

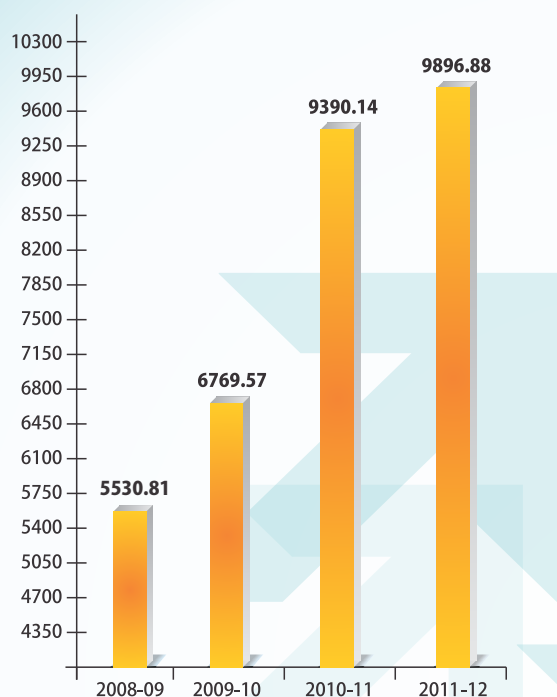
52nd | Annual Report

2011-2012

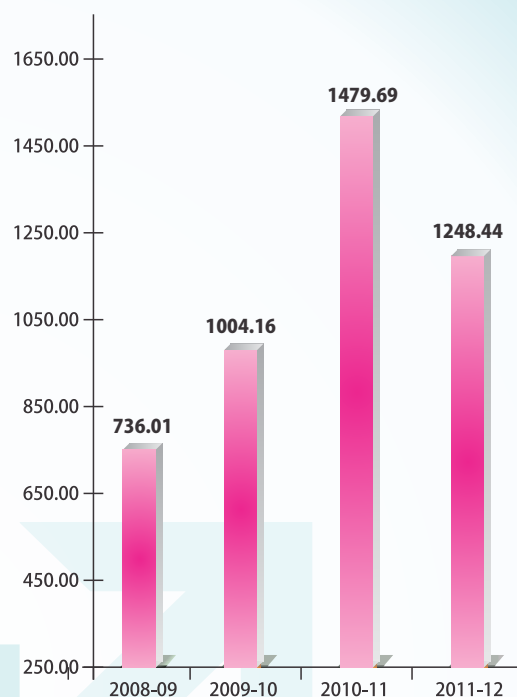


Growing with Enduring Partnerships

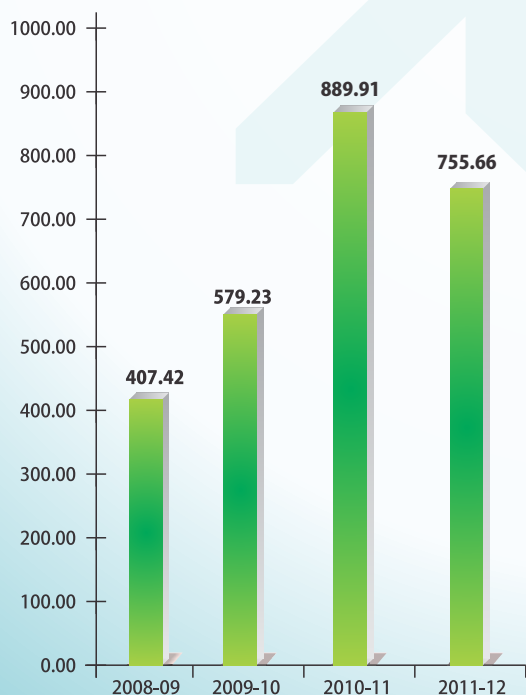
NET SALES (₹. In Million)



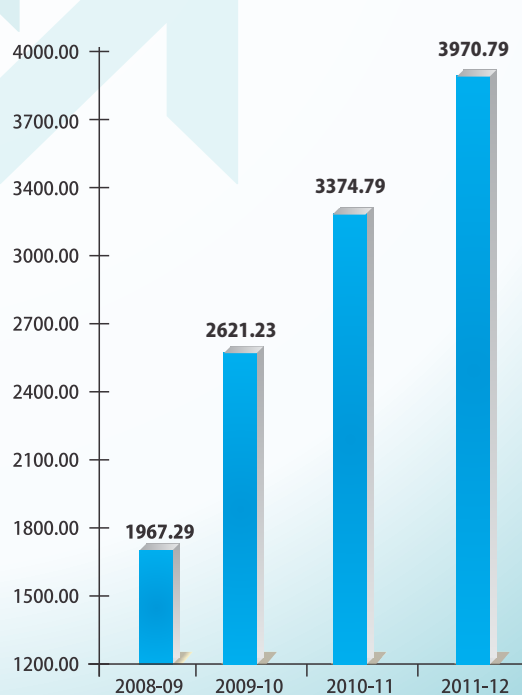
PBDIT (₹. In Million)



NET PROFIT (₹. In Million)



NET WORTH (₹. In Million)



ELGI EQUIPMENTS LIMITED

52nd Annual General Meeting

Date : 6th Day of August, 2012
Day : Monday
Time : 4.30 PM

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

**Book Closure dates: 21st July, 2012 to 6th August, 2012
(both days inclusive)**

Board of Directors

Managing Director

Dr. Jairam Varadaraj

Non-Executive Directors

Dr. T. Balaji Naidu
Dr. Ganesh Devaraj
Sri. N. Mohan Nambiar
Sri. M. Ramprasad
Sri. Sudarsan Varadaraj
Sri. B. Vijayakumar

Chief Financial Officer

Sri. S. Sriram

Company Secretary

Sri. S. Raveendar

Statutory Auditors

M/s. RJC Associates
Chartered Accountants

Cost Auditor

Dr. G.L. Sankaran
Cost Accountant

Bankers

Central Bank of India
State Bank of India

Registered Office

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

Registrar & Share Transfer Agent

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

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Year at a glance - Consolidated Financial Statements

(₹. In Million)

Particulars	2011-12	2010-11
Revenue from operations	9916.9	9410.4
Other income	162.4	117.2
Total income	10079.3	9527.6
Total Expenditure		
a) (Increase) / Decrease in WIP, Fin. goods & Stock in Trade	(147.1)	(31.8)
b) Consumption of Raw Materials	6224.3	5642.8
c) Staff Cost -Salaries (inclusive of performance pay)	1095.0	962.0
d) Other Expenditure	1658.7	1473.5
Interest Expenditure	7.1	3.5
Depreciation / Amortization	135.2	114.7
Total Expenditure	8973.2	8164.7
Profit/Loss Before Tax	1106.1	1363.0
Provision for Taxation	350.4	471.5
Net profit before Extra-ordinary Items	755.7	891.4
Extra-ordinary Items	-	1.5
Net profit after Extra-ordinary Items	755.7	889.9
Paid-up Equity Share Capital	158.5	158.5
Reserves excluding revaluation reserves	3817.9	3224.8
Capital Expenditure	394.9	259.5
Cash flow from operations	410.0	494.2
Basic EPS (in ₹.)	4.8	5.6
Dividend per Share (in ₹.)	1.0	1.0
No of Shareholders	23689	23523
No. of Employees	1738	1604

Notice of the 52nd Annual General Meeting

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 52nd Annual General Meeting of the Shareholders of Elgi Equipments Limited will be held on Monday, the 6th Day of August, 2012 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 consider the Statement of Profit and Loss for the financial year ended 31st March, 2012, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors.
2. To declare dividend for the year ended 31st March, 2012.
3. To appoint a Director in the place of Dr. T. Balaji Naidu who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri. M. Ramprasad who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT, in supersession of all earlier resolutions passed, pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of monies in any manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 300 crores (Rupees Three Hundred crores only)."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6

Pursuant to Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company cannot except with the consent of the Company in the General Meeting borrow moneys apart from temporary loans obtained from Company's Bankers in the ordinary course of business in excess of the aggregate of paid up capital and free reserves that is to say reserves not set apart for any specific purpose.

Considering the future fund requirements for expansion and modernization program of the Company it is proposed to increase the borrowing limits upto Rs.300 Crores.

Consent of the Members pursuant to Section 293(1)(d) of the Companies Act, 1956 is being sought for as in Item 6 of the Agenda.

Directors commends the resolution set out in the Item 6 of the Notice for your approval.

None of the Directors are in any way, concerned or interested in this said resolution.

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from 21st Day July, 2012 to 6th Day of August, 2012 (both days inclusive)
- 3) The dividend proposed to be declared at the meeting, will be made payable on or after 30/08/2012 to those members whose names appear on the Register of Members of the Company on 21/07/2012.
- 4) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services 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 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.

- 5) Members are requested to notify immediately the change, if any, in their residential address and bank accounts to the Company's Registrar & Share Transfer Agent - **M/s. Link Intime India Pvt. Limited, Investor Relation Center, "Surya", 35 May Flower Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore-641028.**
- 6) Members and / or their Proxies should bring the Attendance Slips duly filled in for attending the meeting.
- 7) Members are requested to quote ledger folio / demat client ID numbers in all correspondence with the Company.
- 8) Unclaimed Dividend up to the financial year 2003-04 has been transferred to the Investor Education & Protection Fund as notified by the Government. Members who have not encashed the Dividend Warrant(s) so far, since the financial year 2004-05, are requested to send their claim to the company / registrar for issue of payorders / demand draft in lieu thereof.
- 9) Members who are having multiple accounts are requested to intimate to the Company, the ledger folios of such accounts to enable the Company to consolidate all shareholdings into one account.

10) Members are requested to bring their personal copy of this Annual Report to the Meeting.

- 11) Pursuant to the provisions of Section 109A of the Companies Act, 1956, Members, who are holding shares in physical form, are requested to file Nomination Forms (Form 2B) in respect of their shareholdings with Company's Registrar & Share Transfer Agent.

Members, who are holding shares in demat form, are requested to file Nomination Forms (Form 2B) in respect of their shareholdings with Depository Participant with whom demat accounts are being maintained. Should any assistance be desired, Members should get in touch with the Company's Registrar & Share Transfer Agent.

- 12) Members who have not received the Split Share Certificates (Re.1/- face value) are requested to receive the Split Share Certificates by surrendering their old Share Certificates (Rs.10/- face value) to the Company's Registrar & Share Transfer Agent immediately.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement the particulars of Directors who are proposed to be appointed/reappointed at this Meeting are given below:-

Sl. No	Name	Qualification	Experience	Directorships in other Companies incorporated in India	Membership of Committees in other Companies incorporated in India
1.	Dr. T. Balaji Naidu	M.B.B.S., D.L.O.	More than 28 years experience in Medical Profession	1. Adisons Precision Instruments Mfg. Co. Ltd 2. Blue Mountain Treads Pvt. Ltd. 3. L.G. Balakrishnan & Bros. Ltd.	NIL
2.	Mr. M. Ramprasad	B.Sc., M.B.A.	More than 23 Years experience as a Finance Consultant	1. ATS Elgi Ltd. 2. Mape Advisory Group Pvt. Ltd. 3. Mape Securities Pvt. Ltd.	NIL

By Order of the Board
For ELGI EQUIPMENTS LIMITED

S. RAVEENDAR
 Company Secretary

Place : Coimbatore
 Date : 14/05/2012.

Management Discussion and Analysis

The year under review witnessed moderate growth for Elgi. The company maintained the top line in spite of significant drop in one seasonal segment. However, the stagnation on the top line led to reduced profits. During the year, the company's performance in the international markets was impressive and to an extent, it demonstrates our reduced dependence on the domestic market.

COMPRESSORS

The compressor business accounted for 84% of the total sales of the company. This business accounted for 83% of the profits of the company and 82% of the capital employed by the company. This year it grew by 4% and employs 1,429 people.

PERFORMANCE

Though the year was marked by a trough in the Water Well market, the industrial segment grew by 15%. The focus on the aftermarket was sustained through the year, resulting in efficiency improvements and improved capability to minimize the down time of compressors at the customer end. Considering the uncertainty in certain key industrial segments, the focus had been on managing costs effectively.

The international business grew by 20%. Increased market presence and product innovations have led to the growth of our subsidiary in China. Our oil-free compressors have received a positive response in China and are expected to contribute significantly to business growth there. The company had entered neighboring South East Asian markets such as Korea and Vietnam. However, the economic slowdown during the latter part of the year in China has dampened growth.

At our French subsidiary Belair, the primary focus was on building a new leadership team, strengthening operations and validating new products from Elgi. The business is now poised for growth.

Validation of products in the USA market started this year and distributors are being appointed to take these products to the market.

OPPORTUNITIES

Elgi has identified strategic international geographies in developed and developing markets like France, USA, Brazil and

China. Despite the general slowdown in the global markets, Elgi's various initiatives to expand its foot print in these key geographies will fuel business growth for the company in the coming years.

THREATS

The early signs of a slowdown seen in the domestic markets could impact the company's growth targets in the short-term. Uncertainties in Europe could adversely influence our growth plans in the French market. The advent of new entrants and the inflationary trend in the domestic market will increase the margin pressures. Elgi is constantly watching the market and taking appropriate corrective actions to mitigate the challenges in the market and cost.

ATS ELGI

The automotive equipment business accounted for 16% of the total sales of the company. It has grown by 15% and employs 309 people. It has contributed 16% of the profits of the company deploying 12% of the total capital.

PERFORMANCE

The business thrives on the back of passenger car sales in India. Car sales growth slumped by about 4% over the previous year, resulting in an overall reduction in the activation of new dealerships and consequently, reduced demand for garage equipment. However, the business grew at a rate higher than the industry average. The reasons are many: increased market share in new garages, the introduction of new products that are focused on improving productivity and profitability of customers, and ATS Elgi's continuous expansion and focus on after-sales service. During this year, ATS Elgi introduced these products: crash repair system, centralized lube management system, auto car wash, effluent treatment plant and dual car parking lift. The company received during the year, approval for its R&D facility from the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

OPPORTUNITIES

The passenger car market is forecasted to grow by 10% in the year 2012-13. Along with new car sales, the service requirements of aging cars will continue to grow. With a view to

improving productivity and enhancing turn-around time, a number of established garages are setting up large workshops in major metro cities. ATS Elgi, being the largest and most established player in this market is well placed to capitalise on these opportunities.

We also plan to expand our presence in the commercial vehicles segment during the forthcoming year. This segment is on a growth trajectory that is expected to be better than the passenger car segment. It provides good opportunities for the business to extend its products and services.

THREATS

High fuel prices, stagnating disposable income, high interest rates, inflation, slowing economic growth and overall negative economic sentiments will have an adverse impact on the growth of the automobile industry in India. In this scenario, consumers tend to postpone purchases and vehicle repairs. These factors are likely to affect the business prospects of the company.

OVERALL PERSPECTIVES

The world economy is on the brink of another major downturn. Global economic growth started to decelerate by the end of the year under review. While the depreciating Indian rupee may result in import substitution and induce exports, exports will be constrained by the perceived global slowdown. Business for cash and tightening costs will be the focus in light of such economic uncertainties.

Our efforts in acquiring compressor related businesses in our strategic markets are expected to be consummated during the year. However, we are being cautious on account of the global economic scenario.

Construction at the green-field site is under progress and we expect to start our operations by the end of the current financial year. A foundry is simultaneously being constructed and is expected to go live later in the year. Our initiatives in the international markets is expected to yield results during the year.

HUMAN RESOURCE DEVELOPMENT

The process of articulating and documenting Elgi's hitherto unwritten Vision and Value statements was taken up during the year and completed.

The Elgi Graduate Engineer Trainee induction programme has been resuscitated. It will, over the years serve as a pipeline for future engineering talent.

Variable pay has been introduced for our workmen. It is restricted to a maximum of 10% of their total cost to the company, the payment of which is linked to performance at the individual, team and company levels.

Our talent acquisition team has gone global during the year, hiring local employees in Australia, Brazil, China, France, Indonesia, Thailand and the USA. This is in keeping with our business plans overseas.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains forward looking statements based upon the data available with the company, assumptions with regard to global economic conditions, government policies etc. The company cannot guarantee the accuracy of assumptions and perceived performance of the company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 52nd Annual Report of the Company along with the audited accounts for the year ended 31st March 2012.

Financial Results

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

(₹. In Million)

Particulars	2011-12	2010-11
Profit before Depreciation, Tax and Extraordinary Items	1175.55	1338.33
Less: Depreciation	118.23	102.69
Profit before Tax and Extraordinary Items	1057.32	1235.64
Less: Provision for Tax (Incl. of Deferred Tax)	297.09	420.20
Profit before Extraordinary Items	760.23	815.44
Less: Extraordinary Items	0.00	1.54
Net Profit after Extraordinary Items	760.23	813.90
Add: Opening Balance in P&L Account	1669.64	1121.90
Amount available for Appropriations	2429.87	1935.80
The Directors recommend the following Appropriations		
Dividend	158.45	158.45
Dividend Tax	25.71	25.71
Transfer to General Reserve	76.10	82.00
Profit carried to Balance Sheet	2169.61	1669.64

(Previous year's figures have been regrouped or rearranged wherever necessary)

Dividend

For the financial year 2011-12, the Board of Directors had recommended dividend of Re. 1/- per share (100%). Subject to the approval of shareholders, an amount of Rs. 184.16 Million will be paid as dividend including Dividend Distribution Tax like previous year.

Review of Operations

The company ended with net sales of Rs. 7948 million as against Rs. 7758 million an increase of 2% over the last year. The details of division wise performance and other operational details are discussed at length in the Management Discussion and Analysis Report given elsewhere in this report.

Subsidiary Companies

The Government of India vide its Circular No. 2/2011 dated 08/02/2011 granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the Balance Sheet and Statement of Profit & Loss and other documents of its subsidiaries and hence the same have not been attached. However the Financial Statements of ATS Elgi Limited, one of the subsidiaries, is furnished with this report.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956. A Statement containing brief financial details of the Company's subsidiaries for the financial year ended March, 2012 is included in the Annual Report.

The annual accounts of the subsidiaries and their related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/ its subsidiaries at the registered office of the Company.

Future Plans

The overall sentiment in the market across geographies is weak and sluggish. The Company's initiative in the international markets is expected to yield results during the year. Focus on

international business will continue as a de-risking strategy from India's economic cycle.

Bulk of the investment in the new unit will be made during the financial year 2012-13. The new foundry being built to meet the internal needs of the company, is also expected to commence operations by the end of the financial year.

Capital Expenditure and Funding

The Capital Expenditure incurred and funded for the year is ₹. 365.34 million, of which ₹. 303.60 million pertain to plant and machinery through internal accruals.

Shareholder Initiatives

1. Your company adheres strictly to all the statutory and other legal compliances.
2. Your company has in place regulations for preventing and regulating insider trading and has adhered to a code of conduct and business ethics by which the shareholder is treated at par with an employee on availability of information about the company.
3. Your company regularly intimates the shareholders (through quarterly newsletters) on the performance of the company, even though it is not mandatory;
4. Your company has consistently paid dividend throughout these years, with no long term debts.
5. Your company has been prompt and regular in its replies to your queries received by them.
6. Your company also replies within the stipulated time to all legal and statutory authorities.
7. The custodial charges and listing fees are promptly paid by your company to the depositories and stock exchanges.
8. During this year, the Company dematted 1,70,51,878 shares. With this, the total numbers of shares dematted as on 31st March 2012 are 15,40,38,932 Shares which represent 97% of the shares of the Company.

Fixed Deposits:

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet

Directors:

In accordance with the provisions of Articles of Association of the Company Dr. T. Balaji Naidu and Sri. M. Ramprasad, Directors of the Company retire at the ensuing Annual General

Meeting and are being eligible offer themselves for reappointment. The Board recommends their reappointment as Directors of your Company.

None of your directors are disqualified from being reappointed.

Directors' Responsibility Statement

The Board of Directors confirm

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made Judgements and estimate 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 or loss of the company for that period;
- iii. that the Directors had 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.
- iv. that the Directors had prepared the annual accounts on a going concern basis.

Statutory Auditors and their appointment

M/s.RJC Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company. Your Board recommends their reappointment as the Statutory Auditors of the Company.

Cost Auditor

The Central Government has approved the appointment of Dr. G.L. Sankaran as Cost Auditor for conducting cost audit for the year 2011-12.

Secretarial Audit

A qualified Practicing Company Secretary carries out a Share Capital audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

The Company has complied with all the provisions of listing agreement in the current year.

Human Resources and Industrial Relations

The Company continues to enjoy the cordial relationship with its employees at all levels. The total strength of employees as on 31st March, 2012 was 1738.

Other Information

The statement showing the particulars of technology absorption pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the annexure forming part of this report.

The statement showing the particulars of names and other particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given in the annexure forming part of this report.

Place : Coimbatore
Date : 14/05/2012

Corporate Governance

A Report on Corporate Governance together with a Practicing Company Secretary's Certificate on Compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is provided elsewhere in the Annual Report.

Acknowledgements

Your Directors take this opportunity to place on record their appreciation for the dedication and commitment of employees at all levels in maintaining the sustained growth of your Company. Your Directors thank and express their gratitude for the support and co-operation received from Governments, stakeholders including analysts, producers, vendors, financial institutions, banks, investors, service providers..

For and On behalf of the Board

DR. JAIRAM VARADARAJ
Managing Director

N. MOHAN NAMBIAR
Director

Annexure to the Directors' Report

I. STATEMENT CONTAINING PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

A. Energy Conservation / Cost Saving Activities carried out for the year 2011-12

1. Implementation of innovative lighting system at the shop floor resulted in energy saving. In addition, the usage of solar lights on power holidays and peak hours reduced the power cost.
2. Energy saving on introduction of endurance testing of compressed air.
3. Execution of "Environment Management Programme" and "Risk Reduction Plan" in manufacturing process and adoption of ISO 14001:2004/OHSAS 18001:2007 Standards resulted in reduction of consumables.
4. Introduced E-Oil in High speed Diesel, improved the fuel efficiency by 6%.

B. Technology Absorption

1. Global, High Speed, Trolley mounted Diesel Powered Compressors developed and released for production. The product has been well received in the market.
2. Piston Compressors have been developed and released in European market.
3. Intake valve and MPV (expansion) have been developed indigenously and launched for regular production for Encapsulated packages resulted savings in foreign exchange.

4. Encapsulated version of the airend for few product ranges has been developed and commercial production of those products will commence in 2012-13.
5. "Oil-free" Screw compressors that cover the range of 90 kW to 325 kW have been developed and released to the market.
6. Electric Powered Global series compressor have been developed from 30 KW to 160 KW and will enter production in 2012-13.
7. Oil free piston compressor has been developed for Railways.
8. Indigenously built process machine for rotors manufacturing resulted in savings in foreign exchange outflow.

EXPENDITURE ON R&D

	2011-2012	(₹. In Million) 2010-2011
Capital	33.06	21.39
Revenue	199.89	158.31
Total	232.95	179.70
R&D Expenditure as a Percentage of Turnover	2.94%	2.32%

C. Foreign Exchange Earnings and outgo:

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

II. STATEMENT ANNEXED TO DIRECTORS' REPORT SHOWING THE NAMES AND OTHER PARTICULARS OF EVERY EMPLOYEE OF THE COMPANY PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEE) RULES 1975.

Name	Age	Designation	Remuneration (Rs.in Million)	Qualification	Experience	Date of Joining	Previous employment
Dr. Jairam Varadaraj	50	Managing Director	9.69	B.Com., MBA., Phd(USA)	23	29/05/1992	NIL
Mr. V.T. Govinda Rajan	53	Executive Director Global Business	7.01	B.E., PGDBM	30	03/01/2007	Rane TRW Steering System Ltd.
Mr. Sreenivasa Rao	47	Executive Director Operations	7.30	B.Com AICWAI, MBA	26	01/06/2006	Rane Brake Linings Ltd.
Mr. Rajendra Singh	54	Director Technology	6.65	BE., MS.,	35	22/09/2010	Indian Railways Delphi - TVS Continental Automotive
Mr. Jayashankar Jayaraman	51	Director HR	6.15	BA., LLB, PGDPM	25	02/11/2009	Watanmal Group

Note :

1. The nature of employment of Dr.Jairam Varadaraj, Managing Director of the company is contractual.
2. Managing Director Remuneration includes ₹.3.26 million towards payment of performance pay.
3. Dr.Jairam Varadaraj is related to the Directors Sri.Sudarsan Varadaraj and Dr.T.Balaji Naidu as per Schedule IA of the Companies Act, 1956.

For and on behalf of the Board

Place : Coimbatore

Date : 14/05/2012

DR. JAIRAM VARADARAJ

Managing Director

Report On Corporate Governance

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 7 Directors, out of which 4 are independent Directors. Dr. Jairam Varadaraj is the Executive Director and all other Directors are Non-executive Directors.

The Board met 4 times during the Financial Year on 28th April 2011, 29th July 2011, 2nd November 2011 and 6th February 2012. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years are as under:-

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies #	No. of Committee Positions held in All Companies \$	
		Board Meeting	Last AGM		Chairman	Member
Dr. Jairam Varadaraj	Managing Director - Promoter	4	Yes	9	-	4
Mr. Sudarsan Varadaraj	Non-Executive - Promoter	0	No	7	-	3
Dr. T.Balaji Naidu	Non-Executive - Promoter	3	Yes	2	-	1
Mr. B.Vijayakumar	Non-Executive - Independent	4	Yes	7	-	3
Mr. N.Mohan Nambiar	Non-Executive - Independent	4	Yes	3	1	1
Mr. M.Ramprasad	Non-Executive - Independent	3	Yes	1	1	-
Dr. Ganesh Devaraj	Non-Executive - Independent	4	Yes	-	-	1

Excludes directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Investor Grievance Committee are considered.

Dr. Jairam Varadaraj, Mr. Sudarsan Varadaraj and Dr. T.Balaji Naidu are related inter-se.

COMMITTEES OF 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 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the Stock Exchanges. The terms of reference of this Committee are as required by SEBI - under clause 49 of the Listing Agreement. Besides having access to all the required information from the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the year under review, the Committee met four times on 28th April 2011, 29th July 2011, 2nd November 2011 and 6th February 2012. The Composition of the Audit Committee and the attendance of each member of the Committee is given below.

Name of the Members	Chairman/Member	No. of Meetings attended
Mr. M.Ramprasad	Chairman	3
Mr. N.Mohan Nambiar	Member	4
Dr. Ganesh Devaraj	Member	4

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 2011-12, before it was placed in the Board.

REMUNERATION COMMITTEE

The Committee comprises of Three Non-Executive Independent directors, namely Sri M. Ramprasad (Chairman), Dr. Ganesh Devaraj and Sri N. Mohan Nambiar.

This Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors. The Committee met on 28th April 2011 and 29th July 2011 to review the reappointment and approve the remuneration of Dr. Jairam Varadaraj, Managing Director. The composition of the Remuneration Committee and particulars of meetings attended by the members are given below.

Name of the Members	Category	Chairman/Member	No. of Meetings attended
Mr. M. Ramprasad	Independent	Chairman	1
Mr. N. Mohan Nambiar	Independent	Member	2
Dr. Ganesh Devaraj	Independent	Member	2

The Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

The remuneration paid/ payable to the Managing Director of the Company for the year ended 31st March, 2012, are as under:-

Name of Directors	Gross Remuneration paid/payable	Service Contract
Dr. Jairam Varadaraj (Managing Director)	₹. 9.69 Million	5 Years with effect from 01.04.2011

Managing Director Remuneration includes ₹. 3.26 million towards payment of performance pay.

The Company does not pay remuneration to any of its Non-executive Directors barring sitting fees for attendance during the meeting(s).

The details of the sitting fees paid during the year ended 31st March, 2012 to the non-executive directors are as under:

Name of the Director	Sitting Fees (in Rupees)
Mr. N. Mohan Nambiar	160000
Mr. M. Ramprasad	120000
Dr. Ganesh Devaraj	160000
Mr. B. Vijayakumar	80000
Dr. T. Balaji Naidu	60000

Statement showing number of Equity Shares held by the Non- Executive Directors as on March 31, 2012:-

Name of the Director	No of Shares held. (as on 31.03.2012)
Mr. M. Ramprasad	8000
Mr. B. Vijayakumar	50000
Dr. T. Balaji Naidu	31000
Mr. Sudarsan Varadaraj	41786

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

SHARE HOLDERS' COMMITTEE

This committee was constituted with Sri N. Mohan Nambiar as Chairman and Dr.Jairam Varadaraj and Dr.Balaji Naidu as members.

Compliance Officer: Mr.S.Raveendar, Company Secretary.

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. During the year ended 31st March 2012, 21 meetings of the Committee were held.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2012 was 58. There was no outstanding complaint as on 31st March 2012.

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

Year	Location	Date & Time
2010-11	ARDRA, No-9 North Huzur Road, Coimbatore - 641018	29.07.2011 - 16:30 hrs
2009-10	---do as above---	06.12.2010 - 10:00 hrs
2008-09	---do as above---	31.07.2009 - 17.00 hrs

Details of Special Resolutions passed at the last three Annual General Meetings.

(i) 49th AGM held on 31st July, 2009:

Payment of revised remuneration from 1st April 2008 to Dr.Jairam Varadaraj, Managing Director .

During the financial year 2009-10 an extra-ordinary General Meeting was held on 24th September, 2009 and two Special Resolutions were passed for Alteration of Articles of Association of the Company and for revision in payment of remuneration to Dr. Jairam Varadaraj, Managing Director of the Company for the year 2009-10.

(ii) 50th AGM held on 6th December 2010

- Alteration of the Articles of Association by inserting new clauses relating to issue of bonus shares and issue of shares under ESOP/ESPS Scheme.
- Alteration of the Capital clause of the Articles of Association.
- Authority to Issue of Bonus Shares in the ratio of one equity share for every one equity share held.
- Authorising the Board of Directors to Issue and allot upto 1 Million Equity Shares of Re.1/- each under Employee Stock Purchase Scheme to the employees of the Company.
- Authorising the Board of Directors to Issue and allot upto 1 Million Equity Shares of Re.1/- each under Employee Stock Purchase Scheme to the employees of the subsidiaries.
- Payment of revised remuneration from 1st April 2010 to Dr.Jairam Varadaraj, Managing Director

An Extra Ordinary General Meeting was held on 29th July 2010 under the direction of the Hon'ble High Court of Judicature at Madras and the shareholders have approved the Scheme of Amalgamation of M/s.Elgi Industrial Products Limited with the Company in terms of section 391 to 394 of the Companies Act, 1956 effective from 1st April 2009.

(iii) 51st AGM held on 29th July 2011

Dr.Jairam Varadaraj was reappointed as Managing Director for a further period of 5 years w.e.f. 01/04/2011.

No special resolutions were put through postal ballot last year and there is no proposal for this year.

DISCLOSURES:

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

Kindly refer to the notes forming part of accounts for the details of related party transactions. There are no materially significant Related Party Transactions, which have potential conflict with the interest of the Company at large.

- (ii) 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.

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI, No Penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

- (iii) Whistle Blower policy and affirmation that no personnel has 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 and placed before the Audit committee for its perusal and comments.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49

The Company complies with all the requirements of the listing agreement including the mandatory requirements of Clause 49 of the agreement.

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the listing agreement.

1. Company has a Remuneration Committee comprises of three Non-executive independent directors.
2. Quarterly results are being sent to all the members.

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.

The Managing Director's declaration to this effect forms a part of this report.

Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

CEO / CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement.

MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. Business Line (all editions) and Dhinamani (Vernacular paper) and simultaneously posted on the Company's web site (www.elgi.com). In addition to this, the company has the practice of mailing quarterly results to the Company's members and the members are also kept informed about important developments in the Company. The presentations, if any, made to institutional investors or to the analysts are also posted on Company's website.

GENERAL SHAREHOLDER INFORMATION**52nd Annual General Meeting**

Date and Time : 06.08.2012 at 4.30 PM

Venue : ARDRA, No-9 North Huzur Road, Coimbatore - 641018.

FINANCIAL CALENDAR: : 1st April 2012 to 31st March 2013

Period of reporting	Proposed Board meeting dates
Qtr ending 30th June 2012	First week of August 2012
Qtr ending 30th September 2012	Last week of October 2012
Qtr ending 31st December 2012	Last week of January 2013
Year ending 31st March 2013	Last week of April 2013

Date of Book closure : 21.07.2012 to 06.08.2012 (both days inclusive)

Dividend Payment Date : 30-08-2012

Listing of shares on Stock Exchanges**Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

National Stock Exchange of India Ltd

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

Coimbatore Stock Exchange Limited

Stock Exchange Building
Trichy Road
Coimbatore - 641 005

Note:

Annual listing fees for the year 2012-13 were paid to Bombay Stock Exchange Limited & National Stock Exchange of India Limited. Due to non-receipt of demand letter from Coimbatore Stock Exchange Limited, the listing fee has not been paid.

STOCK MARKET DATA

Stock Code : 522074 Bombay Stock Exchange Limited
 : ELGIEQUIP National Stock Exchange of India Limited
 : 21003 Coimbatore Stock Exchange Limited

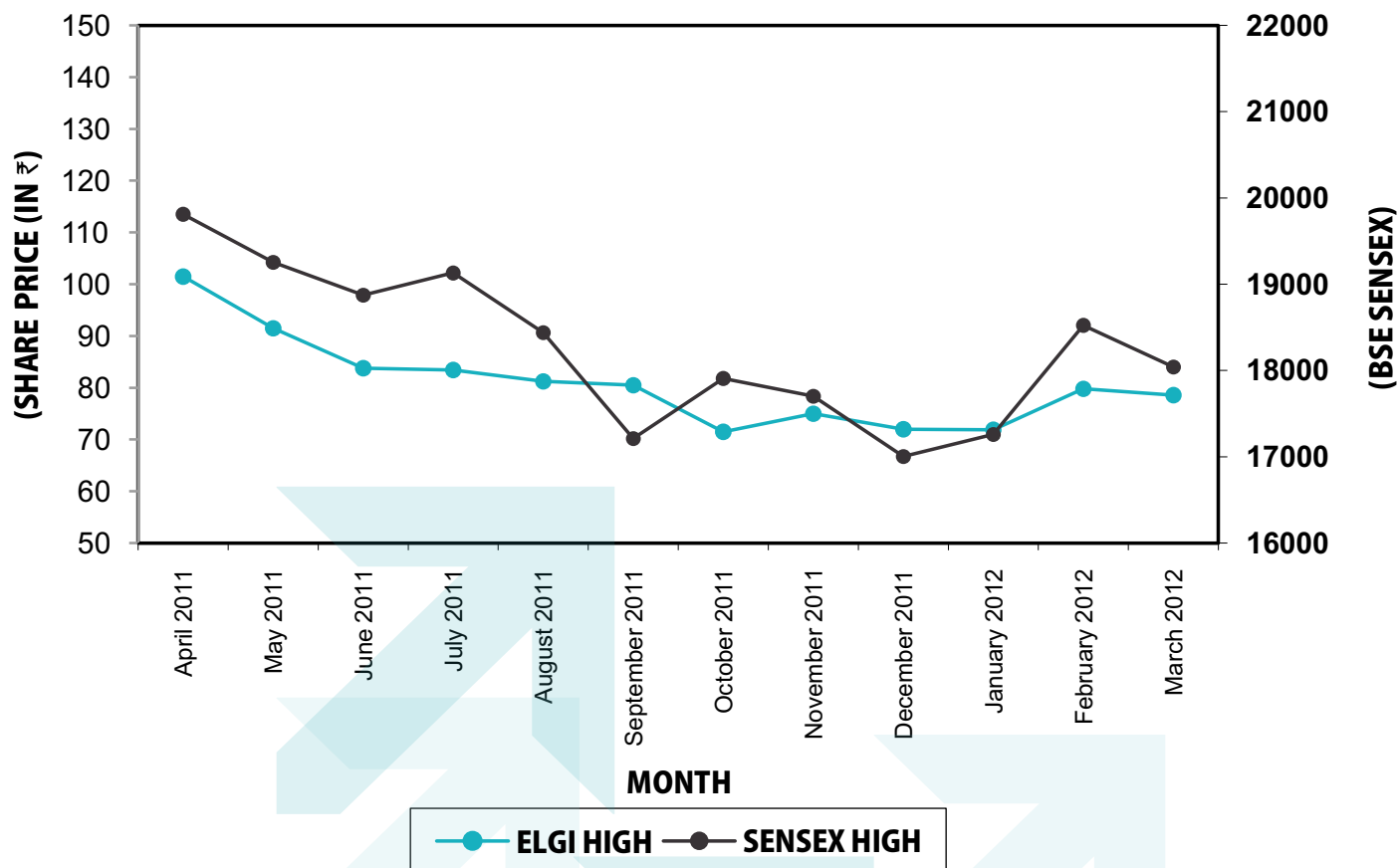
ISIN number allotted for equity shares :: INE 285A01027

Stock Price Data: (Re 1/- fully paid up)

For the Period: April 2011 to March 2012

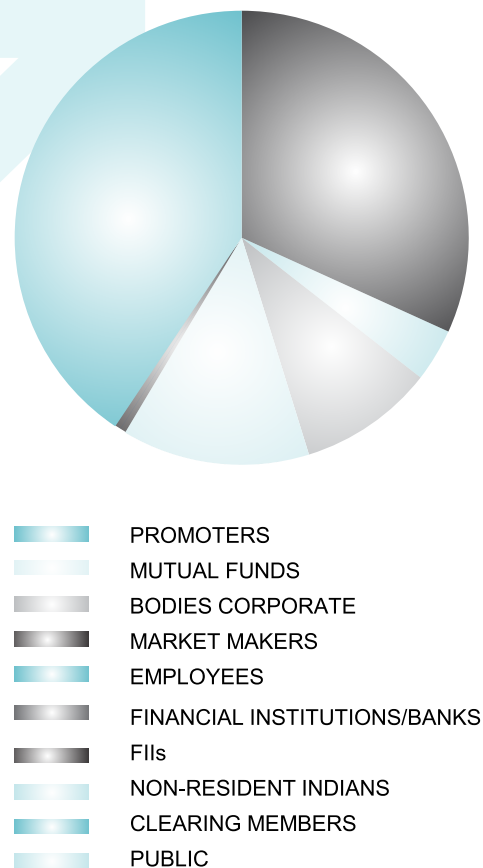
Month	NSE			BSE		
	HIGH	LOW	QTY	HIGH	LOW	QTY
APRIL	101.00	83.55	10,33,277	101.50	83.85	9,95,502
MAY	91.90	74.00	17,13,174	91.50	79.35	13,83,873
JUNE	83.95	74.10	4,27,900	83.80	75.20	1,48,978
JULY	83.00	78.15	8,46,518	83.45	78.00	1,71,189
AUGUST	81.00	62.65	12,24,008	81.25	62.75	5,07,983
SEPTEMBER	80.90	68.05	9,87,968	80.50	65.00	4,50,154
OCTOBER	72.10	66.20	4,24,785	71.50	66.05	1,67,181
NOVEMBER	75.00	66.00	6,96,214	75.00	66.00	10,44,973
DECEMBER	72.60	65.50	12,08,735	72.00	65.55	7,86,868
JANUARY	71.90	62.00	6,21,732	71.90	63.10	6,18,653
FEBRUARY	79.55	67.60	6,74,992	79.80	67.60	3,55,620
MARCH	79.45	70.75	3,19,541	78.60	70.95	23,56,887

ELGI SHARE PRICE vs BSE SENSEX



Categories of Shareholders as on 31st March 2012

Category	(₹. 1/- each)	
	No. of Shares	% To Total
Promoters	5,03,62,242	31.78
Financial institutions/Banks	2,09,930	0.13
Mutual Funds	57,70,322	3.64
Foreign Institutional Investors	1,52,94,378	9.65
Bodies Corporate	2,11,81,882	13.37
Non Resident Indians	6,64,965	0.42
Market Maker	3,100	0.00
Clearing Members	21,253	0.01
Employees	6,17,693	0.39
Public	6,43,28,743	40.61
TOTAL	15,84,54,508	100



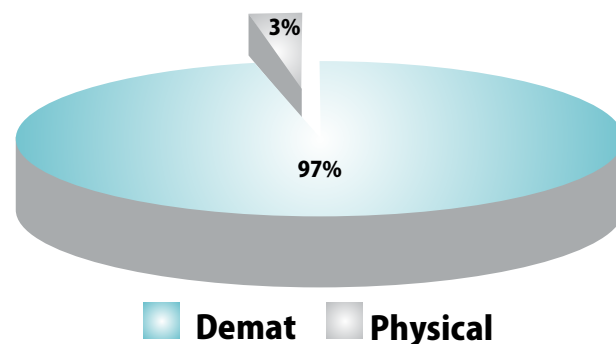
Distribution of Shares as on 31st March 2012

No. of shares	₹. 1/- fully paid up			
	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	22,529	95.10	89,75,383	5.66
5001 to 10000	444	1.88	32,37,939	2.04
10001 to 20000	276	1.16	41,39,209	2.61
20001 to 30000	115	0.49	29,45,514	1.86
30001 to 40000	63	0.27	22,71,726	1.44
40001 to 50000	40	0.17	18,46,789	1.17
50001 to 100000	78	0.33	58,82,425	3.71
100001 & above	142	0.60	12,91,55,523	81.51
Total	23,689	100	15,84,54,508	100

Dematerialisation of Shares and liquidity

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

During the financial year 2011-12, 1,70,51,878 shares were dematted. As on 31st March, 2012, out of 15,84,54,508 shares, total shares in demat form is 15,40,38,932 Shares and 44,15,576 shares in physical form. This represents 97% of shares of the company are in demat form and 3% of shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26.6.2000 for all investors.

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

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

Registrar and Share Transfer Agents :**Head Office :**

Link Intime India Private Ltd
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

Branch:

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

In order to facilitate investor servicing, the Company has designated an e-mail-id: investor@elgi.com mainly for registering complaints by 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 Share holder and Investor Grievance Committee of the Company. The Share transfers are processed within a period of 21 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 Share holder and Investor Grievance Committee generally meets as and when required to effect the shares received for transfer in physical form.

Plant locations

1. Elgi Equipments Limited

Elgi Industrial Complex
Trichy Road, Singanallur
Coimbatore - 641005

Correspondence Address and Compliance Officer's Details

S.Raveendar
Company Secretary
Elgi Equipments Ltd
Elgi Industrial Complex
Trichy Road, Singanallur
Coimbatore - 641005
e-mail : investor@elgi.com
Contact Nos. of secretarial department
91- 422- 2589136, 2589137

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 pursuant to clause 49(l) (D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2011-2012.

Place : Coimbatore
Date : 14/05/2012

Dr. Jairam Varadaraj
Managing Director

Report on Corporate Governance 31.03.2012

Certificate

To the Members of Elgi Equipments Limited,

I have examined the compliance of conditions of Corporate Governance by M/s Elgi Equipments Limited, for the year ended on March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors' Relation Committee.

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

Coimbatore
14/05/2012

MD Selvaraj
Practicing Company Secretary
C.P.No.: 411 (FCS.960)

Ten Years Performance

(₹. In Million)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Revenue from Operations	9916.88	9410.40	6783.45	5543.75	5050.33	3794.89	3130.94	2865.06	2919.40	2226.04
Total Income	10079.26	9527.64	6807.15	5590.10	5098.02	3818.08	3180.23	2912.05	2956.28	2250.06
Total Expenditure	8830.82	8047.95	5802.99	4854.09	4441.43	3402.76	2817.88	2508.58	2581.71	1995.74
PBDIT	1248.44	1479.69	1004.16	736.01	656.59	415.32	362.35	403.47	374.57	254.32
Depreciation / Amortisation	135.23	114.71	107.64	90.42	77.22	75.42	98.49	101.00	93.31	77.84
Interest Income(+)/ Expenditure(-)	(7.12)	(3.53)	43.92	8.48	9.99	5.24	5.33	6.79	9.80	-0.52
Profit Before Tax	1106.09	1361.45	940.44	654.07	589.36	345.14	269.19	309.26	291.06	175.96
Income Tax	350.43	471.54	361.21	246.65	170.65	111.02	92.50	95.08	100.35	61.88
Profit After Tax	755.66	889.91	579.23	407.42	418.71	234.12	176.69	214.18	190.71	114.08
Dividend (%)	100.00	100.00	200.00	130.00	120.00	100.00	100.00	100.00	120.00	90.00
Capital Employed (LT)	3976.33	3383.23	2648.80	1967.29	1670.92	1343.54	1198.62	1182.35	983.90	746.67
Net Worth	3970.79	3374.79	2621.23	1967.29	1670.92	1341.83	1196.91	1093.50	939.68	746.56
Total Loan Funds	0.00	0.00	27.57	0.00	0.00	1.82	46.31	88.85	45.51	4.32
Gross Fixed Assets	2403.74	2071.40	1810.18	1580.94	1383.22	1288.70	1196.16	1136.07	1071.22	990.75
Net Block incl. Capital WIP	1162.46	904.11	731.70	666.44	516.43	400.36	365.30	404.88	420.97	402.92
Investments	154.02	173.47	142.99	142.99	142.98	143.68	143.18	205.21	131.85	20.17
Current Assets	4856.25	4581.39	4270.21	2525.89	2745.51	2068.06	1660.74	1418.98	1215.52	1104.79
Current Liabilities	2234.93	2329.48	2496.80	1371.94	1758.58	1274.28	927.64	824.36	757.59	723.37
Net Working Capital	2621.32	2251.91	1773.41	1153.95	986.93	793.78	733.10	594.62	457.93	381.42
Total Assets	4020.47	3416.26	2666.22	1967.29	1670.92	1343.65	1243.21	1204.71	1010.75	804.51

* 2011-12 & 2010-11 are not strictly comparable with previous years to the extent of changes done as per revised Schedule VI of Companies Act 1956

Analysis of Performance

RATIO CATEGORY / RATIO	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATIONAL PERFORMANCE								
Material Consumption Ratio (%)	61.63	59.94	60.56	62.35	63.80	63.06	62.59	62.06
Regular Personnel expenses%	10.24	8.42	7.80	8.15	7.16	7.92	8.33	7.98
VRS & ESPS %	0.00	0.52	1.20	0.00	0.00	0.12	1.65	0.14
Profit sharing expenses%	0.87	1.35	1.72	1.45	1.52	1.42	0.61	0.00
Other Expenses Ratio (%)	16.45	15.43	14.40	15.77	15.63	17.36	17.11	17.76
Interest component Ratio (%)	0.07	0.04	0.01	0.03	0.08	0.10	0.13	0.08
Depreciation component Ratio (%)	1.37	1.23	1.55	1.50	1.39	1.83	2.99	3.37
Tax component Ratio (%)	3.29	4.66	5.03	4.10	3.04	2.65	2.65	2.98
Other Income / Total Income (%)	1.71	1.36	0.52	0.99	1.03	0.77	1.71	1.86
Sales (net) per employee (₹. in million)	5.90	5.90	4.54	3.92	3.98	3.45	2.89	2.63
FINANCIAL STRUCTURING								
Long Term Debt Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08
Net Working Capital / Total Assets	0.65	0.66	0.67	0.59	0.59	0.59	0.59	0.49
Investments / Total Assets	0.04	0.05	0.05	0.07	0.09	0.11	0.12	0.17
Inventory / Net Working Capital	0.46	0.51	0.46	0.61	0.72	0.70	0.56	0.77
Trade Receivables/ Net Working Capital	0.52	0.51	0.51	0.71	0.95	0.82	0.90	0.83
LIQUIDITY								
Current Ratio	2.17	1.97	1.71	1.84	1.56	1.62	1.79	1.72
Liquidity Ratio	1.63	1.47	1.39	1.33	1.16	1.19	1.35	1.17
EFFICIENCY								
Current Assets Turnover Ratio (CATR)	2.09	2.12	1.99	2.09	2.09	2.03	2.18	2.17
Average Current Assets - No. of days	175	173	184	175	175	180	167	169
Average Inventory - No. of days								
RM & Components	47	44	43	43	39	43	47	54
WIP	6	5	5	6	6	6	7	8
Finished Goods	8	7	10	14	15	13	15	18
Trade Receivables turnover Ratio (TRTR)	8.34	9.67	8.30	6.78	6.98	6.34	6.85	7.44
Trade Receivables - no of days of net sales	44	38	44	54	52	58	53	49
Trade Creditors' Turnover Ratio (TCTR)	7.83	5.63	4.20	4.33	4.01	4.10	4.09	4.18
Trade Creditors - No of days	47	65	87	84	91	89	89	87
Capital Turnover Ratio	2.68	3.10	2.92	3.03	3.34	2.98	2.78	2.63
Net Fixed Assets Turnover Ratio (NFATR)	10.08	11.85	9.89	9.47	11.10	9.93	8.06	7.14
Gross Fixed Assets Net Turnover Ratio (GFATR)	4.41	4.82	3.98	3.72	3.77	3.05	2.68	2.58
PROFITABILITY								
Gross Profit Margin (%)	12.66	15.81	14.88	13.36	13.03	10.97	11.61	14.14
PBIT Margin (%)	10.45	13.48	12.53	10.86	10.43	8.27	7.73	9.63
Pre-tax Profit Margin (%)	10.38	13.45	13.10	10.87	10.48	8.25	7.73	9.69
Net Profit Margin (%)	7.09	8.79	8.07	6.77	7.45	5.59	5.08	6.71
Post Tax Margin from Operations (%)	6.40	8.55	8.24	6.72	7.49	5.61	4.41	6.07
ROTA (%)	33.72	48.97	43.56	40.46	43.56	32.11	29.60	36.42
ROCE (%)	30.25	45.26	38.98	35.91	38.90	27.23	22.61	28.38
SHAREHOLDER EARNINGS								
RONW (%)	20.54	29.64	25.25	22.40	27.80	18.44	16.42	21.07
Earnings Per Share (current equity) (₹.)	4.77	5.62	7.34	6.49	6.67	3.73	2.82	3.41
Dividend Per Share (₹.)	1.00	1.00	1.90	1.30	1.20	1.00	1.01	0.99
Dividend Payout Ratio (%)	20.97	17.81	24.99	20.01	17.98	26.79	35.48	29.13
Price Earnings Ratio (current equity)	15.65	21.53	9.20	6.39	8.94	16.62	20.37	14.05
Dividend Yield	1.34	0.83	2.72	3.13	2.01	1.61	1.74	2.07
Dividend to Net Worth Ratio (%)	3.98	4.68	5.52	4.14	4.51	4.67	5.24	5.71
Book Value per Share (₹.)	25.09	21.35	33.21	31.36	26.64	21.39	19.08	17.43

* 2011-12 & 2010-11 are not strictly comparable with previous years to the extent of changes done as per revised Schedule VI of Companies Act 1956

Auditor's Report

REPORT TO THE MEMBERS OF ELGI EQUIPMENTS LIMITED

1. We have audited the attached Balance Sheet of Elgi Equipments Limited, as at 31st March, 2012 the Statement of Profit and Loss and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012;
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Coimbatore
Date : 14/05/2012

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

R.Jayachandran
Partner
Membership No. 021848

Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date,

- i. (a) The Company has maintained proper record 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) No substantial part of fixed assets were disposed off during the Year, hence it will not have any effect on the going concern assumption.
- ii. (a) The inventory has been physically verified by the Management during this year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- iii. (a) The Company has granted loan to Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹. 207.38 millions and the year end balance of loans granted to the company was ₹. 76.17 million.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the Company listed in the register maintained under section 301 of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the Company.
- (c) The Company is regular in the receipt of principal and interest.
- (d) There is no overdue amount of loans granted to Companies, listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal Control System.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in

pursuance of contracts or arrangements exceeding Rs. 5 lakhs each have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi. In our opinion, the Company has an Internal Audit System to commensurate with the size and nature of its business.
- vii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- viii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2012 for the year or more than six months from the date they became payable.
- (c) Disputed Central Excise and Sales Tax aggregating ₹. 23.92 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	LST & Penalty	11.51	ST AT (AB)-CBE
Sales Tax	CST	35.01	JC (APPEALS)-CBE
	Total	46.52	
Central Excise	Excise Duty & Penalty	9.48	Dy. Commnr. Appeals
	Excise Duty & Penalty	3.01	Tribunal
	Total	12.49	
	Grand Total	59.01	

- ix. The Company does not have any accumulated losses at the end of the Financial Year and has not incurred cash losses in the Financial Year and in the immediately preceding financial Year.
- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xi. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Investments.
- xii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Therefore the para 4(xiii) of the order is not applicable.

- xiii. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 and Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order) are not applicable to the Company.
- xiv. In our opinion, the terms and conditions, on which the Company has given guarantee for the loan taken by other Company from Bank, is not prejudicial to the interest of the Company.
- xv. The Company has not obtained any long term loan during the year under audit.
- xvi. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xvii. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
- xviii. The Company has not issued any debentures.
- xix. To the best of our knowledge and belief and according to the information and explanation given to us, no material fraud on or by the Company was noticed or reported during the year.

Place : Coimbatore
Date : 14/05/2012

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

R.Jayachandran
Partner
Membership No. 021848

Balance Sheet as at 31st March, 2012

[₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	2	158.45	158.45
(b) Reserves and Surplus	3	3677.48	3101.41
(2) NON-CURRENT LIABILITIES			
(a) Deferred tax liabilities (Net)	4	44.06	32.97
(3) CURRENT LIABILITIES			
(a) Trade payables	5	867.31	773.11
(b) Other current liabilities	6	234.70	227.08
(c) Short-term provisions	7	703.24	884.29
TOTAL		5685.24	5177.31
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	8	907.17	698.35
(ii) Intangible assets	8	6.44	8.00
(iii) Capital work-in-progress		73.80	34.09
(b) Non-current investments	9	650.79	473.95
(c) Long term loans and advances	10	71.91	80.07
(d) Other non-current assets	11	2.61	1.73
(2) CURRENT ASSETS			
(a) Inventories	12	926.86	875.05
(b) Trade receivables	13	1086.32	872.62
(c) Cash and cash equivalents	14	1093.93	1176.83
(d) Short-term loans and advances	15	445.44	466.07
(e) Other current assets	16	419.97	490.55
TOTAL		5685.24	5177.31

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"

Dr. JAIRAM VARADARAJ
Managing Director

N. MOHAN NAMBIAR
Director

For RJC ASSOCIATES
Regn.No.:003496S
Chartered Accountants

Place : Coimbatore
Date : 14/05/2012

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Statement of Profit and Loss for the year ended 31st March, 2012 [₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. REVENUE FROM OPERATIONS	17	7947.81	7757.78
II. OTHER INCOME	18	119.85	102.62
III. TOTAL REVENUE (I + II)		8067.66	7860.40
IV. EXPENSES:			
Cost of materials consumed	19	3913.34	3979.85
Purchase of Traded goods	20	1103.22	676.95
Changes in inventories of finished goods, work-in-progress and Traded goods	21	(128.13)	(18.48)
Employee benefit expenses	22	745.87	702.56
Finance Cost	23	0.00	0.04
Depreciation and amortization expenses		118.23	102.69
Other expenses	24	1257.81	1181.15
TOTAL EXPENDITURE		7010.34	6624.76
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		1057.32	1235.64
VI. EXCEPTIONAL ITEMS		-	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		1057.32	1235.64
VIII. EXTRAORDINARY ITEMS		0.00	1.54
IX. PROFIT BEFORE TAX (VII - VIII)		1057.32	1234.10
X. TAX EXPENSE:			
(1) Current tax		286.00	409.00
(2) Deferred tax		11.09	11.20
XI. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)		760.23	813.90
XII. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS		-	-
XIII. TAX EXPENSE OF DISCONTINUING OPERATIONS		-	-
XIV. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (XII - XIII)		-	-
XV. PROFIT / (LOSS) FOR THE YEAR (XI + XIV)		760.23	813.90
XVI. EARNING PER EQUITY SHARE:		(in ₹.)	(in ₹.)
Nominal value of share		1.00	1.00
Basic		4.80	5.14
Diluted		4.80	5.14

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"

Dr. JAIRAM VARADARAJ
Managing Director

N. MOHAN NAMBIAR
Director

For RJC ASSOCIATES
Regn.No.:003496S
Chartered Accountants

Place : Coimbatore
Date : 14/05/2012

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Notes to Financial Statements for the year ended 31st March, 2012

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 referred to in the section 211 (3C) of the companies Act 1956, wherever applicable.

1.2 Inventories

Inventories have been valued at lower of cost and net realizable 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) Trading items - at cost and net of VAT
- e) Inventory items at Branches / Foreign Branches - at cost including applicable taxes and duties

1.3 Depreciation

- i. Depreciation is charged as detailed below:
 - 1. Plant & Machinery and vehicles - Straight Line Method
 - 2. Computers - Straight Line Method over a period of three years
 - 3. R & D Assets - Written Off in the period of purchase
 - 4. Assets costing less than Rs. 5000 - Written Off in the period of purchase
 - 5. All other assets - Written Down Value Method
- ii. Where the historical cost of an existing depreciable asset has undergone a change, the change in the cost is amortized over the residual life of the asset.

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 recognized on accrual basis in accordance with the terms of the relevant agreement.

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

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

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

1.5 Fixed Assets

- a) 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.
- b) 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.

- c) 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 Profit and Loss Account.

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 Profit and Loss Account. Outstanding liabilities and assets are restated at exchange rate prevailing at the end of the year. The resultant exchange variances are recognized in the profit and loss account prepared for the year on a net off basis.

1.7 Investments:

Long term investments are valued at cost and the short term investments are valued at cost or fair value whichever is lower.

1.8 Employee Benefits

- a) **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.
- b) **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.
- c) **Leave Salary :** Liability in respect of encashment of accumulated leave has been provided as per actuarial valuation.
- d) **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".
- e) **Other short term employee benefits:** All the other short term employee benefits such as performance pay, etc are measured and provided on accrual basis.

1.9 Borrowing Cost

Borrowing cost includes:

- a) Interest and commitment charges on bank borrowings and other short term and long term borrowings
- 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 differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

1.10 Deferred Tax

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

1.11 Intangible Assets

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

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
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2 SHARE CAPITAL

AUTHORISED SHARE CAPITAL:

300000000 Equity Shares of ₹1/- each	300.00	300.00
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ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

158454508 Equity Shares of ₹ 1/- each fully paid	158.45	158.45
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2.1 Terms / Rights attached to Equity Shares.

The Company has one class of equity shares having 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 share holding. During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹.1/- (March 31, 2011: ₹. 1/-).

2.2 Reconciliation of the shares at the beginning and at the end of the reporting period:

Particulars	31-03-2012	31-03-2011
Number of equity shares at the beginning of the year	158454508	78159043
Add:		
Shares issued towards conversion	0	13811
Shares issued on Merger of EFL	0	762600
	158454508	78935454
Shares issued as Bonus(1:1)	0	78935454
Shares issued under ESPS	0	583600
Number of equity shares at the end of the year	158454508	158454508

2.3 Number of shares held by share holders holding more than 5% of total shares

Name of the share holder	31-03-2012	%	31-03-2011	%
Dark Horse Portfolio Investment Limited	22636730	14.29	22636730	14.29
Dr. Jairam Varadaraj	12354878	7.80	12425678	7.84
Gagandeep Credit Capital Pvt. Limited	8382386	5.29	1888988	1.19

2.4 ESPS / Bonus issue during the last 5 years:

	Face Value ₹/each	Year ended 31-03-2011
Employees Stock Purchase Scheme	1	583600
Bonus Shares	1	78935454

2.5 There was no forfeiture of shares during the year ended 31/03/2012

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
3 RESERVES AND SURPLUS		
a) CAPITAL RESERVE	181.41	181.41
b) SECURITY PREMIUM RESERVE		
As per the last Balance Sheet	409.37	440.79
Add: Addition during the year	0.00	47.36
Call money received during the year	0.00	0.16
	409.37	488.31
Less: Capitalized on issue of Bonus shares	0.00	78.94
Less: Forfeited Shares	0.00	0.00
	409.37	409.37
c) STATUTORY RESERVE (AS PER RBI NORMS)		
Transfer on amalgamation	5.49	5.49
d) GENERAL RESERVE		
As per the last Balance Sheet	835.50	753.50
Add: transfer from profit & loss account	76.10	82.00
	911.60	835.50
e) SURPLUS FROM PROFIT & LOSS ACCOUNT		
As per the last Balance Sheet	1669.64	1121.90
Add: Current year surplus	760.23	813.90
	2429.87	1935.80
Less: Proposed dividend (₹. 1/- per share)	158.45	158.45
Less: Dividend tax provision	25.71	25.71
Less: Transfer to general reserve	76.10	82.00
	2169.61	1669.64
Closing Balance (a+b+c+d+e)	3677.48	3101.41
4 DEFERRED TAX LIABILITIES		
As per the last Balance Sheet	32.97	21.77
Add : for the year	11.09	11.20
	44.06	32.97
5 TRADE PAYABLE		
a) Acceptances	197.41	220.12
b) Dues to Micro, small and Medium Enterprises	137.56	127.36
c) Others	532.34	425.63
	867.31	773.11
6 OTHER CURRENT LIABILITIES		
a) Unpaid dividends	3.35	3.03
b) Other payables		
i Rent Payable	3.32	4.81
ii Advance from customers	186.68	168.32
iii Rent Advances	5.39	4.19
iv Dealers Deposits	21.69	31.48
v Employee related expenses payable	8.22	8.24
vi TDS Payable	6.05	7.01
	234.70	227.08

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
7 SHORT TERM PROVISIONS		
a) Provisions for employee benefits	106.80	164.36
b) Provision for income tax	300.89	416.50
c) Proposed dividend	158.45	158.45
d) Provision for dividend tax	25.71	25.71
e) Others	111.39	119.27
	703.24	884.29

8 TANGIBLE & INTANGIBLE ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/11	During the year		As at 31/03/12	As at 01/04/11	During the year		As at 31/03/12	As at 31/03/12	As at 31/03/11
		Additions	Deductions			Additions	Deductions			
Tangible :										
Land	115.11	3.77	-	118.88	-	-	-	-	118.88	115.11
Buildings	199.53	1.60	0.19	200.94	122.43	7.07	0.18	129.32	71.62	77.08
Plant & Machinery	1,334.15	303.60	11.60	1,626.15	869.78	99.26	11.51	957.53	668.62	464.37
Furniture & Office Equipments	120.75	14.79	3.08	132.45	80.87	8.60	2.64	86.83	45.62	39.88
Motor Vehicles	3.83	0.37	0.00	4.19	2.57	0.28	0.00	2.85	1.34	1.26
Canteen Equipments	2.33	0.64	-	2.97	1.68	0.20	-	1.88	1.09	0.65
Tangible Assets Total	1,775.70	324.77	14.89	2,085.58	1,077.33	115.41	14.33	1,178.41	907.17	698.35
Intangible assets	67.12	0.86	-	67.98	59.12	2.82	-	61.55	6.44	8.00
Grand Total	1,842.82	325.63	14.89	2,153.56	1,136.45	118.23	14.33	1,239.96	913.61	706.35
Previous year	1,702.83	151.17	11.18	1,842.82	1,044.29	102.69	10.53	1,136.45	706.35	658.50

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	No. of Shares / Units	Face Value Per Share (in ₹)	31-03-12	31-03-11
9 NON-CURRENT INVESTMENTS (AT COST)				
NON-TRADE INVESTMENTS				
a) INVESTMENT PROPERTY			0.41	0.41
b) INVESTMENT IN EQUITY INSTRUMENTS				
i INVESTMENT IN SUBSIDIARIES				
ATS Elgi Limited(Fully Paid) [Share 100%]	90000	10.00	180.90	180.90
ELGI GULF-(FZE)	1		1.78	1.78
ELGI Equipments (Zhejiang) Limited - (China) [Share 100%]			79.55	55.66
Elgi Compressors Trading (Shanghai) Co.Ltd - (China) (Share 100%)			28.68	28.68
SAS Belair - (France) (Share 100%)	85000	845.76	116.87	44.98
Elgi Compressor Do BRASIL IMPD.E.EXP. - Brazil - (Share 100%)	356440	25.14	8.96	0.00
Elgi Australia Pty Ltd - Australia (Share 100%)	100	55.02	0.01	0.00
Adisons Precision Instruments Mfg. Co. Ltd.	743350	10.00	89.06	16.97
			505.81	328.97
ii INVESTMENT IN ASSOCIATES				
L.G.Balakrishnan & Bros.Ltd.	1248	10.00	0.02	0.02
LGB Forge Limited	12480	1.00	0.01	0.01
Elgi Rubber Company Limited	763700	1.00	7.95	7.95
			7.98	7.98
iii INVESTMENT IN JOINT VENTURES				
ELGI Sauer Compressors Ltd [Share 26%]	169000	10.00	1.69	1.69
iv INVESTMENT IN OTHER BODIES CORPORATE				
Lakshmi Machine Works Ltd	50	10.00	0.01	0.01
State Bank of India	360	10.00	0.12	0.12
HDFC Bank Limited	2500	2.00	0.01	0.01
HDFC Limited	12000	2.00	0.03	0.03
Magna Electro Castings Ltd	80000	10.00	1.25	1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	7.55	7.55
Pricol Ltd	94245	1.00	0.54	0.54
The Mill Officers Co-Op Housing Colony Ltd.,Ahmedabad	5	50.00	0.00	0.00
Elgi Securities Ltd	99300	10.00	0.99	0.99
			10.50	10.50
Total (i+ii+iii+iv)			525.98	349.14
c) INVESTMENT IN PARTNERSHIP FIRMS				
L.G.Balakrishnan & Bros (Share 98%)			124.00	124.00
Elgi Services (Share 80%)			0.40	0.40
			124.40	124.40
GRAND TOTAL (a+b+c)			650.79	473.95

9.1 DETAILS OF INVESTMENT IN PARTNERSHIP FIRMS:

Name of the Firm	Name of the Partner	31/03/2012 Capital Invested (₹. Million)	Share %	31/03/2011 Capital Invested	Share %
L.G.Balakrishnan & Bros.	Elgi Equipments Ltd	124.00	98.00	124.00	98.00
	Elgi Ultra Industries Ltd	2.50	2.00	2.50	2.00
Elgi Services	Elgi Equipments Ltd	0.40	80.00	0.40	80.00
	Elgi Ultra Industries Ltd	0.10	20.00	0.10	20.00

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
9.2 DETAIL OF MARKET VALUE FOR QUOTED SHARES		
a) Total Cost of Quoted Securities	17.49	17.49
b) Total Market value of Quoted Securities	40.41	24.69
10 LONG TERM LOANS AND ADVANCES		
a) Capital Advances	51.51	60.27
b) Security deposits	10.76	8.78
c) Other loans and advances	9.64	11.02
	71.91	80.07
All Loans and Advances are unsecured and considered good.		
11 OTHER NON-CURRENT ASSETS		
Long term trade receivable (on deferred credit terms)	2.61	1.73
	2.61	1.73
12 INVENTORIES		
a) Raw materials	545.50	623.06
b) Work in progress	178.38	144.42
c) Finished goods	146.66	57.86
d) Traded goods	34.06	28.69
e) Stores & Spares	2.74	2.16
f) Loose Tools	18.54	17.79
g) Packing materials	0.98	1.07
	926.86	875.05
13 TRADE RECEIVABLES		
a) Trade receivables outstanding for more than 6 months	34.94	29.14
b) Others	1051.38	843.48
	1086.32	872.62
14 CASH AND BANK BALANCES		
a) Cash and cash equivalents		
i) Balance with banks		
a) In current account	82.49	83.45
b) In deposits	982.25	1080.00
ii) In Unpaid Dividend Account	3.35	3.03
iii) Cash in hand	0.85	0.16
b) Other Bank Balances		
i) In deposits (having original maturity period of more than 3 months but less than 12 months)	24.99	10.19
	1093.93	1176.83
15 SHORT-TERM LOANS AND ADVANCES		
a) Advances to Subsidiaries	2.50	2.50
b) Loans to Companies	76.17	168.64
c) Advances to Suppliers	112.95	110.05
d) Employee advances	42.91	40.00
e) Others	210.91	144.88
	445.44	466.07

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
16 OTHER CURRENT ASSETS		
a) Cenvat Receivable (Net)	18.35	14.49
b) VAT Receivable (Net)	16.34	9.66
c) Service Tax credit (Net)	7.30	9.35
d) Interest accrued	21.40	17.87
e) Insurance premium Deposit	0.29	2.17
f) Income / refund receivable	9.22	24.51
g) Advance Tax / TDS Receivable	334.13	401.51
h) Prepaid expenses	12.94	10.99
	419.97	490.55
17 REVENUE FROM OPERATIONS		
a) Sale of Products	8356.62	8219.65
b) Sale of Services	67.43	47.18
Gross Sales	8424.05	8266.83
Less:		
c) Excise Duty	496.24	529.31
Net Sales	7927.81	7737.52
d) Other operating revenue	20.00	20.26
	7947.81	7757.78
17.1 DETAILS OF PRODUCTS SOLD		
a) Air Compressors	7796.71	7616.92
b) Others	131.10	120.59
	7927.81	7737.51
18 OTHER INCOME		
a) Interest Income	93.46	81.49
b) Dividend Income	4.65	3.45
c) Rent Receipt	4.68	4.31
d) Profit on Sale of Assets	2.77	0.49
e) Share of Profit in Partnership	0.24	0.12
f) Miscellaneous Income	14.05	12.76
	119.85	102.62
19 COST OF MATERIALS CONSUMED		
Opening Stock of Raw Materials	623.06	356.21
Purchases	3835.78	4246.70
	4458.84	4602.91
Less: Closing Stock of Raw Materials	545.50	623.06
	3913.34	3979.85
Purchases include machining charges of ₹.70.89 Million (Previous year ₹.72 Million)		
19.1 Details of Materials consumed		
1) Engines & Motors	1249.68	1233.85
2) Materials that do not individually account for 10% or more of total consumption	2663.66	2746.00
	3913.34	3979.85

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
20 PURCHASE OF TRADED GOODS		
1) Oil	150.80	116.25
2) Materials that do not individually account for 10% or more of total consumption	952.42	560.70
	1103.22	676.95
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening Stock of WIP	144.42	80.93
Opening Stock of Finished Goods	57.86	103.81
Opening Stock of Traded Goods	28.69	27.75
	230.97	212.49
Closing Stock of WIP	178.38	144.42
Closing Stock of Finished Goods	146.66	57.86
Closing Stock of Traded Goods	34.06	28.69
	359.10	230.97
	(128.13)	(18.48)
22 EMPLOYEE BENEFIT EXPENSES		
a) Salaries & Wages	561.26	451.37
b) Bonus	3.01	4.93
c) Gratuity	11.87	14.01
d) Performance Pay	66.20	106.10
e) Employer contribution in ESPS	0.00	40.30
f) Contribution to Provident fund & Superannuation fund	37.18	29.44
g) Welfare expenses	59.92	50.26
h) MD's Remuneration (Excluding performance pay)	6.43	6.15
	745.87	702.56
23 FINANCE COSTS		
Interest Expenses	0.00	0.04
	0.00	0.04

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
24 OTHER EXPENSES		
Packing Charges	144.24	128.24
Consumption of Stores	48.59	51.64
Tools Consumed	64.79	72.88
Commission and Discount	109.81	123.03
Royalty Payments	4.13	1.35
Power, Fuel & Lighting	72.98	67.52
Transport Charges	102.34	89.78
Postage, Telegrams & Telephones	14.80	13.20
Travelling and Conveyance	113.13	84.38
Insurance	7.52	5.77
Advertisement and Publicity	17.88	19.58
Repairs and Maintenance of		
-Plant and machinery	53.85	61.45
-Building	35.57	42.53
-Other Assets	19.70	21.00
Printing and Stationery	7.51	6.97
Research and Development expenses (Refer Note No. 32)	52.03	62.91
Bad Debts written off	12.90	16.02
After Sales Expenses	91.93	76.60
Factory Expenses	18.17	15.68
Rates & Tax	4.53	7.19
Auditor's Remuneration		
-Audit Fees	0.91	0.79
-Other Services	0.11	0.21
Miscellaneous Expenses	34.30	28.77
Subscription, Periodicals & Filing Fees	2.41	3.08
Donations	37.22	45.40
Rent	20.25	16.68
Legal and Consultancy Charges	130.47	67.30
Directors' Sitting Fees	0.58	0.56
Service Tax Payments	0.17	0.67
(Gain) / Loss on Exchange Fluctuation	(15.21)	9.42
Loss on Sale of Assets	0.00	0.03
Excise Duty paid	33.92	26.80
Assets condemned and written-off	0.10	0.00
Bank charges	16.18	13.72
	1257.81	1181.15

Notes to Financial Statements for the year ended 31st March, 2012

25 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 & Penalty	8.49	8.51	ST AT (AB)-CBE
	CST & Penalty	29.87	22.40	ST AT (AB)-CBE
	LST	3.02	1.34	JC (APPEALS)-CBE
	CST	5.14	2.74	JC (APPEALS)-CBE
Central Excise	Excise Duty & Penalty	9.48	0.00	Dy. Commnr. Appeals
	Excise Duty & Penalty	3.01	0.10	Tribunal

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

Particulars	31/03/2012	[₹. In Million] 31/03/2011
(b) Guarantees and Letter of credit	152.45	192.16
(c) Estimated amount of contracts remaining to be executed on capital account	960.29	214.06

26 Details of security given for borrowing:

Borrowing	Details of Security
Open Loan, Demand Loan and Packing Credit from Banks.	First Charge over specific fixed assets of the company along with Land & Building at Singanallur, Coimbatore and over the entire Current Assets of the Company

27 Details of dues to Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprise Development Act 2006.

	[₹. In Million]	[₹. In Million]
a) The Principal amount due to Supplier under the act.S 22 (I)	73.15	64.02
b) Interest accrued and due to Suppliers on the above amount S 22 (i) (Other than Section 16)	Nil	Nil
c) Interest paid to Suppliers under the act(Section 16)S 22 (ii)	Nil	Nil
d) Interest due and payable for delay (for payments during the year beyond due date) S 22 (iii)	Nil	Nil
e) Payment made to suppliers (other than interest) beyond the appointed day, during the year. S 22 (iii)	Nil	Nil
f) Interest accrued & remaining unpaid at the end of year to Suppliers under the Act S 22 (iv)	Nil	Nil
g) 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 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
28 Details of disclosure as required under AS 15 in respect of defined benefit plan for Gratuity		
I. PRINCIPAL ACTUARIAL ASSUMPTIONS		Gratuity(Funded)
(Expressed as weighted averages)		
Discount Rate	8.70%	8.40%
Salary escalation rate	6.50%	6.50%
Attrition rate	3.00%	3.00%
Expected rate of return on plan Asset	9.30%	9.30%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES		
PVO as at the beginning of the period	63.54	48.32
Interest cost	5.22	3.97
Current service cost	6.76	4.86
Past service cost- (non vested benefits)	-	-
Past service cost- (vested benefits)	0.00	9.18
Benefits paid	-2.85	-3.08
Actuarial loss/(gain) on obligation(balancing figure)	6.23	0.27
PVO as at the end of the period	78.91	63.54
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS- RECONCILIATION OF OPENING AND CLOSING BALANCES		
Fair value of plan assets as at the beginning of the period	50.74	42.76
Expected return on plan assets	5.22	4.15
Contributions	13.68	6.78
Benefits paid	-2.85	-3.08
Actuarial gain / (loss) on plan assets(balancing figure)	0.19	0.13
Fair value of plan assets as at the end of the period	66.99	50.74
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	5.22	4.15
Actuarial Gain(loss) on plan assets	0.19	0.13
Actual return on plan assets	5.41	4.27
V. ACTUARIAL GAIN / LOSS RECOGNISED		
Actuarial gain/ (loss) for the period - obligation	-6.23	-0.27
Actuarial gain/ (loss) for the period - plan assets	0.19	0.13
Total (gain)/ loss for the period	6.04	0.15
Actuarial (gain)/ loss recognised in the period	6.04	0.15
Unrecognised actuarial (gain)/loss at the end of the year	-	-
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	78.91	63.54
Fair value of plan assets	66.99	50.74
Differences	11.92	12.80
Unrecognised transitional liability	-	-
Unrecognised past service cost- non vested benefits	-	-
Liability recognised in the balance sheet	11.92	12.80

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS		
Current service cost	6.76	4.86
Interest cost	5.22	3.97
Expected return on plan assets	-5.22	-4.15
Net actuarial(gain)/loss recognised in the year	6.04	0.15
Transitional liability recognised in the year	-	-
Past service cost- non-vested benefits	-	-
Past service cost-vested benefits	0.00	9.18
Expenses recognised in the statement of profit and loss	12.80	14.02
VIII. MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET		
Opening net liability	12.80	5.56
Expense as above	12.80	14.02
Contribution paid	-13.68	-6.78
Closing net liability	11.92	12.80
IX. AMOUNT FOR THE CURRENT PERIOD		
Present value of obligation	78.91	63.54
Plan Assets	66.99	50.74
Surplus (Deficit)	-11.92	-12.80
Experience adjustments on plan liabilities- (loss) / gain	-8.48	-6.38
Experience adjustments on plan assets- (loss) / gain	0.19	0.13
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity Shares of Listed Companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds Managed by Insurer	100.00%	100.00%
Others (to Specify)	0.00%	0.00%
	<u>100.00%</u>	<u>100.00%</u>
29 EXPENDITURE IN FOREIGN CURRENCY:		
Commission	18.76	22.48
Travelling expenses	43.73	23.92
Other expenses	63.42	32.10
	<u>125.91</u>	<u>78.50</u>
30 CIF VALUE OF IMPORTS :		
Raw materials and components	505.79	474.84
Machinery spares	1.38	6.73
Capital goods	181.71	8.28
Traded goods	211.26	170.65
	<u>900.14</u>	<u>660.50</u>

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
31 DETAILS OF EARNINGS IN FOREIGN EXCHANGE CALCULATED ON FOB BASIS:		
Direct Exports	1235.15	1035.97
Indirect Exports	193.12	164.20
	<u>1428.27</u>	<u>1200.17</u>
32 DETAILS OF R&D EXPENSES		
Capital R&D	33.06	21.39
Salaries & wages	95.37	70.28
R&D materials	73.66	65.20
Maintenance	6.40	2.07
Other Expenses	24.46	20.76
	<u>232.95</u>	<u>179.70</u>
<p>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 .</p>		
33	<p>As required by Ministry of Corporate Affairs General Circular No. 2/2011 dated 8th February, 2011, the Board of Directors has given its consent for not attaching the Balance Sheet of the Subsidiary companies listed below :</p> <ol style="list-style-type: none"> 1. Adisons Precision Instruments Mfg.Co.Limited, Coimbatore, India 2. Elgi Equipments (Zhejiang) Limited, Jiaxing, China 3. Elgi Gulf (FZE), Sharjah, UAE. 4. Elgi Compressors Trading (Shanghai) Co. Ltd. 5. SAS Belair (France) 6. Elgi Compressors DO BRAZIL IMPD.E.EXP, Brazil 7. Elgi Australia Pty Ltd. Australia <p>However, the Company undertakes that the annual accounts of the Subsidiary Companies and the related detailed information will be made available to the Holding and Subsidiary Companies investors seeking such information at any point of time. The annual accounts of the Subsidiary Companies are kept open for inspection by any investor at the registered office of the Holding and Subsidiary Companies.</p>	
34	<p>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.</p>	
35 EARNINGS PER SHARE:		
Net profit (₹. In Million)	760.23	813.91
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 ₹.)	4.80	5.14
Number of shares after dilution (No. in Million)	158.45	158.45
Diluted Earning Per share (in ₹.)	4.80	5.14

Notes to Financial Statements for the year ended 31st March, 2012

36 ACCOUNTING STANDARD (AS)18, RELATED PARTY DISCLOSURES:

[₹. In Million]

Particulars	Subsidiaries		Associates & Joint Venture		Key Management Personnel	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Purchase of goods	13.69	10.87	150.38	217.96		
Sale of goods	137.98	114.24	115.81	87.02		
Receiving of services	5.49	5.45	3.34	0.76		
Providing of services	23.12	19.84	5.24	1.74		
Finance	59.56	72.10	0.00	0.00		
Interest received	0.15	0.14	0.00	0.00		
Investments	177.30	5.93	0.00	0.00		
Remuneration	0.00	0.00	0.00	0.00	9.69	8.41
Receivable	155.53	156.74	12.37	4.20		
Payable	6.63	4.01	2.45	13.60		

Name of related parties and description of relationship:

- | | | |
|----|--------------------------|--|
| 1 | Holding company | Elgi Equipments Limited |
| 2 | Subsidiaries | <ul style="list-style-type: none"> 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 Compressors DO BRAZIL IMPD.E.EXP h. Elgi Australia Pty Ltd. |
| 3 | Fellow Subsidiaries | Nil |
| 4 | Associates | <ul style="list-style-type: none"> a. Elgi Ultra Industries Limited. b. Elgi Rubber Company Limited c. L.G.Balakrishnan & Bros Limited. d. Ellargi & co e. Elgi Services. f. L.G. Balakrishnan & Bros. g. LGB Forge Limited |
| 5. | Joint Venture | Elgi Sauer Compressors Limited. |
| 6 | Key Management Personnel | Dr. Jairam Varadaraj, Managing Director |

37 Previous year figures have been regrouped and re-classified where ever necessary to make them comparable.

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company	ATS Elgi Ltd.	Adision Precision Instruments Mfg Co. Ltd.	ELGI-GULF (FZE)	Elgi Equipments Zhejiang Ltd.	Elgi Compressors Trading (Shanghai) Co. Ltd/	Elgi Com-Pressors Do BRAZIL	SAS Belair France	Elgi Australia Pty. Ltd.
2. Financial Year of the Subsidiary ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012
3. Holding Company's Interest in the Subsidiary	90,000 Equity Shares of ₹.10 each (100%)	743350 Equity Shares of ₹.10 each (100%)	1 ₹. 17,77,500 (100%)	Capital Invested (100%) INR	Capital Invested (100%) INR	356440 Equity Shares of ₹. 25.14 each (100%)	85000 Equity Shares of ₹. 845.76 each (100%)	100 Equity Shares of ₹.55.02 each (100%)
4. Net Aggregate amount of the Profit / Loss of the Subsidiary not dealt within the Holding Company's Account								
a. For the current financial year of the Subsidiary Company	118.53 Million	(0.11) Million	26.60 Million	(32.45) Million	(26.80) Million	(3.17) Million	(86.56) Million	(6.24) Million
b. For the previous financial year of the Subsidiary Company	83.43 Million	0.01 Million	12.58 Million	(22.54) Million	(3.00) Million	-	(4.42) Million	-
5. Net Aggregate amount of the Profit / Loss of the Subsidiary dealt within the Holding Company's Accounts								
a. For the current financial year of the Subsidiary Company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. For the previous financial year of the Subsidiary Company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Cash Flow Statement for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	1057.32	1234.10
Adjustments for:		
Depreciation / Amortisation	118.23	102.69
Assets Condemned and Written off	0.10	0.00
(Profit)/Loss on sale of assets	(2.77)	(0.46)
Company's contribution in Employees Stock Purchase Scheme	0.00	40.30
Bad debts written off	12.90	16.02
Interest and Processing fees Paid	1.19	1.08
Dividend Received	(4.65)	(3.45)
Interest Received	(93.46)	(81.49)
	31.54	74.69
Operating Profit Before Working Capital Changes	1088.86	1308.79
Adjustments for:		
(Increase)/Decrease in Inventories	(51.81)	(282.63)
(Increase)/Decrease in Trade Receivables	(213.70)	(161.03)
(Increase)/Decrease in Loans and Advances,		
Other Current and Other non Current Assets	(136.51)	(128.08)
Increase/(Decrease) in Trade payable, Current Liabilities and Provisions	53.81	50.95
	(348.21)	(520.79)
Cash Generated from Operations	740.65	788.00
Direct Taxes Paid	(298.00)	(380.00)
Net Cash from Operating Activities (A)	442.65	408.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of tangible Assets	(365.34)	(163.42)
Sale of tangible Assets	2.84	1.11
Purchase of Investments	(32.86)	(5.93)
Loans to Companies	(39.42)	(54.60)
Interest Received	89.93	75.36
Dividend Received	4.65	3.45
Net Cash used in Investing Activities (B)	(340.20)	(144.03)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.00	0.58
Proceeds from Issue of Share Premium	0.00	7.21
Proceeds from Short Term Borrowings	0.00	(0.95)
Interest and Processing fees Paid	(1.19)	(1.08)
Dividend & Dividend Tax Paid	(184.16)	(114.30)
Net Cash Used in Financing Activities (C)	(185.35)	(108.54)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(82.90)	155.43
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1176.83	1021.40
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1093.93	1176.83

Note: Figures within bracket denote Cash Outflow.

For and on behalf of the Board

" As per our report of even date"

Dr. JAIRAM VARADARAJ
Managing DirectorN. MOHAN NAMBIAR
DirectorFor RJC ASSOCIATES
Regn.No.:003496S
Chartered AccountantsPlace : Coimbatore
Date : 14/05/2012S. RAVEENDAR
Company SecretaryS. SRIRAM
Chief Financial OfficerR. JAYACHANDRAN
Partner
Membership No. 021848



Consolidated Financial Statements

ELGI

ELGI EQUIPMENTS LIMITED

Consolidated Financial Statements

Auditor's Report

REPORT TO THE BOARD OF DIRECTORS OF ELGI EQUIPMENTS LIMITED

1. We have audited the attached Consolidated Balance Sheet of M/s. Elgi Equipments Limited, Coimbatore, "the Company" and its Subsidiaries and Joint Venture constitute "the Group" as at 31st March, 2012, the Consolidated Statement of Profit and Loss for the year ended on that date and the Consolidated Cash Flow Statements for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Elgi Equipments Ltd's Management. Our responsibility is to express our opinion on these Financial Statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that We plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Six Subsidiary Companies, M/s. Elgi Equipments Zhejiang Limited (China), M/s. Elgi Compressors Trading (Shanghai) Co. Ltd (China), M/s. Elgi Gulf (FZE)-UAE, M/s. SAS Belair (France), M/s. Elgi Compressors DO BRAZIL IMPO.E.EXP. and M/s. Elgi Australia Pty Ltd and joint venture company M/s. Elgi Sauer Compressors Ltd. These financial statements and other information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, is based solely on the report of other auditors.
4. Further we report that:
 - i) The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard-(AS) 21, on Consolidated Financial Statements and Accounting Standard-(AS) 27 on Financial Reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of the Elgi Equipments Ltd and its subsidiaries included in the consolidated financial statements.
 - ii) Based on our audit and in consideration of the separate audit reports on individual audited financial statements of the subsidiaries of Elgi Equipments Ltd, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Consolidated Balance Sheet, of the state of the affairs of the "Group" as at 31st March, 2012;
 - b) In the case of the Consolidated Statement of Profit and Loss of the profit of the "Group" for the year ended on that date; and
 - c) In the case of Consolidated Cash Flow Statement, of the cash flows of the "Group" for the year ended on that date.

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

R.Jayachandran
Partner
Membership No. 021848

Place : Coimbatore
Date : 14/05/2012

Balance Sheet as at 31st March, 2012

[₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	2	158.45	158.45
(b) Reserves and Surplus	3	3817.88	3224.78
(2) NON-CURRENT LIABILITIES			
(b) Deferred tax liabilities (Net)	4	44.14	33.04
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	5	91.24	73.56
(b) Trade payables	6	1036.39	993.00
(c) Other current liabilities	7	283.94	257.22
(d) Short-term provisions	8	823.36	1005.70
TOTAL		6255.40	5745.75
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	9	1055.38	827.14
(ii) Intangible assets	9	31.41	42.76
(iii) Capital work-in-progress		75.68	34.21
(b) Non-current investments	10	154.02	173.47
(c) Deferred tax assets (net)	11	3.88	2.51
(d) Long term loans and advances	12	76.17	82.53
(e) Other non-current assets	13	2.61	1.73
(2) CURRENT ASSETS			
(a) Inventories	14	1206.51	1147.61
(b) Trade receivables	15	1351.38	1159.58
(c) Cash and cash equivalents	16	1481.43	1406.56
(d) Short-term loans and advances	17	321.74	317.76
(e) Other current assets	18	495.19	549.89
TOTAL		6255.40	5745.75

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"

Dr. JAIRAM VARADARAJ
Managing Director

N. MOHAN NAMBIAR
Director

For RJC ASSOCIATES
Regn.No.:003496S
Chartered Accountants

Place : Coimbatore
Date : 14/05/2012

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Statement of Profit and Loss for the year ended 31st March, 2012

[₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. REVENUE FROM OPERATIONS	19	9916.88	9410.40
II. OTHER INCOME	20	162.38	117.24
III. TOTAL REVENUE (I + II)		10079.26	9527.64
IV. EXPENSES:			
Cost of materials consumed	21	4870.24	4762.83
Purchase of Traded goods	22	1354.06	879.95
Changes in inventories of finished goods, work-in-progress and Traded goods	23	(147.12)	(31.83)
Employee benefit expenses	24	1094.98	961.99
Finance Cost	25	7.12	3.53
Depreciation and amortization expenses		135.23	114.71
Other expenses	26	1658.66	1473.47
TOTAL EXPENDITURE		8973.17	8164.65
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		1106.09	1362.99
VI. EXCEPTIONAL ITEMS		-	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		1106.09	1362.99
VIII. EXTRAORDINARY ITEMS		0.00	1.54
IX. PROFIT BEFORE TAX (VII - VIII)		1106.09	1361.45
X. TAX EXPENSE:			
(1) Current tax		340.68	458.45
(2) Deferred tax		9.75	13.09
XI. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)		755.66	889.91
XII. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS		-	-
XIII. TAX EXPENSE OF DISCONTINUING OPERATIONS		-	-
XIV. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (XII - XIII)		-	-
XV. PROFIT / (LOSS) FOR THE YEAR (XI + XIV)		755.66	889.91
XVI. EARNING PER EQUITY SHARE:		(in ₹.)	(in ₹.)
Nominal value of share		1.00	1.00
Basic		4.77	5.62
Diluted		4.77	5.62

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"

Dr. JAIRAM VARADARAJ
Managing DirectorN. MOHAN NAMBIAR
DirectorFor RJC ASSOCIATES
Regn.No.:003496S
Chartered AccountantsPlace : Coimbatore
Date : 14/05/2012S. RAVEENDAR
Company SecretaryS. SRIRAM
Chief Financial OfficerR. JAYACHANDRAN
Partner
Membership No. 021848

Notes to Financial Statements for the year ended 31st March, 2012.

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

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 (as 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 a 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, the Financial Statements of the Subsidiaries and Joint Venture are drawn up to and as on 31st March 2012.

- 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 operation 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 expenses are translated using average exchange rates of the foreign currency and the resultant gain/loss has 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 2012 in the book of Subsidiaries are expensed out as revenue expenditure and are being amortized over a period 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 and associates 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 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
2 SHARE CAPITAL		
AUTHORISED SHARE CAPITAL:		
300000000 Equity Shares of ₹. 1/- each	300.00	300.00
ISSUED, SUBSCRIBED AND PAID-UP SHARES		
158454508 Equity Shares of ₹. 1/- each fully paid	158.45	158.45
3 RESERVES AND SURPLUS		
a) CAPITAL RESERVE	181.41	181.41
b) SECURITY PREMIUM RESERVE		
As per the last Balance Sheet	409.37	440.79
Add: Addition during the year	0.00	47.36
Call money received during the year	0.00	0.16
	409.37	488.31
Less: Capitalization on issue of Bonus shares	0.00	78.94
	409.37	409.37
c) STATUTORY RESERVE (AMALGAMATION)	5.49	5.49
d) FOREIGN CURRENCY TRANSLATION RESERVE	19.50	(4.14)
e) GENERAL RESERVE		
As per the last Balance Sheet	839.24	755.50
Add: Transfer from profit & loss account	77.48	83.74
	916.72	839.24
Less: Loss incurred by subsidiary after the acquisition	6.27	8.43
	910.45	830.81
f) SURPLUS FROM STATEMENT OF PROFIT & LOSS		
As per the last Balance Sheet	1801.84	1182.22
Add: Current year surplus	755.66	889.91
Less:	2557.50	2072.13
Prior Year Adjustments	0.28	0.42
Proposed dividend (₹. 1/- per share)	161.83	160.14
Provision for Dividend Tax	26.25	25.99
Transfer to general reserve	77.48	83.74
	2291.66	1801.84
Total (a+b+c+d+e+f)	3817.88	3224.78
4 DEFERRED TAX LIABILITIES (NET)		
As per the last Balance Sheet	33.04	21.81
Add: For the year	11.10	11.23
	44.14	33.04
5 SHORT TERM BORROWINGS		
From Bank	91.24	73.56
	91.24	73.56

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
6 TRADE PAYABLE		
a) Acceptances	220.99	243.83
b) Dues to Micro, Small and Medium Enterprises	164.11	151.52
c) Others	651.29	597.65
	<u>1036.39</u>	<u>993.00</u>
7 OTHER CURRENT LIABILITIES		
a) Unpaid dividends	3.35	3.03
b) Advance from customers	218.68	183.60
c) Rent Advances	5.39	4.19
d) Dealers Deposits	27.46	34.97
e) Employee related expenses payable	9.69	9.72
f) TDS Payable / Other Taxes payable	8.23	7.88
g) Other payables	11.14	13.83
	<u>283.94</u>	<u>257.22</u>
8 SHORT TERM PROVISIONS		
a) Provisions for employee benefits	137.78	196.71
b) Provision for income tax	353.26	463.75
c) Proposed dividend	158.45	158.45
d) Provision for dividend tax	25.71	25.71
e) Others	148.16	161.08
	<u>823.36</u>	<u>1005.70</u>

9. TANGIBLE & INTANGIBLE ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01/04/11	During the year		As at 31/03/12	As at 01/04/11	During the year			As at 31/03/12	As at 31/03/12	As at 31/03/11
		Additions	Deductions			Additions	On Revaluation	Deductions			
Land	188.39	3.77	-	192.16	-	-	-	-	-	192.16	188.39
Buildings - Actual	201.81	1.60	0.19	203.22	122.83	7.25	-	0.18	129.91	73.31	78.90
- Revaluation	17.73	-	-	17.73	10.12	-	0.52	-	10.50	7.23	7.61
Plant & Machinery	1,389.84	320.15	11.61	1,698.38	887.77	104.60	-	11.53	980.98	717.40	502.07
Furniture & Office equipments	148.41	24.07	3.93	168.55	100.39	11.89	-	2.76	109.52	59.02	48.02
Motor Vehicles	3.84	0.37	0.00	4.20	2.58	0.28	-	0.00	2.85	1.35	1.25
Others	21.31	0.92	5.44	16.79	13.15	4.15	-	5.44	11.87	4.92	0.91
Tangible Assets Total	1,971.32	350.87	21.17	2,301.02	1,136.84	128.17	0.52	19.90	1,245.63	1,055.38	827.14
Intangible Assets	100.16	2.57	-	102.73	64.65	7.06	-	-	71.31	31.41	42.76
Grand Total	2,071.48	353.44	21.17	2,403.75	1,201.50	135.23	0.52	19.90	1,316.96	1,086.79	869.90
Previous Year	1,836.04	246.61	11.17	2,071.48	1,096.92	114.71	0.40	10.53	1,201.50	869.90	739.12

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	No. of Shares/ Units	Face Value Per Share (in ₹)	31-03-12	31-03-11
10 NON-CURRENT INVESTMENTS (AT COST)				
NON-TRADE INVESTMENTS				
a) INVESTMENT PROPERTY			0.41	0.41
b) INVESTMENT IN EQUITY INSTRUMENTS				
i INVESTMENT IN ASSOCIATES				
L.G. Balakrishnan & Bros.Ltd.	1248	10.00	0.02	0.02
LGB Forge Limited	12480	1.00	0.01	0.01
Elgi Rubber Company Limited	763700	1.00	7.95	7.95
			7.98	7.98
ii INVESTMENT IN OTHER BODIES CORPORATE				
Lakshmi Machine Works Ltd	50	10.00	0.01	0.01
State Bank of India	360	10.00	0.12	0.12
HDFC Bank Limited	2500	2.00	0.01	0.01
HDFC Limited	12000	2.00	0.03	0.03
Magna Electro Castings Ltd	80000	10.00	1.25	1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	7.55	7.55
Pricol Ltd	94245	1.00	0.54	0.54
The Mill Officers Co-Op Housing Colony Ltd	5	50.00	0.00	0.00
Elgi Securities Ltd	99300	10.00	0.99	0.99
Marol Co-operative Industrial Estate Limited	1053	100.00	0.11	0.11
Investment by Elgi Sauer Compressors Ltd. (26% Share)			5.96	0.00
			16.57	10.61
Total (i+ii)			24.55	18.59
c OTHER INVESTMENTS				
Investment in government or trust securities			4.66	0.07
Investment in Mutual funds			0.00	30.00
			4.66	30.07
d INVESTMENT IN PARTNERSHIP FIRMS				
L.G.Balakrishnan & Bros (Share 98%)			124.00	124.00
Elgi Services (Share 80%)			0.40	0.40
			124.40	124.40
GRAND TOTAL (a+b+c+d)			154.02	173.47
11 DEFERRED TAX ASSETS (NET)				
As per the last Balance Sheet			2.51	2.51
Add : for the year			1.37	0.00
			3.88	2.51
12 LONG TERM LOANS AND ADVANCES				
a) Capital Advances			51.51	60.27
b) Security deposits			13.20	11.24
c) Other loans and advances			11.46	11.02
			76.17	82.53
All Loans and Advances are unsecured and considered good.				
13 OTHER NON-CURRENT ASSETS				
Long term trade receivable (on deferred credit terms)			2.61	1.73
			2.61	1.73

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
14 INVENTORIES		
a) Raw materials	704.50	801.36
b) Work in progress	186.30	158.95
c) Finished goods	190.75	92.50
d) Traded goods	100.70	72.39
e) Stores & Spares	2.81	2.21
f) Loose Tools	20.42	19.03
g) Packing materials	1.03	1.17
	<u>1206.51</u>	<u>1147.61</u>
15 TRADE RECEIVABLES		
a) Trade receivables outstanding for more than 6 months	110.53	90.45
b) Others	1240.85	1069.13
	<u>1351.38</u>	<u>1159.58</u>
16 CASH AND BANK BALANCES		
a Cash and cash equivalents		
i) Balance with banks		
In current account	203.96	167.36
In deposits	1242.77	1217.13
ii) In Unpaid Dividend Account	3.35	3.03
iii) Cheques, Drafts on hand	5.25	7.87
iv) Cash in hand	1.11	0.98
b Other Bank Balances		
i) In deposits (having original maturity period more than 3 months but less than 12 months)	24.99	10.19
	<u>1481.43</u>	<u>1406.56</u>
17 SHORT-TERM LOANS AND ADVANCES		
a) Loans to Companies	58.60	83.00
b) Advances to Suppliers	134.82	132.12
c) Employee advances	51.32	44.54
d) Others	77.00	58.10
	<u>321.74</u>	<u>317.76</u>
18 OTHER CURRENT ASSETS		
a) Cenvat Receivable (Net)	19.29	15.74
b) VAT Receivable (Net)	16.34	9.56
c) Service Tax credit (Net)	8.90	10.50
d) Interest accrued	28.60	22.27
e) Insurance premium Deposit	0.29	2.17
f) Income / refund receivable	10.03	24.71
g) Advance Tax / TDS Receivable	392.66	452.64
h) Prepaid expenses	19.08	12.30
	<u>495.19</u>	<u>549.89</u>

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
19 REVENUE FROM OPERATIONS		
a) Sale of Products	10379.17	9922.80
b) Sale of Services	90.65	63.34
Gross Sales	10469.82	9986.14
Less:		
c) Excise Duty	572.94	596.00
Net Sales	9896.88	9390.14
d) Other operating revenue	20.00	20.26
	9916.88	9410.40
20 OTHER INCOME		
a) Interest Income	115.01	91.86
b) Dividend Income	5.32	3.45
c) Rent Receipt	4.68	4.31
d) Profit on Sale of Assets	2.77	1.11
e) Gain on Exchange Fluctuation (net)	15.21	0.00
f) Share of profit in partnership	0.24	0.12
g) Miscellaneous Income	19.15	16.39
	162.38	117.24
21 COST OF MATERIALS CONSUMED		
Opening Stock of Raw Materials	801.36	493.05
Purchases	4773.38	5071.14
	5574.74	5564.19
Less: Closing Stock of Raw Materials	704.50	801.36
	4870.24	4762.83
Purchases include machining charges ₹.82.75 Million (Previous year ₹.84.82 Million)		
22 PURCHASE OF STOCK-IN-TRADE		
Oil	150.80	116.25
Others	1203.26	763.70
	1354.06	879.95
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening stock of WIP	158.95	100.55
Opening Stock of Finished Goods	92.50	114.99
Opening Stock of Traded Goods	72.39	76.47
	323.84	292.01
Closing Stock of WIP	186.30	158.95
Closing Stock of Finished Goods	183.96	92.50
Closing Stock of Traded Goods	100.70	72.39
	470.96	323.84
	(147.12)	(31.83)
24 EMPLOYEE BENEFIT EXPENSES		
a) Salaries & Wages	862.65	662.21
b) Bonus	3.40	5.56
c) Gratuity	15.02	17.07
d) Performance Pay	85.57	126.11
e) Employer contribution in ESPS	0.00	47.36
f) Contribution to Provident fund & Superannuation fund	43.80	35.10
g) Welfare expenses	73.07	58.33
h) MD's Remuneration	11.47	10.25
	1094.98	961.99

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
25 FINANCE COSTS		
Interest Expenses	7.12	3.53
	<u>7.12</u>	<u>3.53</u>
26 OTHER EXPENSES		
Packing Charges	180.93	160.32
Consumption of Stores	58.45	57.96
Tools Consumed	72.44	79.23
Commission and Discount	154.02	167.68
Royalty Payments	4.13	1.35
Power, Fuel & Lighting	82.58	75.15
Transport Charges	149.56	123.39
Postage, Telegrams & Telephones	23.84	19.68
Travelling and Conveyance	166.60	123.27
Insurance	10.74	8.20
Advertisement and Publicity	34.44	25.40
Repairs and Maintenance of		
-Plant and machinery	59.82	64.06
-Building	39.20	46.12
-Other Assets	22.81	22.78
Printing and Stationery	11.95	9.29
Research and Development expenses	55.50	72.11
Bad Debts Written off	13.91	18.03
After Sales Expenses	116.77	90.97
Factory Expenses	20.28	18.00
Rates & Tax	11.48	11.25
Auditor's Remuneration		
-Audit Fees	3.01	1.82
-Other Services	0.65	0.30
Miscellaneous Expenses	61.02	47.30
Subscription, Periodicals & Filing Fees	3.55	3.20
Donations	37.22	45.40
Rent	48.26	37.18
Legal and Consultancy Charges	158.10	84.40
Directors' Sitting Fees	0.63	0.60
Service Tax Payments	1.25	0.67
Loss on Exchange Fluctuation	0.07	13.79
Loss on Sale of Assets	0.00	0.03
Excise Duty paid	36.26	28.92
Assets condemned and written off	0.10	0.00
Bank charges	19.09	15.62
	<u>1658.66</u>	<u>1473.47</u>

Notes to Financial Statements for the year ended 31st March, 2012

27 The Subsidiary Companies considered in the Consolidated Financial Statements are:

S.No	Name of the Subsidiary	Country of incorporation	% of Ownership	Reporting Date	Difference in Reporting date
i	ATSElgi Limited	India	100	31/03/12	-
ii	Adisons Precision Instruments Manufacturing Company Limited	India	100	31/03/12	-
iii	Elgi Gulf (FZE)	Gulf	100	31/03/12	-
iv	Elgi Equipments (Zhejiang) Limited	China	100	31/03/12	-
v	Elgi Compressors Trading (Shanghai) Co. Ltd	China	100	31/03/12	-
vi	SAS Belair – France	France	100	31/03/12	-
vii	Elgi Compressors DO BRASIL IMPD.E.EXP	Brazil	100	31/03/12	-
viii	Elgi Australia Pty Ltd.	Australia	100	31/03/12	-
28	Joint Venture Company				
	Elgi Sauer Compressors Limited	India	26%	31/03/12	-

29 The value of Investments made in the wholly owned Subsidiary Companies have been accounted in Compliance with Accounting Standard (AS-21 & AS- 27).

30 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 31/03/2012 as given in unconsolidated Financial Statements of Elgi Equipments Limited and its Subsidiaries.

The annual accounts of the above Subsidiary Companies are available for inspection by any shareholder at the Registered Office of the Holding and Subsidiary Companies.

31 Summary of Financial Information of Subsidiary Companies [₹. In Million]

Name of the Subsidiary	ATS Elgi Limited	Adisions Precision Instru-ments	Elgi Gulf (FZE)	Elgi Equip-ments ZHEJIANG	Elgi Com-pressors Trading	Elgi Com-pressors Do BRAZIL	SAS Belair France	Elgi Australia Pty. Ltd.
Reporting Currency	INR	INR	DHS	RMB	RMB	BRL	EURO	AUD
Exchange Rate	-	-	13.55	6.29	6.29	28.41	69.18	53.62
I. EQUITY AND LIABILITIES								
SHAREHOLDER'S FUNDS								
(a) Share Capital	0.90	7.43	1.78	106.90	28.68	8.96	71.89	0.01
(b) Reserves and Surplus	472.17	74.37	49.09	(99.59)	(33.31)	(2.00)	(57.78)	(6.36)
NON-CURRENT LIABILITIES								
(a) Other Long term liabilities	0.00	2.50	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT LIABILITIES								
(a) Short-term borrowings	23.58	0.00	0.00	41.03	0.00	0.00	41.89	4.02
(b) Trade payables	90.48	0.02	14.22	98.23	99.87	7.77	145.00	30.62
(c) Other current liabilities	22.62	0.00	9.98	7.15	13.69	0.00	0.00	0.79
(d) Short-term provisions	108.06	0.00	10.41	0.00	0.00	0.00	0.00	0.87
TOTAL	717.81	84.32	85.47	153.73	108.94	14.73	201.00	29.95
II. ASSETS								
NON-CURRENT ASSETS								
(a) Fixed assets								
(i) Tangible assets	45.52	80.60	0.40	6.56	1.01	0.04	12.48	0.00
(ii) Intangible assets	0.25	0.00	0.00	5.55	0.00	1.05	18.12	0.00
(iii) Capital work-in-progress	1.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Non-current investments	0.00	0.11	0.00	0.00	0.00	0.00	4.66	0.00
(c) Deferred tax assets (net)	1.19	0.00	0.00	0.00	0.00	0.00	0.00	2.69
(d) Long term loans and advances	3.33	0.00	0.87	0.00	0.00	0.00	0.00	0.00
CURRENT ASSETS								
(a) Inventories	86.04	0.00	18.45	49.01	12.51	6.96	85.59	19.86
(b) Trade receivables	153.12	0.00	51.38	74.55	71.30	0.00	67.85	2.12
(c) Cash and cash equivalents	339.74	0.27	11.61	4.08	11.94	4.17	8.25	5.28
(d) Short-term loans and advances	18.01	3.35	0.59	10.32	12.00	2.42	4.05	0.00
(e) Other current assets	68.74	0.00	2.18	3.66	0.18	0.08	0.00	0.00
TOTAL	717.81	84.32	85.47	153.73	108.94	14.73	201.00	29.95
Turnover	1319.57	0.12	144.85	118.31	149.92	0.44	498.66	11.09
Profit before Tax	169.31	(0.11)	26.60	(32.45)	(26.80)	(3.17)	(86.56)	(8.92)
Provision for Taxation	50.78	-	-	-	-	-	-	(2.67)
Profit after Tax	118.53	(0.11)	26.60	(32.45)	(26.80)	(3.17)	(86.56)	(6.24)

32 SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED [₹. In Million]

PARTICULARS	Year Ended	
	31-03-12	31-03-11
1 Segment Revenue (Sales and income from Services)		
a) Compressors	8286.51	7964.54
b) Automotive Equipments	1299.66	1134.82
c) Others	330.72	311.03
Total Segment Revenue	9916.88	9410.39
Less: Inter Segment Revenue	-	-
Net Sales/Income from Operations	9916.88	9410.39
2 Segment Results (Profit before Interest and Tax)		
a) Compressors	790.34	1191.01
b) Automotive Equipments	151.28	126.84
c) Others	9.23	(21.21)
Total Segment Results	950.84	1296.64
Less:		
i) Interest Expense	(104.68)	(88.35)
ii) Unallocable expenditure net of other income	(50.58)	(25.37)
iii) Extra-ordinary items	0.00	48.90
Total Profit Before Tax	1106.10	1361.45
3 Capital Employed (Segment Assets less Segment Liabilities)		
a) Compressors	3329.20	2823.64
b) Automotive Equipments	471.88	322.31
c) Others	108.40	118.11
Total Capital Employed in Segments	3909.47	3264.06
Add: Unallocable Corporate Assets		
Less: Corporate Liabilities	174.89	191.11
Total Capital Employed in Company	4084.36	3455.17

33 Previous year figures have been regrouped and re-classified where ever necessary to make them comparable.

Cash Flow Statement

[₹. In Million]

Particulars	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	1106.09	1361.45
Add: Prior Year Adjustments	(0.28)	(0.42)
	1105.81	1361.03
Adjustments for:		
Depreciation / Amortisation	135.23	114.71
Assets Condemned and Written off	0.10	0.00
(Profit)/Loss on sale of assets	(2.77)	(1.08)
Company's contribution in Employees Stock Purchase Scheme	0.00	47.36
Bad debts written off	13.91	18.03
Interest and Bank Charges Paid	17.09	4.52
Dividend Received	(5.32)	(3.45)
Interest Received	(115.01)	(91.82)
	43.23	88.27
Operating Profit Before Working Capital Changes	1149.04	1449.30
Adjustments for:		
(Increase)/Decrease in Inventories	(58.90)	(337.60)
(Increase)/Decrease in Trade Receivables	(191.80)	(252.94)
(Increase)/Decrease in Loans and Advances, Other Current and Other non Current Assets	(42.04)	(117.77)
Increase/(Decrease) in Trade payables Current Liabilities and Provisions	(16.97)	168.37
	(309.71)	(539.94)
Cash Generated From Operations	839.33	909.36
Direct Taxes Paid	(345.53)	(415.21)
Net Cash from Operating Activities (A)	493.80	494.15
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Tangible & Intangible Assets	(394.91)	(259.51)
Sale of tangible Assets	3.55	1.72
Sale of Investments	19.45	(30.01)
Loans to Companies	20.37	17.00
Interest Received	108.68	85.69
Dividend Received	5.32	3.45
Net Cash used in Investing Activities (B)	(237.54)	(181.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.00	0.58
Proceeds from Issue of Share Premium	0.00	0.16
Proceeds from short Term Borrowings	21.83	22.28
Interest and Financial Charges Paid	(17.09)	(4.52)
Dividend & Dividend Tax Paid	(186.13)	(116.27)
Net Cash used in Financing Activities (C)	(181.39)	(97.77)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	74.87	214.72
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1406.56	1191.84
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1481.43	1406.56

Note : Figures within bracket denote Cash Outflow.

For and on behalf of the Board

" As per our report of even date"

Dr. JAIRAM VARADARAJ
Managing DirectorN. MOHAN NAMBIAR
DirectorFor RJC ASSOCIATES
Regn.No.:003496S
Chartered AccountantsPlace : Coimbatore
Date : 14/05/2012S. RAVEENDAR
Company SecretaryS. SRIRAM
Chief Financial OfficerR. JAYACHANDRAN
Partner
Membership No. 021848

ANNUAL REPORT OF SUBSIDIARY COMPANY



ATS ELGI LIMITED

CHAIRMAN

Dr. Jairam Varadaraj

MANAGING DIRECTOR

Mr. Harjeet Singh Wahan

DIRECTOR

Mr. M. Ramprasad

AUDITOR

M/s. RJC Associates
Chartered Accountants
Coimbatore

REGISTERED OFFICE

S2/A11, Pollachi Main Road,
Kurichy Private Industrial Estate
Kurichy, Coimbatore - 641 021.
Ph : 0422 - 2589999
Fax : 0422 - 2589800

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2. Auditor's Report
3. Annual Accounts

Directors' Report

Dear shareholders

Your directors are pleased to submit the 5th Annual Report with the Audited Annual Accounts of the Company for the year ended 31st March, 2012.

(₹. in Million)

Particulars	31.03.2012	31.03.2011
Profit before depreciation and tax	174.284	134.960
Less: Depreciation	4.979	5.400
Profit after depreciation	169.305	129.560
Less: Provision for Tax (Net of Deferred Tax)	50.780	46.130
Profit after Tax	118.525	83.430
Profit brought forward	171.925	88.495
Profit carried to Balance Sheet	290.450	171.925

Performance for the year

The business thrives on the back of passenger car sales in India. Car sales growth slumped to about 4% over the previous year, resulting in an overall reduction in activation of new dealerships and consequently reduced demand for garage equipment. However, the business grew by 14.5% over the previous year due to increased market share in new garages, introduction of new products that are focused on improving productivity and profitability for customers and continuous expansion and focus on after sales service. New products that have been introduced during the year include crash repair system, centralized lube management system, auto car wash, effluent treatment plant and dual car parking lift.

Future plans

The passenger car market is forecasted to grow by 10 to 12% in the year 2012-13; however the service requirements would keep growing due to aging of cars. With a view to improve productivity and enhance turn-around time, a number of established garages are setting up large workshops in major metro cities. Being the largest and most established player, the business is well placed to capitalize on opportunities.

The business also plans to expand its presence in the commercial vehicles segment during the forthcoming year. This segment is on a growth trajectory that is expected to be better than the passenger car segment and provides good opportunities for the business to extend its products and services.

International

International business has grown by 20% over the previous year. New distributors will be added in the selected emerging countries in Africa and South East Asia. This activity, coupled with the enhanced marketing activities, is expected to deliver a growth rate similar to past year.

Dividend

In order to conserve internal resources the Directors do not recommend any dividend for the financial year 2011-12.

Directors

Mr. Ramprasad, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible seeks reappointment.

Statutory Auditors

The Auditors M/s. RJC Associates, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

Cost Auditor

Dr. G.L. Sankaran Cost Accountant has been appointed to issue certificate for year ended 31st March, 2012 in compliance with companies (Cost Accounting Records) Rules 2011.

Fixed Deposits

The Company has not accepted any deposits from the public during the year.

Directors' Responsibility Statement.

In terms of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirms;

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had 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 as on 31st March, 2012 and of the profit of the company for the year ended on that date.
- that the directors had taken proper and sufficient care for the 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.
- that the Directors have prepared the annual accounts on a "going concern" basis.

Acknowledgements

The Board appreciates the continued support rendered by Customers, suppliers, dealers, banks, financial institution, and investors and the faith reposed by the shareholders of the company.

The Board also thanks the employees for their dedicated and sincere services.

For and on behalf of the Board

Coimbatore
14/05/2012

Dr. JAIRAM VARADARAJ
Chairman

Annexure to the Directors' Report

I. Statement containing particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

This year we have carried out following energy conservation and cost savings activities in the company.

Auto switch off arrangement done for drives in sheet metal shop and plunger machining in case of inaction beyond pre-determined time.

Auto timer cut-off arranged for all UPS after office hours and holidays.

Auto cut-off for compressors during lunch time was installed.

Old compressors replaced with new generation screw compressors of better efficiency and the entire air lines relayed to reduce the pressure loss.

B. TECHNOLOGY ABSORPTION

Accelerated air flow system has been developed to use as a retrofit on any paint booth, to suit application of water based paints. Pilot validation is under progress and production is expected to commence by July 2012.

Wheel Aligner with RF communication has been designed and developed, which eliminates conventional cable communication between sensing head and PC hence easy handling and operation.

High pressure triple plunger pump with direct drive has been developed for car washing application. The proto validation has been successfully completed and the production will commence by December 2012.

EXPENDITURE ON R&D	2011-2012	(₹. in Million) 2010-2011
Capital	3.231	1.143
Revenue	10.746	12.265
Total	13.977	13.408
R&D Expenditure as a Percentage of Turnover	1.06%	1.18%

C. Foreign Exchange Earnings and outgo are given in the notes forming part of accounts. Kindly refer the same.

II. Statement annexed to Director's Report showing the names and other particulars of every employee of the company pursuant to section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

Name	Age	Designation	Remuneration (₹.In Million)	Qualification	Experience	DOJ	Previous Employment
Sri. Harjeet Singh Wahan	65	Managing Director	7.408	B.E. (Elec.), D.B.M	38 years	01/08/2007	Elgi Equipments Ltd.

Place : Coimbatore

Date : 14/05/2012

For and on behalf of the Board

Dr. JAIRAM VARADARAJ

Chairman

Auditors' Report

REPORT TO THE MEMBERS OF ATS ELGI LIMITED

- I). We have audited the attached Balance Sheet of ATS Elgi Limited as at 31st March, 2012 the Statement of Profit and Loss and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- II). We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- III). As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) amendment order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- IV). Further to our comments in the Annexure referred to above, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - 1) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012;
 - 2) In the case of the Statement of Profit and Loss of the profit for the period ended on that date; and
 - 3) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

R.Jayachandran
 Partner
 Membership No. 021848

Place: Coimbatore
 Date: 14/05/2012

Annexure to the Auditors Report :

Referred to in paragraph 3 of our report of even date,

- I) (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) No substantial part of fixed assets were disposed off during the year, hence it will not have any effect on the going concern assumptions.
- II) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- III) The Company has neither granted nor taken any loans secured or unsecured to/from companies, firms or other parties, which are covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- IV) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V). (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding rupees five lakh each have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. The Company has not accepted any deposits from public and hence provisions of para VI of the said order are not applicable.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. (a) According to the information and explanation given to us and records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2012 for a year of more than six months from the date they became payable.
- (c) Disputed Sales Tax aggregating ₹. 8.651 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	8.651	Sales Tax Appellate DC

- X. The Company does not have any accumulated losses during the year. The Company has not incurred cash losses during the year covered by our audit and in the immediately preceding financial year.
- XI. The Company has not taken any loans from Financial Institutions/Banks or has not issued any debentures during the year.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund, nidhi, mutual benefit fund or a society, therefore the provision of Para 4(xiii) of the order are not applicable.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the Company.
- XV. In our opinion, the Company has not given any guarantee for any loans taken by any other Companies from Banks or Financial Institutions.
- XVI. The Company has not obtained any long term loan during the year under audit.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVIII. The Company has not made any preferential allotments of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 and hence provisions of Clause (xviii) of para 4 of the order are not applicable.
- XIX. The Company has not issued any debentures, during the year.
- XX. During the year covered by our audit, the Company has not raised any money by way of public issue.
- XXI. To the best of our knowledge and belief and according to the information and explanation given to us, no material fraud on or by the Company, was noticed or reported during the year.

For **RJC Associates**
Regn.No.:0034965
Chartered Accountants

R.Jayachandran
Partner
Membership No. 021848

Balance Sheet as at 31st March, 2012

[₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	2	0.900	0.900
(b) Reserves and Surplus	3	472.169	353.925
(2) NON-CURRENT LIABILITIES			
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	4	23.576	23.710
(b) Trade payables	5	90.484	73.175
(c) Other current liabilities	6	22.619	18.744
(d) Short-term provisions	7	108.058	113.018
Total		717.806	583.472
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	8	45.521	36.466
(ii) Intangible assets	8	0.254	0.922
(iii) Capital work-in-progress		1.860	0.063
(b) Non-current investments	9	-	30.000
(c) Deferred tax assets (net)	10	1.192	2.514
(d) Long term loans and advances	11	3.326	2.118
(2) CURRENT ASSETS			
(a) Inventories	12	86.038	102.724
(b) Trade receivables	13	153.118	140.864
(c) Cash and cash equivalents	14	339.742	198.372
(d) Short-term loans and advances	15	18.012	11.576
(e) Other current assets	16	68.742	57.853
Total		717.806	583.472

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"

Dr. JAIRAM VARADARAJ
Chairman

HARJEET SINGH WAHAN
Managing Director

For RJC ASSOCIATES
Chartered Accountants
Regn.No.:003496S

Place : Coimbatore
Date : 14/05/2012

R. JAYACHANDRAN
Partner
Membership No. 021848

Statement of Profit and Loss for the year ended 31st March, 2012 [₹. In Million]

Particulars	Note No.	31-03-12	31-03-11
I. REVENUE FROM OPERATIONS	17	1,299.655	1,134.820
II. OTHER INCOME	18	19.916	11.172
III. TOTAL REVENUE (I + II)		1,319.571	1,145.992
IV. EXPENSES:			
Cost of materials consumed	19	575.377	520.035
Purchase of Traded goods	20	236.150	187.192
Changes in inventories of finished goods, work-in-progress and Traded goods	21	11.331	2.244
Employee benefit expense	22	128.753	129.857
Depreciation and amortization expense		4.979	5.400
Other expenses	23	193.677	171.704
TOTAL EXPENSES		1,150.266	1,016.432
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		169.305	129.560
VI. EXCEPTIONAL ITEMS		-	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		169.305	129.560
VIII. EXTRAORDINARY ITEMS		-	-
IX. TAX EXPENSE:			
(1) Current tax		49.458	44.270
(2) Deferred tax		1.322	1.860
X. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (IX - X)		118.525	83.430
XI. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS		-	-
XII. TAX EXPENSE OF DISCONTINUING OPERATIONS		-	-
XIII. PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX)		-	-
XIV. PROFIT / (LOSS) FOR THE YEAR		118.525	83.430
XV. EARNING PER EQUITY SHARE:		(in ₹.)	(in ₹.)
NOMINAL VALUE OF SHARE		10	10
Basic		1316.9	927.0
Diluted		-	-

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"

Dr. JAIRAM VARADARAJ
Chairman

HARJEET SINGH WAHAN
Managing Director

For RJC ASSOCIATES
Chartered Accountants
Regn.No.:003496S

Place : Coimbatore
Date : 14/05/2012

R. JAYACHANDRAN
Partner
Membership No. 021848

Notes to Financial Statements for the year ended 31st March, 2012

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 on the basis of a going concern and in accordance with the accounting standards referred to in the Section 211(3C) of the Companies Act 1956, wherever applicable.

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) Trading items | - at cost and net of VAT |
| e) Inventory items at Branches/ Foreign Branches | - at cost including applicable taxes and duties. |

1.3 Depreciation

- i. Depreciation is charged as detailed below:
 1. Plant & Machinery and vehicles - Straight Line Method
 2. Computers - Straight Line Method over a period of three years
 3. R & D Assets - Written Off in the period of purchase
 4. Assets costing less than ₹.5000 - Written Off in the period of purchase
 5. All other assets - Written Down Value Method
- ii. Where the historical cost of an existing depreciable asset has undergone a change, the change in the cost is amortized over the residual life of the asset.

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

Service income:

Service income is recognised on completion of service.

Interest:

Interest is recognised on accrual basis on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.5 Fixed Assets

- a) Fixed assets are recorded at historical cost of acquisition, which includes all taxes, duties and other direct expenses incurred upto the stage of commissioning of the asset, net of CENVAT and VAT, wherever applicable
- b) Capital work in progress consisting of assets under construction, erection and commissioning are valued at cost incurred upto the date of Balance Sheet.
- c) An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets", 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 Profit and Loss Account.

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 Profit and Loss account. Outstanding liabilities and assets are restated at exchange rate prevailing at the end of the year. The resultant exchange variances are accounted as income or expenses, on a net-off basis.

Notes to Financial Statements for the year ended 31st March, 2012

1.7 Employee Benefits

a) 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.

b) Superannuation:

The 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 for in the accounts.

c) Leave Salary:

Liability for leave encashment has been provided as per actuarial valuation.

d) 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 LIC of India. The expense is recognized based on the present value of obligation determined in accordance with AS-15 (R) on "Employee Benefits".

e) Other Short term employee benefits: All the other short term employee benefits such as 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 differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

1.9 Deferred Tax

Deferred Tax liability/assets are accounted for in respect of all timing differences, as per AS22

1.10 Intangible Assets

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

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11	
2 SHARE CAPITAL			
Authorised Share Capital:			
1,00,000 Equity Shares of ₹.10 each	1.000	1.000	
Issued, Subscribed and Paid-up shares.			
90000 Equity Shares of ₹.10/- each fully paid	0.900	0.900	
Par Value of Shares (in ₹.)	10	10	
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.			
2.2 Reconciliation of the shares at the beginning and at the end of the reporting period:			
Particulars	31-03-2012	31-03-2011	
Number of equity shares at the beginning of the year (in Million)	0.090	0.090	
Add:			
ESPS	-	-	
Partly paid up shares that became fully paidup on receipt of final call money	-	-	
Bonus issue	-	-	
Number of equity shares at the end of the year	0.090	0.090	
2.3 Number of shares held by share holders holding more than 5% of total shares			
Name of the share holder	31-03-2012	% 31-03-2011	%
Elgi Equipments Limited, Singanallur, Coimbatore - 641 005	90000	100%	90,000 100%
3 RESERVES AND SURPLUS			
a) Capital Reserve	-	-	-
b) Capital Redemption Reserve	-	-	-
c) Security premium reserve			
As per the last Balance Sheet	180.000	180.000	
Add: Addition / (reduction)	-	-	-
Call money received during the year	-	-	-
	180.000	180.000	
Less: Capitalization of Bonus shares	-	-	-
Closing balance	180.000	180.000	
d) Statutory reserve (Amalgamation)	-	-	-
e) Foreign currency translation reserve (Exchange Fluctuation Reserve)	-	-	-
f) General reserve			
As per the last Balance Sheet	2.000	2.000	
Add: transfer from profit & loss account	-	-	-
Closing balance	2.000	2.000	
g) Surplus from Profit & Loss account			
As per the last Balance Sheet	171.925	88.901	
Add: Current year surplus	118.525	83.430	
	290.450	172.331	
Less:			
Proposed dividend	-	-	-
Dividend tax provision	-	-	-
Transfer to general reserve	-	-	-
Prior Year Adjustments	0.281	0.406	
	290.169	171.925	
Total (a+b+c+d+e+f+g)	472.169	353.925	

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
4 SHORT TERM BORROWINGS		
Acceptances	23.576	23.710
5 TRADE PAYABLES		
Dues to Micro, small and Medium Enterprises	26.550	24.161
Others	63.934	49.014
	90.484	73.175
6 OTHER CURRENT LIABILITIES		
Advance from customers	14.311	13.050
Dealers Deposits	5.681	3.413
Employee related expenses payable	1.454	1.464
TDS Payable	1.173	0.817
	22.619	18.744
7 SHORT TERM PROVISIONS		
a) Provisions for employee benefits	28.934	30.836
b) Provision for income tax	49.458	44.270
c) Provision for fringe benefit	2.769	2.769
d) Sales tax collection & payment	2.818	2.136
e) Other Provision	24.078	33.007
	108.058	113.018

8 TANGIBLE & INTANGIBLE ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/11	During the year		As at 31/03/12	As at 01/04/11	During the year		As at 31/03/12	As at 31/03/12	As at 31/03/11
		Additions	Deletions			Additions	Deletions			
Tangible										
a Building	1.504	-	-	1.504	0.185	0.132	-	0.318	1.186	1.318
b Plant&Equipments	41.090	11.776	-	52.865	8.453	3.534	-	11.987	40.878	32.637
c Furniture& Office Equipments	5.191	1.590	-	6.781	2.680	0.644	-	3.325	3.457	2.511
Tangible Asset Total	47.785	13.366	-	61.150	11.319	4.310	-	15.629	45.521	36.466
Intangible	3.341	-	-	3.341	2.419	0.669	-	3.088	0.254	0.922
Grand Total	51.126	13.366	-	64.491	13.738	4.979	-	18.717	45.775	37.388
Previous Year	37.626	13.500	-	51.126	8.338	5.400	-	13.738	37.388	29.288

9 NON-CURRENT INVESTMENTS

Non-Trade Investments

(i) Other Investments

a Investment in Mutual funds -

Principal Pnb Fixed Maturity Plan (Dividend) Plan - Quoted - Series XXVIII 30,00,000 Nos @ Rs.10 each

-	30.00
-	30.00

10 DEFERRED TAX ASSETS

Opening balance

Add/ Less - for the year

2.514	4.374
(1.322)	(1.860)
1.192	2.514

Notes to Financial Statements for the year ended 31st March , 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
11 LONG TERM LOANS AND ADVANCES		
a) Security deposits	1.498	1.616
b) Other loans and advances	1.828	0.503
Note: All advances are unsecured, considered good		
	<u>3.326</u>	<u>2.118</u>
12 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
a) Raw materials	30.386	36.324
b) Work in progress	7.721	12.099
c) Finished goods	16.271	21.592
d) Traded goods	29.696	31.327
e) Stores & Spares	0.062	0.052
f) Loose Tools	1.855	1.234
g) Packing materials	0.048	0.096
	<u>86.038</u>	<u>102.724</u>
13 TRADE RECEIVABLES		
a) Trade receivables outstanding for more than 6 months	8.790	3.854
b) Others	144.328	137.010
	<u>153.118</u>	<u>140.864</u>
Note: All receivables are unsecured, considered good		
14 CASH AND BANK BALANCES		
Cash and cash equivalents		
a) Balance with banks		
In current account	85.907	68.307
b) In deposits	253.749	130.000
[Includes ₹. 2.249 Million (Previous year : Nil) with bank as margin money]		
c) Cash in hand	0.086	0.065
	<u>339.742</u>	<u>198.372</u>
15 SHORT-TERM LOANS AND ADVANCES		
a) Employee advances	8.113	3.332
b) Others	9.900	8.244
Note: All loans and advances are unsecured, considered good.		
	<u>18.012</u>	<u>11.576</u>
16 OTHER CURRENT ASSETS		
Cenvat Receivable (Net)	0.779	1.047
Service Tax credit (Net)	1.394	1.045
Interest Accrued (Net)	7.197	4.315
Income / Refund Receivable	0.803	0.197
Advance Tax / TDS Receivable	58.448	51.129
Prepaid Expenses	0.121	0.120
	<u>68.742</u>	<u>57.853</u>

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
17 REVENUE FROM OPERATIONS		
a) Sale of Products	1,357.056	1,185.699
b) Sale of Services	18.882	15.654
Gross Sales	1,375.937	1,201.354
Less:		
c) Excise Duty	76.283	66.534
Net Sales	1,299.655	1,134.820
17.1 Details of products sold		
Automotive Equipments	1,280.770	1,119.166
18 OTHER INCOME		
a) Interest Income	18.036	9.782
b) Dividend Income	0.600	-
c) Others	1.280	1.391
	19.916	11.172
19 COST OF MATERIALS CONSUMED		
Opening Stock of Raw Materials	36.324	32.870
Purchases	569.438	523.489
Sub Total	605.763	556.359
Less: Closing stock of raw Material	30.386	36.324
	575.377	520.035
Note: Purchases include machining charges ₹. 11.66 Million (Previous year ₹.12.82 Million)		
19.1 DETAILS OF MATERIALS CONSUMED		
1) Sheets, Plates & H Section	43.760	42.810
2) Materials that do not individually account for 10% or more of total consumption	531.617	477.225
	575.377	520.035
20 PURCHASE OF TRADED GOODS		
Automotive Garage Equipments	236.150	187.192

Notes to Financial Statements for the year ended 31st March, 2012

[₹. In Million]

Particulars	31-03-12	31-03-11
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening Stock of WIP	12.099	10.848
Opening Stock of Finished Goods	21.592	20.584
Opening Stock of Traded Goods	31.327	35.831
	65.018	67.263
Closing Stock of WIP	(7.721)	(12.099)
Closing Stock of Finished Goods	(16.271)	(21.592)
Closing Stock of Traded Goods	(29.696)	(31.327)
	(53.688)	(65.018)
	11.331	2.244
22 EMPLOYEE BENEFIT EXPENSE		
Salaries & Wages	85.492	82.784
Bonus	0.393	0.628
Gratuity	2.861	3.060
Performance Pay	19.350	20.010
Contribution to Provident fund & Superannuation fund	6.454	5.718
Welfare expenses	9.159	13.750
MD's Remuneration (Excludes Performance Pay)	5.044	3.908
	128.753	129.857
23 OTHER EXPENSES		
Packing Charges	31.102	26.919
Consumption of Stores	5.619	5.561
Tools Consumed	7.594	5.399
Commission and Discount	28.300	28.240
Power, Fuel & Lighting	5.493	4.589
Transport Charges	17.056	13.197
Communication Cost	2.146	2.161
Travelling and Conveyance	25.227	21.494
Insurance	0.777	0.530
Advertisement and Publicity	3.572	3.347
Repairs and Maintenance of		
- Plant & Machinery	2.128	1.854
- Building	2.690	3.062
- Other Assets	2.136	1.681
Printing and Stationery	2.229	2.143
Research and Development expenses	3.472	6.105
Bad Debts Written off	0.063	2.002
After Sales Expenses	18.936	13.924
Factory Expenses	0.570	1.113
Rates & Tax	0.341	0.152
Auditor's Remuneration	0.200	0.220
Auditor's Remuneration Other Services	0.112	0.062
Miscellaneous Expenses	15.016	13.036
Subscription, Periodicals & Filing Fees	1.012	0.111
Rent	1.211	1.237
Legal and Consultancy Charges	8.277	5.285
Directors' Sitting Fees	0.035	0.035
Repairs and Maint. of Motor Vehicle	0.004	0.041
Sales & Service Tax Payments	1.074	0.419
Exchange Fluctuation (Gain) / Loss	3.289	4.972
Excise Duty paid	2.335	2.124
Bank charges	1.661	0.690
	193.677	171.704

Notes to Financial Statements for the year ended 31st March, 2012

24 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	CST	8.651	3.366	Sales Tax Appellate DC
The Company has filed appeals with the appropriate authorities of Sales Tax Department against their claims.				

Particulars	31.03.2012 (₹. In Million)	31.03.2011 (₹. In Million)
b) Guarantees and Letter of Credit	41.218	47.160

25 Details of dues to Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprise Development Act 2006.

Particulars	Section	31/03/2012 (₹. In Million)	31/03/2011 (₹. In Million)
a) The Principal amount due to Supplier under the act.	S 22 (I)	26.550	24.161
b) Interest accrued and due to Suppliers on the above amount (Other than Section 16)	S 22 (i)	Nil	Nil
c) Interest paid to Suppliers under the act (Section 16)	S 22 (ii)	Nil	Nil
d) Interest due and payable for delay (for payments during the year beyond due date)	S 22 (iii)	Nil	Nil
e) Payment made to suppliers (other than interest) beyond the appointed day, during the year.	S 22 (iii)	Nil	Nil
f) Interest accrued & remaining unpaid at the end of year to Suppliers under the Act	S 22 (iv)	Nil	Nil
g) 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.

26 Details of disclosure as required under AS 15 in respect of defined benefit plan for Gratuity (₹. In Million)

Particulars	31-03-2012 Gratuity (Funded)	31-03-2011
I PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	8.70%	8.40%
Salary escalation Rate	6.50%	6.50%
Attrition rate	3.00%	3.00%
Expected rate of return on Plan Assets	9.25%	9.25%
In the following tables, all amounts are in Rupees, unless otherwise stated		
II CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	8.952	10.161
Interest Cost	0.744	0.817
Current service cost	0.994	1.090
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	1.086
Benefits paid	(0.193)	(1.096)
Actuarial loss/(gain) on obligation (balancing figure)	(1.167)	(3.105)
PVO as at the end of the period	9.331	8.952

Notes to Financial Statements for the year ended 31st March, 2012

	Gratuity (Funded) (₹. In Million)	
	31-03-2012	31-03-2011
III CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	11.036	8.533
Expected return on plan assets	1.129	0.854
Contributions	2.793	2.702
Benefits paid	(0.193)	(1.096)
Actuarial gain/(loss) on plan assets [balancing figure]	0.060	0.043
Fair value of plan assets as at the end of the period	14.825	11.036
IV ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	1.129	0.854
Actuarial gain (loss) on plan assets	0.060	0.043
Actual return on plan assets	1.189	0.898
V ACTUARIAL GAIN / LOSS RECOGNISED		
Actuarial gain / (loss) for the period - Obligation	1.167	3.105
Actuarial gain / (loss) for the period - Plan Assets	0.060	0.043
Total (gain) / loss for the period	(1.227)	(3.148)
Actuarial (gain) / loss recognized in the period	(1.227)	(3.148)
Unrecognised actuarial (gain) / loss at the end of the year	-	-
VI AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	9.331	8.952
Fair value of plan assets	14.825	11.036
Difference	(5.494)	(2.083)
Unrecognised transitional liability	-	-
Unrecognised pas service cost - non vested benefits	-	-
Liability recognized in the balance sheet	(5.494)	(2.083)
VII EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	0.994	1.090
Interest Cost	0.744	0.817
Expected return on plan assets	(1.129)	(0.854)
Net actuarial (gain)/loss recognised in the year	(1.227)	(3.148)
Transitional Liability recognised in the year	-	-
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	1.086
Cumulative effect of limit under paragraph 59(b)	(2.083)	2.083
Total	(2.083)	1.074
Expenses recognised in the statement of Profit and Loss	(2.701)	1.074
VIII MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET		
Opening net liability	(2.702)	1.628
Expenses as above	(2.793)	1.074
Contribution paid	(5.494)	(2.702)
Closing net liability	-	-
IX AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	9.331	8.952
Plan Assets	14.825	11.036
Surplus (Deficit)	5.494	2.083
Experience adjustments on plan liabilities - (loss)/gain	0.896	2.057
Experience adjustments on plan assets -(loss)/gain	0.060	0.043
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	100.00%	100.00%
Others (to specify)	-	-
Total	100.00%	100.00%

Notes to Financial Statements for the year ended 31st March, 2012

27. Expenditure in Foreign Currency:

Particulars	31.03.2012 (₹. In Million)	31.03.2011 (₹. In Million)
Travelling Expenses	1.525	2.001
Testing Charges	-	0.093
	<u>1.525</u>	<u>2.094</u>

28. CIF value of imports:

Particulars	31.03.2012 (₹. In Million)	31.03.2011 (₹. In Million)
Raw Materials and Components	32.677	88.693
Capital Goods	-	-
Traded Goods	<u>37.657</u>	<u>121.908</u>
	<u>70.334</u>	<u>210.601</u>

29. Earnings in Foreign Exchange calculated on FOB basis:

Particulars	31.03.2012 (₹. In Million)	31.03.2011 (₹. In Million)
Direct Exports	68.406	57.168

30. Details of Earnings Per Share:

Particulars	As on 31-3-2012	As on 31-3-2011
Net profit (₹.in Million)	118.525	83.430
Weighted average number of shares outstanding (in Million)	0.090	0.090
Nominal value per share(in ₹.)	10.000	10.000
Basic Earnings Per share(in ₹.)	1316.9	927.0
Number of shares after dilution (in Million)	-	-
When partly paid shares become fully paid shares	-	-
Diluted Earning Per sare (in ₹.)	-	-

31 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.

32. Details of Accounting Standard (AS)18, Related Party Disclosures:

Particulars	Holding Company		Associates		Key Management Personnel	
	11-12	10-11	11-12	10-11	11-12	10-11
Purchase of Goods	1.274	1.741	2.091	2.025		
Sale of Goods	13.375	7.013				
Receiving of Services	20.417	16.155				
Remuneration					7.408	7.011
Payables	13.056	6.457	0.413	0.451		

Notes to Financial Statements for the year ended 31st March, 2012

Name of related parties and description of relationship:

1	Holding company	Elgi Equipments Limited
2	Fellow Subsidiaries	Adisons Precision Instruments Manufacturing Company Limited Elgi-Gulf(FZE) Elgi Equipments Zhejiang Limited (China) Elgi Compressors Trading (Shanghai) Co.Ltd.(China) SAS Belair (France) Elgi Compressors DO BRASIL IMPD.E.EXP Elgi Australia Pty Ltd.
3	Associates	Elgi Ultra Industries Limited. Elgi Rubber Company Limited L.G.Balakrishnan & Bros Limited. LGB Forge Limited Ellargi & Co Elgi Services. L.G. Balakrshnan & Bros.
4	Key Management Personnel	Dr. Jairam Varadaraj, Chairman Sri. Harjeet Singh Wahan, Managing Director

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

Cash Flow Statement

[₹. In Million]

Particulars	31-03-12	31-03-11
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	169.305	129.560
Adjustments for:		
Prior Year Adjustments	(0.281)	(0.406)
Depreciation	4.979	5.400
(Profit)/Loss on sale of assets	-	(0.623)
Bad debts written off	0.063	2.002
Interest and Processing fees Paid	1.661	0.690
Dividend Received	(0.600)	-
Interest Received	(18.036)	(9.782)
Operating Profit Before Working Capital Changes	157.090	126.840
Adjustments for:		
(Increase)/Decrease in Inventories	16.686	(1.232)
(Increase)/Decrease in Trade Receivables	(10.252)	(26.143)
(Increase)/Decrease in Loans and Advances, Other Current and non Current Assets	(42.510)	(36.819)
Increase/(Decrease) in Trade payable, Current Liabilities and Provisions	31.033	(5.043)
Cash Generated from Operations	152.048	61.467
Direct Taxes Paid	(42.489)	(2.727)
Net Cash from Operating Activities	(A) 109.558	124.113
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of tangible Assets	(15.163)	(13.528)
Sale of tangible Assets	-	0.623
Purchase of Investments	-	-
Sale of Investments	30.000	(30.000)
Loans to Companies	-	-
Interest Received	18.036	9.782
Dividend Received	0.600	-
Net Cash used in Investing Activities	(B) 33.474	(33.123)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue of Share Premium	-	-
Proceeds from Short Term Borrowings	-	-
Interest and Processing fees Paid	(1.661)	(0.690)
Dividend Paid	-	-
Net Cash used in Financing Activities	(C) (1.661)	(0.690)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	141.371	60.272
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	198.372	138.099
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	339.742	198.372

Note: Figures within bracket denote Cash Outflow.

For and on behalf of the Board

"As per our report of even date"

Dr. JAIRAM VARADARAJ
Chairman

HARJEET SINGH WAHAN
Managing Director

For RJC ASSOCIATES
Chartered Accountants
Regn.No.:003496S

Place :Coimbatore
Date :14/05/2012

R. JEYACHANDRAN
Partner
Membership No.021848

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

Branch offices

AHMEDABAD	"ELGI HOUSE" 2, Mill Officer's Colony, Behind La-Gajjar Chambers, (Old Reserve Bank), Opp. Times of India, Ashram Road, Ahmedabad - 380 009 Ph: 91-79-26583736, 26581274 Fax: 91-79-26587683 E-mail: enquiry@elgi.com
BANGALORE	15,16 Richmond Road (Adjacent to Citi Bank) Bangalore - 560 025 Ph: 91-080-22220296, 22240674, 22247515, 22122479 Fax: 91-080-22293274 E-mail: enquiry@elgi.com
BHOPAL	Plot No.4, Vaibhav Complex, Major Shopping Centre, Zone 1, M.P. Nagar, Bhopal - 462 011 Ph: 91-755-2578281, 2578317, 4273317 Fax: 91-755-2578289 E-mail: enquiry@elgi.com.
CHENNAI	S4-II Floor, Apollo Dubai Plaza, No-100, Mahalingapuram Main Road, Nungambakkam, Chennai-600 034 Ph: 91-44-28172599, 28172699, 28173599, 28173699 Fax 044-28174699 E-mail: enquiry@elgi.com
COIMBATORE	Ist Floor, #622-A, Near Elgi Industrial Complex, Singanallur, Coimbatore - 641 005 . Ph: 91-422-2589555 Fax: 91-422-2573697 E-mail: enquiry@elgi.com
HYDERABAD	H.No.12-13-188, II Floor, Street No.2, Taranaka, Hyderabad - 500 017 Ph: 91-40-27000435, 27000437, 27000439, 27000431 Telefax: 91-40-27000438 E-mail: enquiry@elgi.com
JAIPUR	602, 6th Floor, Diamond Tower, Purani Chungi, Ajmer Road, Jaipur - 302 021. Ph: 91-141-2970120 Fax: 91-141-2970121 Email: enquiry@elgi.com
KOCHI	#39/3973, Pallimukku, M.G. Road, Kochi - 682 016. Ph: 91-484-2360155 Fax: 91-484-2351904 E-mail: enquiry@elgi.com
KOLKATTA	II Floor, Parijaat Building, 24 A Shakespeare Sarani, Kolkatta - 700 017 Ph: 91-33-22834270, 22834271 Fax: 91-33-22834272 E-mail: enquiry@elgi.com
MUMBAI	Marol Co-op Industrial Estate Ltd. Plot No.48, Mathurdas Vassanji Road, Near Sakinaka, Andheri(East), Mumbai - 400 059 Ph: 91-22-42161000 Fax: 91-22-28591601 E-mail: enquiry@elgi.com
NEW DELHI	23, Shivaji Marg, Near Karampura, Opp DCM, New Delhi - 110 015. Ph: 91-11-25153644, 25928095, 25928593 Fax: 91-11-25459375 E-mail: enquiry@elgi.com
PUNE	White House, Ground Floor, 388-A, 1/2240, Mumbai-Pune Road, Opp. Sandvik(Asia), Dapodi, Phugewadi, Pune - 411 012 Ph: 91-20-27148892, 27145288 Fax: 91-20-27145289 E-mail: enquiry@elgi.com
RAIPUR	Om1, Ist Floor, Ashoka Millennium, Ring Road No.1, Raipur - 492 003 Chhattisgarh Telefax: 91-771-4073759 E-mail: enquiry@elgi.com
TIRUCHENGODE	4/2, Nandhini Complex, 1st Floor, Velur Road, Tiruchengode - 637 211 Ph: 91-4288-257137 Fax: 91-4288-257693 Email : enquiry@elgi.com

Overseas Offices

INDONESIA	ELGI EQUIPMENTS LTD., Jakarta, Indonesia Ph: +62-817827897 E-mail: indonesia-enquiry@elgi.com Toll-free No. 0804-111-3544
BANGLADESH	ELGI EQUIPMENTS LTD., Planner's Tower, Level: 5: Suite: 8-13, 13/A, Bir Uttam CR Datta Road, Sonargaon, Dhaka - 1000, Bangladesh. Ph: 880-9671453-65 Fax: 880-2-8616148 E-mail: bangladesh-enquiry@elgi.com
SRILANKA	S.G. Arcade, 2nd Floor, No.441, Sri Sangaraja Mawatha, Colombo-10 Ph: 00-94-11-2392425, Fax: 00-94-11-4737412 Email: elgisupport@slnet.lk
THAILAND	ELGI EQUIPMENTS LTD., Ph: +91-422-2589198, +91-9790029198, +66 845203754 Fax: +91-422-2589401 Email: thailand-enquiry@elgi.com Toll Free No. 001800-13204-2905

Wholly-owned Subsidiaries (Overseas)

CHINA	ELGI EQUIPMENTS (ZHEJIANG) LIMITED (PRODUCTION CENTRE), No.3 Building, No.375 Huayun Road, JiaXing Economic Development Zone, JiaXing Zhejiang, PRChina- 314001 Ph: +86(0) 563 82551120, 82551133, 82551122, 008613818052560 Fax +86 (0) 563 82551115 Email: enquiry.cn@elgi.com ELGI COMPRESSORS TRADING (SHANGHAI) CO. LTD., Room #402, No.19, Lane 1500, South Lianhua Road, Min Hang Dist., Shanghai, PR China PO : 201108 Tel: +86 (0) 21 33581191, 008613818052560 Fax: +86 (0) 21 33581190 E-mail: enquiry.cn@elgi.com
MIDDLE EAST	ELGI GULF FZE , PO Box: 120695, Q4 -081, SAIF Zone, Sharjah, U.A.E. Ph: +971 6 557 9970 Mobile : +971 50 457 6470 Fax: +971 6 557 9980 Email: gulfenquiry@elgi.com
BRAZIL	ELGI COMPRESSORES DO BRASIL IMPORTADORA E EXPORTADORA LTDA., Av Alta Mantiqueira 496, Bairro Santa Monica, pirrituba CEP 05171-200 / Sao Paulo Brazil Email : enquiry@elgi.com.br
FRANCE	SAS BELAIR, Zi Moutti sud 74540 Alby sur Cheran, France Ph: 04 50 68 20 57 Fax: 04 50 68 22 61 Email : enquiry@belair.fr
AUSTRALIA	ELGI EQUIPMENTS AUSTRALIA PTY LTD., 35 Steel Place, Morningside, QLD - 4170. Ph : +61 31060589 Mob : -61 423 197 067 E-mail : enquiry@elgi.com.au Toll Free No. - 1800 813 1777

Wholly Owned Subsidiaries (Domestic)

ATS ELGI LIMITED, Private Industrial Estate, Kurichy, Coimbatore-641 021, India Ph : + 91-422-2589999, 2672201-3 Fax : +91-422-2589800
E-mail : enquiry@ats-elgi.com Visit us at : www.ats-elgi.com

ADISONS PRECISION INSTRUMENTS MFG. CO. LTD., Elgi Industrial Complex III, Singanallur, Coimbatore-641 005 India

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

Factory & Registered Office

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Singanallur, Coimbatore - 641005, India, Ph : + 91-422-2589555 Fax : +91-422-2573697
E-mail: enquiry@elgi.com, investor@elgi.com Web: www.elgi.com
GLOBAL SUPPORT CENTRE, 2/66 & 2/67 A, Avinashi Main Road, Chinniyampalayam, Coimbatore-641062,
India Ph: +91-422-2625868, 2625869 , Fax: +91-422-2625985 E-mail : enquiry@elgi.com Visit us at : www.elgi.com

Division

PRESSURE VESSEL DIVISION, 1473, Trichy Road, Coimbatore 641018. Ph: 0422-2589777 E-mail : enquiry@elgi.com

MANUFACTURING ENGINEERING DIVISION, 1246, Trichy Road, Coimbatore 641018. Ph: 0422-2589777 E-mail : enquiry@elgi.com

Toll Free Customer Care (in India) : 1800-425-3544



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 :

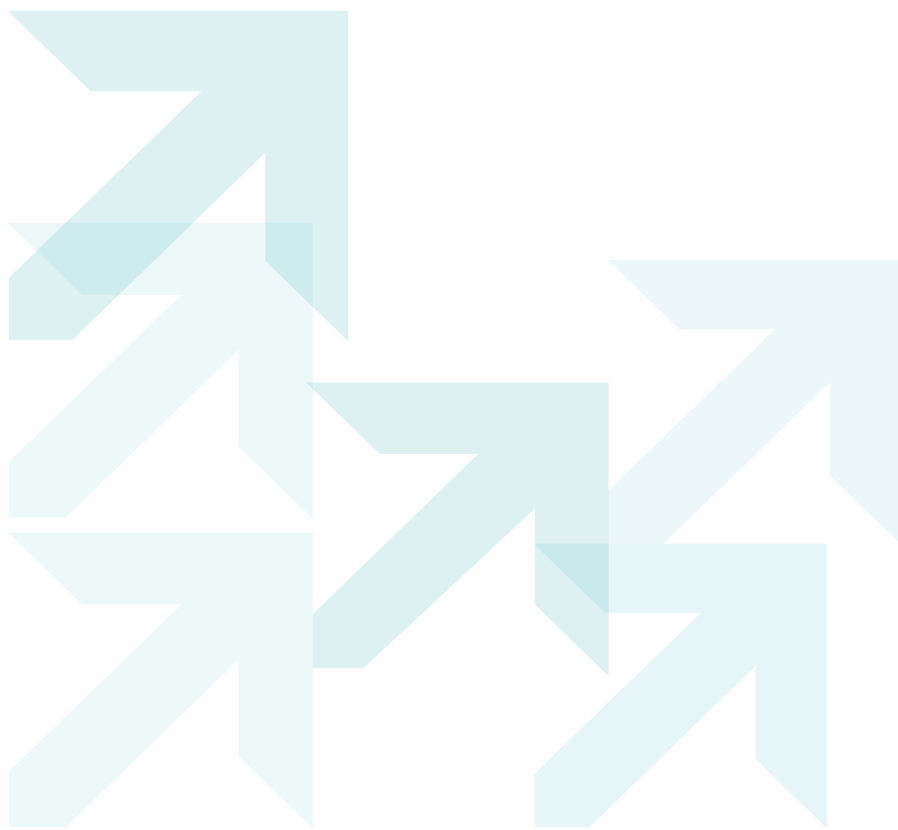
Important :

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





ELGI EQUIPMENTS LIMITED

ELGI Industrial Complex, Trichy Road, Singanallur,
Coimbatore - 641 005 Tel: 0422 - 2589555
Fax: 0422 - 2573697 e-mail: investor@elgi.com
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