

51st Annual Report 2010-11

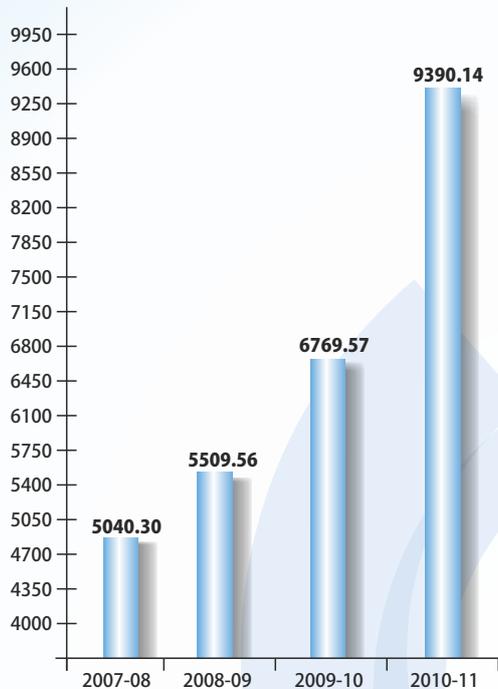


63 countries...
Over a million compressors
driving critical applications

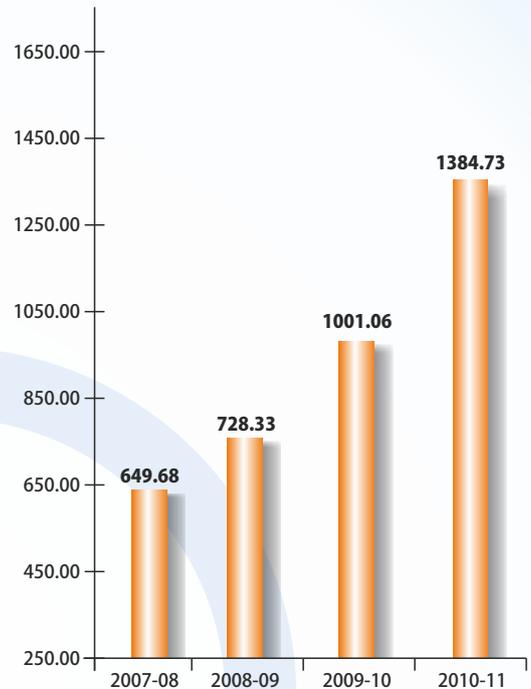


Growing with Enduring Partnerships

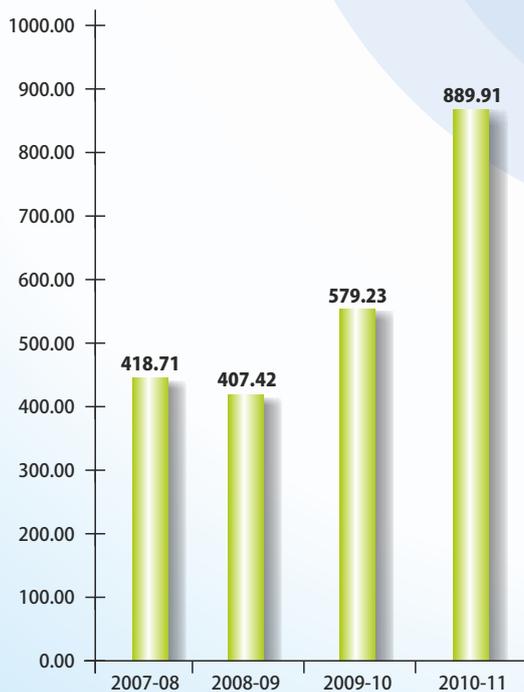
Net Sales (Rs. In Million)



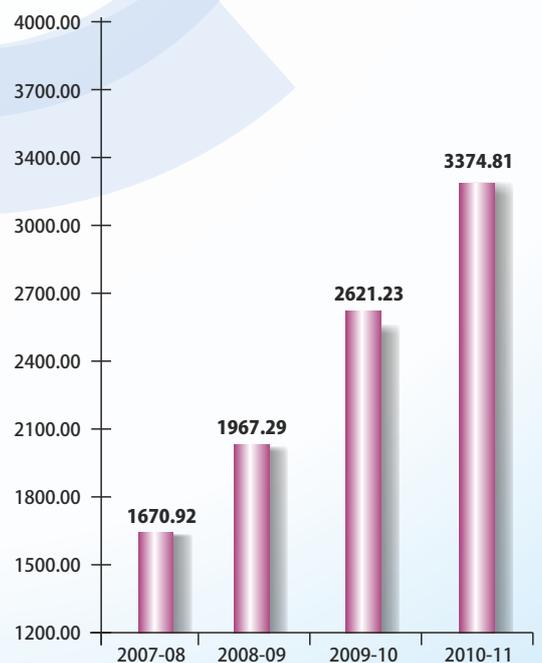
PBDIT (Rs. In Million)



NET PROFIT (Rs. In Million)



NET WORTH (Rs. In Million)



ELGI EQUIPMENTS LIMITED

51st Annual General Meeting

Date : 29th Day of July, 2011
Day : Friday
Time : 4.30 PM

Place : 'Ardra'
No.9, North Huzur Road,
Coimbatore - 641 018

**Book Closure dates: 15th July, 2011
to 29th July, 2011 (both days inclusive)**

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Board of Directors

Managing Director

Dr. Jairam Varadaraj

Non-Executive Directors

Sri N.Mohan Nambiar

Dr.T.Balaji Naidu

Sri B.Vijayakumar

Sri Sudarsan Varadaraj

Dr.Ganesh Devaraj

Sri M.Ramprasad

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 & Transfer Agents

Link Intime India Private Limited
Coimbatore Branch

"Surya" 35 Mayflower Avenue

(2nd Floor) Behind Senthil Nagar

Sowripalayam Road

Coimbatore - 641 028.

Year at a glance - Consolidated Financial Statements

(Rs. In Million)

Particulars	2010-11	2009-10
Net Sales	9,390.1	6,769.6
Other Income	45.6	37.6
Total Income	9,435.8	6,807.2
Total Expenditure		
a) (Increase) / Decrease in Stock in Trade	(31.8)	(34.1)
b) Consumption of Raw Materials	5,642.8	4,120.4
c) Staff Cost - Salaries (Inclusive of Performance Pay & Profit Share)	914.6	642.2
d) Other Expenditure	1,473.5	993.4
Interest Expenses / (Income)	(88.3)	(43.9)
Depreciation / Amortization	114.7	107.6
Total Expenditure	8,025.4	5,785.6
Profit / Loss Before Tax	1,410.4	1,021.5
Provision for Taxation	471.5	361.2
Net Profit before Extra-ordinary item	938.8	660.3
Extra-ordinary item	48.9	81.1
Net profit after Extra Ordinary Item	889.9	579.2
Paid up Equity Share Capital		
- Fully Paid Shares of Re.1/- each	158.5	78.9
Reserves excluding revaluation reserves	3,195.1	2,523.6
Capital Expenditure	246.6	182.7
Cash flow from operations	486.4	1069.5
Basic EPS (in Rs)*	5.6	7.3
Dividend per Share (in Rs)*	1.0	1.9
No. of Shareholders	23523	13630
No. of Employees	1604	1568

* On expanded paid-up share capital of Rs. 158.5 Million against Rs. 78.9 Million (Previous Year)

Notice of the 51st Annual General Meeting

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 51st Annual General Meeting of the Shareholders of Elgi Equipments Limited will be held on Friday, the 29th Day of July, 2011 at 4.30 PM at 'ARDRA', No.9, North Huzur Road, Coimbatore 641 018 to transact the following business:

ORDINARY BUSINESS:

1. To consider the Profit and Loss Account for the financial year ended 31st March, 2011, 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 2011.
3. To appoint a Director in the place of Dr. Ganesh Devaraj who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri. Sudarsan Varadaraj 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 a Special Resolution.

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Dr. Jairam Varadaraj, be and is hereby re-appointed as Managing Director of the Company for a further period of 5 years with effect from 1st April 2011 on the following remuneration as approved by the Board of Directors and the remuneration committee meeting held on 28th April 2011.

1. A total remuneration not exceeding Rs.200 lakhs per annum. The amount of Rs.200 lakhs is on a cost to the Company basis and is inclusive of:
 - a. Bonus and all perquisites as applicable to all senior managerial personnel of the Company.
 - b. Company's contribution towards PF, Gratuity and Superannuation Fund at rates to be from time to time.
2. Of the total remuneration, 30% is variable component and the rest is guaranteed pay.

3. The guaranteed pay will be structured based on the company's policy and the current pay structure as applicable to senior managerial personnel.
4. The quantum of variable pay would be linked to the achievement of specified performance parameters, similar to the scheme applicable to other senior managerial personnel for each of the next 5 years.
5. The annual increment would be decided on the same principles / methodology adopted for other senior managerial personnel for each of the next 5 years. However, the total cost to the company shall not exceed in any given year, an amount of Rs.200 lakhs.
6. The overall remuneration as stated above shall not exceed 5% of the net profits of the Company in any financial year.

In the event of no profits or inadequacy of profits, the remuneration payable to Dr. Jairam Varadaraj, Managing Director shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956, or such other limits as may be notified by the Government from time to time as minimum remuneration.

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

RESOLVED THAT in accordance with the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorizes the Board of Directors of the Company to contribute on behalf of the Company to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, up to 4% of the pretax profits of the respective financial year as may be considered proper by the Board, notwithstanding that such amounts in any financial year may exceed Rs.50,000 or 5% of the Company's average net profits as determined in accordance with the provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT charitable contributions /donations amounting to Rs. 4,54,00,000 paid during the year 2010-11 be and are hereby approved, confirmed and ratified.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**Item No.6:**

The Board of Directors at their meeting held on 28th April 2011, have reappointed Dr. Jairam Varadaraj as Managing Director of the Company for a period of 5 years with effect from 1st April 2011 on a remuneration as recommended by the remuneration committee.

Dr. Jairam Varadaraj has been the Managing Director of your Company for the past 19 years. He has rich and varied experience and has led the Company with his charismatic leadership and entrepreneurial ability. Considering the dedication and excellent work done by Dr. Jairam Varadaraj and his relentless pursuit in taking the Company to global heights during his tenure as Managing Director, the Board of Directors have reappointed him as Managing Director of the Company for a further period of 5 years on the remuneration and perquisites as set out in Item No. 6 of the Agenda. His reappointment as Managing Director of the Company would be greatly beneficial for the future growth of the Company.

The reappointment of Dr. Jairam Varadaraj as Managing Director and payment of remuneration is in conformity with Schedule XIII of the Companies Act, 1956 and the same has been approved by the Remuneration Committee and the Board of Directors.

Your Directors recommend the resolution as set out in Item No.6 of the Notice for approval of the Members.

Memorandum of Interest.

None of the Directors, except Dr. Jairam Varadaraj the Appointee Director, Mr. Sudarsan Varadaraj and Dr. T. Balaji Naidu being relatives of the Appointee Director, may be deemed to be concerned or interested in the proposed resolution under Item No.6.

Item No:7

As a gesture of benevolence and to fulfill the measures towards corporate social responsibility, the company has to make donations to charitable institutions which, in a financial year, are likely to exceed the maximum limits specified in Section 293(1)(e) of the Companies Act, 1956. As per the provisions of Section 293(1)(e) of the Act, the directors of the Company can contribute to charitable or other institutions in excess of the limits, only if authorized by the Company in the General Meeting subject to the limit specified in the resolution.

Your company made donations to charitable contributions/donations during the financial year 2010-11 aggregating to Rs.4,54,00,000 including Rs.4 crores for the construction of a school building to commemorate the golden jubilee year of the Company. This is in excess of the limits specified in Section 293 (1)(e) of the Act. Your directors recommend that the same may be ratified/confirmed.

Your Directors recommend the resolution as set out in Item No.7 of the Notice for approval of the Members.

None of the Directors are deemed to be concerned or interested in the proposed resolution under Item No.7.

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 15th Day of July, 2011 to 29th Day of July, 2011 (both days inclusive)
- 3) The dividend proposed to be declared at the meeting, will be made payable on 23-8-2011 to those members whose names appear on the Register of Members of the Company on 15-07-2011.
- 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 holding shares in physical form are requested to notify change of address and change in bank mandate if any 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 and those who hold shares in dematerialized form are requested to notify their Depository participants (DP) any change in address and/or bank mandate.
- 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 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.

- 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 are requested to file Nomination Forms in respect of their shareholdings. Any Member wishing to avail this facility may submit to the Company's Registrar & Share Transfer Agent the prescribed Statutory Form 2B. 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.
13. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents with its share holders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with M/s. Link Intime India Pvt. Limited, Coimbatore.

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 Public Limited Companies incorporated in India	Membership of Committees in other Public Limited Companies incorporated in India
1.	Dr. Ganesh Devaraj	B.E. (Electronics and Communication) M.S. (Electrical Engg.) Ph. D (USA)	More than 14 years experience as an Industrialist	NIL	NIL
2.	Mr. Sudarsan Varadaraj	B.E (Hons), M.S. (Mechanical Engg.)	More than 24 years experience as an Industrialist	1. Elgi Rubeer International Ltd. 2. Treadsdirect (India) Ltd. 3. Elgi Ultra Industries Ltd. 4. K L R F Ltd 5. LRG Technologies Ltd. 6. Super Spinning Mills Ltd 7. Titan Tyrecare Products Ltd.	Share Transfer Committee Audit Committee - Audit Committee -

By Order of the Board
For **ELGI EQUIPMENTS LIMITED**
S. RAVEENDAR
Company Secretary

Place : Coimbatore
Date : 28/04/2011.

Management Discussion and Analysis

The year under review has been momentous for Elgi as it embarked upon the 50th year of its incorporation. The company's performance is impressive on the backdrop of a strong and vibrant growth put up by the developing economies. While many global economies are still finding the going tough, the Indian Economy has been showing positive trend, thanks to the government initiatives across various sectors.

While business in the domestic market continued to grow across all the segments, in the international market select geographical regions have sustained the recovery witnessed in the previous year.

COMPRESSORS

The compressor business accounted for 85% of the total sales of the company. This business accounts for 87% of the profits of the company and 82% of the capital employed by the company. This business presently employs 1327 people. This year this business grew by 37%

PERFORMANCE

Market growth has been witnessed in all major industrial segments complimented equally in the infrastructure related segments. Waterwell segment sustained through the year at the cyclical peak eventually dropping to the trough by the year end.

Aftermarket sales revenue grew by 25% driven by the initiatives taken to serve the customers at high standards. Company will continue to focus on improving further in this segment.

Company's subsidiaries at China have grown well but not as planned due to the conscious decision taken by the company to ensure balance between sales and receivables. However the returns are in line with the plans.

The company is in the process of integrating its French subsidiary Belair in line with the overall business plans. Belair's performance is in line with the plans and poised for growth in the coming year with the addition of new range of products from Elgi.

With spiraling prices and the consequent inflationary trend, it is expected that the government intervention will result in a slow down. Due to this the company is poised for restrained growth in the domestic market. However this will improve as the company executes the plans in expanding its footprint in growing markets, new applications and new products.

OPPORTUNITIES

Global demand has regained strength. Consequently, the recovery has become more self-sustaining, risks of a double-dip recession in advanced economies have receded, and global activity seems set to accelerate again. Among emerging and developing economies, those in Asia are in the lead, followed by Africa, whereas those in Europe are only just beginning to regain growth.

Efforts invested in the past years towards developing new products started yielding results and will increase the share in the domestic market. The company is planning to cross deploy its success stories in the international market and thereby gain growth in exports.

THREATS

Advent of new entrants in the domestic market will increase the margin pressures in addition to the threatening inflationary trend. While the former can be met with focus on strong marketing, the later will have an adverse impact on the margins.

ATS - Elgi

The automotive equipment business accounted for 12% of the total sales of the company. This business accounts for 10% of the profits of the company and 9% of the capital employed by the company. The business employs 277 people. This year the business has grown by 28%

PERFORMANCE

Automotive equipment business mainly thrives on the back bone of passenger car sales. With the car sales growing at 29%, number of new garages have emerged and old ones have been scaled up. Being a major organized player in this segment, the company grew its market share with new products and improved service offerings.

While the price pressure continues to be significant from the unorganized sector the company was able to counter the same with more focus on quality and efficient after sales service.

OPPORTUNITIES

The passenger car market is forecasted to grow by 15% in the year 11-12; however the service requirements would keep growing due to aging of cars. Many manufacturers are planning to launch new models and this is bound to fuel the growth in sales and demand for strengthening the servicing network. Also new car manufacturers are entering the Indian market. Body shop is identified as a potential business by the car manufacturers and the car dealers.

THREATS

Though disposable income may have gone up in the last few years, high inflation in recent times has left consumers with less spending power. With interest rates climbing the market will be under pressure due to high cost on auto loans.

Steep and frequent increase in fuel prices will have a direct impact on the growth and usage of passenger vehicles.

OVERALL PERSPECTIVES

The Asian economy's focus will be more on potentially destabilizing the inflationary pressures and the slow recovery in the U.S. and Europe may add little to the concerns. The inflation outlook is really critical for the ensuing year. The company's focus will continue to be on minimizing costs and improving quality. The company also will endeavor to optimize the working capital.

Our efforts continue in acquiring compressors or compressor related businesses and we are in an advanced stage of identifying targets in key markets.

Plans for the new facility are being finalized and construction activities are expected to commence by the end of this year. This facility will encompass all the compressor manufacturing stages in a single location. A green field foundry unit also is being planned adjacent to

this facility. The company is also planning to invest in strategic resources which will affect profitability in the short term but the returns are expected to be significant in the future.

HUMAN RESOURCE DEVELOPMENT

Talent Management Program initiated by the Company has started yielding results and several new needs are being sourced from the in-house talent pool. Sustained work in this area is required to minimize lateral hiring into the Company.

All our blue collar employees have been technically trained at PSG College of Technology and have started functioning in self managed teams in their areas of work, thereby reducing the need for supervision. With a view to improve technical knowledge amongst employees, the Company has initiated intensive product training; a product training centre is being set up to facilitate hands-on experiential learning for new entrants.

As a part of its Golden Jubilee Celebrations, employees were given shares under the ESPS scheme approved by the shareholders.

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, the 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 51st Annual Report of the Company along with the audited accounts for the year ended 31st March 2011.

Financial Results

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

(Rs. In Million)

Particulars	2010-11	2009-10
Profit before Depreciation, Tax and Non Recurring Items	1378.64	1041.63
Less: Depreciation	102.69	99.36
Profit before Tax and Non Recurring Items	1275.95	942.27
Less: Provision for Tax (Net of Deferred Tax)	420.20	330.41
Profit before Non Recurring Items	855.75	611.86
Less: Non Recurring Items (Net)	41.84	60.07
Net Profit after Non Recurring Items (Net of prior year adjustments)	813.91	551.79
Add: Opening Balance in P&L Account	1121.90	1085.55
Transfer on Amalgamation and prior year adjustment	(0.01)	(290.09)
Amount available for Appropriations	1935.80	1347.25
The Directors recommend the following Appropriations		
Dividend	158.45	144.75
Dividend Tax	25.71	24.60
Transfer to General Reserve	82.00	56.00
Profit carried to Balance Sheet	1669.64	1121.90

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

Allotment of Equity Shares:

In accordance with the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Madras, the Company allotted 7,62,600 equity shares of Re. 1/- each to the shareholders of Elgi Industrial Products Limited (Erstwhile Elgi Finance Limited) on 8.11.2010.

On 18.12.2010, the Company allotted 7,89,35,454 equity shares of Re.1/- each as bonus shares at the ratio of 1:1 to its existing shareholders.

To commemorate the Golden Jubilee Year (2010), the Company has also allotted equity shares of Re.1/- each to the employees under Employees Stock Purchase Scheme (ESPS) on 21.02.2011.

Pursuant to clause 19.1 of Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the details of issue furnished below:

- No. of equity shares issued : 5,83,600
- Issue price Re.1/- per share
- Aggregate sum of consideration: Rs.5,83,600/-
- Details of shares allotted to Senior Managerial Personnel who are reporting to Managing Director:

Name	Shares
Sri. Harjeet Singh	700
Sri. Satish Kini	550
Sri. Sriram Srinivas	150
Sri. V T Govindarajan	150
Sri. K. Sreenivasa Rao	200
Total	1750
- 5% of shares issued to any one employee : NIL
- 1% of issued capital allotted to any one employee : NIL
- Diluted EPS on issuance of shares under ESPS : Rs. 5.14

As on today, after the issue of additional equity shares as mentioned above, the paid up share capital of the company is Rs.15,84,54,508 consisting of 15,84,54,508 equity shares of Re.1/- each which are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Dividend

For the financial year 2010-11, the Board of Directors had recommended dividend of Re. 1/- per share (100 %) on the expanded paid up share capital of Rs.15,84,54,508. Subject to the approval of shareholders, an amount of Rs. 184.16 million will be paid as dividend including Dividend Distribution Tax (previous year Rs.169.35 million).

Review of Operations

The net sales for 2010-11 was Rs. 7738 million as against Rs. 5812 million in the previous financial year showing an increase of 33%. The details of division wise performance and other operational details are discussed in the Management Discussion and Analysis Report, given elsewhere in this report.

The growth in compressors business was predominantly contributed by industrial segment and the construction & mining segments. The domestic market had shown strong recovery at par with the country's economic growth. The exports had slower recovery and the company's subsidiaries in China and France have performed in line with the projections.

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 Profit & Loss Account and other documents of its subsidiaries and hence the same have not been attached. However, the Financial Statements of ATS Elgi Ltd, 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 Consolidate Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956. ("Act"). A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 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 company is poised for growth in specific segments in 2011-12 despite some of segments including water well experiencing downward cyclical trend. Our focus will continue on industrial applications and high potential oriented international markets. The pressure on margin is likely to accelerate as input costs continue to rise and incurring of additional expenses in developing international markets.

Capital Expenditure and funding

The Capital Expenditure incurred and funded for the year is Rs.151.17 million, of which Rs. 83.07 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 nil 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 3,06,433 shares. With this, the total numbers of shares dematted as on 31st March 2011 are 13,69,87,054 Shares which represent 86.45% 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. Ganesh Devaraj and Sri. Sudarsan Varadaraj, Directors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends their reappointment as Directors of your Company. The Board has reappointed Dr. Jairam Vardaraj, as Managing Director for five years from 01.04.2011 subject to the approval of the shareholders.

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 judgments 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 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

Approval of the Government of India through the Ministry of Company Affairs was granted for the appointment of Dr. G.L.Sankaran as the cost auditor of your company for the financial year ended 31st March 2011. Cost Audit Report for the financial year 2009-10 was filed by the Company on 23-9-2010. The due date for filing the same was 30-9-2010

Secretarial Audit

A qualified Practicing Company Secretary carries out a secretarial 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, 2011 was 1604.

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.

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 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

Place : Coimbatore
Date : 28/04/2011.

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 for the year ended 31st march 2011.

A. Energy Conservation

- For improving fuel efficiency some of the old generators have been replaced.
- Savings in diesel consumption by installing variable frequency drive for testing the higher horse power compressors.
- Effective power management by contracting electricity with TNEB resulted in cost savings.
- Developed indigenous spares for imported machines saving substantial costs.
- Optimized airconditioning facilities.

B. Technology Absorption

1. An Innovative concept of "Bleed Airend" was developed. European & Chinese patents have been obtained. Patents for India and US have been applied for.
2. Encapsulated version of the airends that covers the range of 30kW to 75kW have been developed. Commercial production of this product will commence in 2011-12.
3. First "oil-free" compressor has been developed and supplied to the market.

4. The R & D team developed an "acoustic impedance test rig" for evaluation of "absorption properties of noise dampening materials" and to "tune" the intake and exhaust to minimizing noise.
5. Compressor for an Auxiliary Power Unit for a Diesel Locomotive has been successfully developed. It will enter production from Jul'2011.
6. Electric Powered 75kW trolley mounted compressor has been successfully developed and received well in the market.
7. Oil free 100CFM reciprocating compressor has entered commercial production.

EXPENDITURE ON R&D	2010-2011	2009-2010
Capital	21.39	6.37
Revenue	158.31	81.00
Total	179.70	87.37
R&D Expenditure as a Percentage of Turnover	2.32	1.50

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	49	Managing Director	8.41	B.Com, MBA, Phd,	22	29/05/1992	NIL
Mr. V.T. Govinda Rajan	52	Executive Director - Global Business	6.50	B.E., PGDBM	29	03/01/2007	Rane TRW Steering System Ltd.
Mr. Sreenivasa Rao	46	Executive Director - Operations	6.70	B.Com AICWA, MBA	25	01/06/2006	Rane Brake Linings Ltd.
Mr. Rajesh Radhakrishnan	45	Director - Corporate Strategy	9.53	B.Tech, MBA	18	18/11/2009	Pentair Corp.
Mr. Rajendra Singh	53	Director Technology	3.93*	BE, MS	34	22/09/2010	Indian Railways Delphi - TVS Continental Automotive

* Remuneration for part of the Financial Year 2010-11.

Note:

1. The nature of employment of Dr. Jairam Varadaraj, Managing Director of the company is contractual.
2. Remuneration includes salary, allowances, contribution to Provident Fund and other taxable perquisites and also performance pay.
3. Dr. Jairam Varadaraj is related to 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 : 28/04/2011.

Dr. JAIRAM VARADARAJ
Managing Director

N. MOHAN NAMBIAR
Director

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 29th April 2010, 29th July 2010, 28th October 2010 and 31st January 2011. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under:-

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies #	No. of Committee Positions held in All Companies \$	
		Board meeting	Last AGM		Chairman	Member
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	1	-	1
Mr.B.Vijayakumar	Non-Executive - Independent	2	No	7	-	3
Mr.N.Mohan Nambiar	Non-Executive- Independent	4	Yes	3	1	1
Mr.M.Ramprasad	Non-Executive- Independent	4	Yes	1	1	-
Dr.Ganesh Devaraj	Non-Executive- Independent	3	No	-	-	1
Mr.L.G.Varadarajulu*	Non-Executive Chairman - Promoter	-	-	-	-	-

Excludes directorships in Private Companies and Foreign Companies

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

*Sri.L.G.Varadarajulu expired on 19th May 2010.

Dr.Jairam Varadaraj is related to Sri.Sudarsan Varadaraj and Dr.T.Balaji Naidu as per schedule IA of the Companies Act, 1956.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The majority of 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 within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a

link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the year under review, the Committee met four times on 29th April 2010, 29th July 2010, 28th October 2010 and 31st January 2011. 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	4
Mr.N.Mohan Nambiar	Member	4
Dr.Ganesh Devaraj	Member	3
Mr.L.G.Varadarajulu*	Member	-

*Sri.L.G.Varadarajulu expired on 19th May 2010.

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 2010-11, 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 Managing Director. The Committee met on 29th July 2010 to review and approve the remuneration of Dr.Jairam Varadaraj, Managing Director. All the three members were present at the meeting.

The Managing Director is 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 Executive Director of the Company for the year ended 31st March 2011, are as under:-

Name of Directors	Gross Remuneration paid/payable	Service Contract
Dr.Jairam Varadaraj (Managing Director)	Rs.8.41 Million	5 Years with effect from 01.04.2006

* Remuneration includes salary, allowances, contribution to Provident Fund and other taxable perquisites and also variable components payment.

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 2011 to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees (in Rupees)
Mr.N.Mohan Nambiar	160000
Mr.M.Ramprasad	160000
Dr.Ganesh Devaraj	120000
Mr.B.Vijayakumar	40000
Dr.T.Balaji Naidu	60000
Mr.Sudarsan Varadaraj	-

During the year, the Company has issued and allotted 5,83,600 equity shares under the Elgi Employees Stock Purchase Scheme.

Statement showing number of Equity Shares held by the Non- Executive Directors as on March 31,2011 :-

Name of the Director	No of Shares held. (as on 31.03.2011)
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 2011, 18 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 2011 was 55. There was no outstanding complaints as on 31st March 2011.

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
2009-10	ARDRA, No-9 North Huzur Road, Coimbatore - 641018	06.12.2010	10:00 hrs
2008-09	---do as above---	31.07.2009	17.00 hrs
2007-08	---do as above---	26.07.2008	17.00 hrs

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

(I) 48th AGM held on 26th July 2008

There was no special resolution passed at this annual general meeting.

(ii) 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

- (a) Alteration of the Articles of Association by inserting new clauses relating to issue of bonus shares and issue of shares under ESOP/ESPS Scheme.
- (b) Alteration of the Capital clause of the Articles of Association.
- (c) Authority to Issue of Bonus Shares in the ratio of one equity share for every one equity share held.
- (d) 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.
- (e) 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.
- (f) 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.

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, whether resolved or not is 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 listing 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 Company's 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.

MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. Business Line (all editions), Financial Express (Western edition) 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

51st Annual General Meeting

Date and Time : 29.07.2011 at 4.30 PM
Venue : ARDRA, No-9 North Huzur Road
Coimbatore - 641018.

FINANCIAL CALENDAR

Period of reporting	Proposed Board meeting dates
Qtr ending 30th June 2011	Last week of July 2011
Qtr ending 30th September 2011	Last week of October 2011
Qtr ending 31st December 2011	Last week of January 2012
Year ending 31st March 2012	Last week of April 2012

Date of Book closure : 15.07.2011 to 29.07.2011 (both days inclusive)
Dividend payment date : 23-8-2011

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 (Eqst), Mumbai - 400 051

Coimbatore Stock Exchange Limited

Stock Exchange Building
Trichy Road
Coimbatore - 641 005

Note:

Annual listing fees for the year 2011-12 were paid to Bombay Stock Exchange Limited & National Stock Exchange of India Limited. Due to non-receipt of intimation letter from Coimbatore Stock Exchange Limited the listing fee has not been paid so far.

STOCK MARKET DATA

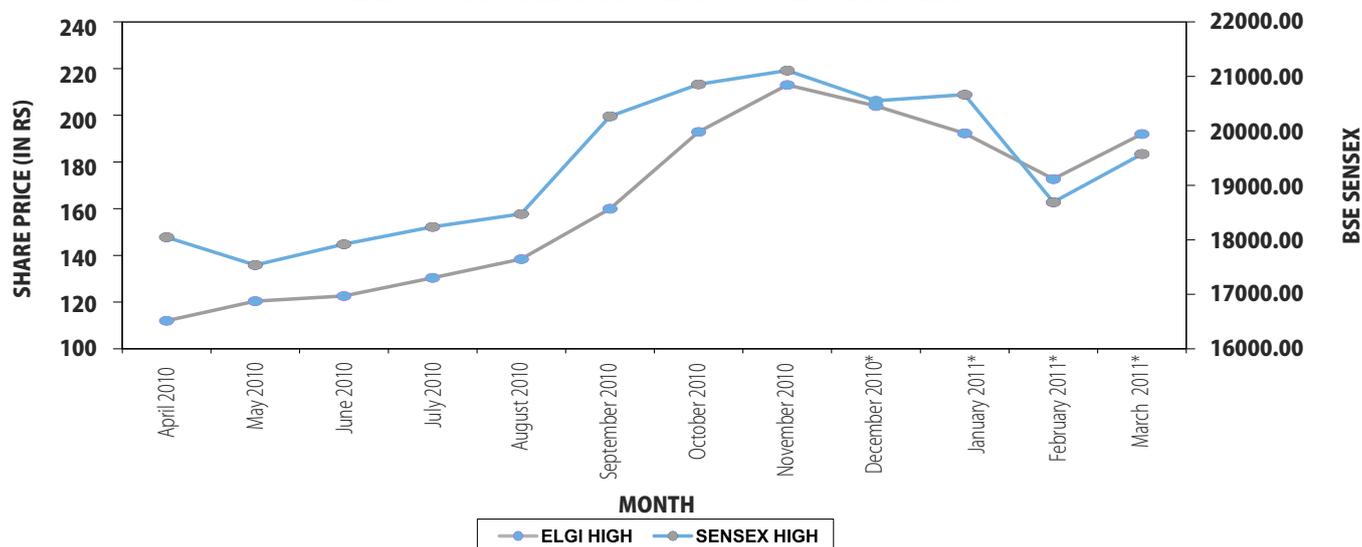
Stock Code - Re.1/-Fully Paid : 522074 - Bombay Stock Exchange Limited
 : ELGIEQUIP - National Stock Exchange of India Limited
 : 21003 - Coimbatore Stock Exchange Limited

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

For the Period: April 2010 to March 2011

Month	NSE			BSE		
	HIGH	LOW	QTY	HIGH	LOW	QTY
APRIL - 10	112.00	91.70	12,99,862	112.00	90.05	8,73,941
MAY - 10	120.40	100.00	13,97,179	120.40	99.50	9,86,518
JUNE - 10	122.35	100.55	6,84,832	122.60	100.65	5,22,036
JULY - 10	130.10	104.90	13,18,024	130.40	113.55	9,50,279
AUGUST - 10	138.90	121.05	13,64,986	138.80	122.00	10,47,673
SEPTEMBER - 10	159.75	125.10	14,06,443	160.00	125.15	10,53,446
OCTOBER - 10	192.40	149.95	12,38,938	192.90	148.55	7,14,406
NOVEMBER - 10	213.20	183.60	15,29,656	213.00	183.00	7,31,440
DECEMBER - 10*	204.50	91.00	8,17,196	204.00	90.00	9,00,129
JANUARY - 11*	96.85	80.60	8,11,602	96.15	81.25	4,66,339
FEBRUARY - 11*	99.00	72.00	10,52,208	86.35	72.15	6,49,911
MARCH - 11*	99.95	83.55	13,12,622	96.00	83.60	19,69,150
Total			1,42,33,548			1,08,65,268

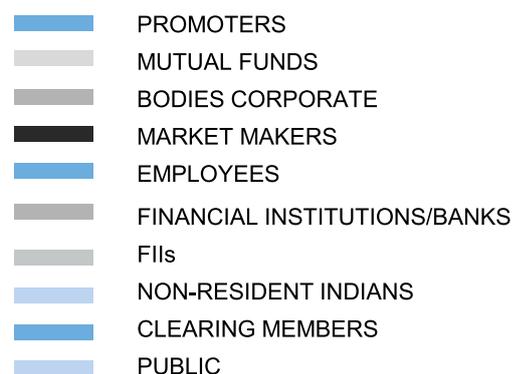
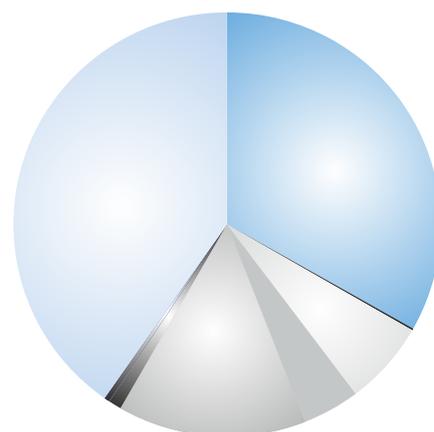
*The prices quoted are ex-bonus.

ELGI SHARE PRICE vs BSE SENSEX

*Share market prices have been annualized after the issue of 1:1 bonus shares during December 2010

Categories of Shareholders as on 31st March 2011

Category	Re.1/- fully paid up	
	No. of Shares	% To Total
Promoters	52593015	33.19
Financial institutions/Banks	177440	0.11
Mutual Funds	10172842	6.42
Foreign Institutional Investors	6862503	4.33
Bodies Corporate	22580336	14.25
Non Resident Indians	1582967	1.00
Market Maker	4940	0.0
Clearing Members	20977	0.01
Employees	624495	0.39
Public	64459488	40.30
TOTAL	158454508	100.00



(GRAPH TO BE UPDATED)

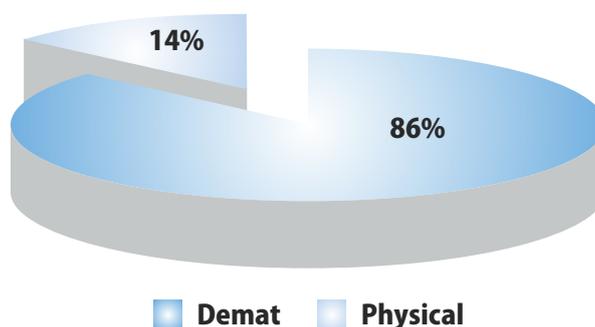
Distribution of Shares as on 31st March 2011

No. of shares	Re.1/- fully paid up			
	No. of holders	% of holders	No. of shares	% of total shares
1 to 5000	22286	94.74	9325432	5.89
5001 to 10000	467	1.98	3391398	2.14
10001 to 20000	313	1.33	4718946	2.98
20001 to 30000	115	0.49	2944914	1.86
30001 to 40000	72	0.31	2596860	1.64
40001 to 50000	44	0.19	2032853	1.28
50001 to 100000	82	0.35	6188615	3.90
100001 & above	144	0.61	127255490	80.31
Total	23523	100.00	158454508	100.00

Dematerialisation of Shares and liquidity

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

During the financial year 2010-11, 3,06,433 shares were dematted. As on 31st March, 2011, out of 15,84,54,508 shares, total shares in demat form is 13,69,87,054 Shares and 2,14,67,454 shares in physical form. This represents 86.45% shares of the company are in demat form and 13.55% 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 : isrl@intimespectrum.com

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

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
Fax: 91-422-2573697

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.

ISIN number allotted for equity shares

Fully paid(Re 1/- each) : INE 285A01027

During the year the Company has forfeited 1386 Equity Shares of Re.1/- each.

Plant locations

- Elgi Equipments Limited**
Elgi Industrial Complex
Trichy Road, Singanallur
Coimbatore - 641005

Address for Correspondence:

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(I) (D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2010-2011.

Place: Coimbatore
Date: 28/04/2011

Dr.Jairam Varadaraj
Managing Director

Report on Corporate Governance 31.03.2011 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, 2011 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
28/04/2011

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

Ten Years Performance

(Rs. In Million)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Net Sales	9361.22	6747.84	5509.56	5040.30	3785.77	3120.70	2852.64	2905.07	2213.90	1942.69
Total Income	9406.85	6785.42	5568.84	5098.02	3818.08	3180.23	2912.05	2955.77	2249.56	1988.66
Total Expenditure	8022.12	5784.36	4840.51	4448.34	3408.98	2823.18	2513.49	2586.27	1993.07	1734.92
PBDIT	1384.73	1001.06	728.33	649.68	409.10	357.05	398.56	369.50	256.49	253.74
Depreciation / Amortisation	111.62	104.53	82.74	70.31	69.20	93.20	96.09	88.57	72.85	68.69
Interest Income(+)/ Expenditure(-)	88.34	43.92	8.48	9.99	5.24	5.33	6.79	9.80	-7.94	-17.96
Profit Before Tax	1361.45	940.45	654.07	589.36	345.14	269.18	309.26	290.73	175.70	167.08
Income Tax (inc FBT from 2005-06 to 2008-09)	471.54	361.21	246.65	170.65	111.02	92.38	95.08	100.27	61.80	56.10
Profit After Tax	889.91	579.24	407.42	418.71	234.12	176.80	214.18	190.46	113.90	110.98
Dividend (%)	100.00	200.00	130.00	120.00	100.00	100.00	100.00	120.00	90.00	5.00
Capital Employed (LT)	3424.66	2648.80	1967.29	1670.92	1343.54	1198.62	1182.35	983.90	746.67	737.36
Net Worth	3374.81	2621.23	1967.29	1670.92	1341.83	1196.91	1093.50	939.68	746.56	728.12
Total Loan Funds	49.85	27.57	0.00	0.00	1.82	46.31	88.85	45.51	4.32	105.09
Gross Fixed Assets	2045.62	1810.18	1580.94	1383.22	1288.70	1196.16	1136.07	1071.22	990.75	930.72
Net Block incl. Capital WIP	877.96	731.70	666.44	516.43	400.36	365.30	404.88	420.97	402.92	390.13
Investments	172.99	142.99	142.99	142.98	143.68	143.18	205.21	131.85	20.17	40.70
Current Assets	5579.55	4270.21	2525.89	2745.51	2068.06	1660.74	1418.98	1215.52	1104.79	970.60
Current Liabilities	3193.45	2496.80	1371.94	1758.58	1274.28	927.64	824.36	757.59	723.37	568.23
Net Working Capital	2386.10	1773.41	1153.95	986.93	793.78	733.10	594.62	457.93	381.42	402.37
Total Assets Excl. Misc Exp	3455.17	2666.22	1967.29	1670.92	1343.65	1243.21	1204.71	1010.75	804.51	833.20

Analysis of Performance

RATIO CATEGORY / Ratio	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
OPERATIONAL PERFORMANCE								
Material Consumption ratio (%)	59.94	60.56	62.35	63.80	63.06	62.59	62.06	52.13
Regular Personnel expenses (%)	8.42	7.80	8.15	7.16	7.92	8.33	7.98	6.29
VRS & ESPS (%)	0.52	1.20	0.00	0.00	0.12	1.65	0.14	3.61
Profit sharing expenses (%)	1.35	1.72	1.45	1.52	1.42	0.61	0.00	1.49
Other Expenses ratio (%)	15.43	14.40	15.77	15.63	17.36	17.11	17.76	16.47
Interest component ratio (%)	0.04	0.01	0.03	0.08	0.10	0.13	0.08	0.04
Depreciation component ratio (%)	1.19	1.55	1.50	1.39	1.83	2.99	3.37	2.71
Tax component ratio (%)	4.70	5.03	4.10	3.04	2.65	2.65	2.98	3.02
Other Income / Total Income (%)	0.45	0.52	0.99	1.03	0.77	1.71	1.86	1.53
Sales (net) per employee (Rs in million)	5.90	4.54	3.92	3.98	3.45	2.89	2.63	2.66
FINANCIAL STRUCTURING								
Long Term Debt Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.05
Net Working Capital / Total Assets	0.69	0.67	0.59	0.59	0.59	0.59	0.49	0.45
Investments / Total Assets	0.05	0.05	0.07	0.09	0.11	0.12	0.17	0.13
Inventory / Net Working Capital	0.48	0.46	0.61	0.72	0.70	0.56	0.77	1.03
Debtors / Net Working Capital	0.49	0.51	0.71	0.95	0.82	0.90	0.83	0.76
LIQUIDITY								
Current Ratio	1.75	1.71	1.84	1.56	1.62	1.79	1.72	1.60
Liquidity Ratio	1.39	1.39	1.33	1.16	1.19	1.35	1.17	0.98
EFFICIENCY								
Current Assets Turnover Ratio (CATR)	1.90	1.99	2.09	2.09	2.03	2.18	2.17	2.50
Average Current Assets - no. of days	192	184	175	175	180	167	169	146
Average Inventory - No. of days								
RM & Components	44	43	43	39	43	47	54	49
WIP	5	5	6	6	6	7	8	7
Finished Goods	7	10	14	15	13	15	18	15
Debtors' turnover ratio (DTR)	9.59	8.30	6.78	6.98	6.34	6.85	7.44	10.12
Debtors - no of days of gross sales	38	44	54	52	58	53	49	36
Trade Creditors' Turnover Ratio (TCTR)	4.51	4.20	4.33	4.01	4.10	4.09	4.18	3.84
Trade Creditors - no of days	81	87	84	91	89	89	87	95
Capital Turnover Ratio	3.08	2.92	3.03	3.34	2.98	2.78	2.63	3.36
Net Fixed Assets Turnover Ratio (NFATR)	12.05	9.89	9.47	11.10	9.93	8.06	7.14	7.42
Gross Fixed Assets Net Turnover ratio (GFATR)	4.86	3.98	3.72	3.77	3.05	2.68	2.58	2.82
PROFITABILITY								
Gross Profit Margin (%)	14.83	14.88	13.36	13.03	10.97	11.61	14.14	12.88
PBIT Margin (%)	12.72	12.53	10.86	10.43	8.27	7.73	9.63	8.59
Pre-tax Profit Margin (%)	13.57	13.10	10.87	10.48	8.25	7.73	9.69	8.75
Net Profit Margin (%)	8.87	8.07	6.77	7.45	5.59	5.08	6.71	5.73
Post Tax Margin from Operations (%)	9.19	8.24	6.72	7.49	5.61	4.41	6.07	5.41
ROTA (%)	45.63	43.56	40.46	43.56	32.11	29.60	36.42	41.23
ROCE (%)	42.03	38.98	35.91	38.90	27.23	22.61	28.38	33.01
SHAREHOLDER' EARNINGS								
RONW (%)	29.68	25.25	22.40	27.80	18.44	16.42	21.07	22.59
Earnings Per Share (current equity) (Rs)	5.62	7.34	6.49	6.67	3.73	2.82	3.41	3.08
Dividend Per Share (Rs)	1.00	1.90	1.30	1.20	1.00	1.00	1.00	1.20
Dividend Payout Ratio (%)	17.81	24.99	20.01	17.98	26.79	35.48	29.13	38.95
Price Earnings Ratio (current equity)	21.53	9.20	6.39	8.94	16.62	20.37	14.05	15.34
Dividend Yield	0.83	2.72	3.13	2.01	1.61	1.74	2.07	2.54
Dividend to Net Worth Ratio (%)	4.70	5.52	4.14	4.51	4.67	5.24	5.71	43.38
Book Value per share (Rs)	21.30	33.21	31.36	26.64	21.39	19.08	17.43	15.20

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 2011, the Profit and Loss account 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
 - l) 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - b) In the case of the Profit and Loss Account, 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.

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

R.Jayachandran
Partner
Membership No. 021848

Place: Coimbatore
Date: 28/04/2011

Annexure to the Auditor's 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 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 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 Rs. 168.64 millions and the Year end balance of loans granted to the company was Rs.168.64 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 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 2011 for the year or for more than six months from the date they became payable.
- (c) Disputed Central Excise and Sales Tax aggregating Rs.20.97 million have not been deposited since matters are pending with relevant forum as indicated below:-

Name of the Statute	Nature of the dues	Demand Amount	Forum where dispute is pending
Sales Tax	LST&Penalty	11.51	Sales Tax Appellate DC
Sales Tax	CST	33.15	Sales Tax Appellate DC
	Total	44.66	
Central Excise	Excise Duty & Penalty	7.59	Dy. Commr. Appeals Tribunal
	Excise Duty & Penalty	3.14	Tribunal
	Total	10.73	
	Grand Total	55.39	

- 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 a 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 are 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(xiv) of the Companies (Auditor's Report) Order, 2003 and Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order) is 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 During the year, the Company issued 78935454 nos. of Bonus Shares at the ratio of 1:1, by capitalization of Share Premium. Further, 583600 nos. of shares at Re.1 each were issued under Employees Stock Purchase Scheme to the eligible employees.
- xx 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.:003496S
Chartered Accountants

R.Jayachandran
Partner
Membership No. 021848

Place: Coimbatore
Date: 28/04/2011

Balance Sheet as at 31st March 2011

[Rs. In Million]

Particulars	Sch.No.	31-03-11	31-03-10
I SOURCES OF FUNDS			
1) Shareholders' Funds:			
a) Capital	1	158.45	78.92
b) Reserves and Surplus	2	3101.41	2503.09
		3259.86	2582.01
2) Loan Funds:			
a) Secured Loans	3	0.00	0.00
b) Unsecured Loans	4	0.00	0.95
		0.00	0.95
3) Deferred Tax Liability	5	32.97	21.77
Total		3292.83	2604.73
II APPLICATION OF FUNDS			
1) Fixed Assets:			
a) Gross Block	6	1846.63	1706.64
b) Less: Depreciation		1139.89	1047.73
c) Net Block		706.74	658.91
d) Capital Work In Progress		34.09	21.82
2) Investments	7	473.54	467.61
4) Current Assets, Loans & Advances	8		
a) Inventories		875.05	592.42
b) Sundry Debtors		874.35	711.59
c) Cash and Bank balances		1176.83	1021.40
d) Other Current Assets		17.87	11.74
e) Loans and Advances		1831.66	1286.73
	(A)	4775.76	3623.88
Less: Current Liabilities and Provisions	9		
a) Liabilities		1135.30	1127.51
b) Provisions		1562.00	1039.98
	(B)	2697.30	2167.49
Net Current Assets	(A-B)	2078.46	1456.39
Total		3292.83	2604.73

The Schedules referred to above, Accounting Policies and the Notes thereon form an integral part of the Balance Sheet.

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 :28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No.021848

Profit and Loss Account For The Year Ended 31st March 2011 [Rs. In Million]

Particulars	Sch. No.	31-03-11	31-03-10
INCOME			
Gross Sales		8266.83	6140.43
Less: Excise Duty		529.32	328.88
Net Sales		7737.51	5811.55
Other Income	10	41.40	30.26
Interest (Expenditure) / Income	11	81.45	40.29
Total Income	(A)	7860.36	5882.10
EXPENDITURE			
Materials Consumed	12	4638.32	3514.16
Salaries, Wages, Bonus, Gratuity, etc	13	662.26	500.31
Other Expenses	14	1181.14	826.00
Depreciation		102.69	99.36
Total Expenditure	(B)	6584.41	4939.83
PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS	(A-B)	1275.95	942.27
EXTRA-ORDINARY ITEMS EXPENDITURE			
VRS Compensation		1.54	60.07
Employee's Stock Purchase Scheme		40.30	0.00
	(C)	41.84	60.07
PROFIT BEFORE TAX & AFTER EXTRA-ORDINARY ITEMS	(A-B-C)	1234.11	882.20
Provision for Income Tax		409.00	303.81
Deferred Tax Liability		11.20	26.60
PROFIT AFTER TAX		813.91	551.79
Profit Brought Forward		1121.90	1085.55
Prior Year Adjustments		(0.01)	(0.01)
Transfer on Amalgamation		0.00	(290.08)
PROFIT AVAILABLE FOR APPROPRIATION		1935.80	1347.25
APPROPRIATIONS			
Dividend		158.45	144.75
Dividend Tax		25.71	24.60
Transfer to General Reserve		82.00	56.00
Profit Carried to Balance Sheet		1669.64	1121.90
TOTAL		1935.80	1347.25
Earnings per share		(In Rs.)	(In Rs.)
Nominal value of share		1.00	1.00
Basic		5.14	6.99
Diluted		5.14	6.99

The Schedules referred to above, Accounting Policies and the Notes thereon form an integral part of the Profit and Loss Account.

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 : 28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31-03-11	31-03-10
1 SHARE CAPITAL		
AUTHORISED CAPITAL		
30,00,00,000 Equity Shares of Re.1/- each (Previous year 21,50,00,000 Shares of Re.1/- each)	300.00	215.00
55,00,000 12% Cumulative Redeemable Preference Shares of Re.10/- each	0.00	55.00
30,00,000 5% Redeemable Preference Shares of Re.10/- each	0.00	30.00
	300.00	300.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
FULLY PAID UP		
15,84,54,508 Equity Shares of Re.1/- each issued and subscribed (Out of the above 12,76,85,454 Shares were issued as Bonus Shares by Capitalization of Reserves and share premium and 5,83,600 Shares were issued under Employees Stock purchase Scheme)	158.45	78.16
Share Capital Suspense Account	0.00	0.76
	158.45	78.92
2 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Share of reserve on account of revaluation of assets of a firm in which the Company is a partner	29.65	29.65
Add: Reserve on Amalgamation	151.76	151.76
Forfeited Shares 1386X0.15	0.00	0.00
	181.41	181.41
CAPITAL REDEMPTION RESERVES		
Transfer on Amalgamation	0.00	0.00
SHARE PREMIUM ACCOUNT		
As per the last Balance Sheet	440.79	173.29
Add: Employees Stock Purchase Scheme	47.36	0.00
Add: Call money amount received during the year	0.16	216.09
Transfer on Amalgamation	0.00	51.41
	488.31	440.79
Less: Capitalization of Bonus Shares	78.94	0.00
Forfeited Shares 1386	0.00	0.00
	409.37	440.79
STATUTORY RESERVE: (AS PER RBI NORMS)		
Transfer on Amalgamation	5.49	5.49
GENERAL RESERVE		
As per the last Balance Sheet	753.50	616.94
Add: Transfer from Profit and Loss Account	82.00	56.00
Transfer on Amalgamation	0.00	80.56
	835.50	753.50
SURPLUS		
Balance as per Last Balance Sheet	1121.90	1085.55
Add: Profit during the year	813.90	261.70
Less: Appropriations during the year	266.16	225.35
	1669.64	1121.90
	3101.41	2503.09

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31-03-11		31-03-10							
3 SECURED LOANS	0.00		0.00							
4 UNSECURED LOANS										
Inter Corporate Deposit	<u>0.00</u>		<u>0.95</u>							
	0.00		0.95							
5. DEFERRED TAX LIABILITY / (ASSETS)										
As per the last Balance Sheet	21.77		(4.83)							
Add / Less - for the Year	<u>11.20</u>		<u>26.60</u>							
	32.97		21.77							
6. FIXED ASSETS										
Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/10	During the year		As at 31/03/11	As at 01/04/10	During the year		As at 31/03/11	As at 31/03/11	As at 31/03/10
		Additions	Deductions			Additions	Deductions			
Tangible:										
Land	70.93	44.18	0.00	115.11	0.00	0.00	0.00	0.00	115.11	70.93
Buildings	199.19	4.15	0.00	203.34	118.57	7.30	0.00	125.87	77.47	80.60
Plant & Machinery	1,259.87	83.07	8.79	1,334.15	799.70	78.86	8.78	869.78	464.37	460.17
Furniture & Office Equipments	102.58	18.50	0.33	120.75	72.69	8.50	0.32	80.87	39.88	29.90
Motor Vehicles	5.70	0.19	2.06	3.83	3.69	0.31	1.43	2.57	1.26	2.01
Canteen Equipments	2.20	0.13	0.00	2.33	1.55	0.13	0.00	1.68	0.65	0.66
Tangible Assets Total	1,640.47	150.22	11.18	1,779.51	996.20	95.10	10.53	1,080.77	698.74	644.27
Intangible:										
Technical KnowHow fees	66.17	0.95	0.00	67.12	51.53	7.59	0.00	59.12	8.00	14.64
Intangible Assets Total	66.17	0.95	0.00	67.12	51.53	7.59	0.00	59.12	8.00	14.64
Grand Total	1,706.64	151.17	11.18	1,846.63	1,047.73	102.69	10.53	1,139.89	706.74	658.91
Previous Year	1,587.13	126.72	7.22	1,706.64	955.34	99.36	6.97	1,047.73	658.91	631.80

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars			31-03-11			31-03-10
	No. of Shares/Units	Face Value Per Share		No. of Shares/Units		
7. INVESTMENTS (AT COST)						
LONG TERM						
NON-TRADE QUOTED EQUITY SHARES (FULLY PAID)						
Lakshmi Machine Works Ltd	50	10.00	0.01	50		0.01
State Bank of India	360	10.00	0.12	360		0.12
HDFC Bank Limited	500	10.00	0.01	500		0.01
HDFC Limited	12000	2.00	0.03	2400		0.03
Magna Electro Castings Ltd	80000	10.00	1.25	80000		1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	7.55	229000		7.55
Pricol Ltd	94245	1.00	0.54	94245		0.54
L.G.Balakrishnan & Bros.Ltd.	1248	10.00	0.02	1248		0.02
LGB Forge Limited	12480	1.00	0.01	12480		0.01
TreadsDirects Limited	0	1.00	0.00	2182000		5.30
Elgi Rubber Company Ltd	0	1.00	0.00	1091000		2.65
Elgi Rubber International Ltd	763700	1.00	7.95	0		0.00
Total [A]			17.49			17.49
NON-TRADE UNQUOTED EQUITY SHARES (FULLY PAID)						
The Mill Officers Co-Op Housing Colony Ltd., Ahmedabad	5	50.00	0.00	5		0.00
Elgi Securities Ltd	99300	10.00	0.99	99300		0.99
Total [B]			0.99			0.99
INVESTMENT IN SUBSIDIARY COMPANY						
-ATS Elgi Limited (Fully Paid)	90000	10.00	180.90	90000		180.90
-ELGI GULF-(FZE)	1		1.78	1		1.78
-ELGI Equipments (Zhejiang) Limited-(China) (Share 100%)			55.66			55.66
-Elgi Compressors Trading (Shanghai) Co. Ltd.- (China) (Share 100%)			28.68			22.75
-SAS Belair - (France) (Share 100%)			44.98			44.98
-Adisons Precision Instruments Mfg. Co. Ltd.						
-Equity Shares (Fully Paid)	42550	10.00	16.87	42550		16.87
-Equity Shares (Partly Paid-Rs.2Paid)	49000	10.00	0.10	49000		0.10
Total [C]			328.97			323.04
INVESTMENT IN JOINT VENTURE						
ELGI Sauer Compressors Ltd [Share 26%]	169000		1.69	169000		1.69
Total [D]			1.69			1.69
INVESTMENTS IN PARTNERSHIP FIRMS						
L.G.Balakrishnan & Bros (Share 98%)			124.00			124.00
Elgi Services (Share 80%)			0.40			0.40
Total [E]			124.40			124.40
Grand Total -[A+B+C+D+E]			473.54			467.61

[Total Cost of Quoted Securities Rs.17.49 million (Previous year Rs.17.49 million) and Total Market value of quoted Securities Rs.24.69 million (Previous year Rs.51.53 million)]

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31-03-11	31-03-10
8. CURRENT ASSETS, LOANS AND ADVANCES		
a) INVENTORIES		
Raw Materials and Components	623.06	356.21
Work-in-progress	144.42	80.93
Finished Products	86.55	131.56
Consumables Spares and Stores	3.23	4.36
Loose tools	17.79	19.36
	875.05	592.42
b) SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding for a period exceeding 6 months	122.09	69.41
Other Debts	752.26	642.18
	874.35	711.59
c) CASH AND BANK BALANCES		
Cash on Hand	0.16	0.14
With Scheduled Banks		
-in Current Accounts	86.48	89.67
-in Deposit Accounts	1090.19	931.59
(Includes Rs.10.19 million (Previous year Rs.11.59 million) with bank as margin money)	1176.83	1021.40
d) OTHER CURRENT ASSETS		
Interest accrued	17.87	11.74
	17.87	11.74
e) LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances and Loans to Subsidiaries		
-Rent advance	2.50	2.50
Advances recoverable in cash or in kind or for value to be received.		
Loans to Companies	168.64	114.04
Others	404.59	299.16
Prepaid Expenses	10.99	6.99
Advance Payment of Income Tax	1198.49	796.97
Security and Other Deposits	21.94	24.31
Income/Refund receivable	24.51	42.76
	1831.66	1286.73

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31-03-11	31-03-10
9 CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
Acceptances	220.12	167.82
Sundry Creditors		
Micro, Small and Medium Enterprises	127.36	104.69
Others	589.43	551.45
Due to Subsidiary Company	7.74	4.62
Advance and Deposits from Customers and Others	187.62	295.95
Unclaimed Dividends	3.03	2.98
(There are no amounts due and outstanding as at Balance Sheet date to be transferred to Investor Education and Protection Fund)	<u>1135.30</u>	<u>1127.51</u>
b) PROVISIONS		
Income Tax	1201.82	792.82
Fringe Benefit Tax	11.66	11.66
Proposed Dividend	158.45	97.70
Provision for Dividend Tax	25.71	16.60
Provision for Employee Benefits	164.36	121.20
	<u>1562.00</u>	<u>1039.98</u>
10. OTHER INCOME		
Profit on Sale of Assets	0.49	0.72
Royalty Receipts	20.26	13.88
Rent Receipts (TDS-Rs.0.49 million, Previous Year Rs.1.04 million)	4.31	4.28
Dividend Receipts	3.45	0.93
Others	12.89	10.45
	<u>41.40</u>	<u>30.26</u>
11. INTEREST (EXPENDITURE)/INCOME		
Interest Receipts (TDS-Rs.6.22 million, Previous Year Rs.1.77 million)	81.49	40.29
Less: Interest Expenditure		
Others	0.04	0.00
	<u>81.45</u>	<u>40.29</u>
12. MATERIALS CONSUMED:		
Opening Stock		
-Raw Materials	356.21	392.80
-Semi-Finished Products	80.93	85.57
-Finished Products	131.56	93.94
Opening Stock	(A) 568.70	572.31
Purchases	(B) 4923.65	3510.55

Schedules To Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31-03-11	31-03-10
Closing Stock		
-Raw Materials	623.06	356.21
-Semi-Finished Products	144.42	80.93
-Finished Products	86.55	131.56
Closing Stock (C)	854.03	568.70
Materials Consumed (A+B-C)	4638.32	3514.16
(Material consumed includes Machining Charges of Rs.72.00 million (Previous Year Rs.50.69 million))		
13. SALARIES, WAGES, BONUS, GRATUITY, ETC.,		
Salaries and Wages	451.37	323.83
Bonus	4.93	3.11
Performance Pay	106.10	70.50
Profit Share	0.00	22.10
Gratuity	14.01	7.17
Contribution to PF and other Funds	29.44	25.29
Managing Director's Remuneration (Excluding Performance Pay)	6.15	4.66
Welfare Expenses	50.26	43.65
	662.26	500.31
14. OTHER EXPENSES		
Consumption of Stores & spares	51.64	33.10
Power, Fuel & Lighting	67.52	47.55
Factory Expenses	15.68	13.20
Tools Consumed	72.88	42.72
Repairs and Maintenance of		
-Building	42.53	30.31
-Machinery	61.45	52.64
-Other Assets	21.00	12.54
Rent	16.68	11.21
Rates & Taxes	7.19	4.31
Printing & Stationery	6.97	6.69
Postage, Telegrams & Telephones	13.20	9.37
Travelling & Conveyance	84.38	69.47
Subscription, Periodicals & Filing Fees	3.08	2.02
Insurance	5.77	4.38
Donation	45.40	21.13
Legal and Professional Charges	67.30	22.84
Auditors' Remuneration		
-Audit Fees	0.79	0.79
-Other Services	0.21	0.14
Miscellaneous Expenses	28.76	26.49
After Sales Expense	76.60	65.75
Research & Development Expenses	62.91	32.65
Directors' Sitting Fees	0.56	0.82
Advertisement & Publicity	19.58	11.52
Transport Charges	89.78	69.16
Packing Material	128.24	84.64
Commission & Discount	123.03	96.98
Royalty Payment	1.35	2.94
Service Tax Payments	0.67	0.11
Loss on Sale of Assets	0.03	0.06
Bad Debts Written off	16.02	5.65
Loss on Exchange Fluctuation	9.42	13.69
Assets Condemned & Written-Off	0.00	0.12
Excise duty Payments	26.80	21.17
Bank Charges	13.72	9.84
	1181.14	826.00

Accounting Policies and Notes on Accounts

A. ACCOUNTING POLICIES

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.

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.

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.

4) Revenue recognition

- Sales** : Sales, which includes excise duty, but excludes VAT, is recognised at the time of shipment of goods from plant or from stock points.
- Royalty** : Royalty is recognised on accrual basis in accordance with the terms of the relevant Agreement.
- Rent** : Rental income is recognised on accrual basis in accordance with terms of respective rent agreements.
- Interest** : Interest is recognised on accrual basis taking into account the amount outstanding and the rate applicable.
- Dividend** : Dividend is recognised and accounted when the right to dividend is established.

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.

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.

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 profit share, performance pay, etc are measured and provided on accrual basis.

7) Investments

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

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.

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

10) Deferred Tax

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

11) Intangible Assets

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

B. NOTES ON ACCOUNTS

- 1) Estimated amount of contracts remaining to be executed on capital account is Rs.214.06 million (Previous year Rs.116.86 million).
- 2) Contingent Liabilities not provided for

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
a) Guarantees and Letter of Credit	192.16	86.14
b) Uncalled liability in respect of Partly paid shares	0.39	0.39

3) Claims against the Company not acknowledged as debts: (Rs.In Million)

Name of the Statute	Nature of the dues	Demand Amount	Amount Paid/Adj.	Forum where Dispute is pending
Sales Tax	LST & Penalty	8.49	8.51	Sales Tax Appellate Tribunal (AB), Cbe
	CST & Penalty	29.87	22.40	
	LST	3.02	1.34	JC (Appeals), Cbe
	CST	3.28	1.94	JC (Appeals), Cbe
Central Excise	Excise Duty & Penalty	7.59	0.00	Dy. Commnr. Appeals Tribunal
	Excise Duty & Penalty	3.14	0.23	

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

4) Details of Investment in Partnership Firms : (Rs.In Million)

Name of the Firm	Name of the Partner	31/03/2011		31/03/2010	
		Capital Invested	Share %	Capital Invested	Share %
L.G.Balakrishnan & Bros.	Elgi Equipments Ltd	124.00	98.00	124.00	98.00
	Elgi Ultra Industries Ltd	2.50	02.00	2.50	02.00
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

5) During the year, the Company issued 78935454 nos. of Bonus Shares at the ratio of 1:1, by capitalization of Share Premium. Further, 583600 nos of shares at Re.1 each were issued under Employees Stock Purchase Scheme to the eligible employees.

6) Rent includes Rs.0.12 million paid to Subsidiary Company, M/s. Adisons Precision Instruments Manufacturing Company Limited. (Previous year Rs.0.12 million)

7) (i) Installed Capacity / Actual Production (Quantity in Numbers) :

Particulars	Installed Capacity		Production	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Air Compressors	32500	32500	31540	26793

(ii) Turnover:

Particulars	Year ended 31/03/2011		Year ended 31/03/2010	
	Quantity (In Nos)	Value (Rs.In Million)	Quantity (In Nos)	Value (Rs.In Million)
Air Compressors	31227	7616.92	27103	5755.51
Others		120.59		56.04
Total		7737.51		5811.55

(iii) (a) Material Consumption :

Description of the Item	Year Ended 31/03/2011		Year Ended 31/03/2010	
	Quantity (In Nos)	Value (Rs.In Million)	Quantity (In Nos)	Value (Rs.In Million)
Diesel Engines and Electric Motors	26454	1233.85	20238	878.61
Materials that do not Individually account for 10% or more of total Consumption		3404.47		2635.55
Total		4638.32		3514.16

Notes : The above details are furnished in accordance with the Ministry of Corporate Affairs Notification No. S.O. 301 (E) dated 8th February 2011. The Board has given its consent for non disclosure of information, required under para 3(i)(a) & 3(ii)(a) of Part II of Schedule VI of the Companies Act, 1956 in respect of Items that form less than 10% of the total consumption.

(iii) (b) Imported and Indigenous Materials & Stores Consumption :

Particulars	Year Ended 31/03/2011		Year Ended 31/03/2010	
	Rs.In Million	%	Rs.In Million	%
Imported	601.59	12.83	498.46	14.05
Indigenous	4088.37	87.17	3048.80	85.95
Total	4689.96	100.00	3547.26	100.00

(iv) Closing stock of finished goods :

Particulars	As on 31/03/2011		As on 31/03/2010	
	Quantity (In Nos)	Value (Rs.In Million)	Quantity (In Nos)	Value (Rs.In Million)
Air Compressors	524	84.69	260	128.24
Others		1.86		3.31
Total		86.55		131.55

8) 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 :

1. Adisons Precision Instruments Mfg.Co.Limited, Coimbatore, India
2. Elgi Equipments (Zhejiang) Limited, Jiaying,China
3. Elgi Gulf (FZE), Sharjah, UAE.
4. Elgi Compressors Trading (Shanghai) Co. Ltd.
5. SAS Belair (France)

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.

9) 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.

- 10) Micro, Small & Medium Enterprise under the Micro, Small & Medium Enterprise Development Act 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	Section	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
a) The Principal amount due to Supplier under the act	S 22 (i)	64.02	49.76
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 & 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
g) Interest accrued and remaining unpaid at the end of year to suppliers under the Act	S 22(iv)	Nil	Nil
f) Interest due and payable to suppliers under the Act for payments already made.	S 22(v)	Nil	Nil

Note:

This 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.

- 11) 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

- 12) Details of Managerial Remuneration:

a) Computation of Net Profit in accordance with Section 349 of the Companies Act 1956.		31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Net Profit as per Profit & Loss Account		1235.65	942.27
Add:			
Managing Directors Remuneration	8.41	6.07	
Sitting Fees	0.56	8.97	6.89
Less:			
Capital profit on sale of assets		0.03	0.72
Net Profit u/s 198		1244.59	948.44
Maximum remuneration payable to MD @ 5%		62.22	47.42
Remuneration actually Paid		8.41	6.07

b) Managerial Remuneration:	Dr.Jairam Varadaraj	
	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Salary, House rent allowance	5.16	3.97
Other Allowances	0.28	0.19
Performance Pay	2.26	1.41
Contribution to Superannuation and PF	0.71	0.50
Total	8.41	6.07

Provision for gratuity not considered since the amount is not ascertainable individually under the LIC Group Gratuity Cash Accumulation Scheme.

13) Disclosure as required under AS 15 in respect of defined benefit plan for Gratuity

	Gratuity(Funded) (Rs.In Million)	
	31/03/2011	31/03/2010
1. PRINCIPAL ACTUARIAL ASSUMPTIONS (Expressed as weighted averages)		
Discount Rate	8.40%	8.50%
Salary escalation rate	6.50%	8.00%
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	48.32	43.69
Interest Cost	3.97	3.22
Current service cost	4.86	4.47
Past service cost -(non vested benefits)	-	-
Past service cost - (vested benefits)	9.18	-
Benefits paid	-3.08	-5.78
Actuarial loss/(gain) on obligation (balancing figure)	0.27	2.71
PVO as at the end of the period	63.54	48.32
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	42.76	38.60
Expected return on plan assets	4.15	3.48
Contributions	6.78	6.08
Benefits Paid	-3.08	-5.78
Actuarial gain/(loss) on plan assets (balancing figure)	0.13	0.36
Fair value of plan assets as at the end of the period	50.74	42.76
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	4.15	3.48
Actuarial gain (loss) on plan assets	0.13	0.36
Actual return on plan assets	4.27	3.85

	Gratuity(Funded) (Rs.In Million)	
	31/03/2011	31/03/2010
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-0.27	-2.71
Actuarial gain / (loss) for the period - Plan Assets	0.13	0.36
Total (gain) / loss for the period	0.15	2.35
Actuarial (gain) / loss recognized in the period	0.15	2.35
Unrecognized actuarial (gain) / loss at the end of the year	-	-
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	63.54	48.32
Fair value of plan assets	50.74	42.76
Difference	12.80	5.56
Unrecognized transitional liability	-	-
Unrecognized past service cost- non vested benefits	-	-
Liability recognised in the balance sheet	12.80	5.56
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS :		
Current service cost	4.86	4.47
Interest Cost	3.97	3.22
Expected return on plan assets	-4.15	-3.49
Net actuarial (gain) /loss recognized in the year	0.15	2.35
Transitional Liability recognized in the year	-	-
Past service cost - non- vested benefits	-	-
Past service cost - vested benefits	9.18	-
Expenses recognized in the statement of profit and loss	14.02	6.56
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET.		
Opening net liability	5.56	5.08
Expense as above	14.02	6.56
Contribution paid	-6.78	-6.09
Closing net liability	12.80	5.56
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	63.54	48.32
Plan Assets	50.74	42.76
Surplus (Deficit)	-12.80	-5.56
Experience adjustments on plan liabilities- (loss) / gain	-6.38	0.26
Experience adjustments on plan assets - (loss) /gain	0.13	0.36
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%
Total	100.00%	100.00%

14) Expenditure in Foreign Currency:

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Commission	22.48	19.34
Travelling Expenses	23.92	19.00
Other Expenses	32.10	13.14
Total	78.50	51.48

15) CIF value of imports:

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Raw Materials and Components	474.84	375.63
Machinery Spares	65.48	10.04
Capital Goods	8.28	16.65
Traded Goods	170.65	108.47

16) Earnings in Foreign Exchange calculated on FOB basis:

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Direct Exports	1035.97	689.77
Indirect Exports	164.20	212.87

17) R&D Expenses

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Capital R&D	21.39	6.37
Salaries & Wages	70.28	38.20
R&D Materials	65.20	32.65
Maintenance	2.07	0.86
Other Expenses	20.76	9.29
Total	179.70	87.37

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 Profit and Loss Account.

18) Earnings Per Share:

Particulars	As on 31/03/2011	As on 31/03/2010
Net Profit (Rs. in Million)	813.91	551.79
Weighted average Number of Shares Outstanding (Rs. in Million)	158.45	78.92
Nominal Value Per Share (in Rs)	1.00	1.00
Basic Earnings Per Share (in Rs)	5.14	6.99
Number of Shares after dilution (Rs. in Million) (when partly paid shares become fully paid shares)	158.45	78.92
Diluted Earning Per Share (in Rs)	5.14	6.99

20) The under noted companies constitute the "Group" in terms of Regulation 3(1) (e)(i) of SEBI Substantial (Acquisition of Shares & Takeovers) Regulation,1997,as amended, with effect from 09.09.2002.

- a) Elgi Ultra Industries Limited
- b) Elgi Rubber International Limited.
- c) L.G.Balakrishnan & Bros.Limited
- d) Elgi Securities Limited
- e) Dark Horse Portfolio Investments Limited
- f) Madura Public Conveyance Private Limited
- g) Premier Industrial Drives Private Limited
- h) Elgi Sauer Compressors Limited.
- i) Salem Services Private Limited

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

1. Name of the Subsidiary Company	ATS Elgi Ltd	Adisons Precision Instruments Mfg. Co. Ltd.	Elgi-Gulf (FZE)	Elgi Equipments Zhejiang Ltd.	Elgi Compressors Trading (Shanghai) Co. Ltd.	SAS Belair France
2. Financial year of the subsidiary Ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011
3. Holding Company's interest in the Subsidiary	90,000 Equity Shares of Rs. 10 each (100%)	91,550 Equity Shares of Rs. 10 each (100%)	One Share of INR Rs. 17,77,500 (100%)	Capital Invested (100%) INR	Capital Invested (100%) INR	Capital Invested (100%) INR
4. Net aggregate amount of the profit/Loss of the Subsidiary not dealt within the Holding Company's Accounts						
a)For the current financial year of the Subsidiary Company	83.43 Millions	0.01 Millions	12.58 Millions	(22.54) Millions	(3.00)Millions	(4.42) Millions
b)For the previous financial year of the Subsidiary Company	50.70 Millions	0.01 Millions	6.68 Millions	(33.83) Millions	(4.93) Millions	(0.49) Millions
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
b)For the previous financial years of the Subsidiary Company	NIL	NIL	NIL	NIL	NIL	NIL

22) Previous year Figures have been regrouped and re-classified wherever necessary to make them comparable.

Cash Flow Statement

[Rs. In Million]

Particulars	31.03.11	31.03.10
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	1234.11	882.20
Add: Prior Year Adjustments	(0.01)	(0.01)
	1234.10	882.19
Adjustments for:		
Depreciation	102.69	99.36
Assets Condemned and Written off	0.00	0.12
(Profit)/Loss on sale of assets	(0.46)	(0.66)
Company's contribution in Employees Stock Purchase Scheme	40.30	0.00
Bad debts written off	16.02	5.65
Interest and Financing Charges	1.08	0.89
Dividend Received	(3.45)	(0.93)
Interest Received	(81.49)	(40.29)
Operating Profit Before Working Capital Changes	74.69	64.14
Adjustments for:	1308.79	946.33
(Increase)/Decrease in Receivables & Other Current Assets	(289.11)	(183.83)
(Increase)/Decrease in Inventories	(282.63)	(1.43)
Increase/(Decrease) in Current Liabilities and Provisions	50.95	595.09
Cash Generated from Operations	788.00	1356.16
Direct Taxes Paid	(380.00)	(281.80)
Net Cash From Operating Activities (A)	408.00	1074.36
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(163.42)	(138.40)
Sale of Fixed Assets	1.11	2.07
Increase in Investments	(5.93)	(81.89)
Loans to Companies	(54.60)	(113.39)
Interest Received	75.36	40.29
Dividend Received	3.45	0.93
Net Cash Used in Investing Activities (B)	(144.03)	(290.39)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.58	16.19
Proceeds from Issue of Share Premium	7.21	216.09
Proceeds from Short Term Borrowings	(0.95)	0.95
Interest Paid	(1.08)	(0.89)
Dividend Paid	(114.30)	(150.44)
Net Cash Used in Financing Activities (C)	(108.54)	81.90
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	155.43	865.87
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1021.40	155.53
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1176.83	1021.40

Note: Figures within Brackets denote Cash Outflow.

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 : 28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No.	000351
State Code	18
Balance Sheet Date	31.03.11
II. Capital Raised during the year (Amount in Thousands)	
Public Issue	NIL
Warrant conversion application money received	Nil
Bonus issue	78,935.45
Private Placement	Nil
Issue under Employees Stock Purchase Scheme	583.60
III. Position of mobilisation and deployment of funds(Amount in Thousands)	
Total Liabilities	3,292,826.72
Total Assets	3,292,826.72
Sources of Funds:	
Paid up capital	158,454.51
Reserves and Surplus	3,101,404.19
Deferred Tax Liabilities	32,968.02
Application of Funds:	
Net Fixed Assets	740,829.55
Investments	473,546.45
Net Current Assets	2,078,450.71
IV. Performance of Company (Amount in Thousands)	
Turnover	7,860,363.34
Total Expenditure	6,626,254.20
Profit/(Loss) before tax	1,234,109.13
Profit/(Loss) after tax	813909.13
Earning per share (Rs.)	5.14
Dividend Rate (%)	100
V. Generic Names of Three Principal Products of Company (as per Monetary terms)	
Item Code No.(ITC Code)	841440.30
Product Description	Screw Compressor
Item Code No.(ITC Code)	841440.10
Product Description	Reciprocating Compressor

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.:0034965
Chartered Accountants

Place :Coimbatore
Date :28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. 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 2011, the Consolidated Profit and Loss account 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 Four Subsidiary Companies, M/s Elgi Equipments Zhejiang Limited (China), and M/s Elgi Compressors Trading (Shanghai) Co. Ltd (China), Elgi Gulf (FZE)-UAE, and M/s SAS Belair (France) 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 2011;
 - b) In the case of the Consolidated Profit and Loss Account, 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: 28/04/2011

Balance Sheet as at 31st March 2011

[Rs. In Million]

Particulars	Sch.No.	31.03.11	31.03.10
I SOURCES OF FUNDS			
1) Shareholders' Funds:			
a) Capital	1	158.45	78.92
b) Reserves and Surplus	2	3224.78	2553.23
		3383.23	2632.15
2) Loan Funds:			
a) Secured Loans	3	49.85	26.62
b) Unsecured Loans	4	0.00	0.95
		49.85	27.57
3) Deferred Tax Liability	5	30.53	17.44
Total		3463.61	2677.16
II APPLICATION OF FUNDS			
1) Goodwill		18.12	18.12
2) Fixed Assets:			
a) Gross Block	6	2045.62	1810.18
b) Less: Depreciation		1201.82	1100.33
c) Net Block		843.80	709.85
d) Capital Work in progress		34.16	21.26
3) Investments	7	172.99	142.99
4) Current Assets, Loans & Advances	8		
a) Inventories		1147.61	810.01
b) Sundry Debtors		1175.49	906.64
c) Cash and Bank balances		1398.76	1191.84
d) Other Current Assets		29.74	22.19
e) Loans and Advances		1827.95	1339.53
	(A)	5579.55	4270.21
Less: Current Liabilities and Provisions	9		
a) Liabilities		1502.13	1365.88
b) Provisions		1691.32	1130.92
	(B)	3193.45	2496.80
Net Current Assets	(A-B)	2386.10	1773.41
5) Miscellaneous Expenditure: (to the extent not written off or adjusted)			
Pre-operative Expenses	10	8.44	11.53
Total		3463.61	2677.16

The Schedules referred to above, Accounting Policies and the Notes thereon form an integral part of the Balance Sheet.

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.:0034965
Chartered Accountants

Place : Coimbatore
Date : 28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Profit and Loss Account for the year Ended 31st March 2011

[Rs. In Million]

Particulars	Sch	31.03.11	31.03.10
INCOME			
Gross Sales		9986.14	7141.14
Less: Excise Duty		596.00	371.57
Net Sales		9390.14	6769.57
Other Income	11	45.63	37.58
Interest (Expenditure) / Income	12	88.34	43.92
Total Income	(A)	9524.11	6851.07
EXPENDITURE			
Materials Consumed	13	5610.95	4086.30
Salaries, Wages, Bonus, Gratuity, etc	14	914.63	642.18
Other Expenses	15	1473.47	993.43
Depreciation / Amortisation		111.62	104.53
Amortisation of pre-operative Expenses		3.09	3.11
Total Expenditure	(B)	8113.76	5829.55
PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS	(A-B)	1410.35	1021.52
EXTRA-ORDINARY ITEMS EXPENDITURE			
VRS - Compensation		1.54	81.08
Employees Stock Purchase Scheme		47.36	0.00
	(C)	48.90	81.08
PROFIT BEFORE TAX & AFTER EXTRA-ORDINARY ITEMS	(A-B-C)	1361.45	940.44
Provision for Tax		458.45	339.87
Deferred Tax Liability		13.09	21.34
PROFIT AFTER TAX		889.91	579.23
Profit Brought Forward		1182.22	1118.43
Prior Year Adjustments		(0.42)	(0.01)
Transfer on Amalgamation		0.00	(290.08)
PROFIT AVAILABLE FOR APPROPRIATION		2071.71	1407.57
APPROPRIATIONS			
Dividend		160.14	144.75
Dividend Tax		25.99	24.60
Transfer to General Reserve		83.74	56.00
Profit carried to Balance Sheet		1801.84	1182.22
TOTAL		2071.71	1407.57
Earnings per share		(In Rs.)	(In Rs.)
Nominal value of share		1.00	1.00
Basic		5.62	7.34
Diluted		5.62	7.34

The Schedules referred to above, Accounting Policies and the Notes thereon form an integral part of the Profit and Loss Account.

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 : 28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. JAYACHANDRAN
Partner
Membership No. 021848

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
1 SHARE CAPITAL		
AUTHORISED CAPITAL		
30,00,00,000 Equity Shares of Re.1/- each [Previous year 21,50,00,000 Equity Shares of Re.1/- each]]	300.00	215.00
55,00,000 12% Cumulative Redeemable Preference Shares of Re.10/- each	0.00	55.00
30,00,000 5% Redeemable Preference Shares of Re.10/- each	0.00	30.00
	300.00	300.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
FULLY PAID UP		
15,84,54,508 Equity Shares of Re.1/- each issued and subscribed (Out of the above 12,76,85,454 Shares were issued as Bonus Shares by Capitalization of Reserves and share premium and 5,83,600 Shares were issued under Employees Stock purchase Scheme	158.45	78.16
Share Capital Suspense Account 7,62,600 Equity Shares of Re.1/- each	0.00	0.76
	158.45	78.92
2 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Share of reserve on account of revaluation of assets of a firm in which the Company is a partner	29.65	29.65
Add: Reserve on Amalgamation	151.76	151.76
	181.41	181.41
CAPITAL REDEMPTION RESERVES		
Transfer on Amalgamation	0.00	0.00
SHARE PREMIUM ACCOUNT		
As per the last Balance Sheet	440.79	173.29
Add: Employees Stock purchase Scheme	47.36	0.00
Add: Call money amount received during the year	0.16	216.09
Transfer on Amalgamation	0.00	51.41
	488.31	440.79
Less: Capitalization of Bonus Shares Forfeited Shares 1386	78.94	0.00
	0.00	0.00
	409.37	440.79
STATUTORY RESERVE: (AS PER RBI NORMS)		
Transfer on Amalgamation	5.49	5.49
GENERAL RESERVE		
As per the last Balance Sheet	755.50	618.94
Add: Transfer from Profit and Loss Account	83.74	56.00
Transfer on Amalgamation	0.00	80.56
	839.24	755.50
Add / (Less) : Exchange fluctuation Reserve	(4.14)	(4.16)
	835.10	751.34
Less: Loss incurred by subsidiary after the acquisition	8.43	8.02
	826.67	743.32
SURPLUS		
Balance as per Last Balance Sheet	1182.22	1118.43
Add: Profit during the year	889.49	289.14
Less: Appropriations during the year	269.87	225.35
	1801.84	1182.22
	3224.78	2553.23

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
3. SECURED LOANS		
LOANS AND ADVANCES FROM BANKS		
Open Loan	<u>49.85</u>	<u>26.62</u>
	49.85	26.62
4. UNSECURED LOANS		
Inter Corporate Deposits	<u>0.00</u>	<u>0.95</u>
	0.00	0.95
5. DEFERRED TAX LIABILITY / (ASSETS)		
As per the last Balance Sheet	17.44	(4.79)
Add / (Less) - for the Year	<u>13.09</u>	<u>22.23</u>
	30.53	17.44
6. FIXED ASSETS		

Description of Assets	CROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 01/04/10	During the year		As at 31/03/11	As at 01/04/10	During the year			As at 31/03/11	As at 31/03/11	As at 31/03/10
		Additions	Deductions			Additions	On Revaluation	Deductions			
Land	70.94	117.45	0.00	188.39	0.00	0.00	0.00	0.00	0.00	188.39	70.94
Buildings - Actual Revaluation	201.04 17.73	4.57	0.00	205.61 17.73	118.81 9.72	7.45	0.00 0.40	0.00	126.26 10.12	79.35 7.61	82.23 8.01
Plant & Machinery	1300.35	97.65	8.79	1389.21	812.09	84.18	0.00	8.79	887.47	501.74	488.26
Furniture & Office Equipment	124.28	24.47	0.33	148.42	89.87	10.84	0.00	0.31	100.40	48.02	34.41
Electrical Fittings	0.61	0.03	0.00	0.64	0.21	0.08	0.00	0.00	0.29	0.35	0.40
Motor Vehicles	5.70	0.19	2.05	3.84	3.69	0.31	0.00	1.43	2.57	1.27	2.01
Canteen Equipments	2.69	0.13	0.00	2.82	1.69	0.20	0.00	0.00	1.89	0.93	1.00
Tangible Assets Total	1723.34	244.49	11.17	1956.66	1036.09	103.06	0.40	10.53	1129.00	827.66	687.26
Intangible Assets - Technical Knowhow	86.84	2.12	0.00	88.96	64.25	8.56	0.00	0.00	72.82	16.14	22.59
Intangible Assets Total	86.84	2.12	0.00	88.96	64.25	8.56	0.00	0.00	72.82	16.14	22.59
Grand Total	1810.18	246.61	11.17	2045.62	1100.33	111.62	0.40	10.53	1201.82	843.80	709.85
Previous Year	1634.73	182.70	7.25	1810.18	969.49	137.37	0.42	6.98	1100.33	709.85	665.25

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars			31.03.11			31.03.10
	No. of Shares/Units	Face Value Per Share		No. of Shares/Units		
7. INVESTMENTS (AT COST)						
LONG TERM						
NON-TRADE QUOTED EQUITY SHARES (FULLY PAID)						
Lakshmi Machine Works Ltd	50	10.00	0.01	50		0.01
State Bank of India	300	10.00	0.12	300		0.12
HDFC Bank Limited	500	10.00	0.01	500		0.01
HDFC Limited	12000	2.00	0.03	2400		0.03
Magna Electro Castings Ltd	80000	10.00	1.25	80000		1.25
Rajshree Sugars & Chemicals Ltd	229000	10.00	7.55	229000		7.55
Pricol Ltd	94245	1.00	0.54	94245		0.54
L.G.Balakrishnan & Bros.Ltd.	1248	10.00	0.02	1248		0.02
LGB Forge Limited	12480	1.00	0.01	12480		0.01
Treads Directs Limited	0	1.00	0.00	2182000		5.30
Elgi Rubber Company Ltd	0	1.00	0.00	1091000		2.65
Elgi Rubber International Limited	763700	1.00	7.95	0		0.00
Total [A]			17.49			17.49
NON-TRADE UNQUOTED EQUITY SHARES FULLY PAID						
The Mill Officers Co-Op Housing Colony Ltd., Ahmedabad	5	50.00	0.00	5		0.00
Elgi Securities Ltd	99300	10.00	0.99	99300		0.99
Marol Co-operative Industrial Estate Ltd	1053	100.00	0.11	1053		0.11
Total [B]			1.10			1.10
INVESTMENTS IN PARTNERSHIP FIRMS						
L.G.Balakrishnan & Bros (Share 98%)			124.00			124.00
Elgi Services (Share 80%)			0.40			0.40
Total [C]			124.40			124.40
SHORT TERM						
Principal Pnb Fixed Maturity (Dividend) Plan-Quoted -Series XXVIII -30,00,000 Nos @ Rs. 10/- each			30.00			0.00
Total [D]			30.00			0.00
Grand Total -[A+B+C+D]			172.99			142.99

[Total Cost of Quoted Securities Rs.17.49 million (Previous year Rs.17.49 million) and
Total Market value of quoted Securities Rs.24.69 million (Previous year Rs.51.53 million)]

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
8. CURRENT ASSETS, LOANS AND ADVANCES		
a) INVENTORIES		
Raw Materials and Components	801.36	493.05
Work-in-progress	158.95	100.55
Finished Products	164.89	191.46
Consumables Spares and Stores	3.38	4.49
Loose tools	19.03	20.46
	<u>1147.61</u>	<u>810.01</u>
b) SUNDRY DEBTORS (Unsecured and considered good)		
Debts outstanding for a period exceeding 6 months	129.44	84.09
Other Debts	1046.05	822.55
	<u>1175.49</u>	<u>906.64</u>
c) CASH AND BANK BALANCES		
Cash on Hand	0.98	0.58
With Scheduled Banks		
-in Current Accounts	170.39	172.84
-in Deposit Accounts	1227.39	1018.42
(Includes Rs.10.19 million (Previous year Rs.11.59 million) with bank as margin money)		
	<u>1398.76</u>	<u>1191.84</u>
d) OTHER CURRENT ASSETS		
Interest accrued	29.74	22.19
	<u>29.74</u>	<u>22.19</u>
e) LOANS AND ADVANCES (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received.		
Loans to Companies	83.00	100.00
Others	372.81	291.79
Prepaid Expenses	19.29	12.39
Advance Payment of Income Tax	1299.78	863.34
Security and Other Deposits	28.36	28.30
Income/Refund receivable	24.71	43.71
	<u>1827.95</u>	<u>1339.53</u>

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
9. CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
Acceptances	243.83	190.61
Sundry Creditors		
Micro, Small and Medium Enterprises	151.52	124.60
Others	877.51	736.17
Advance and Deposits from Customers and Others	226.24	311.52
Unclaimed Dividends	3.03	2.98
(There are no amounts due and outstanding as at Balance Sheet date to be transferred to Investor Education and Protection Fund)	<u>1502.13</u>	<u>1365.88</u>
b) PROVISIONS		
Provision for Taxation	1295.74	849.36
Fringe Benefit Tax	15.15	15.15
Proposed Dividend	158.45	97.70
Provision for Dividend Tax	25.71	16.60
Provision for Employee Benefits	196.27	152.11
	<u>1691.32</u>	<u>1130.92</u>
10. MISCELLANEOUS EXPENDITURE:		
Pre-operative expenses		
Opening Balance	11.53	14.64
Less: Amortised during the year	3.09	3.11
	<u>8.44</u>	<u>11.53</u>
11. OTHER INCOME		
Profit on Sale of Assets	1.11	1.23
Royalty Receipts	20.26	13.88
Rent Receipts -(TDS Rs.0.49 million, Previous Year Rs.1.04 million)	4.13	4.10
Others	16.68	17.44
Dividend Receipts	3.45	0.93
	<u>45.63</u>	<u>37.58</u>
12. INTEREST (EXPENDITURE)/INCOME		
Interest Receipts (TDS-Rs.6.22 million, Previous Year Rs.1.77 million)	91.82	44.45
Less: Interest Expenditure	3.48	0.53
	<u>88.34</u>	<u>43.92</u>
13. MATERIALS CONSUMED:		
Opening Stock		
-Raw Materials	493.05	429.01
-Semi-Finished Products	100.55	93.66
-Finished Products	191.46	164.17
Opening Stock	(A) <u>785.06</u>	<u>686.84</u>
Purchases	(B) <u>5951.09</u>	<u>4184.52</u>

Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
Closing Stock		
-Raw Materials	801.36	493.05
-Semi-Finished Products	158.95	100.55
-Finished Products	164.89	191.46
Closing Stock	1125.20	785.06
Materials Consumed (C) (A+B-C)	5610.95	4086.30
(Material consumed includes Machining Charges of Rs.84.82 million (Previous Year Rs.61.01 million))		
14. SALARIES, WAGES, BONUS, GRATUITY, ETC.,		
Salaries and Wages	662.21	420.59
Bonus	5.56	3.96
Performance Pay	126.11	89.50
Profit Share	0.00	26.61
Gratuity	17.07	9.73
Contribution to PF and other Funds	35.10	30.34
Managing Director's Remuneration	10.25	8.73
Welfare Expenses	58.33	52.72
	914.63	642.18
15. OTHER EXPENSES		
Consumption of Stores & spares	57.96	37.44
Power, Fuel & Lighting	75.15	53.66
Factory Expenses	18.00	13.47
Tools Consumed	79.23	47.31
Repairs and Maintenance of		
-Building	46.12	33.42
-Machinery	64.06	55.04
-Vehicles	1.69	0.39
-Other Assets	22.78	13.97
Rent	37.18	20.55
Rates & Taxes	11.25	5.10
Printing & Stationery	9.29	9.99
Postage, Telegrams & Telephones	19.68	13.01
Travelling & Conveyance	123.27	95.90
Subscription, Periodicals & Filing Fees	3.20	2.64
Insurance	8.20	5.00
Donation	45.40	21.13
Legal and Professional Charges	84.40	27.54
Auditors' Remuneration		
-Audit Fees	1.82	1.31
-Other Services	0.30	0.19
Miscellaneous Expenses	45.61	38.11
After Sales Expenses	90.97	78.22
Research & Development Expenses	72.11	39.35
Directors' Sitting Fees	0.60	0.86
Advertisement & Publicity	25.40	13.79
Transport Charges	123.39	84.57
Packing Material	160.32	103.67
Commission & Discount	167.68	118.87
Royalty Payment	1.35	3.01
Service Tax Payments	0.67	0.11
Loss on Sale of Assets	0.03	0.06
Bad Debts Written off	18.03	8.06
Loss on Exchange Fluctuation	13.79	13.92
Assets Condemned & Written-Off	0.00	0.13
Excise Duty Payments	28.92	21.73
Bank Charges	15.62	11.91
	1473.47	993.43

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

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

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.

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 2011.

- 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 gain/loss has been disclosed as "Foreign Currency Translation Reserves & Surplus.

v. Intangible Assets and Amortisation

In case of Parent and its Subsidiaries, expenditure towards intangible assets up to 31st March 2011 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.

3) Uniform Accounting Policies

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

- 4) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.

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.

B. NOTES ON ACCOUNTS

The Notes forming part of Consolidated Financial Statements for the quarter ended 31/03/2011.

1. The Subsidiary Companies considered in the Consolidated Financial Statements are:

S.No	Name of the Subsidiary	Country of Incorporation	% of Owner ship	Reporting Date	Difference in Reporting Date
1	ATS Elgi Limited	India	100	31/03/11	-
2	Adisons Precision Instruments Manufacturing Company Limited	India	100	31/03/11	-
3	Elgi Gulf (FZE)	Gulf	100	31/03/11	-
4	Elgi Equipments (Zhejiang) Limited	China	100	31/03/11	-
5	Elgi Compressors Trading(Shanghai) Ltd	China	100	31/03/11	-
6	SAS Belair - France	France	100	31/03/11	-

2. Joint Venture Company

Elgi Sauer Compressors Limited	India	26%	31/03/11	-
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3. The value of Investments made in the wholly owned Subsidiary Companies have been accounted in Compliance with Accounting Standard (AS-21 & AS- 27).

4. 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 31/03/2011 as given in unconsolidated Financial Statements of Elgi Equipments Limited and its Subsidiaries.

5. Summary of Financial Information of Subsidiary Companies

(Rs. In Million)

Name of the Subsidiary	ATS Elgi Limited	Adisons Precisions Instruments Mfg. Co. Limited	Elgi Gulf (FZE)	Elgi Equipments ZHEJIANG Limited	Elgi Compressors Trading (Shanghai) Co. Ltd.	SAS Belair -France
Reporting Currency	INR	INR	DHS	RMB	RMB	EURO
Exchange Rate	-	-	11.96	6.85	6.85	60.45
Funds Employed :						
A. Capital	0.90	0.52	1.78	55.66	28.68	21.85
B. Reserves	353.92	9.67	19.99	(62.92)	(9.26)	14.43
Loans	-	62.41	-	28.94	-	37.65
Deferred Tax Liability	(2.51)	-	-	-	-	-
Total Liabilities	352.31	72.6	21.77	21.68	19.42	73.93
C. Total Funds Employed						
D. Assets						
Net Block (including Capital WIP)	37.45	80.99	0.27	2.51	1.09	13.24
Goodwill	-	-	-	-	-	18.12
Investments	30	0.11	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Net Current Assets	284.86	(8.5)	21.5	10.73	18.33	42.57
Miscellaneous Expenditure to the extent not written off	-	-	-	8.44	-	-
Total Assets (Net)	352.31	72.6	21.77	21.68	19.42	73.93
E. Turnover	1145.99	0.12	75.87	70.84	92.72	407.37
F. Profit before Taxes	129.56	0.02	12.58	(22.54)	(3.00)	(4.42)
G. Provision for Taxation	46.13	-	-	-	-	-
H. Profit after Taxes	83.43	0.01	12.58	(22.54)	(3.00)	(4.42)
I. Proposed Dividend	-	-	-	-	-	-

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.

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. In Lakhs)

Sl. No	Particulars	Year Ended	
		31/03/2011	31/03/2010
1	Segment Revenue		
	(Sales and income from Services)		
	a) Compressors	79645.4	58280.0
	b) Automotive Equipments	11348.2	8863.5
	c) Others	3110.3	690.9
	Total Segment Revenue	94103.9	67834.4
	Less: Inter Segment Revenue	-	-
	Net Sales/Income from Operations	94103.9	67834.4
2	Segment Results		
	(Profit before Interest and Tax)		
	a) Compressors	11812.2	8917.1
	b) Automotive Equipments	1366.2	978.2
	c) Others	(212.1)	(356.5)
	Total Segment Results	12966.3	9538.8
	Less: I) Interest Expense	(883.5)	(439.2)
	ii) Unallocable expenditure net of other income	(253.7)	(237.1)
	iii) Extra-ordinary items	489.0	810.8
	Total Profit Before Tax	13614.5	9404.3
3	Capital Employed		
	(Segment Assets less Segment Liabilities)		
	a) Compressors	28236.4	21315.8
	b) Automotive Equipments	3223.1	2682.7
	c) Others	1181.1	1051.3
	Total Capital Employed in Segments	32640.6	25049.8
	Add: Unallocable Corporate Assets		
	Less: Corporate Liabilities	1911.1	1612.3
	Total Capital Employed in Company	34551.7	26662.2

Cash Flow Statement

[Rs. In Million]

Particulars	31.03.11	31.03.10
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	1361.45	940.44
Add: Prior Year Adjustments	(0.42)	(0.01)
	1361.03	940.43
Adjustments for:		
Depreciation	111.62	107.64
Assets Condemned and Written off	0.00	0.13
(Profit)/Loss on sale of assets	(1.08)	(1.17)
Amortisation of Pre-operative expenses	3.09	3.11
Company's contribution in Employees Stock Purchase Scheme	47.36	0.00
Bad debts written off	18.03	8.06
Interest and Financing Charges	4.52	1.42
Dividend Received	(3.45)	(0.93)
Interest Received	(91.82)	(44.45)
	88.27	73.81
Operating Profit Before Working Capital Changes	1449.30	1014.24
Adjustments for:		
(Increase)/Decrease in Receivables & Other Current Assets	(378.51)	(287.86)
(Increase)/Decrease in Inventories	(337.60)	(105.47)
Increase/(Decrease) in Current Liabilities and Provisions	168.37	762.74
	(547.74)	369.41
Cash generated from operations	901.56	1383.65
Direct Taxes Paid	(415.21)	(314.12)
Net Cash From Operating Activities (A)	486.35	1069.53
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(259.51)	(178.85)
Sale of Fixed Assets	1.72	1.47
Increase in Investments	(30.01)	0.00
Decrease in Loans to Companies	17.00	(99.35)
Interest Received	85.69	44.45
Dividend Received	3.45	0.93
Net Cash Used in Investing Activities (B)	(181.66)	(231.35)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.58	16.19
Proceeds from Issue of Share Premium	0.16	216.09
Proceeds from short Term Borrowings	22.28	27.57
Interest Paid	(4.52)	(1.42)
Dividend Paid	(116.27)	(150.44)
Net Cash Used in Financing Activities (C)	(97.77)	107.99
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	206.92	946.17
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1191.84	245.67
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1398.76	1191.84

Note: Figures within brackets denote Cash outflow.

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 : 28/04/2011

S. RAVEENDAR
Company Secretary

S. SRIRAM
Chief Financial Officer

R. 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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1. Directors' Report
2. Auditor's Report
3. Annual Accounts

Directors' Report

Dear Shareholders

Your directors are pleased to submit the 4th Annual Report with the Audited Annual Accounts of the Company for the year ended 31st March, 2011.

(Rs in Million)

Particulars	31.03.2011	31.03.2010
Profit before depreciation and tax	134.960	80.419
Less: Depreciation	5.400	3.617
Profit after depreciation	129.560	76.802
Less: Provision for Tax (Net of Deferred Tax)	46.130	26.100
Profit after Tax	83.430	50.702
Profit brought forward	88.901	38.199
Prior Year Adjustment	(0.406)	-
Profit carried to Balance Sheet	171.926	88.901

Performance for the year

The passenger car market was buoyant with 29% growth during the year 10-11, to a great extent this is reflected in the setting up of new garages as well as expansion of the old ones. Taking lead from the growing market condition, ATS ELGI registered a sales growth of 28% over the previous year and PBT grew by 1.7 times over the previous year.

Future plans

The passenger car market is forecasted to grow at a lower pace by 15% during the year 11-12. This will result in lower demand of standard products in the market during 11-12 compared to the previous year. To continue the higher growth we are planning launching new products such as Centralized Lube Management Systems, Auto Car Washing systems and Multi Level Car Parking Systems, which will increase our sales.

International

In the international market our efforts to expand in the Bangladesh market has been successful. At the same time our dominance in the Nepal market was maintained.

For the current year our focus will be on the Srilanka market. The trend in Bangladesh and Nepal market will continue and contribute to our international sales. During the year also we plan to add new countries to our business in increase our export sales.

Dividend: In order to conserve internal resources the Directors do not recommend any dividend for the financial year 2010-11.

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

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

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;

- 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 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, 2011 and of the profit of the company for the year ended on that date.
- iii. 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.

iv. that the Directors have prepared the annual accounts on a "going concern" basis.

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

Acknowledgements

The Board appreciates the continued support rendered by Customers, Suppliers, Dealers, Banks, Financial institutions, and investors and the faith reposed by the shareholders of the company.

For and on behalf of the Board

Coimbatore
28/04/2011

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.

Production & Assembly Shop: - Optic sensor has been installed in the blowers in paint booth to regulate power consumption and Metal halide lamps were replaced with compact fluorescent Lights (CFL) to reduce power consumption in Assembly shop.

General & Other utilities: Auto cut off arrangements in air conditioners in Conference rooms & individual working cabins.

B. TECHNOLOGY ABSORPTION

- 1) Premium version of two post hydraulic lift have been developed which when compared to mechanical screw auto lift has low noise and vibration. Production will commence in 2011-12.
- 2) Parking lift (where two cars can be stacked) has been developed to reduce the parking space. The product is under proto validation and production will commence in this year.

EXPENDITURE ON R&D	2010-2011	2009-2010
Capital	1.143	2.971
Revenue	12.265	12.941
Total	13.408	15.912
R&D Expenditure as a Percentage of Turnover	1.18	1.79

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 (Rs.In Million)	Qualification	Experience	DOJ	Pre.Empl
Sri. Harjeet Singh Wahan	64	Managing Director	7.011	B.E. (Elec.), D.B.M	37 years	01/08/2007	Elgi Equipments Ltd

For and on behalf of the Board

Place : Coimbatore
Date : 28/04/2011

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 2011, the Profit and Loss account 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit and Loss Account 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 2011 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 2011 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 2011;

2) In the case of the Profit and Loss Account, of the profit for the year 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: 28/04/2011

Annexure to the Auditor's 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 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 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, Sales Tax which have not been deposited with the appropriate authorities on account of any dispute.
- X. The Company does not have any accumulated losses at the end of the financial 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 2011

[Rs. In Million]

Particulars	Sch.No.	31.03.11	31.03.10
I SOURCE OF FUNDS			
1) Shareholders' Funds:			
a) Capital	1	0.900	0.900
b) Reserves and Surplus	2	353.925	270.901
		354.825	271.801
2) Loan Funds:			
a) Secured Loans	3	-	-
b) Unsecured Loans	4	-	-
		-	-
3) Deferred Tax Liability/(Assets)	5	(2.514)	(4.374)
Total		352.311	267.427
II APPLICATION OF FUNDS			
1) Fixed Assets:			
a) Gross Block	6	51.126	37.626
b) Less: Depreciation		13.738	8.338
c) Net Block		37.388	29.289
d) Capital Work in progress		0.063	0.034
2) Investments	7	30.000	-
3) Current Assets, Loans & Advances	8		
a) Inventories		102.724	101.492
b) Sundry Debtors		140.864	116.724
c) Cash and Bank balances		198.372	138.099
d) Other Current Assets		4.315	0.827
e) Loans and Advances		127.257	93.926
(A)		573.532	451.067
Less: Current Liabilities and Provisions	9		
a) Liabilities		170.296	127.140
b) Provisions		118.376	85.822
(B)		288.672	212.963
Net Current Assets	(A-B)	284.860	238.104
Total		352.311	267.427

The Schedules referred to above and the Accounting Policies and Notes thereon form an integral part of this Balance Sheet.

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 : 28/04/2011

R. JAYACHANDRAN
Partner
Membership No. 021848

Profit and Loss Account for the Year Ended 31st March'2011

[Rs. In Million]

Particulars	Sch.No.	31.03.11	31.03.10
INCOME			
Gross Sales		1201.354	929.040
Less: Excise Duty		66.534	42.694
Net Sales		1134.820	886.346
Other Income	10	1.391	2.169
Interest (Expenditure) / Income	11	9.782	4.040
Total Income	(A)	1145.993	892.555
EXPENDITURE			
Materials Consumed	12	709.471	542.109
Salaries, Wages, Bonus, Gratuity, etc	13	122.797	113.491
Other Expenses	14	171.704	135.523
Depreciation		5.400	3.617
Total Expenditure	(B)	1009.372	794.740
PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS	(A-B)	136.621	97.815
EXTRA-ORDINARY ITEMS	(C)	-	21.013
EMPLOYEES (ESPS - ELGI)		7.060	-
PROFIT BEFORE TAX & AFTER EXTRA-ORDINARY ITEMS	(A-B-C)	129.561	76.802
Provision for Income Tax		44.270	31.400
Deferred Tax Liability/(Asset)		1.860	(5.300)
PROFIT AFTER TAX		83.431	50.702
Balance Brought Forward		88.901	38.199
Prior Year Adjustments	15	(0.406)	-
PROFIT AVAILABLE FOR APPROPRIATION		171.926	88.901
APPROPRIATIONS			
Balance Carried to Balance Sheet		171.926	88.901
TOTAL		171.926	88.901
Earning per share :-		(In Rs.)	(In Rs.)
Nominal Value of Share		10.000	10.000
Basic		927.00	563.355
Diluted		-	-

The Schedules referred to above and Accounting Policies the Notes thereon form an integral part of this Profit and Loss Account.

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
R. JAYACHANDRAN
Partner
Membership No.021848

Place : Coimbatore
Date : 28/04/2011

Schedules to Balance Sheet and Profit and Loss Account as at 31st Mar'2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
1 SHARE CAPITAL		
AUTHORISED CAPITAL		
1,00,000 Equity Shares of Re.10/- each	<u>1.000</u>	<u>1.000</u>
	1.000	1.000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
FULLY PAID UP		
90000 Equity Shares of Re.10/- each issued and subscribed	<u>0.900</u>	<u>0.900</u>
(All the shares are held by M/s. Elgi Equipments Ltd, the holding company and its nominees)	<u>0.900</u>	<u>0.900</u>
2 RESERVES AND SURPLUS		
Share Premium	180.000	180.000
General Reserve	2.000	2.000
SURPLUS		
Balance in Profit and Loss Account	<u>171.925</u>	<u>88.901</u>
	353.925	270.901
3 SECURED LOANS	-	-
4 UNSECURED LOANS	-	-
5. DEFERRED TAX LIABILITY / (ASSETS)		
Opening Balance	(4.374)	0.925
Add / Less - for the Year		
Liability	1.860	(5.710)
Asset	-	0.410
	<u>(2.514)</u>	<u>(4.374)</u>
6. FIXED ASSETS		

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/10	During the year		As at 31/03/11	As at 01/04/10	During the year		As at 31/03/11	As at 31/03/11	As at 31/03/10
		Additions	Deductions			Additions	Deductions			
Buildings	1.086	0.418	-	1.504	0.085	0.100	-	0.185	1.318	1.001
Plant & Machinery	28.785	11.837	-	40.621	4.584	3.650	-	8.234	32.387	24.201
Electrical Fittings	0.468	-	-	0.468	0.164	0.055	-	0.219	0.249	0.304
Furniture & Office Equipments	3.467	1.245	-	4.712	1.615	0.852	-	2.467	2.245	1.853
Canteen Equipments	0.479	-	-	0.479	0.139	0.074	-	0.214	0.265	0.340
Intangible Assets Tech Knowhow	3.341	-	-	3.341	1.751	0.668	-	2.419	0.922	1.590
Grand Total	37.626	13.500	-	51.125	8.338	5.400	-	13.738	37.388	29.288
Previous Year	28.791	8.857	0.022	37.626	4.720	3.620	0.003	8.338	29.288	24.070

Schedules to Balance Sheet and Profit and Loss Account as at 31st Mar'2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
7. INVESTMENTS (AT COST)		
LONG TERM	NIL	NIL
SHORT TERM		
Principal Pnb Fixed Maturity (Dividend) Plan-Quoted -Series XXVIII -30,00,000 Nos @Rs. 10/- each	<u>30.000</u>	<u>-</u>
8. CURRENT ASSETS, LOANS AND ADVANCES		
a) INVENTORIES		
Raw Materials and Components	36.324	32.870
Work-in-progress	12.099	10.848
Finished Products	52.919	56.414
Consumables Spares and Stores	0.148	0.133
Loose tools	1.234	1.226
	<u>102.724</u>	<u>101.492</u>
b) SUNDRY DEBTORS (Unsecured and considered good)		
Debts outstanding for a period exceeding 6 months	7.346	14.569
Other Debts	133.518	102.155
	<u>140.864</u>	<u>116.724</u>
c) CASH AND BANK BALANCES		
Cash on Hand	0.065	0.127
Fixed Deposits	130.000	80.000
Balances with Scheduled Banks -in Current Accounts	68.307	57.973
	<u>198.372</u>	<u>138.099</u>
d) OTHER CURRENT ASSETS - Interest Accrued	4.315	0.827
e) LOANS AND ADVANCES (Unsecured and considered good) Advances recoverable in cash or in kind or for value to be received.		
Due from Holding Company	(6.457)	(2.337)
Others	39.470	31.122
Prepaid Expenses	0.120	0.667
Advance Payment of Income Tax	91.629	61.601
Security and Other Deposits	2.298	1.927
Income/Refund receivable	0.197	0.945
	<u>127.257</u>	<u>93.926</u>
9. CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
Acceptances	23.710	22.786
Sundry Creditors		
Micro, Small and Medium Enterprises	24.161	19.911
Others	103.523	73.665
Advance and Deposits from Customers and Others	18.902	10.779
	<u>170.296</u>	<u>127.140</u>
b) PROVISIONS		
Provision for Taxation	84.770	52.340
Provision for Fringe Benefit Tax	2.769	2.769
Provision for Employee Benefits	30.836	30.713
	<u>118.375</u>	<u>85.822</u>

Schedules to Balance Sheet and Profit and Loss Account as at 31st Mar'2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
10. OTHER INCOME		
Profit on Sale of Assets	0.623	0.510
Others	0.768	1.539
Gain on Exchange Fluctuation	-	0.121
	<u>1.391</u>	<u>2.169</u>
11. INTEREST (EXPENDITURE)/INCOME		
Interest Receipts	3.724	1.954
Less: Interest Expenditure		
Others	(6.058)	(2.086)
	<u>9.782</u>	<u>4.040</u>
12. MATERIALS CONSUMED		
Opening Stock		
-Raw Materials	32.870	29.867
-Semi-Finished Products	10.848	8.091
-Finished Products	56.414	59.543
Opening Stock (A)	<u>100.132</u>	<u>97.501</u>
Purchases (B)	<u>710.681</u>	<u>544.741</u>
Closing Stock		
-Raw Materials	36.324	32.870
-Semi-Finished Products	12.099	10.848
-Finished Products	52.919	56.414
Closing Stock (C)	<u>101.342</u>	<u>100.132</u>
Materials Consumed (A+B-C)	<u>709.471</u>	<u>542.109</u>
(Material consumed includes Machining Charges of Rs. 12.820 million) (Previous Year Rs. 10.313 million)		
13. SALARIES, WAGES, BONUS, GRATUITY ETC.,		
Salaries and Wages	82.189	70.639
Bonus	0.628	0.845
Performance Pay	20.010	19.000
Profit Share	-	4.510
Gratuity	3.060	2.560
Contribution to PF and other Funds	5.395	4.940
Managing Director's Remuneration	4.825	4.074
Welfare Expenses	6.690	6.923
	<u>122.797</u>	<u>113.491</u>

Schedules to Balance Sheet and Profit and Loss Account as at 31st Mar'2011

[Rs. In Million]

Particulars	31.03.11	31.03.10
14. OTHER EXPENSES		
Consumption of Stores spares	5.561	4.311
Power, Fuel & Lighting	4.589	4.165
Factory Expenses	1.113	0.247
Tools Consumed	5.399	3.717
Repairs and Maintenance of		
-Building	3.062	2.988
-Machinery	1.854	2.334
-Vehicles	0.041	0.015
-Other Assets	1.681	1.403
Rent	1.237	1.001
Rates & Taxes	0.152	0.158
Printing & Stationery	2.143	1.920
Postage & Telephones	2.161	2.076
Travelling & Conveyance	21.494	18.801
Subscription, Periodicals & Filing Fees	0.111	0.051
Insurance	0.530	0.386
Legal and Professional Charges	5.285	3.479
Auditors' Remuneration		
-Audit Fees	0.192	0.160
-Other Services	0.090	0.009
Miscellaneous Expenses	13.036	7.922
After Sales Expense	13.924	12.315
Research & Development Expenses	6.105	6.696
Directors' Sitting Fees	0.035	0.040
Advertisement & Publicity	3.347	1.225
Transport Charges	13.197	10.629
Packing Material	26.919	18.779
Commission & Discount	28.240	24.960
Royalty Payment	0.000	0.070
Sales Tax Payments	0.419	1.271
Bad Debts Written off	2.002	2.406
Excise Duty Payments	2.124	0.562
Exchange Fluctuation (Net)	4.972	-
Assets Condemned & Written-Off	0.000	0.013
Bank Charges	0.690	1.413
	171.705	135.523
15. PRIOR YEAR ADJUSTMENTS		
INCOME		
	-	-
(A)	-	-
EXPENSES		
	0.406	-
(B)	0.406	-
Total	(0.406)	-

Accounting Policies And Notes on Accounts

A. ACCOUNTING POLICIES

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.

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. |

3) Depreciation

i. Depreciation is charged at the rates specified in Schedule XIV of the Companies Act, 1956 as detailed below:

- | | | |
|-------------------------------------|---|--|
| 1. Plant & Machinery and Vehicles | - | Straight Line Method |
| 2. Computers | - | Straight Line Method over a period of three years. |
| 3. Assets costing less than Rs.5000 | - | Written off in the year of Purchase. |
| 4. 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.

4) Revenue recognition

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

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

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.

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.

7) Investments

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

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:** 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 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 LIC of India. The expense is recognized based on the present value of obligation as 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 profit share, performance pay etc are measured and provided on accrual basis.

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.

10) Deferred Tax

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

11) Intangible Assets

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

B. NOTES ON ACCOUNTS

- 1) Estimated amount of contracts remaining to be executed on capital account and not provided for is: Nil. (Previous year: Rs.Nil)

- 2) Contingent Liabilities not provided for

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
a) Guarantees and Letter of Credit	47.160	22.704

- 3) Claims against the company not acknowledged as debts. Rs.Nil (Previous year: Rs.Nil)

- 4) (i) Installed Capacity / Actual Production (Quantity in Numbers):

Particulars	Installed Capacity	Production	Installed Capacity	Production
	31.03.11	31.03.11	31.03.10	31.03.10
Automotive Equipments	22000	20718	22000	17408

(ii) Turnover:

Particulars	31.03.2011		31.03.2010	
	Quantity (In Nos)	Value (Rs. in Million)	Quantity (In Nos)	Value (Rs. in Million)
Automotive Equipments	20549	1134.820	17989	886.346

(III) (a) Material Consumption

Description of the Item	Year Ended 31/03/2011		Year Ended 31/03/2010	
	Quantity (In Nos)	Value (Rs. In Million)	Quantity (In Nos)	Value (Rs. In Million)
Materials that do not Individually account for 10% or more of total Consumption	-	715.032	-	546.420

Notes : The above details are furnished in accordance with the Ministry of Corporate Affairs Notification No. S.O. 301 (E) dated 8th February 2011. The Board has given its consent for non disclosure of information, required under para 3(ii)(a) of Part II of Schedule VI of the Companies Act, 1956 in respect of Items that form less than 10% of the total consumption.

(III) (b) Raw Materials and Stores Consumption:

Particulars	31.03.2011		31.03.2010	
	(Rs. In Million)	%	(Rs. In Million)	%
Imported	165.351	23	186.764	34
Indigenous	549.681	77	359.656	66
Total	715.032	100	546.420	100

(IV) Closing Stock of Finished Goods

Particulars	As on 31/03/2011		As on 31/03/2010	
	Quantity (In Nos)	Value (Rs. In Million)	Quantity (In Nos)	Value (Rs. In Million)
Automotive Equipments	502	52.919	358	56.414

5) Balances in the accounts of Sundry Debtors, Sundry Creditors, Security and Other Deposits have been reconciled wherever letters of confirmation have been received.

- 6) Micro, Small and Medium Enterprise under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	31.03.11 Rs. in Million	31.03.10 Rs. in Million
a Principal amount due to suppliers under the act	24.161	19.911
b Interest accrued and due to Suppliers on the above amount (other than Section 16)	NIL	NIL
c Interest paid to suppliers under the Act,(Section 16)	NIL	NIL
d Interest due & payable for delay (for payments during year beyond due date)	NIL	NIL
e Payment made to suppliers (Other than interest) beyond the appointed day, during the year	NIL	NIL
g Interest accrued and remaining unpaid at end of year to suppliers under the Act	NIL	NIL
f Interest due and payable to suppliers under the Act for payments already made	NIL	NIL

Note: This information has been given in respect of vendors to the extent they could be identified as "Micro, Small and Medium enterprises" on the basis of information available with the Company.

- 7) Employee Benefits:

The Company has adopted the Revised Accounting Standard 15 in respect of defined benefit plan (Gratuity)

	Gratuity (Funded) (Rs. in Million)	
	31-03-2011	31-03-2010
I PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	8.40%	8.50%
Salary escalation Rate	6.50%	8.00%
Attrition rate	3.00%	3.00%
Expected rate of return on Plan Assets	9.25%	9.15%
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	10.161	9.458
Interest Cost	0.817	0.658
Current service cost	1.090	1.077
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	1.086	-
Benefits paid	(1.096)	(2.254)
Actuarial loss/(gain) on obligation (balancing figure)	(3.105)	1.221
PVO as at the end of the period	8.952	10.161
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	8.533	7.696
Expected return on plan assets	0.854	0.695
Contributions	2.702	2.303
Benefits paid	(1.096)	(2.254)
Actuarial gain/(loss) on plan assets [balancing figure]	0.043	0.092
Fair value of plan assets as at the end of the period	11.036	8.533

	Gratuity (Funded) (Rs. in Million)	
	31-03-2011	31-03-2010
IV ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	0.854	0.695
Actuarial gain (loss) on plan assets	0.043	0.092
Actual return on plan assets	0.898	0.787
V ACTUARIAL GAIN / LOSS RECOGNISED		
Actuarial gain / (loss) for the period - Obligation	3.105	(1.221)
Actuarial gain / (loss) for the period - Plan Assets	0.043	0.092
Total (gain) / loss for the period	(3.148)	1.129
Actuarial (gain) / loss recognized in the period	(3.148)	1.129
Unrecognised actuarial (gain) / loss at the end of the year	-	-
VI AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation	8.952	10.161
Fair value of plan assets	11.036	8.533
Difference	(2.083)	1.628
Unrecognised transitional liability	-	-
Unrecognised pas service cost - non vested benefits	-	-
Liability recognized in the balance sheet	(2.083)	1.628
VII EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	1.090	1.077
Interest Cost	0.817	0.658
Expected return on plan assets	(0.854)	(0.695)
Net actuarial (gain)/loss recognised in the year	(3.148)	1.129
Transitional Liability recognised in the year	-	-
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	1.086	-
Effect of limit under paragraph 59(b)	2.083	-
Expenses recognised in the statement of Profit and Loss	1.074	2.169
VIII MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET		
Opening net liability	1.628	1.762
Expenses as above	1.074	2.169
Contribution paid	(2.702)	(2.303)
Closing net liability	-	1.628
IX AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	8.952	10.161
Plan Assets	11.036	8.533
Surplus (Deficit)	2.083	(1.628)
Experience adjustments on plan liabilities - (loss)/gain	2.057	(0.479)
Experience adjustments on plan assets -(loss)/gain	0.043	0.092
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%

8. Managing Director's Remuneration :

a)

Computation of Net profits & Managing Director's Remuneration as per Section 349 read with Section 309(5) of the Companies Act, 1956	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Net profit as per P&L account before extra-ordinary Item	136.621	97.815
Add:		
MD Remuneration	7.011	5.854
Directors Remuneration	-	-
Sitting Fees	0.035	0.040
	<u>7.046</u>	<u>5.894</u>
Total	143.667	103.710
Less:		
Capital profit on sales of assets	0.623	0.510
Profit on sale of Investments	-	0.510
	<u>0.623</u>	<u>0.510</u>
Net Profit u/s 198	143.044	103.200
Maximum remuneration payable to MD @5%	7.152	5.160
Remuneration Actually Paid	7.011	5.854
Excess Remuneration	-	0.694

The Company has obtained the approval of the Central Government U/s. 198, 309(1) and 310 for payment of Remuneration to Managing Director

b)

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Salary	1.863	1.635
House Rent Allowance	0.559	0.491
Education Allowance	0.186	0.164
Special Allowance	1.297	0.984
Conveyance Allowance	0.410	0.196
Medical	0.186	0.164
Performance Pay	2.452	2.220
Others	0.057	-
Total	7.011	5.854
(Total excludes contribution to PF/SAF)		

Note: Provision of gratuity not considered since the amount is not ascertainable individually, under the LIC Group Gratuity Cash Accumulation Scheme.

9. Expenditure in Foreign Currency:

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Travelling Expenses	2.001	1.375
Testing Charges	0.093	0.042

10. CIF value of imports:

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Raw Materials and Components	88.693	84.862
Capital Goods	NIL	NIL
Traded Goods	121.908	97.773

11. Earnings in Foreign Exchange calculated on FOB basis:

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Direct Exports	57.168	57.082

12. R&D Expenses

Particulars	31/03/2011 (Rs. In Million)	31/03/2010 (Rs. In Million)
Capital R&D	1.143	2.971
Salaries & Wages	6.160	6.245
R&D Materials	5.737	6.410
Other Expenses	0.368	0.286
Total	13.408	15.912

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 Profit and Loss Account.

13. Earning Per Share:

Particulars	31.03.2011 (Rs. In Million)	31.03.2010 (Rs. In Million)
Net Profit	83.430	50.702
Weighted average Number of Shares Outstanding	0.09	0.09
Basic Earnings Per Share (in Rs)	927.00	563.36

PARTICULARS	31.03.11	31.03.10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	136.621	97.815
Add: Transfer from Capital Reserve	-	-
Add: Prior Year Adjustments	-	-
	<u>136.621</u>	<u>97.815</u>
Adjustments for:		
Depreciation	5.400	3.617
Finance Lease payments	-	-
Assets Condemned and Written off	-	-
(Profit)/Loss on sale of assets	(0.623)	(0.510)
Deferred Revenue expenditure	-	-
(Profit)/Loss on sale of Investments	-	-
(Profit)/Loss on sale of Auctionable claims	-	-
Bad debts written off	2.002	2.406
Interest and Bank Charges Paid	6.748	3.499
Dividend Received	-	-
Interest Received	(3.724)	(1.954)
	<u>-</u>	<u>-</u>
	9.803	7.058
Operating Profit Before Working Capital Changes	146.424	104.873
Adjustments for:		
Trade and Other Receivables	(62.962)	(41.439)
Inventories	(1.232)	(3.132)
Trade Payables	61.467	79.085
	<u>(2.727)</u>	<u>34.514</u>
Cash Generated From Operations	143.697	139.387
Interest Paid	(6.748)	(3.499)
Direct Taxes Paid	(30.028)	(27.934)
Deferred Revenue Expenditure - VRS	-	(21.013)
Employees (ESPS - ELGI)	(7.060)	-
Prior Year Adjustments	(0.406)	-
Net Cash From Operating Activities (A)	<u>(44.242)</u>	<u>(52.446)</u>
	99.455	86.941
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(13.528)	(7.675)
Sale of Fixed Assets	0.623	0.510
Purchase of Investments	(30.000)	-
Sale of Investments	-	-
Loans to Companies	-	-
Interest Received	3.724	1.954
Dividend Received	-	-
Net Cash Used in Investing Activities (B)	(39.181)	(5.211)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Share Premium	-	-
Repayment of loans - Elgi	-	(25.000)
Proceeds from short Term Borrowings	-	-
Dividend Paid	-	-
Net Cash Used in Financing Activities (C)	-	(25.000)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	60.274	56.730
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	138.099	81.368
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	198.373	138.098

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
R. JAYACHANDRAN
Partner
Membership No. 021848

Place : Coimbatore
Date : 28/04/2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No.	014125
State Code	18
Balance Sheet Date	31.03.11
II. Capital raised during the year	
Public Issue	Nil
Warrant Conversion application money received	Nil
Bonus issue	Nil
Private Placement	Nil
III. Position of mobilisation and deployment of found (Amount In Thousands)	
Total Liabilities	352310.61
Total Asset	352310.61
Sources of Funds:	
Paid up capital	900.00
Reserves and Surplus	353924.61
Secured Loan	0.00
Unsecured Loan	0.00
Deferred Tax Liability	(2,514.00)
Application of Funds:	
Net Fixed Assets	37450.49
Investments	30000.00
Net Current Assets	284860.12
Miscellaneous Expenditure	0.00
IV. Performance of Company (Amount In Thousand)	
Turnover	1145992.07
Total Expenditure	1016432.49
Profit/(loss) before tax	129560.58
Profit/(loss) after tax	83430.58
Earning per share (rs.)	927.00
Dividend Rate (%)	0.00
V. Generic Names of three Principal Products of Company (as per Monetary Terms)	
Item Code No. (ITC Code)	842519.10
Product Description	Hydraulic Lift

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
Regn.No.:003496S
Chartered Accountants

Place : Coimbatore
Date : 28/04/2011

R. JAYACHANDRAN
Partner
Membership No. 021848

Factory & Registered Office, Subsidiary Office, Branch Offices and Foreign 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-600034 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 - 641005 . 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 - 500017 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 - 682016. 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 - 492003 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: nitins@elgi.com
BANGLADESH	Elgi Equipments Ltd. , Sonartori Tower (15 & 16 Floor), No.12, Biponon C/A, Sonargon Road, Dhaka- 1000 Ph: 880-9671453-65 Mobile : +88-01713007775 Fax: 880-2-8616148 E-mail: nazim@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: siddharth@elgi.com

Overseas Production centres

CHINA	ELGI EQUIPMENTS (ZHEJIANG) LIMITED , No.3 Building, No.375 Huayun Road, JiaXing Economic Development Zone, JiaXing ZheJiang, PRC China- 314001 Ph: +86(0) 563 82551120, 82551133, 82551122, 008613818052560 Fax +86 (0) 563 82551115 Email: enquiry.cn@elgi.com
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Overseas Wholly-owned subsidiaries

CHINA	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: senthil@elgi.com
BRAZIL	ELGI COMPRESSORES DO BRAZIL LTD Av Alta Mantiqueira 496, Bairro Santa Monica, pirrituba CEP 05171-200 / Sao Paulo Brazil E mail : msanand@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 E mail : dllelievre@belair.fr, haufrey@belair.fr

Subsidiary Companies (DOMESTIC)

ATS ELGI LIMITED, Kurichy Private Industrial Estate, Kurichy, Coimbatore-641021, India Ph : + 91-422-2589999, 2672201-3 Fax : +91-422-2589800
E-mail : enquiry@ats-elgi.com Visit us at : www.ats-elgi.com

Joint Venture

ELGI SAUER COMPRESSORS LIMITED Elgi Industrial Complex 111, Singanallur, Coimbatore-641005 India
Ph : + 91-422-2589510 Fax : +91-422-2573697 E-mail: info@elgisauer.com Web:www.elgisauer.com

Factory & Registered Office

ELGI EQUIPMENTS LIMITED
Singanallur, Coimbatore - 641005, India, Ph : + 91-422-2589555 Fax : +91-422-2573697, +91-422-2589401
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

MANUFACTURING & ENGINEERING SERVICES

India House, Trichy Road, Coimbatore -641018, India Ph : + 91-422-2589777 Fax : +91-422-2305987

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

And hence...

The right to co-exist in society, conduct business, earn profits and further growth is bestowed upon individuals / businesses by society. It is not businesses that chose dominions but society that extended them the hospitality.

And hence... to sustain enduring partnerships, it is important that organizations serve the needs of their immediate society.

And hence... ELGI recognized the need to give back to society very early in the 50 years of traveling the path of success. It has recognized the merit of mutual exchange and has held its immediate society in high esteem. True to the tenants of mutual co-existence, ELGI has recognized its society as a key stakeholder in its growth and strategy to success.

And hence.. carefully designed schemes relevant to the needs and aspirations of the society were planned, articulated and implemented to enhance value in the regions it operates.

And hence...Water



First things first...ELGI's credence to give back to society started with the origins of the company's founder Late Shri LRG Naidu - Lakshminaiickenpalayam. To augment fresh water resources in this perennially dry region ELGI sunk borewells for use of the local community. A long term initiative for fresh water augmentation was to de-silt, deepen and develop rainwater collection ponds in the region.

And hence...Education



ELGI recognized education a key success factor to improve the socioeconomic conditions of its society. Education inclined children completing 10th class who were unable to continue study due to economic reasons were identified, enrolled in vocational education programs and then provided career opportunities at ELGI units. ELGI has also introduced a fully funded CNC Operator Certificate Course which provides the students a specified stipend and also employment opportunities in ELGI.

And hence...Philanthropy



Compassion for the aged, destitutes and orphans has scored high on the CSR conscience of ELGI. Adopting the Home for the Aged & Destitutes in Podanur, ELGI contributes to the welfare of the inmates ensuring medical and geriatric support to them. A multi-puropose hall has been funded and constructed for the inmates to give them the advantage of a better facility.

ELGI has also identified a Government Elementary School in Kodangipalayam, near its proposed new facility at Kinathukadavu and is augmenting infrastructure for the school by building for kitchen, classrooms, toilet blocks and drinking water facility.

And hence...Voluntary Services

'Sirpigal' or 'Sculptors' are a team of volunteers who reach out to the local community in support of kids affected by HIV, and the aged. They also take up social activity that include tree plantations, area cleaning exercises, blood donations, books and stationery support. In the offing is a noble plan to help construct a building to house mentally challenged people managed by the NGO Universal Peace Foundation. Between its various affiliates, ELGI employees have contributed over 100 units of blood in 2010.



And hence...Ownership stakes for employees



ELGI recognizes the role of its employees as key to its success. The Golden Jubilee celebrations of the Company is hence hallmarked by the induction of all ELGI employees as shareholders of the company. Shares have been issued to employees in recognition of the number of years of service put in by them at ELGI.





ELGI

Think Long Run

ELGI EQUIPMENTS LIMITED

Singanallur, Coimbatore - 641 005

Tel: +91-422-2589555 Fax: +91-422-2573697

E-mail: investor@elgi.com Visit us at: www.elgi.com

