

# ELGI FINANCE LIMITED

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25th Annual  
Report  
31-3-2008

## ELGI FINANCE LIMITED

### *Board of Directors*

**Dr. Jairam Varadaraj**  
Managing Director

**C.N. Subramanian**

**B. Balakrishnan**

**S.A. Subramanian**

### *Auditors*

**M/s. Suri & Co.,**  
Chartered Accountants  
Coimbatore

### *Registered Office*

"INDIA HOUSE",  
1443/1 Trichy Road,  
Coimbatore - 641 018.

### *Registrars and Transfer Agents*

#### *Registered Office :*

Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup West,  
Mumbai - 400 078.  
Phone : 91-022-25963838  
Fax : 91-022-25946969  
E-mail : isrl@intimespectrum.com

#### *Branch Office :*

Intime Spectrum Registry Limited  
Surya, 35 May Flower Avenue  
(Behind Senthil Nagar)  
Sowripalayam Road  
Coimbatore - 641 028.  
Phone : 91-0422-2314792  
91-0422-2315792  
E-mail : coimbatore@intimespectrum.com

*Members are requested to bring their copy of the  
Annual Report to the Annual General Meeting.*

**ELGI FINANCE LIMITED****NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Elgi Finance Limited will be held on Saturday, the 27th day of September, 2008 at 3.45 P.M. at Ardra Convention Centre, No. 9, North Huzur Road, Coimbatore - 641 018 to transact the following business.

**ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 31st March, 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors there on.
2. To appoint a Director in the place of Sri. C.N. SUBRAMANIAN who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES**

1. **A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be member.**
2. 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.
3. The Register of Members and Share Transfer Register of the Company will remain closed from 22.09.2008 to 27.09.2008 (both days inclusive).
4. As required under the provisions of section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends upto the financial year ended 30.09.1997 to the Investor Education and Protection Fund of the Central Government. There after the Company has not declared Dividend.
5. Members can avail the nomination facility, under Section 109A of the Companies Act, 1956, by filing up Form No.2B with the Share Transfer Agent and by execution of the relevant form with the Depository Participants concerned.

**ISIN ACTIVATION CODE ALLOTTED : INE424D01018 (WITH M/S.CDSL)**

**Particulars about the directors proposed for reappointment as per Clause 49(vi)(a) of the Listing Agreement.**

Name	: Sri. C.N. Subramanian
Age	: 55 years
Qualification	: B.Com., F.C.A.,
Expertise	: Finance & Accounts

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Other Directorships : Elgi Securities Limited  
Dark Horse Portfolio Investment Limited  
Salem Services Private Limited  
Premier Industrial Drives Private Limited  
Madura Public Conveyance Private Limited

Committee Memberships : Elgi Finance Limited - Audit Committee,  
Remuneration Committee and  
Share Transfer and Shareholders Grievance Committee.

The appointee Director holds 200 shares in the Company.

Relationship with : He is not related to any Director.  
Other Directors

Coimbatore  
30/06/2008

By Order of the Board

**JAIRAM VARADARAJ**  
Managing Director

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**ELGI FINANCE LIMITED****DIRECTORS' REPORT**

Your Directors present the Twenty Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 2008.

**FINANCIAL RESULTS :**

	Year Ended 31/03/2008 (Rs. in lacs)	Year Ended 31/03/2007 (Rs. in lacs)
<b>GROSS INCOME</b>	<b>4.27</b>	6.09
Profit / (Loss) before Interest, Depreciation and Provision for Tax	<b>1.32</b>	(0.22)
<b>Add / (Less):</b>		
a) Interest	—	—
b) Depreciation	<b>(0.17)</b>	(0.20)
c) Provision for Taxation	—	(0.03)
<b>Balance Profit / Loss</b>	<b>1.15</b>	— 0.45
Add : Previous Years Loss B/F	<b>2900.43</b>	2899.98
<b>Balance Loss Carried Over</b>	<b>2899.28</b>	2900.43

**OPERATIONS :**

The Company continued to take efforts to solve its legal issues and continue efforts on collection.

**FIXED DEPOSITS :**

The Company has not accepted any fixed deposits during the year. There are no dues payable on account of fixed deposits at the end of the year.

**DIVIDEND :**

Due to inadequate profits earned by the Company during the year, the Board of Directors do not recommend any dividend for the year.

**GROUP COMPANIES :**

As per SEBI (Substantial Acquisition of Shares and Takeover) regulation, 1997, as amended by SEBI (Substantial Acquisition of Shares and Takeover) (Second Amendment) Regulations, 2002, the following are the group companies falling within the Regulation 3(1)(e)(i) :

1. Elgi Equipments Limited
2. Elgi Ultra Industries Limited
3. Elgitread (India) Limited
4. Elgi Securities Limited
5. Dark Horse Portfolio Investment Limited
6. Premier Industrial Drives (P) Limited
7. Salem Services (P) Limited
8. Madura Public Conveyance (P) Limited
9. ATS Elgi Limited.

**DIRECTORS :**

Sri. C.N. Subramanian will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO :**

Furnishing of details regarding CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO are not applicable to the Company.

**25th ANNUAL REPORT****LISTING :**

The shares of the Company have been listed in Bombay Stock Exchange Ltd, Mumbai and Coimbatore Stock Exchange Ltd. The listing fees payable has been duly paid to Bombay Stock Exchange Ltd. Due to non receipt of necessary intimation letter from Coimbatore Stock Exchange Ltd., the Listing fee has not been paid so far.

**REPORT ON CORPORATE GOVERNANCE :**

A detailed report on Corporate Governance is annexed to this Annual Report. The Company has complied with the conditions of corporate governance as stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the Company regarding compliance of conditions is annexed to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

In compliance of Section 217 (2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- That all applicable Accounting Standards have been followed in the preparation of annual accounts and that there are no material departures.
- That such Accounting Policies have been selected and applied 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, 2008 and of the Profit of the Company for the year ended on that date.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the Provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Annual Accounts have been prepared on a going concern basis.

**AUDITORS :**

M/s. Suri & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**PERSONNEL :**

There are no employees covered by the particulars required to be disclosed under Section 217 (2A) of the Companies Act, 1956.

**ACKNOWLEDGEMENTS :**

Your Directors wish to thank and place on record their appreciation to everyone who have supported, contributed and have put in their fullest co-operation in the day-to-day operations of the Company.

By Order of the Board

**JAIRAM VARADARAJ**  
Managing Director

**B. BALAKRISHNAN**  
Director

Coimbatore  
30/06/2008

## ELGI FINANCE LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY STRUCTURE AND DEVELOPMENT

The Industry is in the mode of transformation and consolidation. Since our company does not have any NBFC Licence, efforts are on to find the right route to progress.

#### OPPORTUNITIES AND THREATS

There are no fresh opportunities in the Financing Industry and since NBFC registration was removed by RBI the Company cannot get back to financing business. The Company has to identify a different business plan for its sustenance.

#### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company did not have any financing activities or any other activity other than collections during the year.

#### RISK AND CONCERNS

Since the Company is only acting as a collection entity there are no significant risks associated with this operation.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The Audit Committee meets periodically with the Management and the Statutory Auditors to review the internal control systems.

#### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer Director's Report on Operations.

#### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FROM, INCLUDING NUMBER OF PEOPLE EMPLOYED

There has been no material developments in human resources / industrial relations front. As on date there are no employees in this Company.

### ANNEXURE TO DIRECTOR'S REPORT

#### REPORT ON CORPORATE GOVERNANCE : (In compliance with Clause 49 of the Listing Agreement)

##### 1) Company's Philosophy on Code of Governance :

Your Company firmly believes in transparency in its dealings and lays emphasis on integrity and regulatory compliance. The Elgi Group considers good corporate governance a prerequisite for meeting the needs and aspirations of its shareholders of the Company. With this end in view, this year's Annual Report has made substantial disclosures on the Board, Board Committees as also on the financial and stock performance.

##### 2) Board of Directors :

The Board of Directors consists of 4 Directors.

- a) Composition and category of Directors and attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies

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Director	Category	Attendance Particulars		No. of Directorship in other Public Companies *	No. of Committee positions #	
		Board Meeting	Last AGM		Member	Chairman
Dr. Jairam Varadaraj Managing Director	Executive - Promoter	4	Yes	10	3	1
Sri. S.A. Subramanian	Independent Non-Executive	5	Yes	—	2	—
Sri. C.N. Subramanian	Independent Non-Executive	5	Yes	2	2	—
Sri. B. Balakrishnan	Independent Non-Executive	5	Yes	2	—	2

\* Excludes directorships in private companies and foreign companies.

# only Audit Committee and Investor Grievance Committee as considered.

### Board Meetings and Annual General Meeting :

During the year under review, 5 Board Meetings were held, the dates being 20th April 2007, 29th June 2007, 28th July 2007, 31st October 2007 and 31st January 2008. The Annual General Meeting was held on 22nd September 2007.

### Shareholdings of Directors

Name of the Director	No. of shares held	% of holding
Dr. Jairam Varadaraj	52,174	0.67%
Mr. C.N. Subramanian	200	—

Other Directors do not hold any shares in the Company.

### 3) AUDIT COMMITTEE :

Composition, name of members and Chairpersons, meetings and attendance during the year

Name of the Member	Category	No. of Meetings held	Attendance
Sri. B.Balakrishnan Chairman	Independent - Non Executive	4	4
Sri. S.A.Subramanian,	Independent - Non Executive	4	4
Sri. C.N.Subramanian	Independent - Non Executive	4	4

The Chairman of the Audit Committee is Sri. B. Balakrishnan, Chartered Accountant.

The role powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines set out in the Listing Agreement with Stock Exchanges. 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 authorised to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their finding, 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, 4 Meetings of the Audit Committee were held, the dates being 29th June 2007, 28th July 2007, 31st October 2007 and 31st January 2008.