the Middle East.

The high cost of operations in the Company's French operations combined with the country's restrictive labour practices made it clear that profitability at Belair SAS is a challenge. The Company took a hard decision to handover Belair SAS to the French judicial system for legal redressal. The Company acquired Belair SAS in Feb 2010 and since then has invested over Euro 6.8 Million to build the business.

During the six years that the Company owned Belair SAS, the same was restructured to leverage the market opportunity in France by significantly adding resources. The Company's new range of globally competitive products were introduced to replace Belair's machines. The distributors and customers readily appreciated the products and we were able to grow the screw compressor business at double digit percentage levels. So much so that the Company has close to 750 machines working to the customers' absolute satisfaction in the French market. These untiring efforts, unfortunately, have not been enough to sustain the high cost of running operations at Belair SAS. Growth in sales of products and services have not been adequate. In deference to the French laws, therefore, the Company approached the Commercial Court at Annecy, which has appointed an administrator whose mandate is to restructure Belair SAS to make it profitable while protecting jobs; if this is infeasible, he will recommend

liquidation. The Company continues to believe in the opportunity that the French market presents, and the intention, therefore, is to explore viable means to continue to serve the French market.

Continuing low oil prices has put pressure on our sales growth in the Middle East. However, the Company's focus on the Non-Oil and Gas segments yielded results in sustaining performance in that region.

The Company's business operations were severely affected in China due to the economic slowdown and hence the Company took a decision to restructure the operations in order to minimize losses and approach the market in a focused manner by supplying products that meet the local market requirements. Steps will be initiated shortly to wind down the trading entity, Elgi Compressors Trading Shanghai Company Limited. The manufacturing license in Elgi Equipments Zhejiang Ltd is being suspended temporarily till new products are developed and made available and business improves in future. The Company has marginally grown its business in Industrial Compressors in the South East Asian and Oceanic Countries.

#### OPPORTUNITIES:

With India generally projected to grow at a robust pace, the Company is well positioned to exploit this growth. Economic activity in the US being resilient to global sensitivities, the Company's US operations will continue to perform well. The Company's focus will be on making its presence stronger in segments that have promised to grow above average and where the market share is low. With continuing efforts in marketing, the Company expects significant growth in sales with negligible incremental costs.

#### THREATS:

Unless the economic measures taken by various economies of the world towards growth fructify, there could be delayed recovery of the global markets. The Company's continued focus on optimizing costs and improving internal efficiencies will suitably respond to such adverse scenario.

### ATS ELGI LIMITED

#### PERFORMANCE:

The Company registered a growth of 11% over the previous year on the back of improved performance of the automotive sector. Passenger Car sales in India picked up during the year and registered a 7% increase while Medium & Heavy Vehicle segment grew at a significant rate by 30% signaling an overall reversal in trend. Though market conditions have improved considerably, investments in workshop equipment is yet to pick up.

Exports grew by 21% over the previous year despite major slowdown in economic activity and natural calamities in key export markets.

However, the Company's performance has been enhanced by increasing sales of new products.

Considering the overall market conditions, the performance of the Company is good.

**OPPORTUNITIES:**

The automotive industry is expected to continue to grow steadily during the coming year. The Company is well placed to capitalize on opportunities that emerge from this growth.

The Company's strategy of enlarging its presence into other segments of the vehicle servicing and allied industries to reduce its dependence on the growth of the automotive industry is steadily being implemented. Experience from the past year has indicated that the Company is on track to reap benefits from this strategy in the medium term.

**THREATS:**

A weakening Rupee and resurgence in oil prices could trigger a return to high fuel costs and higher inflation and dampen the demand for passenger vehicles. In such an environment, investments in workshop equipment will tend to be lower.

**OVERALL PERSPECTIVES:**

In the domestic market, with all the economic indicators showing positive signs, the Company is expected to grow quite well. The restructuring of operations in China and France will substantially

reduce revenue leakage. As the Company is planning only routine maintenance capital expenditure in the coming year, the debt levels will be reduced substantially. The prospects of a good monsoon have boosted business sentiments, so have falling interest rates. The Company believes these will translate into economic growth that the Company can capitalize in the coming year.

**HUMAN RESOURCE DEVELOPMENT:**

The Graduate Engineer Trainee (GET) scheme which we revived in 2012 after a gap of a few years has taken root. The Company now has a critical mass of such GETs who have grown to various levels of the hierarchy in different functions. The ongoing creation of this critical mass of engineers will enable deployment of home grown managers against growth opportunities across the ELGI world, thus minimizing lateral hiring. Industry-academia interface is an important activity that will support intake of bright young engineer trainees. Towards this, the Company has made a start this year by investing in an Air Compressor Training Laboratory in an engineering college close to its new Kinathukadavu manufacturing facilities. The Company will continue to explore future opportunities in this direction.

During the year, the Company worked with a German vocational training expert to sow the seeds for the ELGI Vocational Training Centre (EVTC). This facility is being created in the Kinathukadavu factory location, to impart machining, assembly and foundry skills both to the new breed of workmen who are being inducted gradually, as also to provide refresher training to the older workmen.

## Board's Report

Dear Shareholders,

Your Directors hereby present the 56<sup>th</sup> Annual Report along with the audited accounts for the year ended 31<sup>st</sup> March 2016.

### Financial Results

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

(₹ In Million)

Particulars	2015-16	2014-15
<b>Profit before Depreciation, Exceptional, Items &amp; Tax</b>	<b>1351.91</b>	978.09
<b>Less :</b> Depreciation	<b>360.53</b>	291.36
Exceptional Items	<b>551.76</b>	-
Profit before Tax	<b>439.62</b>	686.73
<b>Less :</b> Provision for Tax (Net of Tax Expenses)	<b>201.80</b>	130.52
<b>Net Profit</b>	<b>237.82</b>	556.21
<b>Add :</b> Opening Balance in P & L Account	<b>3458.39</b>	3144.54
Other additions (Net)	<b>10.08</b>	3.95
<b>Amount available for appropriations</b>	<b>3706.29</b>	3704.70
<b>The Directors recommended the following Appropriations:</b>		
Dividend	<b>158.45</b>	158.45
Dividend Tax	<b>32.26</b>	32.26
Transfer to General Reserve	<b>23.80</b>	55.60
<b>Profit carried forward</b>	<b>3491.78</b>	3458.39

### Review of Business Operations

The Company ended with net sales of ₹ 8691 Million as against ₹ 7759 Million in 2014-15. The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis section.

#### Transfer to reserves

An amount of ₹ 23.80 Million has been transferred to General Reserve in the year 2015-16 as against ₹ 55.60 Million in the year 2014-15.

#### Dividend

For the financial year 2015-16, the Board of Directors has recommended a dividend of ₹ 1/- per share (100%) on the paid up share capital of ₹ 15,84,54,508. Subject to the approval of shareholders, an amount of ₹ 190.71 Million will be paid as dividend including Dividend Distribution Tax (previous year ₹ 190.71 Million).

#### Share Capital

The paid-up capital of the Company as at 31.03.2016 stood at ₹ 158.45 Million. During the year under review the Company has not made any fresh issue of shares.

### Transfer of unclaimed Dividend to Investor Education and Protection Fund

In terms of Section 205(A) and 205(B) of the Companies Act, 1956, any unclaimed or unpaid Dividend relating to the Financial Year 2008-09 is due for remittance on 06.09.2016 to the Investor Education and Protection Fund established by the Central Government.

#### Extract of Annual Return

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

### Board Meetings and its Committees conducted during the period under review

During the year under review, 4 Meetings of the Board of Directors, 4 Meetings of the Audit Committee, 2 Meetings of the Nomination and Remuneration Committee, 2 Meetings of the Corporate Social Responsibility and 36 Meetings of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

### Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors have taken Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

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

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

**Declaration of Independent Directors**

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

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

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The Criteria for determining qualifications, positive attributes, and independence of Directors and Senior Management Personnel has been stated in **Annexure 'B'** to this report. The Remuneration policy of the Company is annexed herewith as **Annexure 'C'** and can also be accessed on the Company's website at the link <http://www.elgi.com/wp-content/uploads/Remuneration-policy.pdf>.

**Comments on Auditors' Report:**

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

**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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the financial year 2015-16 were in the ordinary course of business and on an arm's length pricing basis. Since there are no transactions which are not on arm's length basis and material in nature Form AOC-2 is not being annexed.

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

**Material changes and commitments affecting the financial position of the Company:**

Consequent to the Company's decision to restructure its China (Shanghai and Zhejiang) operations by closing down Elgi Compressors Trading (Shanghai) Co Limited and continue to carry on Trading operations in Elgi Compressors Zhejiang Limited, the Company has written down the value of the investments, advances and receivables relating to Chinese operations to an extent of ₹ 551.76 Million, accounting it as an exceptional item to the Statement of Profit and Loss. Details of exceptional items have been given in the notes to Financial Statements.

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

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

**Risk Management Plan Implementation**

The Company has formed a committee comprising of senior management, one level below the Managing Director, to take stock of all risks affecting the Company, the existing controls and mitigation measures. The Board has taken note of the high level risks, the controls currently in place and the mitigating measures to be undertaken and accordingly provided certain suggestions for mitigating the risks.

**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 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 2015-16, 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 a proven track record of over three years in involvement in educational activities and supports a full fledged school. The Trust has planned to support construction of a new school building with all modern amenities and aims to be a school of international standards in the years to come. Hence, the Company should continue to significantly contribute to the Trust.

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

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

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

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

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

Mr. Sudarsan Varadaraj, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors 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 15 subsidiaries and a joint venture Company. This includes Ergo Design Private Limited, an independent industrial design studio which was acquired during the year. Ergo Design Private Limited caters to the needs of the Company to a large extent. The acquisition was done in order that the Company has better control over the Intellectual Property rights created by Ergo Design Private Limited using the Company's inputs. The Company's Wholly Owned Subsidiary Belair SAS has been handed over to the French Judicial System for legal redressal on 26<sup>th</sup> April, 2016. 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 net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding financial year or has generated 20% of the consolidated income of the Company during the previous financial year. The board has approved a policy for determining material subsidiaries, which has been uploaded on the company's website viz. [www.elgi.com](http://www.elgi.com).

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

#### **Fixed Deposits**

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remained unclaimed with the Company as on 31<sup>st</sup> March 2016.

#### **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.

#### **Change in the nature of Business, if any**

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2016.

#### **Auditors**

##### **Statutory Auditors**

M/s. RJC Associates, were appointed as the Statutory Auditors of the company, at the Annual General Meeting held on 25<sup>th</sup> September, 2014, for a period of three years subject to ratification by the Shareholders at every consequent Annual General Meeting. The Company has received a letter pursuant to Section 139 and 141 of the Companies Act, 2013 from them to the effect that they are eligible to continue as the Statutory Auditors of the Company.

Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

**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, M/s. MDS & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit report is annexed herewith as **Annexure 'F'**.

**Cost Auditors**

The Board of Directors at their meeting held on 31<sup>st</sup> July 2015 have appointed M/s. STR & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2015-16. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable to the Cost Auditors of the Company is subject to the ratification by the Shareholders at the Annual General Meeting. The Board recommends their remuneration.

**Human Resources and Industrial Relations**

The Company continues to enjoy cordial relationships with its employees at all levels. The total strength of employees as on 31<sup>st</sup> March, 2016 was 2000.

**Particulars of Employees**

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

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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 received from any employee or third parties during the financial year 2015-16.

**Corporate Governance**

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

**Audit Committee**

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the Section on Corporate Governance, under the head, 'Audit Committee' for matters relating to the composition, meetings, and functions of the Committee. The Board has accepted the Audit Committee

recommendations during the year whenever 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. The Whistle Blower policy is available in the website of the Company at the following address <http://www.elgi.com/wp-content/uploads/Elgi-Whistle-Blower-Policy.pdf>

**Shareholders 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 as has adhered to the Code of Conduct and Business Ethics by which the shareholder is treated on par with an employee on the availability of information about the Company;
- Your Company regularly intimates the shareholders (through quarterly news letters) on the performance of the company, even though it is not mandatory;
- Your Company has consistently paid dividend throughout the years;
- Your Company has been prompt and regular in its replies to your queries received by them;
- 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 dematted 806836 shares; with this, the total number of shares dematted as on 31<sup>st</sup> March 2016 are 15,60,89,143 shares, which represents 98.51% shares of the Company

**Acknowledgement**

Your Directors thank the shareholders, customers, suppliers, bankers and all 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 : 27/05/2016

**Jairam Varadaraj**  
Managing Director  
DIN: 00058056

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

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

As on the financial year ended on 31.03.2016

[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	<b>L29120TZ1960PLC000351</b>
ii) Registration Date	14.03.1960
iii) Name of the Company	<b>ELGI EQUIPMENTS LIMITED</b>
iv) Category / Sub-Category of the Company	Public Limited Company having share capital
v) Address of the Registered office and contact details	Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005 Phone: 91-422-2589555 Fax: 91-422-2573697 E-mail: investor@elgi.com Website: www.elgi.com
vi) Whether listed Company	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>LINK INTIME INDIA PRIVATE LIMITED</b> 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:-

S. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	COMPRESSORS	2813 – Manufacture of Compressors	100%

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

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	<b>ATS ELGI LIMITED</b> Kurichy Private Industrial Estate, Kurichy, Coimbatore – 641021	U34300TZ2007PLC014125	Subsidiary	100%	Section 2 (87) (ii)
2.	<b>ELGI EQUIPMENTS (ZHEJIANG) LIMITED</b> No. 6, Building, No. 466 Yunhai Road, Jiaxing, Zhejiang, P. R. China - 314033	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
3.	<b>ELGI COMPRESSORS TRADING (SHANGHAI) CO. LTD</b> Room 912, No. 8 & 9 Lane 1500, South Lianhua Road, Min Hang District, Shanghai, P. R. China - 201108	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)

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

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
4.	<b>BELAIR SAS *</b> Zone Espace Leaders 156, Rue De Moutti sud 74540 Alby sur Cheran France.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
5.	<b>ELGI GULF (FZE)</b> P.O. Box: 120695, P6-027, SAIF Zone, Sharjah, U.A.E.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
6.	<b>ELGI COMPRESSORES DO BRAZIL IMP. E. EXP. LTDA</b> Avenida Emilio Checchinato, 4195-B: Cep:13295-000, Bairro: Sao Roque da Chave: Itupeva – SP, Brasil	N.A.	Subsidiary	100%	Section 2 (87) (ii)
7.	<b>ELGI AUSTRALIA PTY LTD.</b> 38 Richland Avenue, COOPERS PLAINS, 4108, Brisbane, Queensland.	N.A.	Subsidiary	100%	Section 2 (87) (ii)
8.	<b>ELGI COMPRESSORS ITALY S.R.L.</b> Rome(RM) Via Del Babuino 51, 00187	N.A.	Subsidiary	100%	Section 2 (87) (ii)
9.	<b>ROTAIR SPA</b> Step down subsidiary of Elgi Compressors Italy S.R.L. Via Bernezzo 67, 12023 Caraglio (CN) Italy	N.A.	Subsidiary	100%	Section 2 (87) (ii)
10.	<b>ELGI COMPRESSORS USA INC.</b> 3335 Pelton St., Charlotte, NC 28217 USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
11.	<b>PATTON'S INC.</b> Step Down Subsidiary of Elgi Compressors USA INC. 3201 South Boulevard, Charlotte NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
12.	<b>PATTON'S MEDICAL LLC.</b> Step Down Subsidiary of Pattons INC. 3201 South Boulevard. Charlotte NC 28209, USA	N.A.	Subsidiary	100%	Section 2 (87) (ii)
13.	<b>ADISONS PRECISION INSTRUMENTS MANUFACTURING COMPANY LIMITED</b> Elgi Industrial Complex Trichy Road, Coimbatore - 641005	U32109TZ1972PLC008922	Subsidiary	100%	Section 2 (87) (ii)
14.	<b>PT ELGI EQUIPMENTS INDONESIA</b> BIZPARK Commercial Estate, Raya Bekasi KM 21, Blok A3 No. 12, Pulogadung Jakarta, Timur 13920.	N.A.	Subsidiary	Capital Invested 100%	Section 2 (87) (ii)
15.	<b>ERGO DESIGN PRIVATE LIMITED</b> India House, New No 1443/1 Trichy Road, Coimbatore-641 018	U29299TZ2012PTC018828	Subsidiary	100%	Section 2 (87) (ii)
16.	<b>ELGI SAUER COMPRESSORS LIMITED</b> Elgi Industrial Complex III Trichy Road, Singanallur, Coimbatore-641 005	U29120TZ2008PLC014639	Joint Venture	26%	Section 2 (6)

\* BELAIR SAS has been handed over to French Judicial System for legal redressal on 26.04.2016

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual/ HUF	17693324	0	17693324	11.17	17692114	0	17692114	11.17	0.00
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corp.	31602386	0	31602386	19.94	31602386	0	31602386	19.94	0
e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any other									
	Trusts	1253920	0	1253920	0.79	1253920	0	1253920	0.79	0
	<b>Sub- Total (A)(1)</b>	50549630	0	50549630	31.90	50548420	0	50548420	31.90	0
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Others- Individual	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other...	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub- Total (A)(2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total shareholding of promoter (A) = (A)(1)+(A)(2)</b>	50549630	0	50549630	31.90	50548420	0	50548420	31.90	0.00
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a)	Mutual Funds	20572499	1000	20573499	12.98	21068392	0	21068392	13.30	0.32
b)	Banks / FI	155191	1030	156221	0.10	153929	1030	154959	0.10	0
c)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIIIs	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Foreign Portfolio Investor	20396156	8020	20404176	12.88	22186791	0	22186791	14.00	1.12
j)	Foreign Mutual Fund	302596	0	302596	0.19	337655	0	337655	0.21	0.02
k)	Foreign Bank	2000	0	2000	0.00	2000	0	2000	0.00	0.00
l)	UTI	0	2000	2000	0.00	0	500	500	0.00	0.00
m)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B)(1):-</b>	<b>41428442</b>	<b>12050</b>	<b>41440492</b>	<b>26.15</b>	43748767	<b>1530</b>	43750297	<b>27.61</b>	<b>1.46</b>



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>2</b>	<b>Non-Institutions</b>									
a)	Bodies Corp.									
i)	Indian	16862767	149452	17012219	10.74	16395696	138112	16533808	10.44	(0.30)
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	18505831	2665205	21171036	13.36	17233066	1918119	19151185	12.09	(1.27)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	27228775	0	27228775	17.19	25618903	0	25618903	16.17	(1.02)
c)	Others (specify)									
	Clearing Member	14447	0	14447	0.01	17858	0	17858	0.01	0.00
	Market Maker	3628	0	3628	0.00	1311	0	1311	0.00	0.00
	NRI (Repartable)	215434	40444	255878	0.16	215367	36304	251671	0.16	0.00
	NRI (Non-Repartable)	107289	0	107289	0.07	496973	0	496973	0.31	0.24
	Office Bearers	126493	305050	431543	0.27	116196	271300	387496	0.24	(0.03)
	Unclaimed Shares	0	0	0	0.00	511760	0	511760	0.32	0.32
	HUF	239371	0	239371	0.15	1184626	0	1184626	0.75	0.60
	Trust	200	0	200	0.00	200	0	200	0.00	0.00
	<b>Sub-total (B)(2):-</b>	63304235	3160151	66464386	41.95	61791956	2363835	64155791	40.49	(1.46)
	<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>104732677</b>	<b>3172201</b>	<b>107904878</b>	<b>68.10</b>	<b>105540723</b>	<b>2365365</b>	<b>107906088</b>	<b>68.10</b>	<b>0.00</b>
<b>C</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>155282307</b>	<b>3172201</b>	<b>158454508</b>	<b>100</b>	<b>156089143</b>	<b>2365365</b>	<b>158454508</b>	<b>100</b>	<b>0.00</b>

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Contd.

ii) Shareholding Pattern of Promoters

S. No.	Name of the Shareholder	No. of Shares held at the beginning of the year (as 01.04.2015)			No. of Shares held at the end of the year (as on 31.03.2016)			% change in Share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Dark Horse Portfolio Investment Ltd	25190940	15.90	0.00	25190940	15.90	0.00	0.00
2.	Jairam Varadaraj	12324928	7.78	0.00	12324928	7.78	0.00	0.00
3.	Elgi Ultra Industries Ltd	6079366	3.84	0.00	6079366	3.84	0.00	0.00
4.	Dr. Jairam Varadaraj (Jairam Family Trust)	2153800	1.36	0.00	2153800	1.36	0.00	0.00
5.	L.G.B. Public Welfare Society	1253920	0.79	0.00	1253920	0.79	0.00	0.00
6.	Anvar Jay Varadaraj	962624	0.61	0.00	962624	0.61	0.00	0.00
7.	Varun Jay Varadaraj	958342	0.60	0.00	958342	0.60	0.00	0.00
8.	Maya Jay Varadaraj	958324	0.60	0.00	958324	0.60	0.00	0.00
9.	Elgi Rubber Company Ltd	332080	0.21	0.00	332080	0.21	0.00	0.00
10.	Uday Balaji	64000	0.04	0.00	64000	0.04	0.00	0.00
11.	Vanitha Mohan	57720	0.04	0.00	57720	0.04	0.00	0.00
12.	Sudarsan Varadaraj	41786	0.03	0.00	41786	0.03	0.00	0.00
13.	Harsha Varadaraj	40000	0.03	0.00	40000	0.03	0.00	0.00
14.	Varshini Varadaraj	40000	0.03	0.00	40000	0.03	0.00	0.00
15.	Balaji T	30000	0.02	0.00	30000	0.02	0.00	0.00
16.	Gayathri Balaji	22210	0.01	0.00	21000	0.01	0.00	0.00
17.	V. Viren Mohan	19980	0.01	0.00	19980	0.01	0.00	0.00
18.	Vinay Balaji	11000	0.01	0.00	11000	0.01	0.00	0.00
19.	Varadarajulu L.G. (Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	7210	0.00	0.00	7210	0.00	0.00	0.00
20.	T Balaji	1000	0.00	0.00	1000	0.00	0.00	0.00
21.	L.G. Varadarajulu Correspondent Elgi Employee Welfare Trust Mat Hr. Sec School)	400	0.00	0.00	400	0.00	0.00	0.00
<b>TOTAL</b>		<b>50549630</b>	<b>31.90</b>	<b>0.00</b>	<b>50548420</b>	<b>31.90</b>	<b>0.00</b>	<b>0.00</b>

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Contd.**

iii) Change in Promoters' shareholding

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	GAYATHRI BALAJI				
	At the beginning of the year	22210	0.01	22210	0.01
	Transfer of Shares as on 29.01.2016	(1210)	0.00	21000	0.01
	At the end of the year	21000	0.01	21000	0.01

Note: There are no changes in the Shareholding of other promoters.

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

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>SBI EMERGING BUSINESSES FUND</b>				
	At the beginning of the year	14220736	8.97	14220736	8.97
	1. Transfer of Shares as on 22.05.2015	78	0.00	14220814	8.97
	2. Transfer of Shares as on 24.07.2015	43538	0.03	14264352	9.00
	3. Transfer of Shares as on 31.07.2015	4457	0.00	14268809	9.00
	4. Transfer of Shares as on 07.08.2015	63666	0.05	14332475	9.05
	5. Transfer of Shares as on 28.08.2015	21067	0.01	14353542	9.06
	6. Transfer of Shares as on 04.09.2015	35594	0.02	14389136	9.08
	7. Transfer of Shares as on 11.09.2015	25107	0.02	14414243	9.10
	8. Transfer of Shares as on 16.10.2015	(5000)	(0.01)	14409243	9.09
	9. Transfer of Shares as on 12.02.2016	(32000)	(0.02)	14377243	9.07
	At the end of the year	14377243	9.07	14377243	9.07
2	<b>PARI WASHINGTON COMPANY PVT. LTD A/C PARI WASHINGTON INDIA MASTER FUND, LTD</b>				
	At the beginning of the year	8190892	5.17	8190892	5.17
	1. Transfer of Shares as on 19.06.2015	332874	0.21	8523766	5.38
	2. Transfer of Shares as on 26.06.2015	40168	0.03	8563934	5.41
	3. Transfer of Shares as on 30.06.2015	870	0.00	8564804	5.41
	4. Transfer of Shares as on 03.07.2015	3998	0.00	8568802	5.41
	5. Transfer of Shares as on 15.01.2016	17966	0.01	8586768	5.42
	6. Transfer of Shares as on 22.01.2016	2814	0.00	8589582	5.42
	7. Transfer of Shares as on 29.01.2016	128020	0.08	8717602	5.50
	8. Transfer of Shares as on 19.02.2016	46114	0.03	8763716	5.53
	9. Transfer of Shares as on 26.02.2016	1998	0.00	8765714	5.53
	At the end of the year	8765714	5.53	8765714	5.53
3	<b>GAGANDEEP CREDIT CAPITAL PVT LTD</b>				
	At the beginning of the year	8152575	5.15	8152575	5.15
	Date wise Increase / Decrease in shareholding during the year.	-	-	-	-
	At the end of the year	8152575	5.15	8152575	5.15

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

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

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	<b>NALANDA INDIA EQUITY FUND LIMITED **</b>				
	At the beginning of the year	0	0.00	0	0.00
	1. Transfer of Shares as on 16.10.2015	3455588	2.18	3455588	2.18
	2. Transfer of Shares as on 22.01.2016	911000	0.58	4366588	2.76
	3. Transfer of Shares as on 26.02.2016	40961	0.02	4407549	2.78
	4. Transfer of Shares as on 04.03.2016	34836	0.02	4442385	2.80
	At the end of the year	4442385	2.80	4442385	2.80
5	<b>EAST SAIL</b>				
	At the beginning of the year	4096202	2.59	4096202	2.59
	1. Transfer of Shares as on 19.06.2015	134161	0.08	4230363	2.67
	2. Transfer of Shares as on 26.06.2015	15998	0.01	4246361	2.68
	3. Transfer of Shares as on 30.06.2015	336	0.00	4246697	2.68
	4. Transfer of Shares as on 03.07.2015	1672	0.00	4248369	2.68
	5. Transfer of Shares as on 15.01.2016	13453	0.01	4261822	2.69
	6. Transfer of Shares as on 22.01.2016	2062	0.00	4263884	2.69
	7. Transfer of Shares as on 29.01.2016	88185	0.06	4352069	2.75
	8. Transfer of Shares as on 19.02.2016	35673	0.02	4387742	2.77
	9. Transfer of Shares as on 26.02.2016	1223	0.00	4388965	2.77
	At the end of the year	4388965	2.77	4388965	2.77
6	<b>ICICI PRUDENTIAL MIDCAP FUND</b>				
	At the beginning of the year	2160633	1.36	2160633	1.36
	1. Transfer of Shares as on 10.04.2015	20870	0.02	2181503	1.38
	2. Transfer of Shares as on 17.04.2015	800212	0.50	2981715	1.88
	3. Transfer of Shares as on 24.04.2015	25707	0.02	3007422	1.90
	4. Transfer of Shares as on 01.05.2015	49689	0.03	3057111	1.93
	5. Transfer of Shares as on 28.08.2015	3204	0.00	3060315	1.93
	At the end of the year	3060315	1.93	3060315	1.93
7	<b>NEMISH S SHAH</b>				
	At the beginning of the year	2680000	1.69	2680000	1.69
	Date wise Increase / Decrease in shareholding during the year.	-	-	-	-
	At the end of the year	2680000	1.69	2680000	1.69
8	<b>HDFC TRUSTEE COMPANY LTD – HDFC LONG TERM ADVANTAGE FUND</b>				
	At the beginning of the year	2247749	1.42	2247749	1.42
	Date wise Increase / Decrease in shareholding during the year.	-	-	-	-
	At the end of the year	2247749	1.42	2247749	1.42
9	<b>ANUJ ANANTRAI SHETH</b>				
	At the beginning of the year	1600000	1.01	1600000	1.01
	Date wise Increase / Decrease in shareholding during the year.	-	-	-	-
	At the end of the year	1600000	1.01	1600000	1.01

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

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

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10	<b>NATIONAL WESTMINSTER BANK PLC AS DEPOSITORY OF FIRST STATE INDIAN SUBCONTINENT FUND A SUB FUND FIRST STATE INVESTMENTS ICVC **</b>				
	At the beginning of the year	367703	0.23	367703	0.23
	1. Transfer of Shares as on 10.04.2015	1027	0.00	368730	0.23
	2. Transfer of Shares as on 17.04.2015	660633	0.42	1029363	0.65
	3. Transfer of Shares as on 24.04.2015	16142	0.01	1045505	0.66
	4. Transfer of Shares as on 01.05.2015	21134	0.02	1066639	0.68
	5. Transfer of Shares as on 15.05.2015	4476	0.00	1071115	0.68
	6. Transfer of Shares as on 22.05.2015	34161	0.02	1105276	0.70
	7. Transfer of Shares as on 05.06.2015	2484	0.00	1107760	0.70
	8. Transfer of Shares as on 12.06.2015	4977	0.00	1112737	0.70
	9. Transfer of Shares as on 19.06.2015	39128	0.03	1151865	0.73
	10. Transfer of Shares as on 24.07.2015	6803	0.00	1158668	0.73
	11. Transfer of Shares as on 31.07.2015	4870	0.00	1163538	0.73
	12. Transfer of Shares as on 07.08.2015	393	0.00	1163931	0.73
	13. Transfer of Shares as on 21.08.2015	327691	0.21	1491622	0.94
	At the end of the year	1491622	0.94	1491622	0.94
11	<b>ACACIA PARTNERS, LP ##</b>				
	At the beginning of the year	2040000	1.29	2040000	1.29
	1. Transfer of Shares as on 17.04.2015	(680000)	(0.43)	1360000	0.86
	2. Transfer of Shares as on 21.08.2015	(500000)	(0.32)	860000	0.54
	3. Transfer of Shares as on 09.10.2015	(860000)	(0.54)	0	0.00
	At the end of the year	0	0.00	0	0.00
12	<b>ACACIA INSTITUTIONAL PARTNERS, LP ##</b>				
	At the beginning of the year	1680000	1.06	1680000	1.06
	1. Transfer of Shares as on 17.04.2015	(560000)	(0.35)	1120000	0.71
	2. Transfer of Shares as on 21.08.2015	(44412)	(0.03)	1075588	0.68
	3. Transfer of Shares as on 09.10.2015	(1075588)	(0.68)	0	0.00
	At the end of the year	0	0.00	0	0.00

\*\* Not in the list of Top 10 shareholders as on 31.03.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.

## Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

v) Shareholding of Directors and Key Managerial Personnel

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>JAIRAM VARADARAJ</b> (Managing Director)				
	At the beginning of the year	14478728	9.14	14478728	9.14
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	14478728	9.14	14478728	9.14
<b>2</b>	<b>DR T BALAJI NAIDU</b> (Non-Executive Director)				
	At the beginning of the year	31000	0.02	31000	0.02
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	31000	0.02	31000	0.02
<b>3</b>	<b>SUDARSAN VARADARAJ</b> (Non-Executive Director)				
	At the beginning of the year	41786	0.03	41786	0.03
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	41786	0.03	41786	0.03
<b>4</b>	<b>DR GANESH DEVARAJ</b> (Independent Director)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
<b>5</b>	<b>M RAMPRASAD</b> (Independent Director)				
	At the beginning of the year	8000	0.01	8000	0.01
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	8000	0.01	8000	0.01
<b>6</b>	<b>N MOHAN NAMBIAR</b> (Independent Director)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
<b>7</b>	<b>B VIJAYAKUMAR</b> (Independent Director)				
	At the beginning of the year	50000	0.03	50000	0.03
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	50000	0.03	50000	0.03
<b>8</b>	<b>DR MADHAVI GOPINATH</b> (Independent Director)				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**

v) Shareholding of Directors and Key Managerial Personnel

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>9</b>	<b>HARJEET SINGH WAHAN</b> (Non-Executive Director)				
	At the beginning of the year	10000	0.01	10000	0.01
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	10000	0.01	10000	0.01
<b>10</b>	<b>S SRIRAM</b> (Chief Financial Officer)				
	At the beginning of the year	350	0.00	350	0.00
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	350	0.00	350	0.00
<b>11</b>	<b>VAISHNAVI P M</b> (Company Secretary)				
	At the beginning of the year	-	-	-	-
	Date wise 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	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	179.86	913.54	-	1,093.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.04	-	1.04
<b>Total (i+ii+iii)</b>	<b>179.86</b>	<b>914.58</b>	<b>-</b>	<b>1,094.44</b>
Change in Indebtedness during the financial year				
Addition	434.36	1,683.46	-	2,117.82
Reduction	433.07	2,247.93	-	2,681.00
Exchange Difference	12.85	24.90	-	37.75
<b>Net Change</b>	<b>14.14</b>	<b>(539.57)</b>	<b>-</b>	<b>(525.43)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	194.00	373.97	-	567.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.32	-	0.32
<b>Total (i+ii+iii)</b>	<b>194.00</b>	<b>374.29</b>	<b>-</b>	<b>568.29</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

(₹ In Million)

S. 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	9.08
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	1.32
(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, specify	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>10.40</b>
	<b>Overall ceiling as per the Act</b>	<b>5% of Net profit</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## B. Remuneration to other Directors:

## 1. Independent Directors

(₹ In Million)

Name of Directors	Particulars of Remuneration			Total (B)(1)
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Mr. M.Ramprasad	0.20	-	-	0.20
Dr. Ganesh Devaraj	0.20	-	-	0.20
Mr. B.Vijayakumar	0.06	-	-	0.06
Mr. N.Mohan Nambiar	0.20	-	-	0.20
Dr. Madhavi Gopinath	0.10	-	-	0.10
<b>Total</b>	<b>0.76</b>	<b>-</b>	<b>-</b>	<b>0.76</b>

## 2. Non - Executive Directors

Name of Directors	Particulars of Remuneration			Total (B)(2)	Total Managerial Remuneration (A+B1+B2)
	Fee for attending Board / Committee Meetings	Commission	Others, please specify		
Dr. T.Balaji Naidu	0.12	-	-	0.12	
Mr. Sudarsan Varadaraj	0.06	-	-	0.06	
Mr. Harjeet Singh Wahan	0.14	-	1.39 *	1.53	
<b>Total</b>	<b>0.32</b>	<b>-</b>	<b>-</b>	<b>1.71</b>	<b>12.87</b>

\* Payment of consultancy fees to Mr. Harjeet Singh 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 as per the Companies Act, 2013.

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

₹ In Million

S. 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	7.12	0.71	7.83
(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, specify....	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>7.12</b>	<b>0.71</b>	<b>7.83</b>

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

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

For and on behalf of the Board

**Jairam Varadaraj**  
Managing Director  
DIN: 00058056

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

Place : Coimbatore  
Date : 27/05/2016

**Annexure B****Criteria for selection of Non-Executive Directors:**

The Non Executive Director shall:-

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

**Annexure C****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 1<sup>st</sup> October, 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

**1. BACK GROUND**

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

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

Companies Act, 2013 and the listing agreement that the Company has signed with the stock exchanges

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

**2. OBJECTIVE**

The objectives of this policy are:

- (a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company aimed at attracting, retaining and motivating people of the quality required to run the Company successfully;
- (b) encourage people to perform to their highest level of competence;
- (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, subsidised canteen policy, suggestions and rewards policy and any other similar policies aimed at motivating and encouraging the Key Managerial Personnel, Senior Management and other Employees to perform better.

#### 5. REVIEW

##### 5.1 Performance Appraisal

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

##### 5.2 Board

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

##### 5.3 Nomination & Remuneration Committee

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

##### 5.4 Monitoring the Policy

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

#### 6. DISCLOSURE & 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 D****Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

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

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

We are following ISO 50001:2011 Standards (Energy Management System-EnMS). As per these guidelines, we created a format and are capturing all the energy related data at our new air compressor plant. We also installed an energy management software for the machines in this plant. Energy consumption data is recorded digitally in the server. Going forward, we are planning to obtain ISO 50001:2011 Certification and integrate the same with the Environment and Safety Management System for obtaining a comprehensive picture.

**II Steps taken by the Company for utilising alternate sources of energy**

We studied and received the feasibility report for a solar power plant at our new air compressor plant and foundry. We will be able to install 1.4 MW for the air compressor plant and 0.6 MW for the foundry based on the roof top space availability. In the coming year, we are planning to conduct a pilot trial of the solar power plant's capacity of 100 KW at air compressor plant.

**III Capital investment on energy conservation equipment**

₹ 10.00 Lakhs were spent during the year

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

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

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

- Developed and Launched 500-175 MODEL ( 5 variants ) Diesel Engine driven Rotary Air Compressors for C&M and water well applications.
- Designed and developed the EG series ( 22 to 160 kW) products with VFD to be able to give a turn down of 100 to 40%
- Designed and developed the products with standard 60 Hz motor for NON -ABNT countries
- Designed, developed and launched TS 05, 07, 10, 15 Industrial Reciprocating top block for the U.S.A. Market.

- Designed, developed and launched TS 05 & TS 07, Oil free Industrial Reciprocating Compressor.
- Designed, developed and launched 54 CFM PET Industrial Reciprocating Compressor for PET bottle manufacturing.
- Designed, Developed and Launched the CG 5000 (2800 to 4000 CFM) Centrifugal Air Compressor.

**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	2015-16	2014-15
Capital	66.37	46.89
Revenue	262.06	243.34
Total	328.43	290.23
R & D Expenditure as a percentage on turnover	3.80%	3.77%

**C. Foreign Exchange Earnings and Outgo**

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

**Annexure E****Annual Report on Corporate Social Responsibility (CSR) Activities****01. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company provided relief to the flood affected areas of Tamilnadu during November/December, 2015. The Company has been engaged in Education and Community development projects in and around Coimbatore for a number of decades. The Company and its employees contributed significantly for reconstructing houses belonging to the poor in Villupuram District through Aurobindo Foundation. 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>". <http://www.elgi.com/wp-content/uploads/CSR-policy.pdf>

**02. Composition of CSR Committee**

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

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

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

Average net profit: ₹ 903.63 Million.

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

The Company was required to spend ₹ 18.07 Million towards CSR during the year

**05. Details of CSR spent during the Financial Year 2015-16**

a) Total amount spent for the financial year : ₹ 38.58 Million

b) Amount unspent, if any; Nil

c) Manner in which the amount spent during the financial year is detailed below:

(In ₹)

S. No	CSR Project or Activity identified	Sector in which the project is covered	District and State where projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the project or programs	Cumulative Expenditures up to the reporting period	Amount spent, direct or through implementing agencies
1.	Promoting Education & Rural Development	Educations	Coimbatore, Taminadu	3,45,30,000	3,45,30,000	3,45,30,000	Through a Registered Trust
2.	Sports promotion activities	Rural Sports	Coimbatore & Karur, Tamilnadu	2,30,000	2,30,000	2,30,000	Direct
3.	Zoological Park Association	Animal Welfare	Coimbatore, Tamilnadu	2,10,000	2,10,000	2,10,000	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	10,00,000	10,00,000	10,00,000	Direct
6.	Flood Relief	Public Welfare	Villupuram, Tamilnadu	16,07,435	16,07,435	16,07,435	Direct
			<b>Total</b>	<b>3,85,77,435</b>	<b>3,85,77,435</b>	<b>3,85,77,435</b>	

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

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

Place : Coimbatore  
Date : 27/05/2016

**Jairam Varadaraj**  
Chairman of CSR Committee  
DIN: 00058056

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

**Annexure F**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED**  
**31<sup>ST</sup> MARCH, 2016**

[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 **31<sup>st</sup> March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Act, 1956 (the Act) and the rules made thereunder (to the extent applicable);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- vi. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1<sup>st</sup> December 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, 1992 (till 14<sup>th</sup> May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15<sup>th</sup> May 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) and made applicable with effect from 1<sup>st</sup> July, 2015 and it was noted that the Company has generally complied with the same, however the stricter applicability of the Secretarial Standards is to be observed by the company.
- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

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

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 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 (Buyback 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 has been subject to review by statutory financial auditor and other designated professionals.

**I further report that**

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

## 'Annexure A'

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

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

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

**I further report that** during the audit 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 : 27/05/2016

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

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

To

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the 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 : 27/05/2016

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



**Annexure G**

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

**Particulars of Employees**

i) **Employed throughout the year and was in receipt of remuneration not less than ₹ 60 lakhs per annum.**

(₹ 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) 27 years	55	9.14%	10.40	-
K Sreeramachandra Murthy	10/11/2010	Director-Operations	M.E., (Tools) PG Diploma (Finance & Marketing) 27 Years	49	-	7.49	Hindustan Motors Ltd
Rajendra Singh	22/09/2010	Director - Technology	B.E., MS., 39 Years	57	-	9.41	Delphi – TVS Continental Automotive
Jayashankar Jayaraman	02/11/2009	Director - HR & Europe Operations	BA., LLB., PG DPM 28 Years	54	-	8.03	Watanmal Group
S.Sriram	11/07/2007	Chief Financial Officer & Director COSEA	B.Sc., FCA., FCMA, CISA. 33 Years	57	0.00%	7.12	Cholayil Private Limited
Raghavan N	02/02/2007	Director – ISAAME	B.E., PG Diploma 29 years	49	0.00%	7.20	Rane TRW Steering Systems Ltd

Note:

1. Nature of employment of Mr. Jairam Varadaraj, Managing Director of the Company is contractual. All other Executives are on the permanent role of the Company.
2. Mr. Jairam Varadaraj is related to Mr. Sudarsan Varadaraj as per definition of relative of 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 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)	26.0 : 1
Mr. Sudarsan Varadaraj (Director)	0.1 : 1
Dr. T Balaji Naidu (Director)	0.3 : 1
Mr. M Ramprasad (Director)	0.5 : 1
Dr. Ganesh Devaraj (Director)	0.5 : 1

Name	Ratio
Mr. B Vijayakumar (Director)	0.1 : 1
Mr. N Mohan Nambiar (Director)	0.5 : 1
Dr. Madhavi Gopinath	0.2 : 1
Mr. Harjeet Singh Wahan	3.0 : 1

Sitting fees paid to the Non-Executive Directors have 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)	: 9%
Mr. S Sriram - (Chief Financial Officer)	: 12.30%
Mrs. Vaishnavi PM - (Company Secretary)	: 5.34% (increase in remuneration for 8 months of service)

**c) The percentage increase in the median remuneration of employees in the financial year: 8.5%**

**d) The number of permanent employees on the rolls of company: 1188**

**e) The explanation on the relationship between average increase in remuneration and Company performance:**

There is no direct relationship between the average increase in remuneration and Company performance. Increments are linked to the Cost of Living Index and Market Compensation.

**f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:**

The Key Managerial Personnel were collectively paid a remuneration of ₹ 18.23 Million for the financial year 2015-16. This represents 0.21% of the total Standalone Turnover of ₹ 8691.33 Million of the Company and 7.63% of its net profits.

The Company believes that the Key Managerial Personnel have been compensated commensurate with their knowledge, experience and contributions; notwithstanding the fact that their collective remuneration does not impact the Company's performance significantly.

**g) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	Issued Capital (Shares)	Market Price (in ₹)	Market Capitalisation (₹ in crores)	Price Earnings Ratio (in ₹)	Net worth (₹ in crores)
31.03.2015	158454508	146.00	2313	48.12	533
31.03.2016	158454508	129.82	2057	32.42	541
Increase/ (Decrease)		(16.18)	(256)	(15.70)	8

Percentage increase in market quotation of the shares of the Company in comparison to the rate at which the Company came out with the last Public Offer: 725%

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

Average increase in remuneration is 8.5% for Employees and Managerial Personnel

**i) The key parameters for any variable component of remuneration availed by the Directors:**

**Non Executive Directors:**

The Company does not pay any Variable component of remuneration to the Non-Executive Directors.

**Executive Directors:**

With respect to the Executive Director, variable component is paid in relation to the following norms:

- Individual performance (average performance score achieved by his direct reportees) – 30%
- Company performance (Sales, Profit, Cash Flow & Quality) – 70%

**j) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:**

Nil

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

For and on behalf of the Board

Place : Coimbatore  
Date : 27/05/2016

**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, 2016, 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 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 following transparency in its accounting practices and procedures, in framing and adhering to policies and guidelines, in insisting on responsibility and accountability and by regular audit of its policies and procedures;

**BOARD OF DIRECTORS**

The Board of Directors of the Company consists of 9 Directors. Mr. Jairam Varadaraj is the Managing Director and all other Directors are Non-Executive Directors (out of which Five are Independent Directors including one Woman Director).

The Board met 4 times during the Financial Year on 29<sup>th</sup> May 2015, 31<sup>st</sup> July 2015, 30<sup>th</sup> October 2015 and 05<sup>th</sup> February 2016. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years 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: 00058056)	Managing Director Promoter	4	Yes	8	1	3
Mr. Sudarsan Varadaraj (DIN: 00133533)	Non-Executive Promoter	3	No	5	1	1
Dr. T. Balaji Naidu (DIN: 00002755)	Non-Executive Promoter	4	Yes	2	-	1
Mr. B. Vijayakumar (DIN: 00015583)	Non-Executive Independent	2	Yes	6	-	3
Mr. N. Mohan Nambiar (DIN: 00003660)	Non-Executive Independent	4	Yes	4	1	1
Mr. M. Ramprasad (DIN: 00004275)	Non-Executive Independent	4	Yes	2	1	-
Dr. Ganesh Devaraj (DIN: 00005238)	Non-Executive Independent	4	Yes	-	-	1
Dr. Madhavi Gopinath (DIN: 00096061)	Non-Executive Independent	3	Yes	1	-	-
Mr. Harjeet Singh Wahan (DIN: 00003358)	Non-Executive Non-Independent	4	Yes	2	-	1

# Excludes Directorships in Private Companies and Foreign Companies

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

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

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, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Statement showing number of Equity Shares held by the Non-Executive Directors as on 31<sup>st</sup> March 2016:-**

<b>Name of the Director</b>	<b>No of Shares held (as on 31.03.2016)</b>	<b>Name of the Director</b>	<b>No of Shares held (as on 31.03.2016)</b>
Mr.M.Ramprasad	8000	Dr.T.Balaji Naidu	31000
Mr.B.Vijayakumar	50000	Mr.SudarsanVaradaraj	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 Senior Management representative of the Company present 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 technology related aspects.

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

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

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreements, 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 Committees. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

**Separate Meeting of the Independent Directors:**

The Independent Directors held a Meeting on 27<sup>th</sup> May, 2016, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues /matters 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 the 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 4 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 Audit Committee meeting is 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 SEBI (Listing Obligations & 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 & Disclosure Requirements) Regulations, 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 29<sup>th</sup> May 2015, 31<sup>st</sup> July 2015, 30<sup>th</sup> October 2015 and 05<sup>th</sup> February 2016. The Composition of the Audit Committee and the attendance of each member of the Committee is 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	4
Mr. Harjeet Singh Wahan (Member)	Non Independent – Non-Executive	4	3

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, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the year 2015-16, 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) Regulations, 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
Mr. M. Ramprasad (Chairman)	Independent – Non-Executive	2	2
Mr. N. Mohan Nambiar (Member)	Independent – Non-Executive	2	2
Dr. Ganesh Devaraj (Member)	Independent – Non-Executive	2	2
Mr. Jairam Varadaraj (Member) (Upto 29.05.2015)	Executive	2	1

This Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors and Senior Management. During the year under review, the committee had met two times on 29<sup>th</sup> May 2015 and 30<sup>th</sup> October 2015.

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

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

#### DETAILS OF REMUNERATION

##### Managing Director

The Company's Board at present comprises one Executive Director, Mr. Jairam Varadaraj – Managing Director. The remuneration of Managing Director is governed by an ordinary resolution which have 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 Managing Director for the year ended 31<sup>st</sup> March 2016 as follows:

Name	Designation	Total Remuneration (₹ In Million)
Mr. Jairam Varadaraj	Managing Director	10.40

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

The details of sitting fees paid during the year ended 31<sup>st</sup> March 2016 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	2,00,000	Dr.T.Balaji Naidu	1,20,000
Mr.M.Ramprasad	2,00,000	Mr.Sudarsan Varadaraj	60,000
Dr.Ganesh Devaraj	2,00,000	Dr. Madhavi Gopinath	1,00,000
Mr.B.Vijayakumar	60,000	Mr.Harjeet Singh Wahan	1,40,000

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	No. of Meetings attended
Mr. N. Mohan Nambiar (Chairman)	Independent – Non-Executive	36	36
Mr. Jairam Varadaraj (Member)	Executive-Managing Director Promoter	36	36
Dr. T. Balaji Naidu (Member)	Non Independent – Non-Executive	36	36

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

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

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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31<sup>st</sup> March 2016 was 24. There were no outstanding complaints as on 31<sup>st</sup> March 2016.

Pursuant to clause 47(c) of the Listing Agreement/ 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 Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

#### Unclaimed Suspense Account

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had transferred on 07.12.2015, its unclaimed shares to Elgi Equipments Limited Unclaimed Securities Suspense Account, opened with M/s Coimbatore Capital Limited. The claimed details of the Unclaimed Securities Suspense Account is given below:

Unclaimed Shares as on 07.12.2015		Shares claimed during the period		Unclaimed Shares as on 31.03.2016	
No of shareholders	No of shares	No of shareholders	No of shares	No of shareholders	No of shares
1769	511840	1	80	1768	511760

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

#### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

- 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:

- c. To monitor the CSR policy of the Company from time to time :
- d. Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India:

The Committee comprises four members Mr.Jairam Varadaraj, Mr.B. Vijayakumar, Dr. T. Balaji Naidu and Dr.Madhavi Gopinath. During the year under review, the committee had met two times on 30<sup>th</sup> October 2015 and 5<sup>th</sup> February 2016.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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	Special Resolutions Passed,if any
2014-15	31.07.2015	3.45 pm	ARDRA, No. 9,North Huzur Road, Coimbatore – 641018	-Nil-
2013-14	25.09.2014	10.30 am	ARDRA, No. 9,North Huzur Road, Coimbatore – 641018	Appointment of Dr.Ganesh Devaraj, Mr.M.Ramprasad, Mr. B.Vijayakumar and Mr. N.Mohan Nambiar as Independent Directors
2012-13	01.08.2013	04.30 pm	ARDRA, No. 9,North Huzur Road, Coimbatore – 641018	-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), and The Hindu (Vernacular paper) and simultaneously posted on the Company's website (www.elgi.com).

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

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

### GENERAL SHAREHOLDER INFORMATION

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

Date and Time : 29<sup>th</sup> July 2016 at 4.30 PM

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

### FINANCIAL CALENDAR

#### Period of reporting

#### Financial year 1st April 2016 to 31st March 2017

Quarter ending 30<sup>th</sup> June 2016

Quarter ending 30<sup>th</sup> September 2016

Quarter ending 31<sup>st</sup> December 2016

Year ending 31<sup>st</sup> March 2017

Date of Book closure

Dividend Payment Date

#### Proposed Board meeting dates

Last week of July 2016

First week of November 2016

First week of February 2017

Last week of May 2017

23<sup>rd</sup> July 2016 to 29<sup>th</sup> July 2016 (both days inclusive)

25.08.2016



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

Annual listing fees for the year 2015-16 were paid to BSE Limited &amp; National Stock Exchange of India Limited.

**STOCK MARKET DATA**

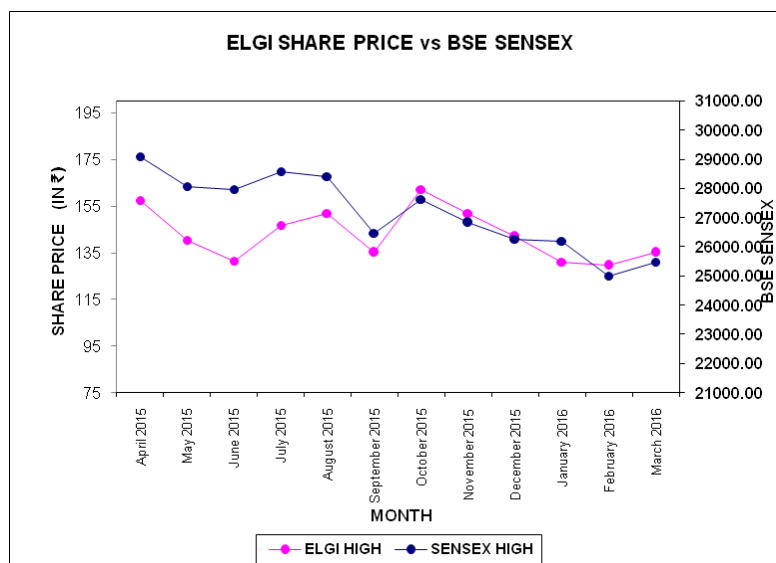
Type of Security: Equity

**Stock Code:**BSE Limited - **522074**National Stock Exchange of India Limited - **ELGIEQUIP**ISIN number allotted for equity shares: **INE 285A01027**

(Fully paid ₹ 1/- each)

**Stock Price Data:****For the Period:** April 2015 to March 2016

MONTH	NSE			BSE		
	HIGH (In ₹)	LOW (In ₹)	QTY	HIGH (In ₹)	LOW (In ₹)	QTY
APRIL 2015	158.50	113.95	2,769,060	157.55	126.00	363,054
MAY	141.00	126.00	447,881	140.50	126.05	28,553
JUNE	133.00	119.55	367,841	131.55	120.00	629,428
JULY	147.20	124.20	1,011,308	146.80	125.00	472,566
AUGUST	151.10	125.00	1,197,255	152.00	125.60	135,985
SEPTEMBER	135.00	117.90	251,908	135.00	118.65	50,573
OCTOBER	161.55	120.10	8,037,248	162.10	120.40	3,497,499
NOVEMBER	152.00	123.95	1,098,079	151.95	123.70	235,214
DECEMBER	141.90	126.20	1,007,154	141.85	126.50	240,488
JANUARY 2016	131.00	120.25	1,183,196	131.00	120.00	614,968
FEBRUARY	128.95	118.20	681,230	129.50	118.70	58,079
MARCH	136.00	123.65	282,865	135.00	124.10	38,334
<b>Total</b>			<b>18,335,025</b>			<b>6,364,741</b>



**REGISTRAR AND SHARE TRANSFER AGENTS**

(For both physical and demat segments)

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

C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai 400 078

Tel: 022-25963838 Fax: 022-25946969 E-mail : mumbai@linkintime.co.in

**Coimbatore Branch:**

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

Tel: 91-0422-2314792 &amp; 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 from investors.

**Share Transfer System**

The Company's shares being in compulsory dematerialised (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 2016**

CATEGORY	No. of SHARES	% To TOTAL
<b>PROMOTERS</b>	50548420	31.90
<b>FINANCIAL INSTITUTIONS/ BANKS</b>	154959	0.10
<b>MUTUAL FUNDS</b>	21068892	13.30
<b>FIIIs</b>	22526446	14.22
<b>BODIES CORPORATE</b>	16533808	10.43
<b>NON-RESIDENT INDIANS</b>	748644	0.47
<b>MARKET MAKERS</b>	1311	0.00
<b>CLEARING MEMBERS</b>	17858	0.01
<b>EMPLOYEES</b>	387496	0.24
<b>PUBLIC</b>	46466674	29.33
<b>Total</b>	<b>158454508</b>	100.00

Distribution of Shares as on 31<sup>st</sup> March 2016

No. of shares	₹ 1/- fully paid up			
	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	18,363	95.39	72,86,508	4.60
5001 to 10000	330	1.71	24,21,942	1.53
10001 to 20000	239	1.24	34,58,560	2.18
20001 to 30000	73	0.38	18,43,967	1.16
30001 to 40000	46	0.24	16,60,928	1.05
40001 to 50000	31	0.16	14,20,796	0.90
50001 to 100000	51	0.27	38,28,490	2.42
100001 & above	117	0.61	13,65,33,317	86.16
<b>Total</b>	<b>19,250</b>	<b>100</b>	<b>15,84,54,508</b>	<b>100</b>

## Dematerialization of Shares and liquidity

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

During the financial year 2015-16, 806836 shares were dematted. As on 31<sup>st</sup> March 2016, out of 15,84,54,508 shares, total shares in demat form is 15,60,89,143 Shares and 23,65,365 shares in physical form. This represents 98.51% shares of the Company are in demat form and 1.49% 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.

## Plant Locations

## ELGI EQUIPMENTS LIMITED

Elgi Industrial Complex  
Trichy Road, Singanallur  
Coimbatore – 641005

## ELGI EQUIPMENTS LIMITED

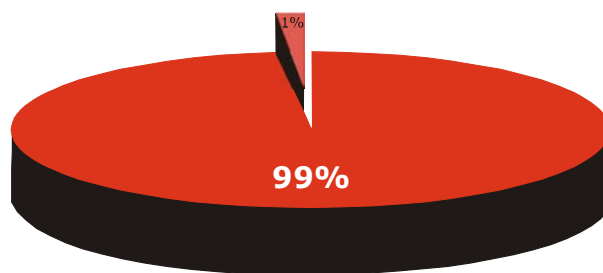
SF No 221, 221/2 & 221/3,  
Kothavadi Road,  
Kodangipalayam Village  
Singarampalayam (PO),  
Kinathukkadavu Taluk  
Coimbatore – 642109

## 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 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 Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

## Elgi Demat Percentage



Demat Physical

## Address for Correspondence:

## Mrs. Vaishnavi P. M

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

The details of the transactions with Related Party 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, strictures was 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 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, 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 accounting standards 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 and 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 27<sup>th</sup> May 2016 as required under 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 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 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 / Clause 49(II)(D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2015-2016.

Place : Coimbatore  
Date : 27/05/2016

**Jairam Varadaraj**  
Managing Director  
DIN: 00058056

**Certificate on Corporate Governance for the year ended 31.03.2016**

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, 2016 as stipulated under Clause 49 of the Listing Agreement and 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 Clause 49 of the Listing Agreement and 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 Clause 49 of the Listing Agreement and 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 : 27/05/2016

**M.D.Selvaraj**  
MDS & Associates  
Company Secretaries  
FCS: 960 CP: 411

## Ten Years Performance

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue from Operations	<b>14,123</b>	13,143	13,504	11,445	9,917	9,410	6,783	5,544	5,050	3,795
Total Income	<b>14,215</b>	13,466	13,595	11,608	10,064	9,528	6,807	5,590	5,098	3,818
Total Expenditure	<b>12,809</b>	12,259	12,511	10,451	8,816	8,048	5,803	4,854	4,441	3,403
PBDIT	<b>1,406</b>	1,208	1,084	1,157	1,248	1,480	1,004	736	657	415
Depreciation / Amortisation	<b>426</b>	366	262	182	135	115	108	90	77	75
Interest Income(+)/ Expenditure(-)	<b>(122)</b>	(158)	(97)	(45)	(7)	(4)	44	8	10	5
Profit Before Tax	<b>858</b>	684	725	931	1,106	1,361	940	654	589	345
Income Tax	<b>224</b>	203	269	329	350	472	361	247	171	111
Profit After Tax	<b>634</b>	481	455	602	756	890	579	407	419	234
Dividend (%)	<b>100</b>	100	100	100	100	100	200	130	120	100
Capital Employed (LT)	<b>6,801</b>	6,622	6,781	6,534	3,976	3,383	2,648	1,967	1,671	1,344
Net Worth	<b>5,410</b>	4,934	4,636	4,336	3,976	3,383	2,621	1,967	1,671	1,342
Total Loan Funds	<b>1,391</b>	1,688	2,145	2,198	-	-	28	-	-	2
Gross Fixed Assets	<b>7,409</b>	7,005	5,773	4,669	2,404	2,071	1,810	1,581	1,383	1,289
Net Block incl. Capital WIP	<b>4,526</b>	4,643	4,772	3,726	1,162	904	731	666	516	400
Investments	<b>148</b>	148	149	149	149	173	143	143	143	144
Current Assets	<b>6,702</b>	6,706	6,484	6,332	4,819	4,581	4,270	2,526	2,746	2,068
Current Liabilities	<b>4,635</b>	4,728	4,696	3,823	2,196	2,329	2,497	1,372	1,759	1,274
Net Working Capital	<b>2,067</b>	1,978	1,788	2,509	2,624	2,252	1,773	1,154	987	794
Total Assets Excl. Pre-operative exps.	<b>11,602</b>	11,668	11,758	10,549	6,216	5,746	5,133	3,310	3,414	2,603

## Notes:

1. Total Income and total expenditure include Exceptional Items
2. The Company acquired Rotair S.p.a and Pattons Inc during 2012-13. Hence, the reported figures beginning from 2012-13 are not comparable with the earlier financial years.



## Analysis of Performance

RATIO CATEGORY / Ratio	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>OPERATIONAL PERFORMANCE</b>								
Material Consumption ratio (%)	55.90	56.03	58.26	59.45	61.63	59.94	60.56	62.35
Regular Personnel expenses (%)	17.61	18.32	16.67	13.30	10.24	8.42	7.80	8.15
Profit sharing expenses (%)	0.95	0.84	0.73	1.06	0.87	1.35	1.72	1.45
Other Expenses ratio (%)	16.34	18.52	17.56	17.73	16.30	15.43	14.40	15.77
Interest component ratio (%)	0.87	1.21	0.73	0.39	0.07	0.04	0.01	0.03
Depreciation component ratio (%)	3.04	2.80	1.96	1.60	1.37	1.23	1.55	1.50
Tax component ratio (%)	1.51	1.48	1.90	2.68	3.29	4.66	5.03	4.10
Other Income / Total Income (%)	1.08	1.19	1.25	1.60	1.57	1.36	0.52	0.99
Sales (net) per employee (₹ in million)	7.04	6.50	6.54	5.99	5.90	5.90	4.54	3.92
<b>FINANCIAL STRUCTURING</b>								
Long Term Debt Equity Ratio	0.26	0.34	0.46	0.51	-	-	-	-
Net Working Capital / Total Assets	0.30	0.29	0.25	0.37	0.65	0.66	0.67	0.59
Investments / Total Assets	0.02	0.02	0.02	0.02	0.04	0.05	0.05	0.07
Inventory / Current Assets	0.35	0.40	0.39	0.37	0.25	0.25	0.19	0.28
Trade Receivables/ Current Assets	0.38	0.36	0.37	0.35	0.27	0.25	0.21	0.32
<b>LIQUIDITY</b>								
Current Ratio	1.45	1.42	1.38	1.66	2.20	1.97	1.71	1.84
Liquidity Ratio	0.94	0.86	0.84	1.05	1.65	1.47	1.39	1.33
<b>EFFICIENCY</b>								
Current Assets Turnover Ratio (CATR)	2.09	1.98	2.09	2.04	2.10	2.12	1.99	2.09
Average Current Assets - no. of days	175	185	175	179	174	173	184	175
Average Inventory - No. of days								
RM & Components	50	57	53	50	47	44	43	43
WIP	6	7	9	9	6	5	5	6
Finished Goods	31	33	26	18	8	7	10	14
Trade Receivables turnover ratio (DTR)	5.88	5.57	5.99	6.77	8.45	9.67	8.30	6.78
Trade Receivables - no of days of net sales	62	66	61	54	43	38	44	54
Trade Creditors' Turnover Ratio (TCTR)	4.39	4.10	4.57	5.63	7.16	5.63	4.20	4.33
Trade Creditors - no of days	83	89	80	65	51	65	87	84
Capital Turnover Ratio	2.09	1.95	2.01	2.16	2.68	3.10	2.92	3.03
Net Fixed Assets Turnover Ratio (NFATR)	3.10	3.09	3.89	5.60	10.08	11.85	9.89	9.47
Gross Fixed Assets Net Turnover ratio (GFATR)	1.95	2.04	2.56	3.21	4.41	4.82	3.98	3.72
<b>PROFITABILITY</b>								
Gross Profit Margin (%)	9.75	7.17	7.65	9.43	11.74	14.62	13.99	12.24
PBIT Margin (%)	6.89	4.51	5.80	7.95	10.47	13.48	12.53	10.86
Pre-tax Profit Margin (%)	6.06	3.36	5.11	7.59	10.40	13.45	13.10	10.87
Net Profit Margin (%)	4.26	3.45	3.21	4.91	7.10	8.79	8.07	6.77
Post Tax Margin from Operations (%)	4.03	1.94	2.57	4.18	6.51	8.55	8.24	6.72
ROTA (%)	20.85	14.05	15.73	21.56	33.72	48.97	43.56	40.46
ROCE (%)	15.26	9.23	12.35	18.56	30.25	45.26	38.98	35.91
<b>SHAREHOLDER' EARNINGS</b>								
RONW (%)	12.25	5.38	10.15	14.48	20.54	29.64	25.25	22.40
Earnings Per Share (current equity) (₹)	4.00	3.04	2.87	3.80	4.77	5.62	7.34	6.49
Dividend Per Share (₹)	1.00	1.00	1.00	1.00	1.00	1.00	1.83	1.30
Dividend Payout Ratio (%)	25.01	32.94	34.79	26.33	20.97	17.81	24.99	20.01
Price Earnings Ratio (current equity)	32.42	48.12	28.94	22.14	15.65	21.53	9.20	6.39
Dividend Yield	0.77	0.68	1.20	1.19	1.34	0.83	2.72	3.13
Dividend to Net Worth Ratio (%)	2.93	3.20	3.42	3.65	3.98	4.68	5.52	4.14
Book Value per share (₹)	34.14	31.14	29.26	27.36	25.09	21.35	33.20	31.36

## Notes

1. Net Profit Margin Includes Exceptional Items
2. The Company acquired Rotair S.p.a and Pattons Inc during 2012-13. Hence, the reported figures beginning from 2012-13 are not comparable with the earlier financial years.

## Independent Auditor's Report

### To the Members of

#### ELGI EQUIPMENTS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of ELGI EQUIPMENTS LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

We conducted our audit 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 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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, 2016, and its Profit/Loss and its Cash Flow for the year ended on that date.

#### Emphasis of Matter:

We draw attention to Note No. 36 to the financial statements. The Company BELAIR SAS subsidiary has filed for protective action with the Commercial Court in Annecy, France. Pursuant to this the court has appointed an Administrator on April 26, 2016. The subsidiary is no longer under the Control of the Company and the Company is under Legal redress as per French Laws. No provision has been considered in the value of investment in the subsidiary as the management is of the view that the same would be evaluated and provided depending upon the progress of the above said legal proceedings in France.

Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified

under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies

Place : Coimbatore  
Date : 27/05/2016

(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
- ii. The Company did not have material foreseeable losses, on its long-term contracts including derivative contracts as at 31st March 2016.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For RJC ASSOCIATES**  
Chartered Accountants  
**Firm Regn.No. 003496S**  
**R. JAYACHANDRAN**  
Partner  
Membership No.021848

**"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees, or security to the parties covered under Section 185 of the Act. However the Company has made investments, provided guarantees and loans to its Wholly Owned Subsidiaries, which are within the limits specified in Section 186 of the Companies Act, 2013
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the disputed Central Excise and Sales Tax aggregating ₹ 99 million have not been deposited since matters are pending with relevant forum as indicated below:

(₹ In Million)

Name of the Statute	Nature of the dues	Demand Amount	Period to which Amount Relates	Forum where dispute is Pending
Central Excise Act	Excise Duty	9.40	1990, 2000-2002, 2011	Departmental Authorities
Finance Act (Service Tax)	Service Tax	2.57	2012	CESTAT -TRIBUNAL
- DO -	- DO -	8.99	2012-2015	Departmental Authorities
	<b>Total</b>	<b>20.96</b>		
Central Sales Tax Act & TNVAT	Central Sales Tax and Local Tax (Including VAT)	74.75	2011-12, 2012-13.	High Court
- DO -	- DO -	36.18	1987-88, 1988-89, 1994-97, 2002-03 & 2007-08	Tribunal
	<b>Total</b>	<b>110.93</b>		
	<b>Grand Total</b>	<b>131.89</b>		

- 8) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in the repayment of dues to any financial institution or banks. The Company has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standard AS 18 and Related Party Disclosures specified under Sec. 133 of the Act.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, 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.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

Place : Coimbatore  
Date : 27/05/2016

**For RJC ASSOCIATES**  
Chartered Accountants  
**Firm Regn.No. 003496S**  
**R. JAYACHANDRAN**  
Partner  
Membership No.021848

## “Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of ELGI Equipments Limited

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

We have audited the internal financial controls over financial reporting of ELGI Equipments Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S**

**R. JAYACHANDRAN**

Partner

Membership No.021848

Place : Coimbatore

Date : 27/05/2016



## Balance Sheet as at 31st March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	2	158.45	158.45
(b) Reserves and Surplus	3	5,252.07	5,171.46
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Deferred tax liabilities (Net)	4	107.34	135.54
(b) Long-term provisions	5	28.56	21.26
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	6	637.97	1,133.40
(b) Trade payables	7	1,171.38	996.55
(c) Other current liabilities	8	322.48	316.15
(d) Short-term provisions	9	510.63	366.92
<b>Total</b>		<b>8,188.88</b>	<b>8,299.73</b>
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	10	2,442.10	2,575.04
(ii) Intangible assets	10	15.21	5.66
(iii) Capital work-in-progress		5.16	63.46
(b) Non-current investments	11	898.54	1,175.93
(c) Long term loans and advances	12	62.15	52.05
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	13	977.70	1,129.78
(b) Trade receivables	14	1,631.03	1,663.83
(c) Cash and cash equivalents	15	380.76	227.34
(d) Short-term loans and advances	16	1,763.95	1,399.78
(e) Other current assets	17	12.28	6.86
<b>Total</b>		<b>8,188.88</b>	<b>8,299.73</b>

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**

Managing Director

DIN : 00058056

**N. MOHAN NAMBIAR**

Director

DIN : 00003660

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

Place: Coimbatore

Date : 27/05/2016

**VAISHNAVI .P M**

Company Secretary

**S.SRIRAM**

Chief Financial Officer

## Statement of Profit and Loss for the year ended 31st March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I REVENUE FROM OPERATIONS</b>	<b>18</b>	<b>8,691.33</b>	7,759.31
<b>II OTHER INCOME</b>	<b>19</b>	<b>126.06</b>	123.62
<b>III TOTAL REVENUE (I + II)</b>		<b>8,817.39</b>	7,882.93
<b>IV EXPENSES:</b>			
Cost of materials consumed	<b>20</b>	<b>4,140.18</b>	3,649.94
Purchase of Traded goods	<b>21</b>	<b>811.05</b>	872.20
Changes in inventories of finished goods, work-in-progress and Traded goods	<b>22</b>	<b>51.62</b>	(6.46)
Employee benefit expenses	<b>23</b>	<b>1,091.18</b>	1,000.96
Finance Cost	<b>24</b>	<b>35.12</b>	37.07
Depreciation and amortization expenses		<b>360.53</b>	291.36
Other expenses	<b>25</b>	<b>1,336.33</b>	1,351.13
<b>TOTAL EXPENDITURE</b>		<b>7,826.01</b>	7,196.20
<b>V PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>991.38</b>	686.73
<b>VI EXCEPTIONAL ITEMS</b>	<b>26</b>	<b>551.76</b>	-
<b>VII PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>		<b>439.62</b>	686.73
<b>VIII EXTRAORDINARY ITEMS</b>		-	-
<b>IX PROFIT BEFORE TAX (VII - VIII)</b>		<b>439.62</b>	686.73
<b>X TAX EXPENSE:</b>			
(1) Current Tax		<b>230.00</b>	92.81
(2) Deferred Tax		<b>(28.20)</b>	37.71
<b>XI PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)</b>		<b>237.82</b>	556.21
<b>XII PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS</b>		-	-
<b>XIII TAX EXPENSE OF DISCONTINUING OPERATIONS</b>		-	-
<b>XIV PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (XII - XIII)</b>		-	-
<b>XV PROFIT/(LOSS) FOR THE YEAR (XI+XIV)</b>		<b>237.82</b>	556.21
<b>XVI EARNINGS PER EQUITY SHARE:</b>		<b>(in ₹.)</b>	<b>(in ₹.)</b>
Nominal value of share		<b>1.00</b>	1.00
(1) Basic		<b>1.50</b>	3.51
(2) Diluted		<b>1.50</b>	3.51

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**

Managing Director

DIN : 00058056

**N.MOHAN NAMBIAR**

Director

DIN : 00003660

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

Place: Coimbatore

Date : 27/05/2016

**VAISHNAVI .P M**

Company Secretary

**S.SRIRAM**

Chief Financial Officer

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016**1. Summary of Significant Accounting Policies****1.1 Basis for preparation of Financial Statements**

The Company follows accrual method of Accounting. The financial statements have been prepared under the Historical Cost Convention and on the basis of going concern and in accordance with the Accounting Standards notified under the Companies Act, 1956 ("The Act") read with the general circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.

**1.2 Inventories**

Inventories have been valued at lower of cost and net realisable value. The cost of inventories has been assigned using the weighted average cost formula.

- |   |  |
|---|--|
| a) Purchased items                          | - at FIFO - Net of CENVAT and VAT                                  |
| b) Work-in-Progress                         | - Purchase cost net of CENVAT and VAT plus proportionate Overheads |
| c) Manufactured items at Factory            | - at cost excluding selling overheads and VAT.                     |
| d) Traded Items                             | - at cost and net of VAT.  |
| e) Inventory at Branches / Foreign Branches | - at cost including applicable taxes and duties.                   |

**1.3 Depreciation**

Depreciation is charged on Straight line basis for Plant & Machinery, Vehicles and Computers and on Written Down Value basis for other assets. Rates prescribed under Schedule II of the Companies Act, 2013 are adopted.

**1.4 Revenue Recognition**

**Sales :** Sales, which includes excise duty, but excludes VAT, is recognised at the time of shipment of goods from plant or from stock points.

**Royalty:** Royalty is recognised on accrual basis in accordance with the terms of the relevant Agreement.

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

**Interest:** Interest is recognised on accrual basis taking into account the amount outstanding and the rate applicable.

**Dividend :** Dividend is recognised and accounted when the right to dividend is established.

**1.5 Fixed Assets**

- Fixed assets are recorded at historical cost of acquisition, which includes all taxes, duties and other direct expenses incurred up to the stage of commissioning of the asset, net of CENVAT and VAT, wherever applicable.
- Capital work-in-progress:  
Capital work-in-progress consisting of assets under construction, erection and commissioning are valued at cost incurred up to the date of Balance Sheet.

- An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Asset", when at Balance Sheet date there are indications of impairment and the carrying amount of the Asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount ( i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

**1.6 Foreign Currency Transactions**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of the transaction. For transactions settled within the year, exchange variance is charged to Statement of Profit and Loss. Outstanding liabilities and assets are restated at exchange rate prevailing at the end of the period. The resultant exchange variances are recognized in the Statement of profit and loss prepared for the period on a net off basis.

**1.7 Investments**

Long term investments are valued at cost. When there is a decline, other than temporary, the carrying amount is reduced to recognise the decline. Short term investments are valued at cost or fair value whichever is lower.

**1.8 Employee Benefits**

- Provident Fund:** Provident Fund contribution is as per the rates prescribed by the Employees Provident Fund Act 1952 and the same is charged to revenue account.
- Superannuation:** Company has an arrangement with Life Insurance Corporation of India for providing Superannuation benefits to employees eligible as per Company's Rules. Company's contribution to the Superannuation Fund is calculated as per agreed terms and provided in the accounts.
- Leave Salary :** Liability in respect of encashment of accumulated leave is provided based on actuarial valuation.
- Gratuity:** The Company operates a defined benefit plan for the payment of post employment benefits for its employees in the form of Gratuity fund scheme managed by Life Insurance Corporation of India. The expenditure are recognized based on the present value of obligation as determined in accordance with AS -15 on "Employee Benefits".
- Other short term employee benefits:** All the other short term employee benefits such as profit share, performance pay, etc are measured and provided on accrual basis.

**1.9 Borrowing Cost**

Borrowing cost includes:

- Interest and Commitment charges on bank borrowings and other short term and long term borrowings.

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016**

- b) Amortization of ancillary costs incurred in connection with the arrangement of borrowings.
- c) Finance charges in respect of assets acquired under finance leases or under other similar arrangements.
- d) Exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**1.10 Deferred Tax**

Deferred Tax liabilities/assets are accounted for in respect of all timing differences, as per (AS)22.

**1.11 Research & Development Expenses:**

Revenue expenditure on Research and Development are charged off in the year in which they are incurred. Fixed Assets

purchased for the purpose of research and development are depreciated as per the Company's policy stated above.

**1.12 Intangible Assets**

Intangible Assets are recorded at the cost of acquisition and are amortised over a period of five years or its legal/ useful life whichever is less.

**1.13 Provisions, Contingent Liabilities & Contingent Assets:**

Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

**(₹ In Million)**

Particulars		31-03-2016	31-03-2015		
2	SHARE CAPITAL				
	AUTHORISED SHARE CAPITAL				
	30,00,00,000 Equity Shares of ₹ 1/- each	300.00	300.00		
	ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES				
	15,84,54,508 Equity Shares of ₹ 1/- each fully paid	158.45	158.45		
2.1	Terms / 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, 2016, the amount of dividend per share recognized as distributions to equity shareholders is ₹ 1/- (March 31, 2015: ₹ 1/-).				
2.2	Reconciliation of the shares at the beginning and at the end of the reporting period:				
	Particulars	31-03-2016	31-03-2015		
	Number of equity shares at the beginning of the year	15,84,54,508	15,84,54,508		
	Number of equity shares at the end of the period	15,84,54,508	15,84,54,508		
2.3	Number of shares held by share holders holding more than 5% of total shares				
	Name of the share holder	31-03-2016	%	31-03-2015	%
	Dark Horse Portfolio Investment Limited	2,51,90,940	15.90	2,51,90,940	15.90
	SBI Emerging Businesses Fund	1,43,77,243	9.07	1,42,20,736	8.97
	Jairam Varadaraj	1,23,24,928	7.78	1,23,24,928	7.78
	Pari Washington Co. P. Ltd, A/c Pari Washington				
	India Master Fund, Ltd.	87,65,714	5.53	81,90,892	5.17
	Gagandeep Credit Capital Pvt. Limited	81,52,575	5.15	81,52,575	5.15
2.4	ESPS / Bonus issue during the last 5 years:	Face value ( in ₹ )	No of Shares	Financial year	
	Employees Stock Purchase Scheme	1	5,83,600	2010-11	
	Bonus Shares	1	7,89,35,454	2010-11	
2.5	There was no forfeiture of shares during the period ended 31/03/2016.				

Particulars		31-03-2016	31-03-2015
<b>3</b>	<b>RESERVES AND SURPLUS</b>		
a)	<b>CAPITAL RESERVE</b>	<b>181.41</b>	181.41
b)	<b>CAPITAL REDEMPTION RESERVE</b>	<b>0.00</b>	0.00
c)	<b>SECURITIES PREMIUM ACCOUNT</b>	<b>409.37</b>	409.37
d)	<b>STATUTORY RESERVE (AMALGAMATION)</b>	<b>5.49</b>	5.49
e)	<b>GENERAL RESERVE</b>		
	As per the last Balance Sheet	<b>1,116.80</b>	1,061.20
	<b>Add:</b> MAT credit entitlement in respect of earlier years	<b>23.42</b>	-
	Transfer from Profit & Loss Account	<b>23.80</b>	55.60
		<b>1,164.02</b>	1,116.80
f)	<b>SURPLUS FROM PROFIT &amp; LOSS ACCOUNT</b>		
	As per the last Balance Sheet	<b>3,458.39</b>	3,144.54
	<b>Add:</b>		
i)	Depreciation, net of deferred tax adjusted as per Schedule II of Companies Act, 2013.	-	(4.46)
ii)	Provision for Tax on Dividend in respect of previous year written back	<b>10.08</b>	8.41
iii)	Current year surplus	<b>237.82</b>	556.21
		<b>3,706.29</b>	3,704.70
	<b>Less:</b>		
i)	Proposed dividend (₹ 1/- per share)	<b>158.45</b>	158.45
ii)	Provision for tax on dividend	<b>32.26</b>	32.26
iii)	Transfer to General Reserve	<b>23.80</b>	55.60
		<b>3,491.78</b>	3,458.39
	Closing Balance (a+b+c+d+e+f)	<b>5,252.07</b>	5,171.46
<b>4</b>	<b>DEFERRED TAX LIABILITIES</b>		
	As per the last Balance Sheet	<b>135.54</b>	100.13
	Add: For the year	<b>(28.20)</b>	35.41
		<b>107.34</b>	135.54
<b>5</b>	<b>LONG-TERM PROVISIONS</b>		
	Provision for employee benefits	<b>28.56</b>	21.26
		<b>28.56</b>	21.26
<b>6</b>	<b>SHORT TERM BORROWINGS</b>		
	Banks	<b>567.97</b>	1,093.40
	Others	<b>70.00</b>	40.00
		<b>637.97</b>	1,133.40
<b>7</b>	<b>TRADE PAYABLES</b>		
a)	Acceptances	<b>218.84</b>	200.40
b)	Dues to Micro, small and Medium Enterprises	<b>147.15</b>	123.90
c)	Others	<b>805.39</b>	672.25
		<b>1,171.38</b>	996.55
<b>8</b>	<b>OTHER CURRENT LIABILITIES</b>		
a)	Unclaimed dividends	<b>5.27</b>	4.69
b)	Other payables		
i)	Advance from customers	<b>119.48</b>	153.99
ii)	Rent Advances	<b>1.54</b>	1.54
iii)	Dealers Deposits	<b>20.56</b>	23.79
iv)	Employee related expenses payable	<b>163.43</b>	126.63
v)	TDS Payable / Other Taxes Payable	<b>8.62</b>	3.19
vi)	Interest accrued but not due on borrowings	<b>3.58</b>	2.32
		<b>322.48</b>	316.15
<b>9</b>	<b>SHORT TERM PROVISIONS</b>		
a)	Provisions for employee benefits	<b>39.13</b>	31.56
b)	Provision for income tax	<b>280.79</b>	144.65
c)	Proposed dividend	<b>158.45</b>	158.45
d)	Provision for tax on dividend	<b>32.26</b>	32.26
		<b>510.63</b>	366.92

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 10 TANGIBLE &amp; INTANGIBLE ASSETS

(₹ In Million)

Particulars	TANGIBLE ASSETS								INTANGIBLE ASSETS	Grand Total
	Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Office equipment	Canteen Equipments	Total		
<b>Gross Block</b>										
Balance as at 1st April 2014	169.48	479.74	2,170.90	124.61	4.65	36.15	3.23	2,988.76	73.87	3,062.63
Additions	-	731.53	470.49	81.04	0.84	10.39	13.72	1,308.01	5.03	1,313.04
Deletions / write off	0.33	-	36.67	-	-	-	-	37.00	-	37.00
<b>Balance as at 31st March 2015</b>	<b>169.15</b>	<b>1,211.27</b>	<b>2,604.72</b>	<b>205.65</b>	<b>5.49</b>	<b>46.54</b>	<b>16.95</b>	<b>4,259.77</b>	<b>78.90</b>	<b>4,338.67</b>
Additions	-	14.67	198.35	4.36	0.01	5.08	1.97	224.44	14.60	239.04
Deletions / write off	0.05	0.14	10.43	-	-	-	-	10.62	-	10.62
<b>Balance as at 31st March 2016</b>	<b>169.10</b>	<b>1,225.80</b>	<b>2,792.64</b>	<b>210.01</b>	<b>5.50</b>	<b>51.62</b>	<b>18.92</b>	<b>4,473.59</b>	<b>93.50</b>	<b>4,567.09</b>
Accumulated depreciation								-	-	-
Balance as at 1st April 2014	-	152.95	1,160.45	77.69	3.35	25.14	2.80	1,422.38	71.05	1,493.43
Transition Adjustment	-	0.32	0.35	2.98	0.05	3.05	0.02	6.77	-	6.77
For the year	-	90.05	150.78	37.50	0.57	8.92	1.35	289.17	2.19	291.36
Deletions / write off	-	-	33.59	-	-	-	-	33.59	-	33.59
<b>Balance as at 31st March 2015</b>	<b>-</b>	<b>243.32</b>	<b>1,277.99</b>	<b>118.17</b>	<b>3.97</b>	<b>37.11</b>	<b>4.17</b>	<b>1,684.73</b>	<b>73.24</b>	<b>1,757.97</b>
For the year	-	124.43	183.58	36.52	0.29	5.58	5.08	355.48	5.05	360.53
Deletions / write off	-	0.12	8.60	-	-	-	-	8.72	-	8.72
<b>Balance as at 31st March 2016</b>	<b>-</b>	<b>367.63</b>	<b>1,452.97</b>	<b>154.69</b>	<b>4.26</b>	<b>42.69</b>	<b>9.25</b>	<b>2,031.49</b>	<b>78.29</b>	<b>2,109.78</b>
<b>Net Block</b>										
31st March 2015	169.15	967.95	1,326.73	87.48	1.52	9.43	12.78	2,575.04	5.66	2,580.70
<b>31st March 2016</b>	<b>169.10</b>	<b>858.17</b>	<b>1,339.67</b>	<b>55.32</b>	<b>1.24</b>	<b>8.93</b>	<b>9.67</b>	<b>2,442.10</b>	<b>15.21</b>	<b>2,457.31</b>

Particulars	No. of Shares / Units	Face Value per Share in ₹)	31-03-2016	31-03-2015
<b>11 NON-CURRENT INVESTMENTS ( AT COST)</b>				
<b>NON-TRADE INVESTMENTS</b>				
a) <b>INVESTMENT PROPERTY</b>			<b>0.41</b>	0.41
b) <b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
i <b>INVESTMENT IN SUBSIDIARIES</b>				
ATS Elgi Limited(Fully Paid) [Share 100%]	90000	10.00	<b>180.90</b>	180.90
ELGI GULF-(FZE) [Share 100%]	1		<b>1.78</b>	1.78
Elgi Equipments (Zhejiang) Limited - (China) [Share 100%]			<b>362.68</b>	349.91
<b>Less:</b>				
Provision for Diminution in value of Investment			<b>362.68</b>	-
Elgi Compressors Trading (Shanghai) Co.Ltd (China) - (Share 100%)			<b>28.68</b>	28.68
<b>Less:</b>				
Provision for Diminution in value of Investment			<b>28.68</b>	-
SAS Belair - (France) (Share 100%)	179721	1276.26	<b>352.02</b>	352.02
Elgi Compressor Do Brasil Imp.E.Exp. Ltda Brazil - (Share 100%)	62211889	1.77	<b>110.06</b>	8.96
Elgi Australia Pty Ltd - Australia (Share 100%)	100	55.02	<b>0.01</b>	0.01
Elgi Compressors S.r.l. ( Italy) - [Share 100%]	15000	69.66	<b>1.04</b>	1.04
Elgi Compressors USA Inc. - [Share 100%]	10000	55.96	<b>0.56</b>	0.56
PT Elgi Equipments Indonesia [Share 99.71%]			<b>19.00</b>	19.00
Ergo Design Private Limited (Share 100%)			<b>0.10</b>	-
Adisons Precision Instruments Mfg. Co. Ltd. [Share 100%]	743350	10.00	<b>89.06</b>	89.06
			<b>754.53</b>	1,031.92



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	No. of Shares / Units	Face Value per Share (In ₹)	31-03-2016	31-03-2015
<b>ii INVESTMENT IN JOINT VENTURES</b>				
ELGI Sauer Compressors Ltd [Share 26%]	169000	10.00	<b>1.69</b>	1.69
<b>iii INVESTMENT IN OTHER BODIES CORPORATE</b>				
Lakshmi Machine Works Ltd	50	10.00	<b>0.01</b>	0.01
State Bank of India	3600	1.00	<b>0.12</b>	0.12
HDFC Bank Limited	2500	2.00	<b>0.01</b>	0.01
HDFC Limited	12000	2.00	<b>0.03</b>	0.03
Magna Electro Castings Ltd	80000	10.00	<b>1.25</b>	1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	<b>7.55</b>	7.55
Pricol Ltd	94245	1.00	<b>0.54</b>	0.54
L.G. Balakrishnan & Bros Ltd.	2496	10.00	<b>0.02</b>	0.02
LGB Forge Limited	18720	1.00	<b>0.03</b>	0.03
Elgi Rubber Company Limited	763700	1.00	<b>7.95</b>	7.95
The Mill Officers Co-Op Housing Colony Ltd., Ahmedabad	5	50.00	<b>0.00</b>	0.00
			<b>17.51</b>	17.51
<b>Total (i+ii+iii)</b>			<b>773.73</b>	1,051.12
<b>c) INVESTMENT IN PARTNERSHIP FIRMS</b>				
L.G. Balakrishnan & Bros (Share 98%)			<b>124.00</b>	124.00
Elgi Services (Share 80%)			<b>0.40</b>	0.40
			<b>124.40</b>	124.40
<b>GRAND TOTAL (a+b+c)</b>			<b>898.54</b>	1,175.93

## 11.1 DETAILS OF INVESTMENT IN PARTNERSHIP FIRMS:

Name of the Firm	Name of the Partner	31-03-2016		31-03-2015	
		Capital Invested (₹ In Million)	Share %	Capital Invested (₹ In Million)	Share %
L.G. Balakrishnan & Bros.	Elgi Equipments Ltd	<b>124.00</b>	<b>98.00</b>	124.00	98.00
	Elgi Ultra Industries Ltd	<b>2.50</b>	<b>2.00</b>	2.50	2.00
Elgi Services	Elgi Equipments Ltd	<b>0.40</b>	<b>80.00</b>	0.40	80.00
	Elgi Ultra Industries Ltd	<b>0.10</b>	<b>20.00</b>	0.10	20.00

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>11.2 DETAILS OF MARKET VALUE FOR QUOTED SHARES</b>		
a) Total Cost of Quoted Securities	<b>17.51</b>	17.51
b) Total Market value of Quoted Securities	<b>58.78</b>	58.35
<b>11.3 AGGREGATE OF UNQUOTED INVESTMENTS</b>		
Aggregate value of unquoted investments	<b>881.03</b>	1,158.42
<b>12 LONG TERM LOANS AND ADVANCES</b>		
a) Capital advances	<b>10.09</b>	10.93
b) Security deposits	<b>33.39</b>	25.21
c) Other loans and advances	<b>18.67</b>	15.91
	<b>62.15</b>	52.05
(All Loans and advances are unsecured and considered good)		

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>13 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
a) Raw materials	535.30	640.53
b) Work in progress	127.07	116.34
c) Finished goods	236.02	296.37
d) Traded goods	21.74	25.56
e) Stores & Spares	11.20	11.89
f) Loose Tools	40.59	32.01
g) Packing materials	5.78	7.08
	<b>977.70</b>	<b>1,129.78</b>
Note: Raw materials, Work-in-progress and finished goods inventories include R & D Inventory also.		
<b>14 TRADE RECEIVABLES</b>		
a) Trade receivables outstanding for more than 6 months from the date they became due for payment	64.57	72.85
b) Others	1,566.46	1,590.98
	<b>1,631.03</b>	<b>1,663.83</b>
(All trade receivables are unsecured and considered good.)		
<b>15 CASH AND BANK BALANCES</b>		
a) Cash and cash equivalents		
i) Balance with banks		
a) In current account	101.45	79.65
b) In deposits	172.59	8.54
ii) In Unclaimed Dividend Account	5.27	4.69
iii) Cash in hand	0.20	0.64
b) Other Bank Balances		
i. In deposits (having original maturity period of more than 3 months but less than 12 months)	101.25	133.82
	<b>380.76</b>	<b>227.34</b>
<b>16 SHORT-TERM LOANS AND ADVANCES</b>		
a) Advance to:		
i) Subsidiaries	1,073.32	810.53
ii) Suppliers	72.69	75.93
iii) Employees	22.27	22.38
b) Rent Advances	2.50	2.50
c) Cenvat / VAT Receivable & Service Tax credit (Net)	87.66	94.01
d) Advance Tax / TDS Receivable	275.23	137.77
e) MAT credit entitlement	31.28	38.92
f) Income / refund receivable	65.19	73.89
g) Prepaid expenses	22.57	24.54
h) Others	111.24	119.31
	<b>1,763.95</b>	<b>1,399.78</b>
(All Loans and advances are unsecured and considered good.)		
<b>17 OTHER CURRENT ASSETS</b>		
Interest accrued	12.28	6.86
	<b>12.28</b>	<b>6.86</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>18 REVENUE FROM OPERATIONS</b>		
a) Sale of Products	9,074.69	8,002.05
b) Sale of Services	111.86	94.07
<b>Gross Sales</b>	<b>9,186.55</b>	<b>8,096.12</b>
<b>Less:</b>		
Excise Duty	551.58	393.94
<b>Net Sales</b>	<b>8,634.97</b>	<b>7,702.18</b>
Other operating revenue	56.36	57.13
	<b>8,691.33</b>	<b>7,759.31</b>
<b>18.1 DETAILS OF PRODUCTS SOLD</b>		
Air Compressors	8,634.97	7,702.18
<b>19 OTHER INCOME</b>		
a) Interest Income	23.45	28.34
b) Dividend Income	59.31	58.60
[Includes Dividend from Subsidiaries ₹ 49.50 Million]		
c) Rent receipts	18.55	14.40
d) Profit on sale of assets	8.22	7.53
e) Share of profit in partnership	0.20	0.16
f) Miscellaneous income	16.33	14.59
	<b>126.06</b>	<b>123.62</b>
<b>20 COST OF MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	626.34	571.56
Purchases	4,026.98	3,704.72
	<b>4,653.32</b>	<b>4,276.28</b>
<b>Less:</b>		
Closing Stock of Raw Materials	513.14	626.34
	<b>4,140.18</b>	<b>3,649.94</b>
<b>20.1</b> Purchases include machining charges of ₹ 78.96 Million (Previous year ₹ 66.82 Million)		
<b>20.2 DETAILS OF MATERIALS CONSUMED</b>		
Description of the Item		
1) Engines & Motors	963.11	795.99
2) Materials that do not individually account for 10% or more of total consumption	3,177.07	2,853.95
	<b>4,140.18</b>	<b>3,649.94</b>
<b>21 PURCHASE OF TRADED GOODS</b>		
Description of the Item		
1) Oil	122.95	173.28
2) Others	688.10	698.92
	<b>811.05</b>	<b>872.20</b>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
Opening Stock of WIP	86.96	158.67
Opening Stock of Finished Goods	268.43	187.19
Opening Stock of Traded goods	25.56	28.63
	<b>380.95</b>	<b>374.49</b>
<b>Less:</b>		
Closing Stock of WIP	97.50	86.96
Closing Stock of Finished Goods	210.09	268.43
Closing Stock of Traded goods	21.74	25.56
	<b>329.33</b>	<b>380.95</b>
	<b>51.62</b>	<b>(6.46)</b>

(₹.in Million)

Particulars	31-03-2016	31-03-2015
<b>23 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries & Wages	813.88	771.09
b) Gratuity	34.16	32.02
c) Performance Pay	113.51	87.70
d) Contribution to Provident fund & Superannuation fund	51.79	46.62
e) Welfare expenses	69.27	55.57
f) MD's Remuneration (Excluding performance pay)	8.57	7.96
	<b>1,091.18</b>	<b>1,000.96</b>
<b>24 FINANCE COSTS</b>		
Interest Expenses	35.12	37.07
	<b>35.12</b>	<b>37.07</b>
<b>25 OTHER EXPENSES</b>		
Packing Charges	136.20	136.80
Consumption of Stores	48.04	54.41
Tools Consumed	40.27	52.14
Commission and Discount	119.67	101.94
Royalty Payments	2.69	1.72
Power, Fuel & Lighting	130.83	117.70
Transport Charges	82.55	85.59
Postage, Telegrams & Telephones	14.71	13.63
Travelling and Conveyance	91.84	106.85
Insurance	9.58	8.50
Advertisement and Publicity	23.75	21.34
Repairs and Maintenance of		
- Plant and machinery	43.57	53.25
- Building	37.69	23.21
- Other Assets	19.89	27.65
Printing and Stationery	7.72	7.28
Research and Development expenses (Refer note No.35 )	54.75	49.23
Bad Debts Written off & Provision for doubtful debts	8.68	7.11
After Sales Expenses	151.64	120.19
Factory Expenses	13.02	18.38
Rates & Tax	12.17	9.56
Auditor's Remuneration		
- Audit Fees	1.45	1.45
- Other Services	0.38	0.24
Miscellaneous Expenses	51.63	44.80
Subscription, Periodicals & Filing Fees	3.14	3.07
CSR Expenditure	38.58	23.06
Rent	22.51	23.60
Legal and Consultancy Charges	181.60	150.99
Directors' Sitting Fees	1.08	0.86
Service Tax Payments	-	1.01
Exchange Fluctuation (Gain)/Loss (net)	(55.44)	40.14
Loss on Sale of Assets	1.17	0.05
Excise Duty paid	32.32	37.27
Bank charges	8.65	8.11
	<b>1,336.33</b>	<b>1,351.13</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars		31-03-2016	31-03-2015	
<b>26 Exceptional items</b>				
Consequent to the Company's announcement that it would restructure its China (Shanghai and Zhejiang) operations by closing down Elgi Compressors Trading (Shanghai) Co Ltd and continue to carry on only its Trading operations in Elgi Compressors (Zhejiang) Co Ltd, the company has written down the value of the assets relating to Chinese operations as set out below.				
Particulars		31-03-2016	31-03-2015	
a)	Provision for diminution in value of investments	391.37	-	
b)	Provision for advances that may not be recoverable	74.40	-	
c)	Provision for doubtful Trade Receivables (net of payables)	85.99	-	
		<u>551.76</u>	<u>-</u>	
<b>27 CONTINGENT LIABILITIES AND COMMITMENTS</b>				
a) Claims against the company not acknowledged as debts:			(₹ In Million)	
Name of the Statute	Nature of the dues	Demand Amount	Amount Paid / Adj.	Forum where dispute is pending
Sales Tax	LST, CST & Penalty	36.18	23.95	Tribunal
	LST, CST & Penalty	74.75	8.51	High Court, Chennai
Central Excise	Excise Duty & Penalty	9.40	-	Departmental Authorities
	Service Tax&Penalty	8.99	0.11	Tribunal Authorities
	Service Tax&Penalty	2.57	0.32	CESTAT-Tribunal
	<b>Total</b>	<u>131.89</u>	<u>32.89</u>	
The Company has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims.				
b Particulars		31-03-2016	31-03-2015	
i)	Guarantees and Letter of credit	251.53	298.80	
ii)	Estimated amount of contracts remaining to be executed on capital account	62.51	10.93	
In addition to the above, the Company has given SBLCs/ LOCs of USD 26.4 Million and Euro 8.95 Million in favour of its Wholly Owned Subsidiaries. Corporate Guarantee of USD 3 Million has been given in favour of Elgi Compressors USA Inc.				
<b>28 Details of security given for borrowings:</b>				
<b>Borrowing from Banks</b>		<b>Details of Security</b>		
Fund Based and Non-Fund Based		Pari-Passu charge on specified Fixed Assets		
Limits from Banks		and the Current Assets of the Company.		
<b>29 Details of dues to Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprise Development Act 2006.</b>				
Particulars		31-03-2016	31-03-2015	
The Principal amount due to Supplier under the Act.	S 22 (i)	75.07	62.30	
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.				

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>30 Details of disclosure as required under AS 15 in respect of defined benefit plan for Gratuity</b>		
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		<b>Gratuity (Funded)</b>
(Expressed as weighted averages)		
Discount Rate	7.90%	7.80%
Salary escalation rate	8.00%	6.00%
Attrition rate	3.00%	3.00%
Expected rate of return on plan asset	8.75%	8.75%
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
PVO as at the beginning of the period	124.60	99.61
Interest cost	9.55	8.50
Current service cost	10.16	8.55
Past service cost- (non vested benefits)		
Past service cost- (vested benefits)		
Benefits paid	(4.24)	(14.53)
Actuarial loss/(gain) on obligation( balancing figure)	28.43	22.47
PVO as at the end of the period	168.51	124.60
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS- RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
Fair value of plan assets as at the beginning of the period	93.20	95.55
Expected return on plan assets	9.32	7.99
Contributions	30.83	4.06
Benefits paid	(4.24)	(14.53)
Actuarial gain / (loss) on plan assets( balancing figure)	0.27	0.12
Fair value of plan assets as at the end of the period	129.38	93.20
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	9.32	7.99
Actuarial gain/(loss) on plan assets	0.27	0.12
Actual return on plan assets	9.59	8.12
<b>V. ACTUARIAL GAIN / LOSS RECOGNISED</b>		
Actuarial gain/ (loss) for the period - obligation	(28.43)	(22.47)
Actuarial gain/ (loss) for the period - plan assets	0.27	0.12
Total (gain)/ loss for the period	28.16	22.35
Actuarial (gain)/ loss recognised in the period	28.16	22.35
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	168.51	124.60
Fair value of plan assets	129.38	93.20
Differences	39.13	31.40
Unrecognised transitional liability	-	-
Unrecognised past service cost- non vested benefits	-	-
Liability recognised in the balance sheet	39.13	31.40
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	10.16	8.55
Interest cost	9.55	8.50
Expected return on plan assets	(9.32)	(7.99)
Net actuarial(gain)/loss recognised in the year	28.16	22.35
Transitional liability recognised in the year	-	-
Past service cost- non-vested benefits	-	-
Past service cost-vested benefits	-	-
Expenses recognised in the statement of profit and loss	38.55	31.40



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015		
VIII. MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET				
Opening net liability	31.40	4.06		
Expense as above	38.55	31.40		
Contribution paid	(30.83)	(4.06)		
Closing net liability	39.13	31.40		
IX. AMOUNT FOR THE CURRENT PERIOD				
Present value of obligation	168.51	124.60		
Plan Assets	129.38	93.20		
Surplus (Deficit)	(39.13)	(31.40)		
Experience adjustments on plan liabilities- (loss) / gain	(5.08)	(8.35)		
Experience adjustments on plan assets- (loss) / gain	0.27	0.12		
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)				
Government of India Securities	-	-		
State Government Securities	-	-		
High Quality Corporate Bonds	-	-		
Equity Shares of Listed Companies	-	-		
Property	-	-		
Special Deposit Scheme	-	-		
Funds Managed by Insurer	100%	100%		
Others (To Specify)	-	-		
	100%	100%		
31 EXPENDITURE IN FOREIGN CURRENCY				
1) Commission	12.21	16.55		
2) Travelling expenses	10.07	15.73		
3) Other expenses	43.57	41.35		
	65.85	73.63		
32 CIF VALUE OF IMPORTS				
1) Raw materials and components	634.89	592.25		
2) Machinery spares	4.96	12.54		
3) Capital goods	6.15	18.00		
4) Traded goods	59.83	173.14		
	705.83	795.93		
33 DETAILS OF MATERIALS AND STORES CONSUMED				
	31-03-2016		31-03-2015	
	[ ₹ In Million]	%	[ ₹ In Million]	%
Imported	634.89	12.57	656.29	14.36
Indigenous	4416.00	87.43	3913.8	85.64
	5050.89	100.00	4570.09	100.00
Particulars				
		31-03-2016	31-03-2015	
34 DETAILS OF EARNINGS IN FOREIGN EXCHANGE CALCULATED ON FOB BASIS				
Earnings from Direct Exports		1544.80	1627.66	

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>35 DETAILS OF R&amp;D EXPENSES</b>		
1) Capital	66.37	46.89
2) Salaries & wages	182.05	159.66
3) R & D materials	54.75	49.23
4) Maintenance	0.21	0.19
5) Other Expense	25.05	34.26
	<b>328.43</b>	<b>290.23</b>

Note : While the accounts of R & D department are maintained separately, for the purpose of presentation, the administrative and other expenses are clubbed along with other functional head of expenses and presented in the statement of profit and loss.

**36 Investment in SAS Belair**

The Company in its letter to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange Limited ("NSE") has intimated that business operations of SAS Belair, France are not smooth and the cost structures are challenging. The subsidiary has filed for protective action with the Commercial Court in Annecy, France. Pursuant to this the court has appointed an Administrator on April 26, 2016. Hence, the subsidiary is no longer under the control of the company and the company is under Legal redress as per the French Laws.

The Management is of the view that there will be no further liabilities on account of such restructuring. No provision has been considered for the carrying value of the investments, advances and receivables aggregating to ₹ 526.51 Million, as the same would be evaluated and provided depending upon the progress of the above said legal proceedings in France.

**37 The annual accounts of the below listed Subsidiary Companies and the related detailed information will be made available on the website of the Company viz. [www.elgi.com](http://www.elgi.com). Also, the accounts will be made available for inspection at the Registered Office of the Holding Company.**

- 1) ATS Elgi Limited, Coimbatore, India
- 2) Adisons Precision Instruments Mfg.Co.Limited, Coimbatore, India
- 3) Elgi Equipments (Zhejiang) Limited, Jiaxing, China
- 4) Elgi Gulf (FZE), Sharjah, U.A.E.
- 5) Elgi Compressors Trading(Shanghai) Co.Ltd, China
- 6) SAS Belair, France
- 7) Elgi Compressores Do BRASIL IMP. E.EXP. Ltda, Brazil
- 8) Elgi Australia Pty Ltd, Australia
- 9) Elgi Compressors Italy S.r.l.
- 10) Elgi Compressors USA Inc
- 11) Rotair Spa, Italy
- 12) Patton's Inc., USA
- 13) Patton's Medical LLC., USA
- 14) PT Elgi Equipments Indonesia
- 15) Ergo Design Private Limited, from Jan 2016

**38 Balances in the accounts of Sundry Debtors, Sundry Creditors, Security and other Deposits have been reconciled wherever letters of confirmation have been received and necessary effect has been given in the accounts.****39 EARNINGS PER SHARE:**

Particulars	31-03-2016	31-03-2015
Net profit (₹ in Million)	237.82	556.21
Weighted average number of shares outstanding (No. in Million)	158.45	158.45
Nominal value per share (in ₹)	1.00	1.00
Basic Earnings Per share (in ₹)	1.50	3.51
Number of shares after dilution (No. In Million)	158.45	158.45
(When partly paid shares become fully paid shares)		

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 40 ACCOUNTING STANDARD (AS)18, RELATED PARTY DISCLOSURES:

(₹ In Million)

Particulars	Subsidiaries		Joint Venture & Others		Key Managerial Personnel*	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Purchase of Goods	130.27	80.39	107.16	127.25		
Sale of Goods	1,012.13	1,007.41	106.61	116.47		
Sale of Assets						
Receiving of Services	2.74	0.55	18.34	27.28		
Providing of Services	5.16	5.16	5.65	5.50		
Reimbursement of Expenses						
- To Related Parties	27.90	1.27	0.17	1.34		
- By Related Parties	57.33	32.64	2.78	1.89		
Finance - Received from Related Parties	250.00	40.00				
- Paid to Related Parties	359.34	103.41				
Dividend Received	49.50	49.50	9.30	8.45		
Interest received	5.43	2.33				
Interest Paid	12.03	2.32				
Investments	113.87	130.14	-			
Remuneration			2.88		18.23	17.48
Receivable at the end of the year	478.67	509.25	14.33	6.30		
Payable at the end of the year	34.37	41.20	11.06	1.39		

\* Includes performance linked pay paid during the year.

## Name of related parties and description of relationship

1	Holding Company	Elgi Equipments Limited
2	Subsidiaries including step down subsidiaries	a. Adisons Precision Instruments Manufacturing Company Limited b. ATS Elgi Limited c. Elgi-Gulf (FZE) d. Elgi Equipments (Zhejiang) Limited (China) e. Elgi Compressors Trading (Shanghai) Co. Ltd (China) f. SAS Belair (France) g. Elgi Compressores DO BRASIL IMP.E.EXP.Ltda h. Elgi Equipments Australia Pty Ltd. i. Elgi Compressors Italy S.r.l j. Elgi Compressors USA Inc k. Rotair Spa (Italy) l. Patton's Inc (USA) m. Patton's Medical LLC.(USA) n. PT Elgi Equipments Indonesia o. Ergo Design Private Limited from Jan 2016 Elgi Sauer Compressors Limited
3	Joint Venture	
4	Other Companies / Firms in which Directors or there relatives are interested	a. Elgi Ultra Industries Limited b. Elgi Rubber Company Limited c. L.G.Balakrishnan & Bros Limited d. Ellargi & Co e. LGB Forge Limited f. Pricol Travels Limited g. Festo Controls Pvt Limited h. LGB Fuel Systems Pvt Ltd i. Magna Electro Castings Limited j. Ergo Design Private Limited upto Dec 2015 k. Elgi Automotive Services Private Limited
5	Firms in which the Company is a partner	a. Elgi Services b. L.G.Balakrishnan & Bros
6	Director	Mr. Harjeet Singh Wahan, Non-Executive Director
7	Key Managerial Personnel	Mr. Jairam Varadaraj, Managing Director Mr. S.Sriram, Chief Financial Officer Mrs. Vaishnavi PM, Company Secretary
8	Relatives of Key Managerial Personnel	Mr. Anvar Jay Varadaraj Mr. Varun Jay Varadaraj

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 41) DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>Loans and advances to subsidiaries</b>		
<b>Loan to Belair SAS -France</b>		
Balance as at the year end	119.34	89.33
Maximum amount outstanding at any time during the year	128.19	226.51
<b>Loan to Elgi Compressor Do BRASIL IMP.E.EXP. Ltda - Brazil</b>		
Balance as at the year end	0.00	94.58
Maximum amount outstanding at any time during the year	111.61	99.73
<b>Loan to Elgi Australia Pty Ltd - Australia</b>		
Balance as at the year end	104.77	96.21
Maximum amount outstanding at any time during the year	115.83	111.02
<b>Loan to Elgi Compressors S.r.l.- Italy</b>		
Balance as at the year end	221.75	77.25
Maximum amount outstanding at any time during the year	315.34	104.19
<b>Loan to Elgi Compressors USA Inc.-USA</b>		
Balance as at the year end	643.21	434.06
Maximum amount outstanding at any time during the year	687.75	541.43
<b>Loan to Elgi Equipments (Zhejiang) Limited - China</b>		
Balance as at the year end	72.51	9.33
Maximum amount outstanding at any time during the year	72.51	116.34

42 Previous year figures have been regrouped and re-classified wherever necessary to make them comparable.

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	439.62	686.73
Adjustments for:		
Depreciation	360.53	291.36
(Profit)/Loss on sale of Investments	-	-
(Profit)/Loss on sale of assets	(7.05)	(7.48)
Bad debts written off / Provision for doubtful debts	169.08	7.11
Provision for diminution in value of investment	391.36	-
Interest and Processing fees paid	35.69	38.10
Dividend received	(59.31)	(58.60)
Interest received	(23.45)	(28.34)
	<b>866.85</b>	242.15
Operating Profit Before Working Capital Changes	<b>1306.47</b>	928.88
Adjustments for:		
(Increase)/Decrease in Inventories	152.08	(77.85)
(Increase)/Decrease in Trade Receivables	(62.71)	113.14
(Increase)/Decrease in Long term Loans and Advances and Other non Current Assets	(10.10)	171.71
(Increase)/Decrease in Short term Loans and Advances and Other Current Assets	(345.47)	126.09
Increase/(Decrease) in Trade payable, Current Liabilities and Provisions	143.31	(331.23)
	<b>(122.89)</b>	1.86
Cash generated from operations	<b>1183.58</b>	930.74
Direct taxes paid	<b>(201.00)</b>	(142.50)
<b>Net Cash from Operating Activities (A)</b>	<b>982.58</b>	788.24
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of tangible & Intangible Assets	<b>(180.74)</b>	(528.56)
Sale of tangible Assets	8.95	10.90
Purchase of Investments	<b>(12.88)</b>	(307.00)
Loans repayment received	-	2.40
Interest received	18.03	26.65
Dividend received	59.31	58.60
<b>Net Cash used in Investing Activities (B)</b>	<b>(107.33)</b>	(737.01)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short Term Borrowings	<b>(495.43)</b>	169.72
Interest and Processing fees paid	<b>(35.69)</b>	(35.78)
Dividend & Dividend tax paid	<b>(190.71)</b>	(176.97)
<b>Net Cash used in Financing Activities (C)</b>	<b>(721.83)</b>	(43.03)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>153.42</b>	8.20
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>227.34</b>	219.14
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>380.76</b>	227.34

Note : Figures within bracket denote cash outflow

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**

Managing Director

DIN : 00058056

**N. MOHAN NAMBIAR**

Director

DIN : 00003660

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

Place: Coimbatore

Date : 27/05/2016

**VAISHNAVI PM**

Company Secretary

**S.SRIRAM**

Chief Financial Officer

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****To the Members of Elgi Equipments Limited****Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Elgi Equipments Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled entity, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement 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 Financial Statements").

**Management's Responsibility for the Consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group including its subsidiaries and jointly controlled entity in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Financial Statements. The respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and jointly controlled entity 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 financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated 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 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 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 financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 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 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 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 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, and jointly controlled entity as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matter**

8. We did not audit the financial statements/ financial of 9 subsidiaries (including 3 step down subsidiaries) and 1 jointly controlled entity, whose financial statements/ financial information reflect total assets of ₹ 4608 Million as at 31st March 2016, total revenues of ₹ 4703 Million and net cash outflow amounting to ₹ 27.86 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financials statements of the Group also includes net loss of ₹ 135.37 million for the year ended 31st March 2016 as considered in the financial statements, whose financials statements/ financial information have not been audited by us. These financial statements/financial information have been audited by other auditors, whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial



statements certified by the Management.

**Emphasis of Matter:**

9. Since the subsidiary BELAIR SAS filed for protective action with Commercial Court in France, the Statutory Auditor has qualified the Audit report due to his inability to access the site to perform certain audit procedures since the company was handed over to the Administrator.

Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, and jointly controlled entity incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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 jointly controlled entity incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, and jointly controlled company incorporated in India, none of the directors of the Group companies, and jointly controlled company incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, and jointly controlled 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 financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group, and jointly

controlled entity.

- ii. The Group did not have material foreseeable losses on its long term contracts including derivative contracts as at 31st March 2016.
- 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 jointly controlled company incorporated in India during the year ended March 31, 2016.

For and on behalf of

**RJC ASSOCIATES**

Chartered Accountants

Firm's Reg. No. : 003496S

**R. Jayachandran**

Partner

Membership number: 021848

Place : Coimbatore

Date : 27/05/2016

**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Elgi Equipments Limited on the consolidated financial statements for the year ended March 31, 2016

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Elgi Equipments Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled 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 jointly controlled company, 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 internal financial controls over financial reporting of the holding company, its subsidiaries and jointly controlled Company which are Companies incorporated in India, 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 of the jointly controlled company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
  - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting**

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

**Opinion**

8. In our opinion, and to the best of our information and according to the explanation given to us, the Holding Company, its subsidiary companies, and jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 Matters**

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the holding Company, its subsidiaries and jointly controlled 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 and on behalf of  
**RJC ASSOCIATES**  
 Chartered Accountants  
 Firm's Reg. No. : 003496S

**R. Jayachandran**

Partner

Membership number: 021848

Place : Coimbatore  
 Date : 27/05/2016

Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	2	158.45	158.45
(b) Reserves and Surplus	3	5,251.07	4,775.78
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	4	1,391.23	1,687.80
(b) Deferred tax liabilities (Net)	5	131.12	155.91
(c) Long term provisions	6	35.11	162.41
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	7	1,225.75	1,610.07
(b) Trade payables	8	1,765.64	1,655.89
(c) Other current liabilities	9	1,042.11	1,039.98
(d) Short-term provisions	10	601.31	421.91
TOTAL		11,601.79	11,668.20
<b>II ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	11	3,249.77	3,336.96
(ii) Intangible assets	11	1,256.45	1,203.98
(iii) Capital work-in-progress		19.84	101.79
(b) Non-current investments	12	148.41	148.41
(c) Deferred tax assets (net)	13	146.70	106.43
(d) Long term loans and advances	14	77.24	64.48
(e) Other non-current assets	15	1.14	-
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	16	2,351.62	2,662.58
(b) Trade receivables	17	2,565.74	2,440.31
(c) Cash and cash equivalents	18	862.22	783.19
(d) Short-term loans and advances	19	906.21	801.43
(e) Other current assets	20	16.45	18.64
TOTAL		11,601.79	11,668.20

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**Managing Director  
DIN : 00058056**N.MOHAN NAMBIAR**Director  
DIN : 00003660**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S**Place: Coimbatore  
Date : 27/05/2016**VAISHNAVI P.M**  
Company Secretary**S.SRIRAM**  
Chief Financial Officer**R. JAYACHANDRAN**Partner  
Membership No.021848

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I REVENUE FROM OPERATIONS</b>	<b>21</b>	<b>14,123.65</b>	13,142.69
<b>II OTHER INCOME</b>	<b>22</b>	<b>91.71</b>	100.14
<b>III TOTAL REVENUE (I + II)</b>		<b>14,215.36</b>	13,242.83
<b>IV EXPENSES:</b>			
Cost of materials consumed	<b>23</b>	<b>5,560.99</b>	5,443.43
Purchase of Traded goods	<b>24</b>	<b>2,130.27</b>	2,040.00
Changes in inventories of finished goods, work-in-progress and Traded goods	<b>25</b>	<b>145.29</b>	(121.73)
Employee benefit expenses	<b>26</b>	<b>2,602.43</b>	2,498.56
Finance Cost	<b>27</b>	<b>122.33</b>	157.91
Depreciation and amortization expenses		<b>425.68</b>	365.72
Other expenses	<b>28</b>	<b>2,326.74</b>	2,398.55
<b>TOTAL EXPENDITURE</b>		<b>13,313.73</b>	12,782.44
<b>V PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>901.63</b>	460.39
<b>VI EXCEPTIONAL ITEMS</b>	<b>29</b>	<b>43.51</b>	(223.52)
<b>VII PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>		<b>858.12</b>	683.91
<b>VIII EXTRAORDINARY ITEMS</b>		-	-
<b>IX PROFIT BEFORE TAX (VII - VIII)</b>		<b>858.12</b>	683.91
<b>X. TAX EXPENSE:</b>			
(1) Current Tax		<b>281.16</b>	161.79
(2) Deferred Tax		<b>(56.55)</b>	41.13
<b>XI PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)</b>		<b>633.51</b>	480.99
<b>XII PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS</b>		-	-
<b>XIII TAX EXPENSE OF DISCONTINUING OPERATIONS</b>		-	-
<b>XIV PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (XII - XIII)</b>		-	-
<b>XV PROFIT/(LOSS) FOR THE YEAR (XI+XIV)</b>		<b>633.51</b>	480.99
<b>XVI EARNING PER EQUITY SHARE:</b>		<b>(in ₹.)</b>	<b>(in ₹.)</b>
Nominal value of share		<b>1.00</b>	1.00
(1) Basic		<b>4.00</b>	3.04
(2) Diluted		<b>4.00</b>	3.04

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**  
Managing Director  
DIN : 00058056

**N. MOHAN NAMBIAR**  
Director  
DIN : 00003660

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

Place: Coimbatore  
Date : 27/05/2016

**VAISHNAVI P.M**  
Company Secretary

**S.SRIRAM**  
Chief Financial Officer

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

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

### 1. Summary of Significant Accounting Policies to the Consolidated Balance Sheet and Statement of Profit and Loss

#### 1.1 Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards specified in the Companies (Accounting standards) Rules, 2006, prescribed by the Central Government.

The accounts of the all Subsidiaries and Joint Venture have been prepared in compliance with the Accounting standards as specified in the Companies (Accounting standards) Rules, 2006, prescribed by the Central Government, and have been prepared in compliance with the local laws and applicable Accounting Standards.

#### 1.2 Principles of Consolidation

The Consolidated Financial Statements relate to Elgi Equipments Limited ("the Company") and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis.

- i. The financial statement of the Company and its Subsidiary Companies are combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses in accordance with the Accounting Standard (AS) - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii. Investments in Joint Ventures are accounted for by using the proportionate consolidation method laid down in Accounting Standard (AS) - 27 on "Financial Reporting of interests in Joint ventures". Inter-Company transactions and balances are eliminated to the extent of the Company's interest in the joint venture. For the purpose of consolidation, financial statements of the subsidiaries are drawn up to and as on 31st March, 2016.

- iii. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's Separate financial Statements.

#### iv. Foreign Currency Translation

Indian Rupees is the reporting currency for the Group. However, the local currency of overseas Subsidiaries is different from the reporting currency of the Group. All the overseas subsidiaries have been classified as non-integral operations according to Accounting Standard 11. In respect of overseas subsidiaries, all the assets and liabilities are translated using exchange rate prevailing at the Balance sheet date. Revenue, cost and expense are translated using average exchange rates of the foreign currency and the resultant gain/loss have been disclosed as "Foreign Currency Translation Reserve".

#### v. Intangible assets and Amortisation

In case of parent and its Subsidiaries, expenditure towards intangible assets up to 31st March, 2016. in the book of Subsidiaries are expensed out as revenue expenditure and are being amortized over a quarter of time (Maximum five Years) in the Consolidated Financial Statements depending upon the nature of the expenditure and evaluation of future benefits there from.

### 1.3 Uniform Accounting Policies

The Consolidated Financial Statements of Elgi Equipments Limited and its subsidiaries and joint venture have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### 1.4 Investments other than in subsidiaries have been accounted as per Accounting Standard 13 on Accounting for Investments.

### 1.5 Other Significant Accounting Policies

These are set out under "Notes on Accounts" as given in the Unconsolidated Financial Statements of Elgi Equipments and its Subsidiaries.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
30,00,00,000 Equity Shares of ₹ 1/- each	<b>300.00</b>	300.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES</b>		
15,84,54,508 Equity Shares of ₹ 1/- each fully paid	<b>158.45</b>	158.45
<b>3 RESERVES AND SURPLUS</b>		
<b>a) CAPITAL RESERVE</b>	<b>181.41</b>	181.41
<b>b) CAPITAL REDEMPTION RESERVE</b>	<b>0.00</b>	0.00
<b>c) SECURITY PREMIUM RESERVE</b>	<b>409.37</b>	409.37
<b>d) STATUTORY RESERVE (AMALGAMATION)</b>	<b>5.49</b>	5.49
<b>e) FOREIGN CURRENCY TRANSLATION RESERVE</b>	<b>39.01</b>	30.60
<b>f) GENERAL RESERVE</b>		
As per the last Balance Sheet	<b>1,131.02</b>	1,075.42
<b>Add:</b> MAT credit entitlement in respect of earlier years	<b>23.63</b>	-
Transfer from Profit & Loss account	<b>33.41</b>	55.60
	<b>1,188.06</b>	1,131.02
<b>Less:</b> Loss incurred by subsidiary after acquisition	<b>9.45</b>	9.45
	<b>1,178.61</b>	1,121.57
<b>g) SURPLUS FROM STATEMENT OF PROFIT &amp; LOSS</b>		
As per the last Balance Sheet	<b>3,027.34</b>	2,799.88
<b>Add:</b>		
i Depreciation, net of deferred tax adjusted as per Schedule II of Companies Act, 2013.	-	(4.48)
ii Provision for Tax on Dividend in respect of previous year written back	<b>10.08</b>	8.41
iii Current year surplus	<b>633.51</b>	480.99
<b>Less:</b>	<b>3,670.93</b>	3,284.80
Proposed dividend (₹ 1/- per share)	<b>166.40</b>	167.75
Provision for Tax on Dividend	<b>33.94</b>	34.11
Transfer to general reserve	<b>33.41</b>	55.60
	<b>3,437.18</b>	3,027.34
Total (a+b+c+d+e+f+g)	<b>5,251.07</b>	4,775.78
<b>4 LONG TERM BORROWINGS</b>		
a) Borrowings from Banks	<b>1,380.61</b>	1,687.80
b) Finance lease obligation	<b>10.62</b>	-
	<b>1,391.23</b>	1,687.80

## Details of Security given for borrowings and Terms of Repayment:

Loan borrowed by	Elgi Compressors Italy S.r.l	Elgi Compressors USA Inc.
Terms of repayment	Repayable in 20 unequal quarterly installments beginning from November 2014	Repayable in 12 equal half yearly installments beginning from June 2014
Security given	Charge over fixed assets of Rotair Spa. subsidiary of the borrower and also supported with LOC from Elgi Equipments Ltd, India	Pari passu charge over the current assets of the borrower and its subsidiary Pattons Inc and also supported with SBLC from Elgi Equipments Ltd, India.



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

		(₹ In Million)	
	Particulars	31-03-2016	31-03-2015
<b>5</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
a)	As per the last Balance Sheet	155.91	113.87
	Add: For the year*	(24.79)	42.04
	* (Includes translation differences)	131.12	155.91
<b>6</b>	<b>LONG TERM PROVISIONS</b>		
a)	Deferred purchase consideration	-	136.84
b)	Provision for employee benefits	35.11	25.57
		35.11	162.41
<b>7</b>	<b>SHORT TERM BORROWINGS</b>		
	From Banks	1,225.75	1,610.07
		1,225.75	1,610.07
<b>8</b>	<b>TRADE PAYABLE</b>		
a)	Acceptances	249.77	231.97
b)	Dues to Micro, Small and Medium Enterprises	171.57	149.70
c)	Others	1,344.30	1,274.22
		1,765.64	1,655.89
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
a)	Current maturities of long term debt	423.96	369.63
b)	Unpaid dividends	5.27	4.69
c)	Advance from customers	187.80	205.65
d)	Rent Advances	1.54	1.54
e)	Dealers Deposits	27.02	30.86
f)	Employee related expenses payable	280.55	267.57
g)	TDS Payable / Other Taxes payable	28.86	11.35
h)	Other payables	87.11	148.69
		1,042.11	1,039.98
<b>10</b>	<b>SHORT TERM PROVISIONS</b>		
a)	Provisions for employee benefits	67.65	45.96
b)	Provision for income tax	329.82	171.78
c)	Proposed dividend	166.40	167.74
d)	Provision for tax on dividend	33.87	34.12
e)	Others	3.57	2.31
		601.31	421.91

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 11 TANGIBLE &amp; INTANGIBLE ASSETS

(₹ In Million)

Particulars	Tangible Assets							Intangible Assets			Grand Total	
	Land	Building	Plant & Machinery	Furniture and Fixtures	Vehicle	Office Equipments	Canteen & Others Equipments	Total	Goodwill	Others		Total
Gross Block												-
Balance as at 1st April 2014	446.08	820.72	2,580.74	197.38	72.28	43.54	51.01	4,211.75	1,521.28	121.65	1,642.93	5,854.68
Additions	-	734.42	497.51	92.65	4.04	10.73	14.62	1,353.97	-	5.50	5.50	1,359.47
Deletions / write off	0.33	-	38.06	0.26	2.59	-	2.99	44.23	-	5.23	5.23	49.46
Translation differences	(1.27)	24.37	41.87	3.65	0.39	0.10	8.45	77.56	76.73	4.92	81.65	159.21
Balance as at 31st March 2015	447.02	1,530.77	2,998.32	286.12	73.34	54.17	54.19	5,443.93	1,444.55	117.00	1,561.55	7,005.48
Additions	-	21.69	234.24	9.86	15.80	5.79	15.35	302.73	0.49	18.77	19.26	321.99
Deletions / write off	0.05	0.14	10.82	0.21	1.45	2.73	3.91	19.31	-	-	-	19.31
Translation differences	(12.60)	(20.74)	(16.20)	(4.81)	(3.17)	(0.09)	(2.36)	(59.97)	(39.18)	(1.85)	(41.03)	(101.00)
Balance as at 31st March- 2016	459.57	1,573.06	3,237.94	300.58	90.86	57.32	67.99	5,787.32	1,484.22	137.62	1,621.84	7,409.16
Accumulated depreciation												
Balance as at 1st April 2014	-	199.82	1,438.89	120.07	38.45	29.19	2.81	1,829.23	-	114.66	114.66	1,943.89
Transition Adjustment	-	0.32	0.35	2.98	0.05	3.05	0.05	6.80	-	-	-	6.80
For the year*	-	104.32	172.20	55.04	16.28	10.37	4.96	363.17	249.64	3.25	252.89	616.06
Deletions / write off	-	-	35.50	0.29	2.65	-	2.13	40.57	-	5.69	5.69	46.26
Translation differences	-	3.63	38.52	3.57	0.35	-	5.59	51.66	-	4.29	4.29	55.95
Balance as at 31st March 2015	-	300.83	1,537.42	174.23	51.78	42.61	0.01	2,106.97	249.64	107.93	357.57	2,464.54
For the year*	-	139.52	206.48	47.25	11.04	6.61	9.40	420.30	-	6.27	6.27	426.57
Deletions / write off	-	0.12	8.60	-	1.59	2.45	3.81	16.57	-	-	-	16.57
Translation differences	-	(3.35)	(15.13)	(3.31)	(3.07)	0.03	(2.02)	(26.85)	-	(1.55)	(1.55)	(28.40)
Balance as at 31st March- 2016	-	443.58	1,750.43	224.79	64.30	46.74	7.71	2,537.55	249.64	115.75	365.39	2,902.94
Net Block												
31st March 2015	447.02	1,229.94	1,460.90	111.89	21.56	11.56	54.09	3,336.96	1,194.91	9.07	1,203.98	4,540.94
31st March 2016	459.57	1,129.48	1,487.51	75.79	26.56	10.58	60.28	3,249.77	1,234.58	21.87	1,256.45	4,506.22

\*Includes ₹0.89 Million debited to revaluation reserve (Previous year ₹0.71 million)

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	No. of Shares / Units	Face Value per Share (in ₹)	31-03-2016	31-03-2015
<b>12 NON-CURRENT INVESTMENTS ( AT COST)</b>				
<b>NON-TRADE INVESTMENTS</b>				
a) <b>INVESTMENT PROPERTY</b>			<b>0.41</b>	0.41
b) <b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
i) <b>INVESTMENT IN OTHER BODIES CORPORATE</b>				
Lakshmi Machine Works Ltd	50	10.00	<b>0.01</b>	0.01
State Bank of India	3600	10.00	<b>0.12</b>	0.12
HDFC Bank Limited	2500	10.00	<b>0.01</b>	0.01
HDFC Limited	24000	2.00	<b>0.03</b>	0.03
Magna Electro Castings Ltd	80000	10.00	<b>1.25</b>	1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	<b>7.55</b>	7.55
Pricol Ltd	94245	1.00	<b>0.54</b>	0.54
L.G. Balakrishnan & Bros Ltd.	2496	10.00	<b>0.02</b>	0.02
LGB Forge Limited	18720	1.00	<b>0.03</b>	0.03
Elgi Rubber Company Limited	763700	1.00	<b>7.95</b>	7.95
The Mill Officers Co-Op Housing Colony Ltd., Ahmedabad	5	50.00	<b>0.00</b>	0.00
Marol Co-operative Industrial Estate Limited	1053	100.00	<b>0.11</b>	0.11
Investment by Elgi Sauer Compressors Ltd [26% Share]			<b>5.96</b>	5.96
B.C.C. Caraglio -Rotair Spa.			<b>0.02</b>	0.02
			<b>23.60</b>	23.60
c) <b>INVESTMENT IN PARTNERSHIP FIRMS</b>				
-L.G. Balakrishnan & Bros (Share 98%)			<b>124.00</b>	124.00
-Elgi Services (Share 80%)			<b>0.40</b>	0.40
			<b>124.40</b>	124.40
<b>GRAND TOTAL (a+b+c)</b>			<b>148.41</b>	148.41
<b>12.1 DETAILS OF MARKET VALUE FOR QUOTED SHARES</b>				
a) Total Cost of Quoted Securities			<b>17.51</b>	17.51
b) Total Market value of Quoted Securities			<b>58.78</b>	58.35
<b>12.2 AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS</b>				
Aggregate of unquoted investments			<b>130.90</b>	130.88
<b>13 DEFERRED TAX ASSETS (NET)</b>				
As per the last Balance Sheet			<b>106.43</b>	116.12
Add: For the year*			<b>40.27</b>	(9.69)
			<b>146.70</b>	106.43
* (includes translation differences)				
<b>14 LONG TERM LOANS AND ADVANCES</b>				
a) Capital Advances			<b>10.09</b>	10.93
b) Security deposits			<b>44.89</b>	34.62
c) Other loans and advances			<b>22.26</b>	18.93
			<b>77.24</b>	64.48
(All Loans and Advances are unsecured and considered good)				
<b>15 OTHER NON-CURRENT ASSETS</b>				
Long term trade receivable (on deferred credit terms)			<b>1.14</b>	-
			<b>1.14</b>	-
(All long term trade receivables are unsecured and considered good)				

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>16 INVENTORIES</b>		
a) Raw materials	920.01	1,091.65
b) Work in progress	273.14	274.30
c) Finished goods	1,013.83	1,160.80
d) Traded goods	83.85	81.87
e) Stores & Spares	11.39	12.13
f) Loose Tools	42.78	34.10
g) Packing materials	6.62	7.73
	<u>2,351.62</u>	<u>2,662.58</u>
Note: Raw materials, Work-in-progress and finished goods inventories include R&D Inventory also.		
<b>17 TRADE RECEIVABLES</b>		
a) Trade receivables outstanding for more than 6 months from the date they became due for payment	132.40	141.31
b) Others	<u>2,433.34</u>	<u>2,299.00</u>
	<u>2,565.74</u>	<u>2,440.31</u>
(All trade receivable are unsecured and considered good)		
<b>18 CASH AND BANK BALANCES</b>		
<b>a) CASH AND CASH EQUIVALENTS</b>		
i) Balance with banks		
a) In current account	250.47	295.50
b) In deposits	503.62	347.18
ii) In Unclaimed Dividend Account	5.27	4.69
iii) Cash in hand	1.61	2.00
<b>b) OTHER BANK BALANCES</b>		
i) In deposits (having original maturity year of more than 3 months but less than 12 months)	101.25	133.82
	<u>862.22</u>	<u>783.19</u>
<b>19 SHORT-TERM LOANS AND ADVANCES</b>		
a) Advance to:		
i) Suppliers	92.75	124.51
ii) Employees	27.77	26.63
b) Cenvat / VAT Receivable & Service Tax credit (Net)	129.35	125.40
e) Income / refund receivable	65.20	92.04
f) Advance Tax / TDS Receivable	354.83	185.20
g) MAT credit entitlement	31.59	38.92
h) Prepaid expenses	90.56	89.02
i) Insurance premium Deposit	0.92	0.30
j) Others	113.24	119.41
	<u>906.21</u>	<u>801.43</u>
(All Loans and Advances are unsecured and considered good)		
<b>20 OTHER CURRENT ASSETS</b>		
Interest accrued	16.45	18.64
	<u>16.45</u>	<u>18.64</u>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>21 REVENUE FROM OPERATIONS</b>		
a) Sale of Products	14,017.85	12,978.55
b) Sale of Services	689.89	579.86
<b>Gross Sales</b>	<b>14,707.74</b>	<b>13,558.41</b>
<b>Less:</b>		
Excise Duty	652.39	478.64
<b>Net Sales</b>	<b>14,055.35</b>	<b>13,079.77</b>
Other operating revenue	68.30	62.92
	<b>14,123.65</b>	<b>13,142.69</b>
<b>21.1 DETAILS OF PRODUCTS SOLD</b>		
a) Air Compressors	12,109.87	11,236.94
b) Automotive Equipments	1,485.29	1,337.64
c) Others	460.19	505.19
<b>Grand Total</b>	<b>14,055.35</b>	<b>13,079.77</b>
<b>22 OTHER INCOME</b>		
a) Interest Income	38.97	54.71
b) Dividend Income	9.88	9.17
c) Rent receipts	13.02	8.90
d) Profit on sale of assets	8.32	7.53
e) Share of profit in partnership	0.20	0.16
f) Miscellaneous income	21.32	19.67
	<b>91.71</b>	<b>100.14</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	1,076.89	1,083.45
Purchases	5,375.45	5,436.87
	<b>6,452.34</b>	<b>6,520.32</b>
<b>Less: Closing Stock of Raw Materials</b>	<b>891.35</b>	<b>1,076.89</b>
	<b>5,560.99</b>	<b>5,443.43</b>
<b>23.1</b> Purchases include machining charges of ₹.100.32 Million (Previous year ₹.83.37 Million)		
<b>23.2 DETAILS OF MATERIALS CONSUMED</b>		
1) Engines & Motors	1,206.63	1,162.71
2) Materials that do not individually account for 10% or more of total consumption	4,354.36	4,280.72
<b>Total consumption</b>	<b>5,560.99</b>	<b>5,443.43</b>
<b>24 PURCHASE OF STOCK IN TRADE</b>		
1) Oil	189.24	244.94
2) Others	1941.03	1795.06
	<b>2,130.27</b>	<b>2,040.00</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
Opening Stock of WIP	244.92	359.43
Opening Stock of Finished Goods	1,132.86	886.50
Opening Stock of Traded goods	81.87	91.99
	<b>1,459.65</b>	<b>1,337.92</b>
<b>Less:</b>		
Closing Stock of WIP	243.56	244.92
Closing Stock of Finished Goods	986.95	1,132.86
Closing Stock of Traded goods	83.85	81.87
	<b>1,314.36</b>	<b>1,459.65</b>
	<b>145.29</b>	<b>(121.73)</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>26 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries & Wages	2,260.97	2,209.11
b) Gratuity	37.68	34.96
c) Performance Pay	133.70	110.12
d) Contribution to Provident fund & Superannuation fund	64.79	60.66
e) Welfare expenses	105.29	83.71
	<b>2,602.43</b>	<b>2,498.56</b>
<b>27 FINANCE COSTS</b>		
Interest Expenses	122.33	157.91
	<b>122.33</b>	<b>157.91</b>
<b>28 OTHER EXPENSES</b>		
Packing Charges	178.01	181.63
Consumption of Stores	60.03	70.52
Tools Consumed	45.64	57.78
Commission and Discount	200.98	205.70
Royalty Payments	2.69	1.72
Power, Fuel & Lighting	161.04	147.44
Transport Charges	198.09	225.24
Postage, Telegrams & Telephones	45.26	42.92
Travelling and Conveyance	194.50	219.78
Insurance	45.30	43.71
Advertisement and Publicity	64.33	49.29
Repairs and Maintenance of		
-Plant and machinery	51.41	61.62
-Building	54.00	39.88
-Other Assets	85.50	81.28
Printing and Stationery	20.97	17.94
Research and Development expenses	57.77	59.12
Bad Debts Written off & provision for doubtful debts	20.26	11.32
After Sales Expenses	210.24	179.21
Factory Expenses	13.45	18.56
Rates & Tax	30.68	29.38
Auditor's Remuneration		
-Audit Fees	11.39	7.22
-Other Services	0.77	0.47
Miscellaneous Expenses	99.98	88.63
Subscription, Periodicals & Filing Fees	4.99	4.91
CSR Expenses	41.83	26.56
Rent	95.15	88.58
Legal and Consultancy Charges	273.77	230.43
Directors' Sitting Fees	1.22	0.94
Service Tax Payments	-	1.51
Exchange Fluctuation (Gain) / Loss (net)	2.92	152.13
Loss on Sale of Assets	1.17	0.07
Excise Duty paid	36.23	40.48
Bank charges	17.17	12.58
	<b>2,326.74</b>	<b>2,398.55</b>



## Notes on Accounts

**29 Exceptional Items :**

Exceptional Items refer to provision made for non-moving stock lying with the Subsidiary Company Rotair since its acquisition and this has been compensated by the erstwhile owners of the Company.

**30 The Subsidiary Companies considered in the consolidated Financial Statements are :**

S. No.	Name of the Subsidiaries	Country of Incorporation	% of Ownership	Reporting Date	Difference in Reporting Date
1	ATS Elgi Limited	India	100	31/03/2016	-
2	Adisons Precision Instruments Manufacturing Company Limited	India	100	31/03/2016	-
3	Elgi Gulf (FZE)	U.A.E	100	31/03/2016	-
4	Elgi Equipments (Zhejiang Limited)	China	100	31/03/2016	-
5	Elgi Compressors Trading (Shanghai) Ltd.	China	100	31/03/2016	-
6	SAS Belair	France	100	31/03/2016	-
7	Elgi Compressores DO BRASIL IMP. E.EXP. Ltda	Brazil	100	31/03/2016	-
8	Elgi Australia Pty Ltd	Australia	100	31/03/2016	-
9	Elgi Compressors Italy S.r.l.	Italy	100	31/03/2016	-
10	Rotair Spa	Italy	100	31/03/2016	-
11	Elgi Compressors USA Inc.	USA	100	31/03/2016	-
12	Patton's Inc.	USA	100	31/03/2016	-
13	Pattons Medical LLC.	USA	100	31/03/2016	-
14	PT Elgi Equipments Indonesia	Indonesia	100	31/03/2016	-
15	Ergo Design Private Limited	India	100	31/03/2016	-

**31 Joint Venture Company**

Elgi Sauer Compressors Limited	India	26%	31/03/2016	-
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**32** The value of Investments made in wholly owned Subsidiary Companies and in the joint venture have been accounted in compliance with the Accounting Standards AS-21 & AS -27.

**33 CONTINGENT LIABILITIES AND COMMITMENTS****a) Claims against the company not acknowledged as debts:**

Name of the Statute	Nature of the dues	Demand Amount (₹ in Million)	Amount Paid / Adj. (₹ in Million)	Forum where dispute is pending
Sales Tax	LST, CST & Penalty	36.18	23.95	Tribunal
	LST, CST & Penalty	74.75	8.51	High Court, Chennai
	CST	30.77	16.90	Sales Tax Appellate, Coimbatore
Central Excise	Excise Duty & Penalty	9.40	-	Departmental Authorities
	Service Tax & Penalty	8.99	0.11	Tribunal Authorities
	Service Tax & Penalty	35.29	3.05	CESTAT-Tribunal
<b>Total</b>		<b>195.38</b>	<b>52.52</b>	

The Company has filed appeals with the appropriate authorities of Central Excise and Sales Tax Department against their claims

(₹ In Million)

b) Particulars	31-03-2016	31-03-2015
i) Guarantees and Letter of Credit	307.09	334.71
ii) Estimated amount of contracts remaining to be executed on capital account	65.35	14.15

## 34. Segment Information

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>1. Segment Revenue(Sales and income from Services)</b>		
a) Compressors	12,176.09	11,299.49
b) Automotive Equipments	1,487.37	1,338.01
c) Others	460.19	505.19
<b>Total Segment Revenue</b>	<b>14,123.65</b>	<b>13,142.70</b>
Less: Inter Segment Revenue	-	-
<b>Net Sales/Revenue from Operations</b>	<b>14,123.65</b>	<b>13,142.70</b>
<b>2. Segment Results (Profit before Interest and Tax)</b>		
a) Compressors	830.78	420.78
b) Automotive Equipments	101.45	97.38
<b>Total Segment Results</b>	<b>932.24</b>	<b>518.16</b>
Less:		
i) Interest Expense	122.33	157.91
ii) Unallocable expenditure net of other income	(48.21)	(323.66)
<b>Total Profit Before Tax</b>	<b>858.12</b>	<b>683.91</b>
<b>3. Assets</b>		
a) Compressors	10,227.01	10,416.66
b) Automotive Equipments	1,079.67	996.70
c) Unallocable Corporate Assets	295.11	254.84
<b>Total Assets</b>	<b>11,601.79</b>	<b>11,668.20</b>
<b>4. Liabilities</b>		
a) Compressors	5,726.66	6,152.31
b) Automotive Equipments	299.38	263.34
c) Unallocable Corporate Liabilities	166.23	318.32
<b>Total Liabilities</b>	<b>6,192.27</b>	<b>6,733.97</b>

## 35 ACCOUNTING STANDARD (AS)18, RELATED PARTY DISCLOSURES:

Particulars	Related Companies / Firm		Key Managerial Personnel*	
	2015-16	2014-15	2015-16	2014-15
Purchase of Goods	111.50	146.35		
Sale of Goods	101.00	106.91		
Sale of Assets				
Receiving of Services	18.34	27.28		
Providing of Services	4.20	6.17		
Reimbursement of Expenses				
To Related Parties	0.17	1.34		
By Related Parties	-	1.89		
Finance - Received from Related Parties				
- Paid to Related Parties				
Remuneration	2.88		54.05	80.23
Receivable at the end of the year	11.19	2.51		
Payable at the end of the year	11.84	8.30		

\* Includes performance linked pay paid during the year.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016**Name of related parties and description of relationship**

1	Other Companies / Firms in which Directors or there relatives are interested	<ul style="list-style-type: none"> <li>a. Elgi Ultra Industries Limited</li> <li>b. Elgi Rubber Company Limited</li> <li>c. L.G.Balakrishnan &amp; Bros Limited</li> <li>d. Ellargi &amp; Co</li> <li>e. LGB Forge Limited</li> <li>f. Pricol Travels Limited</li> <li>g. Festo Controls Pvt Limited</li> <li>h. LGB Fuel Systems Pvt Ltd</li> <li>i. Magna Electro Castings Limited</li> <li>j. Elgi Automotive Services Private Limited</li> </ul>
2	Firms in which the Company is a partner	<ul style="list-style-type: none"> <li>a. Elgi Services</li> <li>b. L.G.Balakrishnan &amp; Bros</li> </ul>
3	Director	Mr. Harjeet Singh Wahan, No-Executive Director
4	Key Managerial Personnel	<p>Mr. Jairam Varadaraj, Managing Director, Elgi Equipments Ltd.</p> <p>Mr. S.Sriram, Chief Financial Officer, Elgi Equipments Ltd.</p> <p>Mrs.Vaishnavi PM, Company Secretary, Elgi Equipments Ltd.</p> <p>Mr. Ramesh Ponnusami, Managing Director, ATS Elgi Ltd.</p> <p>Mr. Donadio Giuseppe, Managing Director, Rotair Spa., Italy.</p> <p>Mr. Hannu Heinonan, Whole-Time Director, Elgi Compressors USA Inc.</p>
5	Relatives of Key Managerial Personnel	<p>Mr. Anvar Jay Varadaraj</p> <p>Mr. Varun Jay Varadaraj</p>

**36 Other notes forming part of accounts**

These are set at in and under schedules and notes forming part of the accounts for the year ended 31/03/2016 as given in unconsolidated Financial Statements of Elgi Equipments Limited and its Subsidiaries.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 37. 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 :-

(₹ In Million)

Name of the Subsidiary Company	ATS Elgi Limited	Elgi Equipments Zhejiang Ltd.	Elgi Compressors Trading (Shanghai) Co. Ltd	SAS Belair	Elgi Gulf (FZE)	Elgi Compressors Do BRAZIL IMP. E.EXP. LTD.	Elgi Australia Pty Ltd.	Elgi Compressors Italy S.r.l.	Rotair Spa	Elgi Compressors USA Inc.	Patton's Inc.	Patton's Medical LLC.	PT Elgi Equipments Indonesia	Ergo Design Private Limited	Adisons Precision Instruments Mfg.
Reporting Currency	INR	RMB	RMB	EUR0	DHS	BRL	AUD	EURO	EURO	USD	USD	USD	IDR	INR	INR
Financial Year of the Subsidiary ended on	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016	31st March 2016
Exchange Rate	-	10.20	10.20	74.16	17.60	18.20	50.10	74.16	74.16	65.92	65.92	65.92	0.0050	-	-
Share Capital	0.90	362.68	28.68	307.04	1.78	110.06	0.01	1.04	41.93	0.56	0.00	0.00	19.05	0.10	7.43
Reserves and Surplus	749.30	(451.65)	(142.43)	(412.86)	286.28	(162.41)	(123.45)	17.08	368.66	(53.91)	1430.38	(296.05)	0.28	0.17	72.45
Share Application Money pending allotment	-	-	-	-	-	-	-	140.31	-	-	-	-	-	-	-
Total Liabilities	329.47	191.04	131.32	273.34	55.95	267.25	157.90	658.59	626.81	2753.00	91.36	517.17	25.43	5.66	2.67
Total Assets (Excluding Investments)	1079.67	102.08	17.58	167.52	344.01	214.90	34.46	817.03	1037.39	2699.64	1521.74	221.11	44.77	5.93	82.45
Investments (Other than Investments in Subsidiaries)	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	0.11
Turnover	1487.37	128.29	57.53	477.82	517.65	306.45	46.48	-	1178.41	486.16	1381.62	571.86	84.39	3.54	-
Profit before Tax	132.88	(104.78)	0.06	(46.37)	46.06	(66.57)	(20.68)	35.04	56.58	(4.62)	(74.97)	(6.80)	11.57	0.50	0.27
Provision for Taxation	36.10	-	-	-	-	(2.23)	-	(4.27)	16.47	(1.84)	(25.30)	(2.52)	0.06	0.04	0.02
Profit after Tax	96.78	(104.78)	0.06	(46.37)	46.06	(64.35)	(20.68)	39.31	40.11	(2.78)	(49.68)	(4.29)	11.51	0.46	0.24
Proposed Dividend	49.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

**Part "B" : Associates and Joint Ventures**

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures

Sl.No.	Name of Joint Ventures	ELGI SAUER COMPRESSOR LIMITED
1	Latest Audited Balance Sheet Date	<b>31st March 2016</b>
2	Shares if Associate / Joint Ventures held by the Company on the year end :	
	No of Shares	<b>169000</b>
	Amount of Investment in Associates/Joint Venture (₹ Million)	<b>1.69</b>
	Extent of Holding	<b>26%</b>
3	Description of how there is significant influence	<b>Shareholding of more than 20 %</b>
4	Reason why the associate/joint venture is not consolidated	<b>Consolidated to the extent of holding i.e 26 %</b>
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Million)	<b>35.67</b>
6	Profit / Loss for the Year	
	i. Considered in Consolidation (₹ Million)	<b>12.69</b>
	ii. Not Considered in Consolidation (₹ Million)	<b>36.12</b>

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

Place: Coimbatore

Date : 27/05/2016

**VAISHNAVI P. M**

Company Secretary

**S.SRIRAM**

Chief Financial Officer

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

**38.** Previous years figures have been regrouped and reclassified wherever necessary to make them comparable

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	858.12	683.91
<b>Adjustments for:</b>		
Depreciation	425.68	365.72
(Profit)/Loss on sale of assets	(7.15)	(7.46)
Bad debts written off / Provision for doubtful debts	20.26	11.32
Interest and Processing fees paid	139.50	157.91
Dividend received	(9.88)	(9.17)
Interest received	(38.97)	(54.71)
Operating Profit before Working Capital changes	529.44	463.61
<b>Adjustments for:</b>	1387.56	1147.52
(Increase)/Decrease in Inventories	310.96	(135.19)
(Increase)/Decrease in Trade Receivables	(145.69)	(24.52)
(Increase)/Decrease in Long term Loans and Advances and Other non Current Assets	(13.90)	173.03
(Increase)/Decrease in Short term Loans and Advances and Other Current Assets	151.48	112.88
Increase/(Decrease) in Trade payable, Current Liabilities and Provisions	(115.64)	(321.58)
	187.21	(195.38)
<b>Cash generated from operations</b>	1574.77	952.14
Direct taxes paid	(232.63)	(171.81)
<b>Net cash from Operating Activities (A)</b>	1342.14	780.33
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of tangible & intangible Assets	(314.83)	(568.40)
Sale of tangible and intangible assets	12.97	335.33
Purchase of Investments	-	0.11
Loan repayment received	-	2.40
Interest received	41.16	53.56
Dividend received	9.88	9.17
<b>Net cash used in Investing Activities (B)</b>	(250.82)	(167.83)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	(296.57)	(547.65)
Proceeds from Short Term Borrowings	(384.32)	381.73
Interest and Processing fees paid	(139.50)	(157.91)
Dividend & Dividend Tax paid	(191.90)	(193.01)
<b>Net cash used in Financing Activities (C)</b>	(1012.29)	(516.84)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	79.03	95.66
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	783.19	687.53
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	862.22	783.19

Note : Figures within bracket denote cash outflow

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**

Managing Director

DIN : 00058056

**N. MOHAN NAMBIAR**

Director

DIN : 00003660

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

Place: Coimbatore

Date : 27/05/2016

**VAISHNAVI P. M**

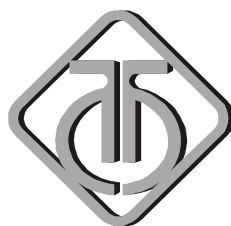
Company Secretary

**S. SRIRAM**

Chief Financial Officer



# ANNUAL REPORT



## ATS ELGI LIMITED

(CIN : U34300TZ2007PLC014125)

### CHAIRMAN

Jairam Varadaraj

### VICE-CHAIRMAN

Harjeet Singh Wahan

### MANAGING DIRECTOR

Ramesh Ponnuswami

### NON-EXECUTIVE DIRECTORS

M. Ramprasad

N. Mohan Nambiar

### STATUTORY AUDITOR

M/s. RJC Associates

Chartered Accountants

Coimbatore

### BANKERS

HDFC Bank Limited

The Hongkong and Shanghai Banking  
Corporation Limited

Central Bank of India

State Bank of India

### REGISTERED OFFICE

S2/A11, Pollachi Main Road,  
Kurichy Private Industrial Estate  
Kurichy, Coimbatore - 641 021.

Ph : 0422 - 2589999

Fax : 0422 - 2589800

Contents	Page No.
1. Board's Report	91
2. Auditor's Report	105
3. Annual Accounts	108

**BOARD'S REPORT****Dear Shareholders,**

Your Directors are pleased to submit the 9th Annual Report with the Audited Annual Accounts of the Company for the year ended 31st March 2016.

**FINANCIAL RESULTS**

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

(₹ In Million)

Particulars	31.03.2016	31.03.2015
Profit before Depreciation & Tax	149.129	140.312
Less: Depreciation	16.246	14.536
Profit Before Tax	132.883	125.776
Less: Tax Expenses	36.100	29.655
Net Profit	96.783	96.121
Add: Opening Balance in P & L Account	453.034	426.100
Amount available for appropriations	549.816	522.221
<b>The Directors recommended the following appropriations:</b>		
Dividend	49.500	49.500
Dividend Tax	10.077	10.077
Transfer to General Reserve	9.678	9.610
<b>Profit carried forward</b>	<b>480.561</b>	<b>453.034</b>

**Performance:**

The Company registered a growth of 11% over the previous year on the back of improved performance of the automotive sector. Passenger car sales in India picked up during the year and registered a 7% increase while Medium & Heavy Vehicle segment grew at a significant rate by 30% signaling an overall reversal in trend. Though the market conditions have improved considerably, substantial investments in workshop equipment is yet to pick up.

Exports grew by 21% over the previous year despite major slowdown in economic activity and natural calamities in key export markets. However, the Company's performance has been enhanced by increasing sales of new products.

Considering the overall market conditions the performance of the Company is good.

**Opportunities**

The automotive industry is expected to continue to grow steadily during the coming year. The Company is well placed to capitalize on opportunities that emerge from this growth.

The Company's strategy of enlarging its presence into other segments of the vehicle servicing and allied industries to reduce its dependence on the growth of the automotive industry is steadily being implemented. Experience from the past year has indicated that the Company is on track to reap benefits from this strategy in the medium term.

**Threats**

A weakening Rupee and resurgence in oil prices could trigger a return to high fuel costs and higher inflation and dampen the demand for passenger vehicles. In such an environment, investments in workshop equipment will tend to be lower.

**Dividend**

For the financial year 2015-16, the Board of Directors has recommended a dividend of ₹ 550/- per share on the paid up share capital of ₹ 9,00,000. Subject to the approval of shareholders, an amount of ₹ 59.58 Million will be paid as dividend including Dividend Distribution Tax (previous year ₹ 59.58 Million).

**Transfer to Reserves**

Your Directors have proposed to transfer an amount of ₹ 9.678 Million to the General Reserves as against ₹ 9.61 Million in the previous year and to retain an amount of ₹ 480.56 Million in the surplus in Profit & Loss Account of the Company.

**Transfer of unclaimed dividend to Investor Education and Protection Fund**

Since there was no unpaid/unclaimed Dividend, the provisions of Section 205(c) of the Companies Act, 1956 relating to transfer of Unclaimed dividend to Investor Education and Protection fund does not arise.

**Share Capital**

The paid-up capital of the Company as at 31.03.2016 stood at ₹ 9,00,000/- divided into 90,000 equity shares of ₹ 10/- each. During the year under review the Company has not made any fresh issue of shares.

**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 1** and is attached to this report.

**Board Meetings and its Committees conducted during the period under review**

During the year under review, 4 Meetings of the Board of Directors viz 29.05.2015, 30.07.2015, 29.10.2015 and 04.02.2016, 4 Meetings of the Audit Committee viz 29.05.2015, 30.07.2015, 29.10.2015 and 04.02.2016, 1 Meeting of the Corporate Social Responsibility Committee viz 04.02.2016 and 2 Meetings of the Nomination and remuneration Committee viz 29.05.2015 and 04.02.2016 meeting were held.

Further, the particulars of attendance of each Director at the Board, Audit Committee, CSR Committee and Nomination and remuneration Committee meetings held during the year under review are as per the details given below:

Name of the Director	Board Meetings		Audit Committee Meetings		CSR Committee Meetings		Nomination and remuneration Committee meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Jairam Varadaraj	4	4	4	4	1	1	2	2
Mr Harjeet Singh Wahan	4	4	NA		NA		NA	
Mr Ramesh Ponnuswami	4	4	NA		1	1	NA	
Mr M Ramprasad	4	4	4	4	NA		2	2
Mr N Mohan Nambiar	4	4	4	4	1	1	2	2

**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 the maintenance of adequate accounting records in accordance with the provisions of this Act 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 operating effectively and
- The Directors had devised proper system 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 have been no frauds reported by the Auditors 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 under the Companies Act, 2013.

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

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure 2** and is attached to this report.

**Comments on Auditors' Report:**

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. RJC Associates, Statutory Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

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

The details in respect of loans made by the Company have been disclosed in the Notes to the financial statements. However, the Company has not made any investments or given guarantees pursuant to Section 186 of the Companies Act, 2013 during the year under review.

**Particulars of contracts or arrangements with Related Parties**

All transactions entered into with related parties as defined under the Companies Act, 2013 during the financial year 2015-16 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.

**Material changes and commitments affecting the financial position of the Company:**

There have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year as on 31.03.2016 and the date of this report.

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

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

### **Statement concerning development and implementation of Risk Management Policy of the Company**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

### **Disclosure of composition of Audit Committee and Vigil Mechanism**

The Audit Committee consists of the following members

1. Mr.M.Ramprasad – Independent Director
2. Mr.N Mohan Nambiar – Independent Director
3. Mr.Jairam Varadaraj – Non Executive Non-Independent Director

The Company is not required to establish a vigil mechanism since the conditions prescribed under Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, is not applicable to the Company, hence disclosure regarding the details of such mechanism in this report does not arise.

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

The company has adopted a Corporate Social Responsibility Policy defining therein the CSR activities to be undertaken by the Company in line with the provisions of Schedule VII of the Companies Act, 2013.

The Company always believes that serving the community around it in some form is one of the purposes of its business. Enhancing human excellence and improving quality of life is the Company's endeavour.

The Company has contributed ₹ 28,50,000/- towards CSR expenses for the purpose of education and for needy people through a Registered trust, which is registered under the Indian Trust Act.

The Annual Report on CSR activities is annexed herewith as **Annexure 4**.

### **Annual evaluation of the board on its own performance and of the individual Directors**

The Company has done annual evaluation of the Board on its own performance and of the Individual Directors and a separate meeting of the independent Directors of the Company was held during the year pursuant to Schedule IV of the Companies Act, 2013 to transact such business as mentioned therein.

### **Directors**

Mr. Jairam Varadaraj, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.Ramesh Ponnuswami resigned as Managing Director of the Company with effect from 26.05.2016 however he continues to act as the Director of the Company.

Mr. Praveen Tiwari was appointed as Additional Director and he holds the office upto the date of the Annual General Meeting and he has also been appointed as Managing Director of the Company for a period of 5 Years with effect from 27.05.2016 and necessary resolutions recommending his appointment as Director and Managing Director has been proposed in the Agenda of the Annual General meeting Notice for the approval of the Members.

### **Subsidiaries, Joint Ventures and Associate Companies**

The Company does not have any Subsidiary, Joint Venture or Associate Company. However the Company is a subsidiary of M/s. Elgi Equipments Limited.

### **Fixed Deposits**

During the year, the company did not accept or renew any fixed deposits and no fixed deposits remained unclaimed with the company as on 31<sup>st</sup> March 2016.

### **Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation 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 implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Company has appointed Internal Auditors with a dedicated internal audit team. The Internal Audit Reports were reviewed periodically by the Audit Committee. Further, the Audit Committee annually reviews the effectiveness of the Company's internal control system. The Directors and Management 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.

### **Change in the nature of Business, if any**

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2016.

### **Statutory Auditors**

M/s. RJC Associates, were appointed as the Statutory Auditors of the company, at the Annual General Meeting held on 03<sup>rd</sup> September 2014 for a period of three years subject to ratification by the Shareholders at the every consequent Annual General Meeting. The Company has received a letter pursuant to Section 139 and 141 of the Companies Act, 2013 from them to the effect that they are eligible to continue as the Statutory Auditors of the Company. Therefore, ratification of appointment of statutory auditors for the financial year 2016-17 is being sought from the members of the Company at the ensuing AGM.

**Cost Auditors**

The Board of Directors at their meeting held on 30.07.2015 have appointed M/s. STR & Associates, (having Firm Registration No.000029), Cost Accountants as the Cost Auditors of the Company for the financial year 2015-16. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable to the cost Auditors of the Company is subject to the ratification by the shareholders at the Annual General Meeting. The Board recommends the remuneration.

**Particulars of Employees**

Since the Company is an unlisted company, provisions of Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, does not apply to the Company.

The disclosure referred to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure 5**

Place : Coimbatore  
Date : 26/05/2016

**Disclosure under the Sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013**

The Company has in place an Anti-harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been setup to redress complaints received regularly. No complaints have been received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal.

**Acknowledgement**

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

For and on behalf of the Board

**JAIRAM VARADARAJ**

Chairman  
DIN: 00058056

## Annexure 1

### EXTRACT OF ANNUAL RETURN

#### FORM No. MGT-9

As on the financial year ended on 31.03.2016

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

#### 1. REGISTRATION AND OTHER DETAILS:

i)	CIN	U34300TZ2007PLC014125
ii)	Registration Date	28/02/2007
iii)	Name of the Company	ATS ELGI LIMITED
iv)	Category / Sub-Category of the Company	Company limited by shares / Non Government Company
v)	Address of the Registered office and contact details	S2/A11, Pollachi Main Road, Kurichy Private Industrial Estate, Kurichy, Coimbatore - 641021 Tel + 91-422-2589999 E-mail : enquiry@ats-elgi.com Website:www.ats-elgi.com
vi)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

#### 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:-

S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Automotive Garage Equipments	28162	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled]

S.No.	Name and address of the company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	<b>Elgi Equipments Limited</b> Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore – 641005	L29120TZ1960PLC000351	Holding	100.00%	Section 2 (46)



## IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise share holding

Category Code	Category Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)	Bodies Corp.	Nil	90,000*	90,000	100%	Nil	90,000	90,000	100%	Nil
e)	Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)	Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub- Total (A)(1)</b>		90,000	90,000	100%		90,000	90,000	100%	Nil
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Others- Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Bodies corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)	Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)	Any other..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub- Total (A)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total shareholding of promoter</b>									
	<b>(A) = (A)(1)+(A)(2)</b>	Nil	90,000	90,000	100%	Nil	90,000	90,000	100%	Nil
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a)	Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g)	FIIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h)	Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i)	Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-total (B)(1):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Includes shares held by nominee of Elgi Equipments Limited

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.4.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>2</b>	<b>Non-Institutions</b>									
a)	Bodies Corp.									
i)	Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-total (B)(2):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Grand Total (A+B+C)</b>	<b>Nil</b>	<b>90,000</b>	<b>90,000</b>	<b>100%</b>	<b>Nil</b>	<b>90,000</b>	<b>90,000</b>	<b>100%</b>	<b>Nil</b>

## ii) Shareholding of promoters -

S.No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2015)			No. of Shares held at the end of the year (as on 31.03.2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Elgi Equipments Limited	90,000 *	100%	Nil	90,000	100%	Nil	Nil
	<b>TOTAL</b>	<b>90,000</b>	<b>100%</b>	<b>Nil</b>	<b>90,000</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>

\* Includes shares held by nominee of Elgi Equipments Limited

## iii) Change in promoters' shareholding

S.No.		Shareholding at the beginning of the year (as on 1.4.2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	90,000	100%	90,000	100%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
3	At the end of the year	90,000	100%	90,000	100%

**iv) Shareholding Pattern of top ten Shareholders:  
(other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	No. of Shares held at the end of the year (as on 31.03.2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3	At the end of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

**v) Shareholding pattern of Directors and Key Managerial Personnel (other than Directors, promoters and holders of GDRs and ADRs):**

S.No.	Shareholding of each Directors and Key Managerial Personnel	No. of Shares held at the end of the year (as on 31.03.2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS -**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NA	NA	NA	NA
i) Principal Amount	NA	NA	NA	NA
ii) Interest due but not paid	NA	NA	NA	NA
iii) Interest accrued but not due	NA	NA	NA	NA
Total (i+ii+iii)	NA	NA	NA	NA
Change in Indebtedness during the financial year	NA	NA	NA	NA
Addition	NA	NA	NA	NA
Reduction	NA	NA	NA	NA
Net Change	NA	NA	NA	NA
Indebtedness at the end of the financial year	NA	NA	NA	NA
i) Principal Amount	NA	NA	NA	NA
ii) Interest due but not paid	NA	NA	NA	NA
iii) Interest accrued but not due	NA	NA	NA	NA
<b>Total (i+ii+iii)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Million)

S. No.	Particulars of Remuneration	Mr. Ramesh Ponnuswami Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.139
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	
	- others, specify...	Nil
5	Others, please specify	Nil
	<b>Total (A)</b>	<b>7.139</b>
	Overall Ceiling as per the Act	5% of Net Profit

## B. Remuneration to other Directors

(₹ In Million)

S.No.	Particulars of Remuneration	Name of Directors				Total Amount
		Jairam Varadaraj	Harjeet Singh Wahan	Ramprasad	Mohan Nambiar	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board committee meetings			0.040	0.040	0.080
	Commission					
	Others, please specify					
	<b>Total (1)</b>			<b>0.040</b>	<b>0.040</b>	<b>0.080</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings	0.040	0.020			0.060
	Commission					
	Others, please specify		0.174			0.174
	<b>Total (2)</b>	<b>0.040</b>	<b>0.194</b>			<b>0.234</b>
	<b>Total (B)=(1+2)</b>	<b>0.040</b>	<b>0.194</b>	<b>0.040</b>	<b>0.040</b>	<b>0.314</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>7.453</b>

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

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

S.No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS	CFO	
1	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	Others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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

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)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Place: Coimbatore  
Date : 26/05/2016**Jairam Varadaraj**  
Chairman  
DIN:00058056**Ramesh Ponnuswami**  
Managing Director  
DIN: 05276327

## Annexure 2

**REMUNERATION POLICY**

The Board of Directors (the "Board") of ATS Elgi Limited (the "Company"), upon recommendations of the Remuneration Committee, has adopted the following policy and procedures with regard to remuneration of the Board members, Senior Management and Employees as below. This Policy is in terms of Section 178 of the Companies Act, 2013.

**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 ATS Elgi 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
- "Chairman" means the person designated as such by the Board and shareholders of the Company and who has substantial powers of management 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
- "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, 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, Senior Management and all other Employees.

**3. CONTRACT**

- (i) The Managing Director, Independent Directors, 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, 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 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 Senior Management or other Employees. The Head-Human Resources is authorised to decide on the same in consultation with the Chairman of the Company.

#### **4.4 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 Chairman, introduce appropriate housing loan benefits, credit card policy, city grade allowance policy, death & PTD benefits policy, data card policy, Employees referral policy, transfer expenses policy, family meet allowance policy, mediclaim policy, personal accident benefit policy, superannuation scheme, increment policy, laptop policy, mobile phone policy, subsidised canteen policy, suggestions and rewards policy and any other similar policies aimed at motivating and encouraging the Senior Management and other Employees to perform better.

### **5. REVIEW**

#### **5.1 Performance Appraisal**

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), 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 3**

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**

- a. Compressed air lines optimised for flow and length, reduced the pressure fluctuations, resized the blow guns resulting in an average monthly savings of 4540 units
- b. Improved the productivity in the machined components of triple plunger pumps resulting in an average monthly saving of 450 units.
- c. Resized the motor in Plunger machining ( 25HP to 15 HP spindle motor ) resulted in an average monthly saving of 290 units
- d. Extended the installation of LED bulbs in shop floor and canteen resulting in a saving of 70 units.
- e. Commonised a reciprocating compressor for two different high pressure usages (Balancing Drum filling & Pump testing with a PRV ) resulted in elimination of one compressor which accounts for a monthly saving of 30 units

**(ii) Steps taken by the Company for utilising alternate sources of energy**

- a. Efficiency of Air conditioners improved by heat reflective insulation of tubes resulted in an average monthly savings of 650 units

**(iii) Capital investment on energy conservation equipment**

- a. Harmonic filters installed for the suppression of harmonics produced by DC drives, resulted in an average monthly saving of 1200 units.

**B. TECHNOLOGY ABSORPTION****(i) Efforts made towards technology absorption**

- a. Developed high end Automatic Car Washer with features like high pressure prewash, FRP covers for better aesthetics and HMI screen with multiple wash programs.
- b. Design is under progress to develop New Generation Underchassis washer with zero degree self-rotating nozzles for better cleaning with less water consumption and less cycle time.
- c. Developed cross cylinder master slave hydraulic system for our double scissor hydraulic lift to eliminate traditional mechanical lock and cross bar for platforms synchronization- Under pilot validation.
- d. Developed single points safety lock with pneumatic release mechanism for our two post hydraulic lift to reduce cycle time in garages.
- e. Design work is under progress to develop New Gen Paint Booth with energy efficiency, monitoring systems and meet International standards.
- f. Design work is under progress to develop 3D Measuring System, used to measure critical manufacturing points in automotive to check whether the vehicle is in good condition.
- g. Development of Nitrogen inflator exclusive for two wheelers with effective usage of compressed Air and Nitrogen by reducing the size of generator / storage tank with a compact cabinet design is in validation stage.
- h. Development of ATS ELGI 3D wheel aligner models for Pit / Lift / Drive through developed and it is in validation stage.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution**

- As mentioned above -

**(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	2015-16	2014-15
Capital	8.093	15.390
Revenue	20.401	24.853
Total	28.494	40.243
R&D expenditure as a percentage to turnover	1.915%	3.007%

**C. Foreign exchange earnings and outgo are given in the notes forming part of accounts. Kindly refer the same**

**Annexure 4****Annual Report on Corporate Social Responsibility (CSR) Activities****1. 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's CSR policy and programs are directed mainly towards education. The company through a Registered Trust supports a school. Web – link to the Company's CSR policy is <http://ats-elgi.com/ats/wp-content/uploads/ATSELGICSRpolicy.pdf>

**2. 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:

- Dr. Jairam Varadaraj (Chairman) - Chairman of the Committee
- Mr. Ramesh Ponnuswami (Managing Director) - Member of the Committee
- Mr. Mohan Nambiar (Independent Director) - Member of the Committee

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

Average net profit: ₹ 128 Million.

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

The Company was required to spend ₹ 2.56 Million towards CSR during the year

**5. Details of CSR spent during the Financial Year 2015-16****a) Total amount spent for the financial year**

₹ 2.85 Million

**b) Amount unspent, if any; - Nil****c) Manner in which the amount spent during the financial year is detailed below:**

S. 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 & Health	Educations	Coimbatore, Taminadu	28,50,000	28,50,000	28,50,000	Through a Registered Trust

**6. 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 : 26/05/2016

**Ramesh Ponnuswami**

Managing Director

DIN: 05276327

**Jairam Varadaraj**

Chairman CSR Committee

DIN:00058056

**Annexure 5****Statement pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Name	Age	Designation	Remuneration (₹ in Million)	Qualification & Experience	% of Shareholding	Date of Joining	Last Employed
Ramesh Ponnuswami	47	Managing Director	7.14	B.E., MBA., 24	Nil	07/11/2011	EID Parry (India) Ltd.

For and on behalf of the Board

**Jairam Varadaraj**

Chairman

DIN:00058056

**Ramesh Ponnuswami**

Managing Director

DIN: 05276327

Place: Coimbatore

Date : 26/05/2016

**INDEPENDENT AUDITOR'S REPORT****To the Members of ATS ELGI LIMITED****1. Report on the Financial Statements.**

We have audited the accompanying financial statements of ATS ELGI LIMITED ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2016, the Statement of Profit & Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true & fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds & other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's Responsibility**

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

We conducted our audit 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 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March 2016 and its profit / loss and its cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

As required by 'the Companies (Auditor's Report) order, 2016' ("the Order") as amended issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure A** a statement on the matters specified in the paragraph 3 and 4 of the order.

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 purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements as referred in Note No.22.
  - ii. The Company did not have material foreseeable losses, on its long-term contracts including derivative contracts as at 31<sup>st</sup> March 2016.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **RJC Associates**  
Chartered Accountants  
Firm Regn. No.: 003496S

**R. Jayachandran**

Partner

Place : Coimbatore

Date : 26/05/2016

Membership No. 021848

## Annexure to the Auditor's Report

## Referred to in paragraph 5 of our report of even date,

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. However the Company has provided loans which are within the limits specified in Section 186 of the Company Act 2013.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the disputed Central Excise and Sales Tax aggregating ₹ 46.89 million have not been deposited since matters are pending with relevant forum as indicated below:

(₹ In Million)

Name of the Statute	Nature of the dues	Demand Amount	Forum where dispute is Pending
Sales Tax	CST	30.76	Sales Tax Appellate DC, Coimbatore
Service Tax	Service Tax	32.72	CESTAT, Chennai
	<b>Total</b>	<b>63.49</b>	

- 8) In our opinion and according to the information and explanations given to us and the records of the company examined by us, the Company has not defaulted in the repayment of dues to any financial institution or banks. The Company has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or no fraud on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standard AS 18 and Related Party Disclosures specified under Sec. 133 of the Act.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, 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.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For **RJC Associates**  
Chartered Accountants  
Firm Regn. No.: 003496S  
**R. Jayachandran**  
Partner  
Membership No. 021848

Place : Coimbatore  
Date : 26/05/2016

**"Annexure B" to the Independent Auditor's Report of even date on the Standalone****Financial Statements of ATS ELGI Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of ATS ELGI Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting**

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

**Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RJC ASSOCIATES**  
Chartered Accountants  
**Firm Regn.No. 003496S**  
**R. JAYACHANDRAN**  
Partner  
Membership No.021848

Place : Coimbatore  
Date : 26/05/2016



## Balance Sheet as at 31st March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	2	0.900	0.900
(b) Reserves and Surplus	3	689.719	652.513
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Deferred tax liabilities (Net)	4	23.697	20.368
<b>(3) CURRENT LIABILITIES</b>			
(a) Trade payables	5	192.656	170.907
(b) Other current liabilities	6	68.793	57.920
(c) Short-term provisions	7	103.901	94.092
<b>Total</b>		<b>1,079.666</b>	<b>996.700</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	8	172.514	147.417
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		14.675	38.342
(b) Long term loans and advances	9	5.683	4.278
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	10	134.620	107.788
(b) Trade receivables	11	212.459	168.615
(c) Cash and cash equivalents	12	379.020	394.648
(d) Short-term loans and advances	13	146.272	120.249
(e) Other current assets	14	14.423	15.363
<b>Total</b>		<b>1,079.666</b>	<b>996.700</b>

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

**JAIRAM VARADARAJ**  
Chairman  
DIN : 00058056

**RAMESH PONNUSWAMI**  
Managing Director  
DIN : 05276327

"As per our report of even date"

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

Place: Coimbatore  
Date : 26/05/2016

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

## Statement of Profit and Loss for the year ended 31st March, 2016

(₹ In Million)

Particulars	Note No	31-03-2016	31-03-2015
<b>I REVENUE FROM OPERATIONS</b>	<b>15</b>	<b>1,487.374</b>	1,338.015
<b>II OTHER INCOME</b>	<b>16</b>	<b>31.429</b>	28.400
<b>III TOTAL REVENUE (I + II)</b>		<b>1,518.803</b>	1,366.415
<b>IV EXPENSES:</b>			
Cost of materials consumed	<b>17</b>	<b>664.895</b>	613.050
Purchase of Traded goods	<b>18</b>	<b>260.941</b>	217.921
Changes in inventories of finished goods, work-in-progress and Traded goods	<b>19</b>	<b>(11.569)</b>	3.362
Employee benefit expenditure	<b>20</b>	<b>205.131</b>	184.166
Depreciation and Amortization expense		<b>16.246</b>	14.536
Other expenses	<b>21</b>	<b>250.276</b>	207.604
<b>TOTAL EXPENSES</b>		<b>1,385.920</b>	1,240.639
<b>V PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>132.883</b>	125.776
<b>VI EXCEPTIONAL ITEMS</b>		-	-
<b>VII PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)</b>		<b>132.883</b>	125.776
<b>VIII EXTRAORDINARY ITEMS</b>		-	-
<b>IX PROFIT BEFORE TAX (VII - VIII)</b>		<b>132.883</b>	125.776
<b>X TAX EXPENSE:</b>			
(1) Current tax		<b>32.771</b>	22.976
(2) Deferred tax		<b>3.329</b>	6.679
<b>XI PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX-X)</b>		<b>96.783</b>	96.121
<b>XII PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS</b>		-	-
<b>XIII TAX EXPENSE OF DISCONTINUING OPERATIONS</b>		-	-
<b>XIV PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS ( AFTER TAX) (XII-XIII)</b>		-	-
<b>XV PROFIT/(LOSS) FOR THE YEAR (XI+XIV)</b>		<b>96.783</b>	96.121
<b>XVI EARNINGS PER EQUITY SHARE:</b>		<b>(in ₹.)</b>	<b>(in ₹.)</b>
Nominal value of share		<b>10.000</b>	10.000
(1) Basic		<b>1,075.363</b>	1,068.009
(2) Diluted		-	-

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

**JAIRAM VARADARAJ**

Chairman

DIN : 00058056

**RAMESH PONNUSWAMI**

Managing Director

DIN : 05276327

"As per our report of even date"

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

Place: Coimbatore

Date : 26/05/2016



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016**1. Summary of Significant Accounting Policies****1.1 Basis for preparation of Financial Statements**

The Company follows accrual method of Accounting. The financial statements have been prepared under the Historical Cost Convention and on the basis of going concern and in accordance with the Accounting Standards notified under the Companies Act, 1956 ("The Act") read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.

**1.2 Inventories**

Inventories have been valued at lower of cost and net realisable value. The cost of inventories has been assigned using the weighted average cost formula.

- |   |  |
|---|--|
| a) Purchased items                                | - at FIFO - Net of CENVAT and VAT                                  |
| b) Work-in-Progress                               | - Purchase cost net of CENVAT and VAT plus proportionate Overheads |
| c) Manufactured items at Factory                  | - at cost excluding selling overheads and VAT.                     |
| d) Traded Items                                   | - at cost and net of VAT.  |
| e) Inventory Items at Branches / Foreign Branches | - at cost including applicable taxes and duties.                   |

**1.3 Depreciation**

Depreciation is charged on Straight line basis for Plant & Machinery, Vehicles and Computers and on Written Down Value basis for other assets. Rates prescribed under Schedule II of the Companies Act, 2013 are adopted.

**1.4 Revenue Recognition**

**Sales :** Sales, which includes excise duty, but excludes VAT, is recognised at the time of shipment of goods from plant or from stock points.

**Interest:** Interest is recognised on accrual basis taking into account the amount outstanding and the rate applicable.

**1.5 Fixed Assets**

- Fixed assets are recorded at historical cost of acquisition, which includes all taxes, duties and other direct expenses incurred up to the stage of commissioning of the asset, net of CENVAT and VAT, wherever applicable.
- Capital work-in-progress consisting of assets under construction, erection and commissioning are valued at cost incurred up to the date of Balance Sheet.
- An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Asset", when at Balance Sheet date there are indications of impairment and the carrying amount of the Asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount ( i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

**1.6 Foreign Currency Transactions**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of the transaction. For transactions settled within the year, exchange variance is charged to Statement of Profit and Loss. Outstanding liabilities and assets are restated at exchange rate prevailing at the end of the year. The resultant

exchange variances are recognized in the Statement of Profit and Loss prepared for the year on a net off basis.

**1.7 Employee Benefits**

- Provident Fund:** Provident Fund contribution is as per the rates prescribed by the Employees Provident Fund Act 1952 and the same is charged to revenue account.
- Superannuation:** Company has an arrangement with Life Insurance Corporation of India for providing Superannuation benefits to employees eligible as per Company's Rules. Company's contribution to the Superannuation Fund is calculated as per agreed terms and provided in the accounts.
- Leave Salary :** Liability in respect of encashment of accumulated leave is provided based on actuarial valuation.
- Gratuity:** The Company operates a defined benefit plan for the payment of post employment benefits for its employees in the form of Gratuity fund scheme managed by Life Insurance Corporation of India. The expenditure are recognized based on the present value of obligation as determined in accordance with AS -15 on "Employee Benefits".
- Other short term employee benefits:** All the other short term employee benefits such as profit share, performance pay, etc are measured and provided on accrual basis.

**1.8 Borrowing Cost**

Borrowing cost includes:

- Interest and Commitment charges on bank borrowings and other short term and long term borrowings.
- Amortization of ancillary costs incurred in connection with the arrangement of borrowings.
- Finance charges in respect of assets acquired under finance leases or under other similar arrangements.
- Exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**1.9 Deferred Tax**

Deferred Tax liabilities/assets are accounted for in respect of all timing differences, as per (AS)22.

**1.10 Research & Development Expenses:**

Revenue expenditure on Research and Development are charged off in the year in which they are incurred.

Fixed Assets purchased for the purpose of research and development are depreciated as per the Company's policy stated above.

**1.11 Intangible Assets**

Intangible Assets are recorded at the cost of acquisition and are amortised over a period of five years or its legal/ useful life whichever is less.

**1.12 Provisions, Contingent Liabilities & Contingent Assets:**

Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars		31-03-2016	31-03-2015		
2	SHARE CAPITAL				
	AUTHORISED SHARE CAPITAL				
	1,00,000 Equity Shares of ₹ 10/- each	1.000	1.000		
	ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES				
	90,000 Equity Shares of ₹ 10/- each fully paid	0.900	0.900		
2.1	Terms / Rights attached to Equity Shares				
	The Company has one class of equity shares having a par value of ₹ 10/- 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, 2016, the amount of dividend per share recognized as distributions to equity shareholders is ₹ 550/- (March 31, 2015: ₹ 550/-).				
2.2	Reconciliation of the shares at the beginning and at the end of the reporting period:				
	Number of equity shares at the beginning of the year	90,000	90,000		
	Number of equity shares at the end of the year	90,000	90,000		
2.3	Number of shares held by share holders holding more than 5% of total shares				
	Name of the share holder	31-03-2016	%	31-03-2015	%
	ELGI EQUIPMENTS LTD	90,000	100%	90,000	100%
(₹ In Million)					
Particulars		31-03-2016	31-03-2015		
3	RESERVES AND SURPLUS				
	A) Security premium reserve	180.000	180.000		
	B) General reserve				
	As per the last Balance Sheet	19.479	9.867		
	Add: transfer from profit & loss account	9.678	9.612		
		29.157	19.479		
	C) Surplus from Profit & Loss account				
	As per the last Balance Sheet	453.034	426.102		
	Add: Current year surplus	96.783	96.121		
		549.817	522.223		
	Less:				
	Proposed dividend (₹ 550/- per share)	49.500	49.500		
	Less: Provision for tax on dividend	10.077	10.077		
	Less: Transfer to general reserve	9.678	9.612		
		480.562	453.034		
	Total [A+B+C]	689.719	652.513		
4	DEFERRED TAX LIABILITIES (NET)				
	As per the last Balance Sheet	20.368	13.688		
	Add: For the Period/ Year	3.329	6.680		
		23.697	20.368		
5	Trade Payable				
	a) Acceptances	30.924	31.572		
	a) Due to Micro, Small and Medium Enterprises	24.416	25.797		
	b) Others	137.316	113.538		
		192.656	170.907		

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>6 OTHER CURRENT LIABILITIES</b>		
a Advance from customers	21.977	14.567
b Dealers Deposits	6.243	6.581
c Employee related expenses payable	26.268	23.876
d TDS Payable	1.327	1.759
e Sales tax, Service tax collection & payment	12.978	11.137
	<b>68.793</b>	<b>57.920</b>
<b>7 SHORT TERM PROVISIONS</b>		
a Provisions for employee benefits	11.553	11.539
b Provisions for income tax	32.771	22.976
c Provisions for dividend	49.500	49.500
d Provisions for dividend tax	10.077	10.077
	<b>103.901</b>	<b>94.092</b>

**8 TANGIBLE & INTANGIBLE ASSETS**

(₹ In Million)

Particulars	TANGIBLE ASSETS					INTANGIBLE ASSETS		Grand Total
	Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Total	Others	Total	
Gross Block								
Balance as at 1 April 2014	6.649	153.998	9.006	-	169.653	3.341	3.341	172.994
Additions	0.092	22.089	0.683	-	22.864	-	-	22.864
Deletions / write off	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	6.741	176.086	9.689	-	192.516	3.341	3.341	195.857
Additions	6.587	32.826	1.683	0.247	41.34267	-	-	41.343
Deletions / write off	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2016</b>	<b>13.329</b>	<b>208.912</b>	<b>11.372</b>	<b>0.247</b>	<b>233.859</b>	<b>3.341</b>	<b>3.341</b>	<b>237.200</b>
Accumulated depreciation								
Balance as at 1 April 2014	0.993	24.698	4.872	-	30.563	3.341	3.341	33.904
For the year	0.849	10.517	3.169	-	14.536	-	-	14.536
Deletions / write off	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	1.842	35.215	8.042	-	45.099	3.341	3.341	48.440
For the year	1.202	14.475	0.552	0.018	16.246	-	-	16.246
Deletions / write off	-	-	-	-	-	-	-	-
<b>31st March 2016</b>	<b>3.044</b>	<b>49.690</b>	<b>8.593</b>	<b>0.018</b>	<b>61.346</b>	<b>3.341</b>	<b>3.341</b>	<b>64.686</b>
Net Block								
31 March 2015	4.899	140.871	1.647	-	147.417	-	-	147.417
<b>31 March 2016</b>	<b>10.285</b>	<b>159.221</b>	<b>2.778</b>	<b>0.229</b>	<b>172.514</b>	<b>-</b>	<b>-</b>	<b>172.514</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>9 LONG TERM LOANS AND ADVANCES</b>		
a Security deposits	4.201	2.701
b Others	1.482	1.578
	<b>5.683</b>	4.278
(All loans and advances are unsecured and considered good)		
<b>10 INVENTORIES</b>		
a Raw materials	55.190	40.186
b Work in progress	11.101	7.130
c Finished goods	5.780	3.296
d Traded Goods	59.320	54.206
e Stores & Spares	0.191	0.237
f Loose Tools	2.194	2.088
g Packing materials	0.844	0.645
Note: Raw materials inventory include R&D Inventory also	<b>134.620</b>	107.788
<b>11 TRADE RECEIVABLES</b>		
a Trade receivables outstanding for more than 6 months	15.451	16.792
b Others	197.008	151.822
(All trade receivables are unsecured and considered good.)	<b>212.459</b>	168.615
<b>12 CASH AND BANK BALANCES</b>		
a Cash and cash equivalents		
i Balance with banks		
In current account	62.847	78.987
In deposits	316.072	254.461
ii Cash in hand	0.101	*- 0.130
b Other Bank balance	-	61.070
In deposits (having original maturity period of more than 3 months but less than 12 months)		
	<b>379.020</b>	394.648
<b>13 SHORT-TERM LOANS AND ADVANCES</b>		
Cenvat / VAT Receivables and Service Tax credit (Net)	3.511	1.480
Advance Tax / TDS Receivables	31.073	29.754
Income / Refund Receivables	1.143	1.319
Prepaid Expenses	3.464	0.397
Others *	107.081	87.299
	<b>146.272</b>	120.249
(Note: All loans and advances are unsecured, considered good.)		
* (Others include loan given to Elgi Equipments Limited for Working Capital purposes. ₹ 70 million as on 31.03.2016 and ₹ 40 million as on 31.03.2015)		
<b>14 OTHER CURRENT ASSETS</b>		
Interest accrued	14.423	15.363
	<b>14.423</b>	15.363
<b>15 REVENUE FROM OPERATIONS</b>		
a Sale of Products	1,546.755	1,386.608
b Sale of Services	38.927	35.319
<b>Gross Sales</b>	<b>1,585.682</b>	1,421.927
Less:		
c Excise Duty	100.392	84.285
<b>Net Sales</b>	<b>1,485.290</b>	1,337.641
d Other operating revenue	2.084	0.373
	<b>1,487.374</b>	1,338.015

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>16 OTHER INCOME</b>		
a Interest Income - Fixed Deposit	29.501	27.346
b Other non operating income	1.928	1.054
	<u>31.429</u>	<u>28.400</u>
<b>17 COST OF MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	39.036	41.850
<b>ADD: Purchases</b>	<b>673.598</b>	610.236
	<u>712.634</u>	<u>652.086</u>
<b>Less: Closing stock of raw Material</b>	<b>47.739</b>	39.036
	<u>664.895</u>	<u>613.050</u>
(Raw material inventory exclusive of R & D Inventory)		
<b>17.1</b> Purchases include machining charges of ₹ 20.70 Million (Previous year ₹ 16.32 Million)		
<b>17.2 DETAILS OF MATERIALS CONSUMED</b>		
1) Sheets, Plates & H Section	95.010	187.786
2) Materials that do not individually account for 10% or more of Total Consumption	<u>569.885</u>	<u>425.264</u>
	<u>664.895</u>	<u>613.050</u>
<b>18 PURCHASE OF TRADED GOODS</b>		
Automotive Garage Equipments	<u>260.941</u>	<u>217.921</u>
<b>19 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
Opening Stock of WIP	7.130	6.834
Opening Stock of Finished Goods	3.296	3.554
Opening Stock of Traded Goods	<u>54.206</u>	<u>57.606</u>
	<u>64.632</u>	<u>67.994</u>
Closing Stock of WIP	11.101	7.130
Closing Stock of Finished Goods	5.780	3.296
Closing Stock of Traded Goods	<u>59.320</u>	<u>54.206</u>
	<u>76.201</u>	<u>64.632</u>
	<u>(11.569)</u>	<u>3.362</u>
<b>20 EMPLOYEE BENEFIT EXPENSES</b>		
a Salaries & Wages	159.852	134.282
b Gratuity	-	2.782
c Performance Pay	17.262	21.477
d Contribution to Provident fund & Superannuation fund	10.378	9.657
e Welfare expenses	11.789	10.744
f MD's Remuneration (Excluding performance pay)	5.850	5.224
	<u>205.131</u>	<u>184.166</u>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>21 OTHER EXPENSES</b>		
Packing Charges	27.300	25.669
Consumption of Stores	6.974	5.975
Tools Consumed	5.363	5.633
Commission and Discount	32.155	23.195
Power, Fuel & Lighting	8.737	7.450
Transport Charges	9.878	10.227
Postage, Telegrams & Telephones	3.234	2.860
Travelling and Conveyance	35.716	33.342
Insurance	0.794	0.880
Advertisement and Publicity	16.695	1.872
Repairs and Maintenance of		
- Plant and Machinery	2.908	1.486
- Building	2.039	2.076
- Other Assets	2.099	2.064
Printing and Stationery	2.485	1.626
Research and Development expenses (Refer Note. No.28)	6.013	9.893
Provision for doubtful debts and Bad Debts Written off	3.002	(0.120)
After Sales Expenses	26.155	22.908
Factory Expenses	0.349	0.106
Rates & Tax	0.250	0.174
Auditor's Remuneration		
- Audit Fees	0.450	0.450
- Other Services	-	-
Miscellaneous Expenses	18.905	16.190
CSR Expenditures	2.850	3.150
Subscription, Periodicals & Filing Fees	0.113	0.125
Rent	7.841	5.315
Legal and Consultancy Charges	19.213	18.199
Directors Sitting Fees	0.140	0.075
Repairs and Maint. of Motor Vehicle	0.001	0.000
Sales & Service Tax Payments	0.913	0.440
Exchange Fluctuation (Gain) / Loss (net)	2.003	1.755
Excise Duty paid	3.772	3.036
Bank charges	1.929	1.552
	<b>250.276</b>	<b>207.603</b>

**22 Contingent Liabilities and Commitments****a) Claims against the company not acknowledged as debts:**

(₹ In Million)

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/ Adj.	Forum where dispute is pending
Sales Tax	CST	30.766	13.864	Sales Tax Appellate DC, Coimbatore
Service Tax	Service Tax	32.724	2.733	CESTAT, Chennai
b) The Company has filed appeals with appropriate authorities of Sales Tax / Service Tax Departments against their claims				

(₹.in Million)

Particulars	31-03-2016	31-03-2015
Guarantees and letter of Credit	28.686	22.597

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 23 Details of estimated amount of contracts

(₹.in Million)

Particulars	31-03-2016	31-03-2015
Estimated Amount of Contracts remaining to be executed on Capital Account	17.941	3.216

## 24 Details of dues to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006

(₹.in Million)

Particulars	Section	31-03-2016	31-03-2015
a) The principal amount due to Supplier under the Act	S22 (I)	11.949	12.535
b) Interest accrued and due to Suppliers on the above amount (Other than Section 16)	S22 (I)	Nil	Nil
c) Interest Paid to Suppliers under the act (Section 16)	S22 (II)	Nil	Nil
d) Interest due and payable for delay (for Payments during the year beyond due date)	S22 (III)	Nil	Nil
e) Payment made to suppliers (Other than interest) beyond the appointed day, during the year.	S22 (III)	Nil	Nil
f) Interest accrued & remaining unpaid at the end of year to Suppliers under the Act	S22 (IV)	Nil	Nil
g) Interest due & payable to suppliers under the Act for payments already made	S22 (V)	Nil	Nil

## 25 Details of disclosure as required under AS 15 in respect of defined benefit plan for Gratuity

Particulars	31-03-2016 Gratuity(Funded)	31-03-2015
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> (Expressed as weighted averages)		
Discount Rate	8.10%	7.80%
Salary escalation rate	8.00%	6.50%
Attrition rate	3.00%	3.00%
Expected rate of return on plan asset	8.00%	8.75%
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
PVO as at the beginning of the period	13.52	10.52
Interest cost	1.04	0.91
Current service cost	2.11	1.51
Past service cost- (non vested benefits)	-	-
Past service cost- (vested benefits)	-	-
Benefits paid	(0.37)	(1.25)
Actuarial loss/(gain) on obligation( balancing figure)	3.01	1.82
PVO as at the end of the period	19.32	13.52
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS- RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
Fair value of plan assets as at the beginning of the period	22.20	20.19
Expected return on plan assets	2.06	1.78
Contributions	3.06	1.57
Benefits paid	(0.37)	(1.25)
Actuarial gain / (loss) on plan assets( balancing figure)	0.11	(0.09)
Fair value of plan assets as at the end of the period	27.06	22.20
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	2.06	1.78
Actuarial gain/(loss) on plan assets	0.11	(0.09)
Actual return on plan assets	2.17	1.69



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 25 Details of disclosure as required under AS 15 in respect of defined benefit plan for Gratuity

Particulars	31-03-2016 Gratuity(Funded)	31-03-2015
<b>V. ACTUARIAL GAIN / LOSS RECOGNISED</b>		
Actuarial gain/ (loss) for the period - obligation	(3.01)	(1.82)
Actuarial gain/ (loss) for the period - plan assets	0.11	(0.09)
Total (gain)/ loss for the period	2.90	1.91
Actuarial (gain)/ loss recognised in the period	2.90	1.91
Unrecognised actuarial (gain)/loss at the end of the year	-	-
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	19.32	13.52
Fair value of plan assets	27.06	22.20
Differences	(7.74)	(8.68)
Unrecognised transitional liability	-	-
Unrecognised past service cost- non vested benefits	-	-
Liability recognised in the balance sheet	(7.74)	(8.68)
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	2.11	1.51
Interest cost	1.04	0.91
Expected return on plan assets	(2.06)	(1.78)
Net actuarial(gain)/loss recognised in the year	2.90	1.91
Transitional liability recognised in the year	-	-
Past service cost- non-vested benefits	-	-
Past service cost-vested benefits	-	-
Expenses recognised in the Statement of Profit and Loss	4.00	2.56
<b>VIII. MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET</b>		
Opening net liability	(8.68)	(9.67)
Expense as above	4.00	2.56
Contribution paid	(3.06)	(1.57)
Closing net liability	(7.74)	(8.68)
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>		
Present value of obligation	19.32	13.52
Plan Assets	27.06	22.20
Surplus (Deficit)	7.74	8.68
Experience adjustments on plan liabilities- (loss) / gain	(0.76)	0.02
Experience adjustments on plan assets- (loss) / gain	0.11	(0.09)
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>		
Government Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds Managed by Insurer	100%	100%
Others (To Specify)	-	-
<b>26 Expenditure in Foreign Currency</b>		
<b>Particulars</b>	<b>31-03-2016</b>	<b>31-03-2015</b>
1) Commission	0.519	0.928
2) Travelling Expenses	2.730	2.992
3) Other Expenses	-	0.021
<b>TOTAL</b>	<b>3.249</b>	<b>3.941</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016

## 27 CIF VALUE OF IMPORTS

(₹ In Million)

Particulars	31-03-2016	31-03-2015
1) Raw Materials and Components	75.448	55.421
2) Capital Goods	0.568	1.046
3) Traded Goods	185.414	122.761
<b>TOTAL</b>	<b>261.430</b>	<b>179.228</b>

## 28 DETAILS OF R&amp;D EXPENSES

1) Capital	8.093	15.390
2) Salaries & Wages	13.490	13.228
3) R&D Materials	6.013	9.893
4) Other Expenses	0.897	1.732
<b>TOTAL</b>	<b>28.493</b>	<b>40.243</b>

## Note:

While the accounts of R&D department are maintained separately, for the purpose of presentation, the administrative and other Expenses are clubbed along with other functional head of expenses and presented in the Statement of Profit and Loss.

## 29 DETAILS OF EARNINGS IN FOREIGN EXCHANGE CALCULATED ON FOB BASIS

Direct Exports	94.944	78.479
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## 30 DETAILS OF EARNINGS PER SHARE

Net Profit (₹ In Million)	96.783	96.121
Weighted Average number of shares outstanding	90,000	90,000
Nominal value per share (in ₹)	10.00	10.00
Basic Earnings per share (in ₹)	1075.36	1,068.00

31 Balance in the accounts of Sundry Debtors, Sundry Creditors, Security and other Deposits have been reconciled wherever letters of confirmation have been received and necessary effect has been given in the accounts

## 32 DETAILS OF ACCOUNTING STANDARD (AS)18, RELATED PARTY DISCLOSURES

(₹ In Million)

Particulars	Holding Company		Others Companies / Firms		Key Management Personnel*	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Purchase of Goods	3.771	4.048	4.335	1.884		
Sale of Goods	67.703	67.557				
Receiving of Services	18.850	18.198				
Providing of Services						
Reimbursement of Expenses						
To Related Parties	-	1.000				
By Related Parties	0.385	0.776				
Finance	70.000	40.000				
Interest received	12.034	2.320				
Remuneration					7.139	5.658
Receivable at the end of the year	39.657	17.285				
Payable at the end of the year	-	-	0.780	0.470		

\* includes Performance linked pay paid during the year.

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2016**

## Name of related parties and description of relationship:

- |  |  |
|--|--|
| 1. Holding Company   | Elgi Equipment Limited   |
| 2. Fellow Subsidiaries   | <ul style="list-style-type: none"> <li>a. Adisions Precision Instruments Manufacturing Company Limited</li> <li>b. Elgi -GULF (FZE)</li> <li>c. Elgi Equipments Zhejiang Limited (China)</li> <li>d. Elgi Compressors Trading (Shanghai) Co. Ltd (China)</li> <li>e. SAS Belair (France)</li> <li>f. Elgi Compressors DO BRASIL IMP.E.EXP.Ltda</li> <li>g. Elgi Australia Pty Ltd.</li> <li>h. Elgi Compressors Italy S.r.l.</li> <li>i. Elgi Compressors USA Inc</li> <li>j. Rotair Spa (Italy)</li> <li>k. Patton's Inc (USA)</li> <li>l. Patton's Medical LLC.(USA)</li> <li>m. PT Elgi Equipments Indonesia</li> <li>n. Ergo Design Private Limited</li> </ul> |
| 3. Other Companies/Firms<br>In which Directors are<br>Interested | <ul style="list-style-type: none"> <li>a. Elgi Ultra Industries Limited</li> <li>b. Elgi Rubber Company Limited</li> <li>c. Ellargi &amp; Co.</li> <li>d. Elgi Sauer Compressors Limited</li> </ul>  |
| 4. Directors   | Mr. Jairam Varadaraj, Chairman<br>Mr. Harjeet Singh Wahan, Vice Chairman   |
| 5. Key Management Personnel                                      | Mr. Ramesh Ponnuswami, Managing Director   |

**33** Previous year figures have been regrouped and reclassified where ever necessary to make them comparable.

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ In Million)

Particulars	31-03-2016	31-03-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	132.883	125.776
<b>Adjustments for:</b>		
Depreciation	16.246	14.536
Assets Condemned and Written off		
Bad debts written off	3.002	(0.120)
Interest and Processing fees Paid	1.929	1.552
Interest Received	(29.501)	(8.324)
Operating Profit Before Working Capital Changes	124.559	(27.347)
<b>Adjustments for:</b>		
(Increase)/Decrease in Inventories	(26.833)	(11.378)
(Increase)/Decrease in Trade Receivables	(46.846)	6.777
(Increase)/Decrease in Loans and Advances, Other		70.665
Current and non Current Assets	(26.487)	(37.453)
Increase/(Decrease) in Trade payable, Current		
Liabilities and Provisions	40.733	49.323
	(59.433)	89.312
	65.126	203.709
<b>Cash generated from operations</b>		
Direct Taxes Paid	(31.073)	(29.755)
	(31.073)	(29.755)
<b>Net Cash From Operating Activities (A)</b>	<b>34.053</b>	<b>173.954</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of tangible Assets	(17.676)	(48.749)
Interest Received	29.501	27.347
<b>Net Cash used in investing activities (B)</b>	<b>11.825</b>	<b>(21.402)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Processing fees Paid	(1.929)	(1.552)
Dividend and Dividend tax Paid	(59.577)	(57.913)
<b>Net cash used in financing activities (C)</b>	<b>(61.506)</b>	<b>(59.465)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(15.628)</b>	<b>93.087</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>394.648</b>	<b>301.561</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>379.020</b>	<b>394.648</b>

Note : Figures within Bracket denote Cash Outflow

For and on behalf of the Board

"As per our report of even date"

**JAIRAM VARADARAJ**

Chairman

DIN : 00058056

Place: Coimbatore

Date : 26/05/2016

**RAMESH PONNUSWAMI**

Managing Director

DIN : 05276327

**For RJC ASSOCIATES**

Chartered Accountants

**Firm Regn.No. 003496S****R. JAYACHANDRAN**

Partner

Membership No.021848

## Factory Registered Office Subsidiary Offices, Branch Offices and Overseas Offices

### BRANCH OFFICES

<b>AHMEDABAD</b>	: "ELGI HOUSE" 2, Mill Officer's Colony, Behind La-Gajjar Chambers, (Old Reserve Bank) Opp. Times of India, Ashram Road, Ahmedabad – 380 009. Tel : (91-79) 26583736, 26581274 Fax : (91-79) 26587683 E-mail : enquiry@elgi.com
<b>BANGALORE</b>	: 15, 16 Richmond Road, Bangalore – 560 025. Tel (91-80) 22537200 Fax (91-80) 22293274 E-mail : enquiry@elgi.com
<b>BHOPAL</b>	: Plot No.4, Vaibhav Complex, Major Shopping Centre, Zone 1, M.P. Nagar, Bhopal – 462 011. Tel (91-755) 2578281, 2578317, 4273317 Fax (91-755) 2578289 E-mail : enquiry@elgi.com
<b>CHENNAI</b>	: S4-II Floor, Apollo Dubai Plaza, No-100, Mahalingapuram Main Road, Nungambakkam, Chennai-600034. Tel (91-44) 28172599, 28172699, 28173599 Fax (91-44) 28174699 E-mail : enquiry@elgi.com
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<b>HYDERABAD</b>	: H.NO:12-13-188, II nd Floor, Street No.2, Taranaka, Hyderabad – 500017. Tel (91-40) 27000435,27000437,27000439, 27000431 Fax (91-40) 27000438 E-mail : enquiry@elgi.com
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<b>KOLKATA</b>	: 502, Block C, 5th Floor, Axis Mall, Action Area – 1C, New Town Premises No. CF-9, Kolkatta – 700 156.
<b>MUMBAI</b>	: Marol Co-op Industrial Estate Ltd, Plot No.48, Mathurdas Vassanji Road, Near Sakinaka, Andheri(East), Mumbai – 400 059. Tel : (91-22) 42161000 Fax : (91-22) 28591601 E-mail : enquiry@elgi.com
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<b>PUNE</b>	: White House, Ground Floor, 388/A-1/2240, Mumbai-Pune Road, Opp. Sandvik(Asia), Dapodi, Phugewadi, Pune – 411 012. Tel (91-20) 30635454 Fax (91-20) 30635456
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<b>MALAYSIA</b>	: <b>ELGI EQUIPMENTS LIMITED</b> , No 2A – 4- 6 , Jalan Jubli Perak, 22/1, Section 22, 40400 ,Shah Alam, Selangor, Malaysia. Toll Free : 1-800-816-553 Web : www.elgi.com.my
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### OVERSEAS FELLOW SUBSIDIARIES

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<b>BRAZIL</b>	: <b>ELGI COMPRESSORES DO BRASIL LTD</b> , Av. Emílio Chechinatto, 4195 – B, Bairro São Roque da Chave CEP:13.295-000 Itupeva – São Paulo Brasil Contato: 4496 5519, 4496 6611 E-mail : enquiry@elgi.com.br Web: www.elgi.com.br
<b>FRANCE</b>	: <b>BELAIR SAS</b> , Zone Espace Leaders 156, Rue De Moutti sud 74540 Alby sur Cheran France. Tel: +4 50 68 20 57, Fax : +4 50 68 22 61, Email: enquiry@belair.fr

## Factory Registered Office Subsidiary Offices, Branch Offices and Overseas Offices

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	: Ph : +86-573-82079100 Hotline : 400-826-3585 Email: enquiry.cn@elgi.com Web: www.elgi.cn
	<b>ELGI EQUIPMENTS (ZHEJIANG) LIMITED</b> , Rm 909, LSHQ International Centre, 288 Hongjing Road, Shanghai 201103, <b>P.R. China</b> . Ph : +86-21-33581191, Hotline : 400-826-3585 Email : enquiry.cn@elgi.com Web : www.elgi.cn
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<b>ITALY</b>	: <b>ROTAIR SPA</b> , Via Bernezzo 67, 12023 Caraglio (CN), Italy. Tel: +39 0171619676 Fax: +39 0171619677 E-mail: info@rotairspa.com Web: www.rotairspa.com
<b>MIDDLE-EAST</b>	: <b>ELGI GULF (FZE)</b> , PO Box: 120695, P6 – 27, SAIF Zone, Sharjah, U.A.E. Tel: +971 6 557 9970 Fax: +971 6 557 9980 Mobile : +971 50 457 6470 Email: gulfenquiry@elgi.com Web: www.elgigulf.com
<b>USA</b>	: <b>ELGI COMPRESSORS USA, INC</b> , 1500-N Continental Blvd Charlotte, NC 28217, USA Contact : 704-943-7966 E-mail – usa.sales@elgi.com

### FELLOW SUBSIDIARIES

#### ATS ELGI LIMITED

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Ph: + 91-422-2589999, 2672201-3, Fax: +91-422-2675446

E-mail: enquiry@ats-elgi.com Web: www.ats-elgi.com

#### ADISONS PRECISION INSTRUMENTS MFG.CO. LIMITED

Elgi Industrial Complex, Singanallur, Coimbatore - 641 005.

#### ERGO DESIGN PRIVATE LIMITED

India House, New No 1443/1 Trichy Road, Coimbatore-641 018

### JOINT VENTURE

#### ELGI SAUER COMPRESSORS LIMITED

ELGI INDUSTRIAL COMPLEX III, Singanallur, Coimbatore - 641 005. India

Ph: + 91-422-2589555, 2589634, 2589510 Fax: +91-422-2573697

E-mail: info@elgisauer.com Web: www.elgisauer.com

### DIVISION

#### PRESSURE VESSEL DIVISION

1473 - Trichy Road, Coimbatore - 641 018.

Ph: 0422-2589777, Email: enquiry@elgi.com

### FACTORY AND REGISTERED OFFICES

#### ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005, India (CIN:L29120TZ1960PLC000351)

Ph: +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.

Ph: 04259-241201, 241401

#### GLOBAL SUPPORT CENTRE

SF NO 221, 221/2 & 221/3,KOTHAVADI ROAD,

KODANGIPALAYAM VILLAGE, SINGARAMPALAYAM (PO)

KINATHUKKADAVU TALUK, COIMBATORE – 642109

Ph. 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 – 642109



**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

## Notes



# ELGi

ELGi Industrial Complex, Trichy Road, Singanallur, Coimbatore - 641 005  
(CIN: L29120TZ1960PLC000351)

**T:** +91 422 2589555 | **F:** +91 422 2573697 | **E:** investor@elgi.com

**W:** www.elgi.com | Customer care mobile no.: +91 92821 11224 (*SMS only*)

Toll-free number: **1800-425-3544**





# ELGi<sup>TM</sup>

## ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005,  
Tel: +91-422-2589555 Fax: +91-422-2573697  
E-mail: investor@elgi.com Visit us at: www.elgi.com  
(CIN: L29120TZ1960PLC000351)



FORM NO. MGT - 11

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No. / Demat ID:  
Name & Address of  
the member(s):

I/We being the member(s) holding ..... shares of the above named Company, hereby appoint:

1) Name: .....

Address: .....

Email ID: ..... Signature ..... or failing him/her

2) Name: .....

Address: .....

Email ID: ..... Signature ..... or failing him/her

3) Name: .....

Address: .....

Email ID: ..... Signature .....

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 56<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, July 29, 2016 at 04.30 PM at Ardra, Kaanchan, 9, North Huzur Road, (Near Codissia Building) Coimbatore – 641018, and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

✂ Cut here

#### E-Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

EVS (Electronic Voting Sequence Number)	*Default PAN / Sequence Number
160616003	

✂ Cut here



# ELGi<sup>TM</sup>

## ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005,  
Tel: +91-422-2589555 Fax: +91-422-2573697  
E-mail: investor@elgi.com Visit us at: www.elgi.com  
(CIN: L29120TZ1960PLC000351)



#### ATTENDANCE SLIP

Attendance by  
Please ✓ the  
appropriate box

- ☐ Member  
☐ Proxy  
☐ Authorised  
Representative

Folio No. / Demat ID :

Name of the Member :

Name of the Proxy :

No. of  
Shares held:

I hereby record my presence at 56th Annual General Meeting being held on Friday, July 29, 2016 at 04.30 PM at Ardra, No.9, North Huzur Road, (Near Codissia Building) Coimbatore – 641018,

\* Strike out whichever is not applicable

Signature of Member / Proxy\*

Resolution Number	Resolution
<b>Ordinary Business</b>	
1	To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31 <sup>st</sup> March, 2016, together with the Reports of the Board of Directors and the Auditors thereon.
2	To declare dividend for the financial year ended 31 <sup>st</sup> March, 2016.
3	To appoint a Director in the place of Mr. Sudarsan Varadaraj, (DIN:00133533) who retires by rotation and being eligible, offers himself for re-appointment
4	To ratify the appointment of Statutory Auditors for the financial year 2016-17
<b>Special Business</b>	
5	To consider ratification of Remuneration of Cost Auditors for the financial year 2015-16

Signed this ..... day of ..... 2016

Signature of shareholder: .....

Signature of Proxy holder (s): .....

Affix ₹1/-  
Revenue  
Stamp

Note:

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.