

ELGI ULTRA INDUSTRIES LIMITED

CIN: U29253TZ1981PLC001104

Registered Office:

India House, 1443/1, Trichy Road, Coimbatore - 641 018

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Website: www.elgiultra.com

**NOTICE OF THE MEETING OF THE EQUITY SHAREHOLDERS OF
ELGI ULTRA INDUSTRIES LIMITED ('COMPANY')
CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH**

DAY	Friday
DATE	18 th January, 2019
TIME	09:30 AM
VENUE	Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore-641018

POSTAL BALLOT AND E-VOTING

COMMENCES ON	Wednesday, 19 th December, 2018 at 09:00 AM
ENDS ON	Thursday, 17 th January, 2019 till 05:00 PM

ELGI ULTRA INDUSTRIES LIMITED

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH**

CA/188/CAA/2018

In the matter of Companies Act of 2013

and

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

and

In the matter of Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('the Demerged Company') and Elgi Ultra Limited ('the Resulting Company') and their respective Shareholders ('Scheme')

Elgi Ultra Industries Limited,

A company incorporated under the Companies Act, 1956
Having its registered office at India House, New No.1443/1,
Trichy Road, Coimbatore – 641018, Tamil Nadu

Represented by its Managing Director, Mr. B. Balakrishnan

... Applicant / Demerged Company

FORM NO. CAA. 2

[Pursuant to Section 230(3) and Rule 6 and 7]

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF ELGI ULTRA INDUSTRIES LIMITED PURSUANT TO THE ORDER DATED 19TH NOVEMBER, 2018 BY THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH

To

The Equity Shareholders of Elgi Ultra Industries Limited ('the Company')

Notice is hereby given that by an Order dated 19th November, 2018 the Chennai Bench of the National Company Law Tribunal ('NCLT' or 'Tribunal') has directed a meeting to be held of the equity shareholders of the Company for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') and their respective shareholders ('the Scheme').

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the equity shareholders of the said Company will be held at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore – 641018 on Friday, the 18th day of January, 2019 at 09:30 AM at which time and place the said equity shareholders of the Company are requested to attend.

To transact the special business mentioned below, this notice is given for consideration of the resolution mentioned below, to be passed at such Tribunal convened meeting.

The Board of Directors of the Company had at their meeting held on 27th July 2018, approved the Scheme, subject to the sanction of the Tribunal and such other authorities as may be necessary.

In the said meeting, the following business will be transacted:

ELGI ULTRA INDUSTRIES LIMITED

To consider, and if thought fit, approve with or without modification(s), the following resolution under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force):

“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the National Company Law Tribunal Rules, 2016 and in accordance with relevant clauses of the Memorandum of Association and Articles of Association of the Company and subject to the approval of the National Company Law Tribunal (‘NCLT’ or ‘Tribunal’), Chennai Bench and subject to such other approvals, permissions and sanctions of regulatory authorities, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by Tribunal or by any regulatory authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors, , the proposed Scheme of Arrangement (‘Demerger’) between Elgi Ultra Industries Limited (‘Demerged Company’ or ‘EUIL’) and Elgi Ultra Limited (‘Resulting Company’ or ‘EUL’) and their respective shareholders (‘Scheme’), placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company and any person authorised by the Board, be and is hereby authorised to take all such steps as may be necessary or desirable and do all such acts, deeds, things and matters, including passing of such accounting entries and/or making such adjustments in the books of accounts as may be considered necessary to give effect to the aforesaid Scheme and this Resolution and to accept such alteration, modification and/or conditions, if any, which may be proposed, required or imposed by the Hon’ble National Company Law Tribunal while sanctioning the said Scheme.”

TAKE FURTHER NOTICE that persons entitled to attend and vote at the meeting, may vote in person or by proxy or postal ballot within one month from the date of receipt of such notice, provided that all proxies in the prescribed form are deposited at the registered office of the Company at India House, New No.1443/1, Trichy Road, Coimbatore – 641018, Tamil Nadu not later than 48 hours before the meeting. Forms of proxy can be had at the registered office of the Company.

The Company has also provided an alternative facility to equity shareholders to cast their votes either by Postal Ballot or remote e-voting and notes to this Notice may be referred for the detailed instructions for casting vote by postal ballot or e-voting.

A copy of the Scheme and of the statement under Sections 230 & 232 of the Companies Act, 2013, read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Report of the Board of the Company, unaudited Financials of the Company, Valuation Report, Form of Proxy and the Attendance Slip are annexed to this Notice and can be obtained free of charge at the registered office of the Company or at the office of its counsel M/s. Cibi Vishnu, Pawan Jhabakh & Abishek Raman, Advocates, New No.115, Luz Church Road, Mylapore, Chennai – 600004.

The Tribunal has appointed Mr. P. Vijay Raghunath and failing him, Mr. Vidyasagar Ramdass as Chairman of the said meeting including for any adjournment or adjournments thereof. The Scheme, if approved by the meeting, will be subject to the subsequent approval of the Tribunal.

Dated this 23rd day of November 2018

Place : Coimbatore

Registered Office:

India House, New No. 1443/1,
Trichy Road, Coimbatore,
Tamil Nadu- 641018

Sd/-

Mr. P. Vijay Raghunath

Chairman appointed for the meeting

NOTES:

1. **A member entitled to attend and vote at the Tribunal convened Meeting (the 'Meeting') is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.**

The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

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

2. The Form of Proxy is annexed this Notice and can also be obtained from the registered office of the Company.
3. All alterations made in the Form of Proxy should be initialled.
4. During the period beginning 24 (Twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
5. A statement pursuant to Section 230(3) & 232(2) of the Companies Act, 2013, read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, setting out material facts, in respect of Special Business as set out above to be transacted at the meeting is annexed hereto and forms part of this Notice.
6. The quorum of the meeting of the Equity Shareholders of the Company shall be 50 (Fifty) members present in person.
7. The Notice is being sent to all the equity shareholders, whose names appear in the Register of Members/ List of Beneficial Owners as received from the National Securities Depository Limited ('NSDL')/ Central Depository Services (India) Limited ('CDSL') as on 14th December, 2018.
8. This notice of the Tribunal convened meeting of the Equity Shareholders of the Company along with the relevant documents are placed on the website of the Company at www.elgiultra.com and website of Link Intime India Private Limited (LIPL) at <https://instavote.linkintime.co.in>.
9. Voting rights shall be reckoned on the paid-up value of the equity shares registered in the name of members as on 14th December, 2018, i.e. the cut-off date for determining shareholders eligible for voting at the Tribunal convened meeting of the Equity Shareholders. Persons who are not equity shareholders of the Company as on the cut-off date should treat this notice for information purposes only.
10. Only registered equity shareholders of the Company shall attend (in person or by proxy) and vote at the Tribunal Convened Meeting of the equity shareholders.
11. Registered equity shareholders are informed that in case of joint holders attending the meeting, joint holder whose name stands first in the Register of Members and in his / her absence by the next named member of the Company in respect of such joint holding will be entitled to vote.
12. Equity shareholders are requested to hand over the enclosed Attendance Slip, duly filled and signed in accordance with their specimen signature(s) registered with the Company / Depository for admission to the meeting hall. Shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification at the meeting.
13. The material documents referred to in the accompanying Statement shall be open for inspection at the Registered Office of the Company on all working days up to the date of declaration of results of the meeting.

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14. Members are requested to note that the venue of the Tribunal convened meeting of the equity shareholders of the Company is at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore – 641018 and the route map containing the complete particulars of the venue is attached to this Notice.
15. In accordance with the provisions of Sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders of the Company voting in person or by proxy or by postal ballot or e-voting, agree to the Scheme.
16. Members may also note that in accordance with Section 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Company has also provided an alternative facility to the Equity Shareholders to cast their votes either by Postal Ballot or remote E-Voting and the Notes to this notice may be referred for the detailed instructions for casting vote by Postal Ballot and E-Voting.
17. Mr. M. D. Selvaraj, Practising Company Secretary, MDS & Associates, Coimbatore has been appointed as scrutinizer for the said meeting of the equity shareholders for conducting the Postal Ballot, remote e-voting and poll process in a fair and transparent manner.
18. Post the meeting, the Scrutinizer will submit the combined report to the Chairman of the meeting after completion of scrutiny of the votes cast by the equity shareholders of the Company through (i) Postal Ballot, (ii) ballot or polling paper at the venue of the meeting and (iii) remote e-voting. The scrutinizer's decision on the validity of the votes shall be final. The results of votes cast through (i) Postal Ballot, (ii) ballot or polling paper at the venue of the meeting and (iii) remote e-voting will be announced on or before 21st January, 2019 at the registered office of the Company. The results as declared by the Chairman, along with the reports of the scrutinizer shall be displayed at the registered office of the Company situated at India House, New No.1443/1, Trichy Road, Coimbatore – 641018 and shall also be placed on the website of the Company viz. www.elgiultra.com and on the website of LIPL.
19. Members may note that each equity shareholder can opt for only one mode of voting i.e. at the venue of the meeting of the equity shareholders of the Company or by remote e-voting or by postal ballot. If you opt for remote e-voting or postal ballot, then do not vote at the venue of the meeting. In case of shareholders exercising their right to vote in all modes, then remote e-voting shall prevail over voting by the said shareholder at the venue of the meeting of the equity shareholders and postal ballot and the vote cast at the venue of the meeting by that shareholder shall be treated as invalid. In case of shareholders exercising their right to vote by postal ballot and e-voting, then voting through e-voting shall prevail and voting done by ballot paper shall be treated as invalid, notwithstanding whichever is cast first. In case of shareholders exercising their right to vote in by postal ballot and at the venue of the meeting of the equity shareholders, then voting through postal ballot shall prevail and the vote cast at the venue of the meeting by that shareholder shall be treated as invalid.
20. The detailed instructions for voting are as under:
 - i. **VOTING THROUGH POSTAL BALLOT FORM**
 - An Equity Shareholder desiring to exercise vote by postal ballot shall complete the enclosed Postal Ballot Form with assent (for) or dissent (against) and send it to the scrutinizer in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier or by registered post or by speed post at the expense of the Equity Shareholder will also be accepted. The envelopes may also be deposited personally at the address given thereon.
 - The postal ballot form duly completed and signed should be returned in the enclosed self-addressed postage prepaid Business Reply Envelope so as to reach the scrutinizer on or before Thursday, 17th January, 2019 at 5.00 PM failing which, it shall be strictly treated as if the reply from the Equity Shareholder has not been received. Hence, the members are requested to send the duly completed postal ballot form well before Thursday, 17th January, 2019, providing sufficient time for postal transit.
 - The Equity Shareholders are requested to carefully read the instructions printed overleaf the postal ballot form before exercising their votes.

ii. REMOTE E-VOTING FACILITY

- Pursuant to the provisions of Section 108, 110 and other applicable provisions of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is also providing remote e-voting facility, for the members to enable them to cast their votes electronically. For this purpose, the Company has signed an agreement with Link Intime India Private Limited (LI IPL) for facilitating e-voting.
- The facility for voting either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their voting through polling paper at the meeting.
- The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- The instructions for members for voting electronically are as under:
 - i. The voting period begins on Wednesday, 19th December, 2018 at 9.00 AM and ends on Thursday, 17th January, 2019 at 5.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14th December, 2018 may cast their vote electronically. The e-voting module shall be disabled by LI IPL for voting thereafter.
 - ii. The shareholders should log on to the e-voting website <https://instavote.linkintime.co.in>.
 - iii. Click on “Login” tab, available under ‘Shareholders’ section
 - iv. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on “SUBMIT”.
 - a) **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID,
 - b) **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID,
 - c) **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
 - v. Your Password details are given below:

If you are using e-Voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on “Sign Up” tab available under ‘Shareholders’ section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form

PAN

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).
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Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.
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For Shareholders holding shares in Demat Form or Physical Form

DOB / DOI

Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
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Dividend Bank Details

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

Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).
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If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

- vi. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No." of the company, you choose to vote.
- vii. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting. Cast your vote by selecting appropriate option i.e., Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.
- viii. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- ix. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- x. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- xi. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

- xii. **Note for Non-individual Shareholders and Custodians:**
- (a) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.
 - (b) They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
 - (c) During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
 - (d) Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
 - (e) In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us:- Tel : 022 – 49186000.
- xiii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://instavote.linkintime.co.in> under help section or write an email to enotices@linkintime.co.in.
- xiv. The Scrutinizer shall immediately after the conclusion of the meeting first count the votes cast at the meeting and postal ballot and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the meeting.
- xv. The Scrutinizer will submit his combined report to the Chairman of the meeting after completion of scrutiny, on or before Monday, 21st January, 2019. The Chairman of the meeting will announce the results of the voting by postal ballot, poll at the meeting and remote e-voting on or before the close of business hours on Monday, 21st January, 2019 at the Registered Office of the Company.
- xvi. The results as declared by the Chairman, along with the report of the scrutinizer shall be displayed at the registered office of the Company situated at India House, New No.1443/1, Trichy Road, Coimbatore – 641018 and shall also be placed on the website of the Company viz. www.elgiultra.com and on the website of LIPL.

ELGI ULTRA INDUSTRIES LIMITED

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL CHENNAI BENCH

CA/188/CAA/2018

In the matter of Companies Act of 2013

and

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

and

In the matter of Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('the Demerged Company') and Elgi Ultra Limited ('the Resulting Company') and their respective Shareholders

Elgi Ultra Industries Limited,

A company incorporated under the Companies Act, 1956
Having its registered office at India House, New No.1443/1,
Trichy Road, Coimbatore – 641018, Tamil Nadu

Represented by its Managing Director, Mr.B.Balakrishnan

... Applicant / Demerged Company

EXPLANATORY STATEMENT TO THE NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS OF ELGI ULTRA INDUSTRIES LIMITED UNDER SECTION 102 AND 230(3) & 232(2) OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

The Audit Committee and the Board of Directors of the Company at their meetings held on 27th July 2018 had approved the Scheme of Arrangement between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') and their respective shareholders ('Scheme').

In accordance with the Order of the National Company Law Tribunal, Chennai Bench the resolution as mentioned in the Notice along with the details as required is being placed for the approval of the members.

I. Details of the order of the Tribunal directing the calling, convening and conducting of the meeting

- a. The National Company Law Tribunal, Chennai Bench, by an Order dated 19th November, 2018 ('Order') in the Company Application referred to above, has directed the convening of the meeting of the Equity Shareholders of Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') to be held on Friday, the 18th day of January, 2019 at 09:30 AM at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore – 641018 for the purpose of considering and approving the Scheme of Arrangement (Demerger) between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') and their respective shareholders ('Scheme') under Sections 230-232 and other applicable provisions, if any, of the Companies Act, 2013. The Hon'ble National Company Law Tribunal has fixed 50 (fifty) members present in person as the quorum for the said meeting. The Hon'ble National Company Law Tribunal has appointed Mr. P. Vijay Raghunath and failing him, Mr. Vidyasagar Ramdass, as the Chairman of the meeting.
- b. The National Company Law Tribunal, Chennai Bench, by the said order further directed the convening of the meeting of the equity shareholders of Elgi Ultra Limited ('Resulting Company' or 'EUL') to be held on Friday,

the 18th day of January, 2019 at 04:45 PM at Ardra Convention Centre, “Kaanchan”, No.9, North Huzur Road, Coimbatore – 641018 for the purpose of considering and approving the Scheme of Arrangement (Demerger) between Elgi Ultra Industries Limited (‘Demerged Company’ or ‘EUIL’) and Elgi Ultra Limited (‘Resulting Company’ or ‘EUL’) and their respective shareholders (‘Scheme’) under Sections 230-232 and other applicable provisions, if any, of the Companies Act, 2013. The Hon’ble National Company Law Tribunal has fixed 2 (Two) members present in person as the quorum for the said meeting. The Hon’ble National Company Law Tribunal has appointed Mr. P. Vijay Raghunath and failing him, Mr. Vidyasagar Ramdass, as the Chairman of the meeting.

- c. The Order further directed the convening of the meeting of the Secured Creditors of the Demerged Company to be held on Monday, the 18th day of January, 2019 at 11:00 AM at Ardra Convention Centre, “Kaanchan”, No.9, North Huzur Road, Coimbatore – 641018 to consider the Scheme. The Resulting Company has no secured creditors and accordingly, the order does not direct the convening of the said meeting.
- d. The Order further directed the convening of the meeting of the Unsecured Creditors of the Demerged Company to be held on Monday, the 18th day of January, 2019 at 03:30 PM at Ardra Convention Centre, “Kaanchan”, No.9, North Huzur Road, Coimbatore – 641018 to consider the Scheme.
- e. The National Company Law Tribunal, Chennai Bench by the said Order further dispensed with the convening of the meeting of the unsecured creditors of Elgi Ultra Limited (‘Resulting Company’ or ‘EUL’).

II. Details of the Demerged Company and the Resulting Company

Details of Elgi Ultra Industries Limited (‘Demerged Company’ or ‘EUIL’):

- a. **Corporate Identification Number (CIN):** U29253TZ1981PLC001104
- b. **Permanent Account Number (PAN):** AAACE4566G
- c. **Name of the Company:** Elgi Ultra Industries Limited
- d. **Date of Incorporation:** 9th September 1981
- e. **Type of Company:** Unlisted Public Limited Company
- f. **Registered Office Address & E-mail Address:**

Regd. Off. Address	E-mail Address
India House, New No.1443/1, Trichy Road, Coimbatore – 641018	ayyalusamy@elgiultra.com

- g. **Summary of main object as per the memorandum of association; and main business carried on by the Demerged Company**

Summary of main object as per the memorandum of association

1. *To carry on the business as manufacturers, importers, exporters, buyers, sellers and dealers in textile machinery, equipment, textile components, spares and accessories, synthetic polymers and materials, industrial machinery, machine tools, accessories and synthetic implements of all kinds.*
2. *To carry on the business of manufacturers, sellers, purchasers, exporters and dealers of rubberized canvas parts used for automatic looms and other textile machineries and accessories.*
3. *To carry on the business of manufacturers of and dealers in all varieties of rubber, Indian rubber, synthetic rubber and in compounds made from rubber and the byproducts of rubber or the same in combination with any metallic or non-metallic substance, leather, hides and skins, chemicals, nylon and rayon, all description of leather goods, asbestos and canvas manufacturers, flooring and paving*

materials and other compositions, water proof articles, articles made of plastic, oil cloth, linoleum, tarpaulins and also the business of tanners and dealers in hides and skins and to manufacture and deal in all types of rubber goods particularly industrial rolls, rollers, sheets, consumer goods such as tyres and tubes.

4. *To manufacture, weave, prepare, process, repair, buy and sell, export, import and market in all kinds of plastics and plastic goods including plastic liners and sacks of polyethylene PVC plastic goods, wires, pipes, sheets, automobile parts, textile components and industrial and other types of plastic goods and products, synthetic resins and compounds, latex, polymers, derivatives, intermediates and compounds.*
5. *To carry on the business of manufacturers, fabricators, assemblers and dealers in automobile parts, component parts, spare parts accessories and fittings of all kinds and other engineering and related items for motor cars, motor trucks, buses, tractors, vans, lorries, aeroplanes, motor cycles and vehicles and conveyance of all kinds, and their engines, chassis and bodies.*
6. *To manufacture, produce, refine, process, formulate, buy, sell, export, import or otherwise deal in all types of heavy and light chemicals, chemical elements and compounds, including laboratory and scientific chemicals or any nature used or capable of being used in the pharmaceutical industry, agricultural, chemicals, fertilizers, petrochemicals, industrial chemicals or any mixtures, derivatives and compounds thereof.*
7. *To carry on the business of importers, exporters, manufacturers, agents and dealers in all kinds of office equipments, household and domestic appliances including refrigerators, air conditioners, coolers, dryers, heaters, presses, pressure cooker, ovens, grinders, cooking ranges, hot plates, other cooking utensils of all types, container, buckets, toasters, mixers, washing machines and other electric and electronic appliances including radios, televisions, transformers and electric motors of every kind and description.*
8. *To carry on the business of dealers and manufacturers of all kinds and classes of machineries, spare parts and accessories for textile, paper, sugar, Automobile power and other industries in particular power transmission product, material handling equipments, accessories, conveyor belt system, spares etc.*
9. *To carry on the business in all type(s) of securities and to act as share, stock and investment brokers and to carry on the business of portfolio investment in equity shares, preference shares, stocks, debentures and to act as financial and investment consultants.*

And such other objects are more fully mentioned in the Object Clause of the Memorandum of Association of the Demerged Company.

Main business carried on by the Demerged Company

The Demerged Company is currently engaged in the business of manufacturing of household and domestic appliances including wet grinders, mixer grinders, pressure cookers, gas stoves, induction stoves, etc. and industrial products such as spindle tapes, belts such as heddle belt, conveyor belt, modular belt, leather belt etc., fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers.

h. Details of change of name, registered office and objects of the Demerged Company during the last five years:

The Demerged Company has not changed its name or registered office or its objects during the last five years.

i. Name of the stock exchange(s) where securities of the Demerged Company are listed, if applicable:

The equity shares of the Demerged Company are not listed on any stock exchange(s).

j. Details of the capital structure of the Demerged Company including authorised, issued, subscribed and paid up share capital:

Particulars	No. of Shares	Amount in Rs.
Authorised Share Capital		
Equity Shares of Rs.10/- each	21,50,000	2,15,00,000
Redeemable Cumulative Convertible Preference Shares of Rs.1000/- each	50,000	5,00,00,000
Issued, Subscribed and Paid-up Share Capital		
Equity Shares of Rs.10/- each	18,09,895	1,80,98,950

k. Names of the promoters and directors along with their addresses as on 30th September 2018

Names of Promoters:

S. No.	Name of the Promoters	Addresses
1	Mr. Jairam Varadaraj	No.6, East End, Kallimadai Road, Coimbatore South, Singanallur, Coimbatore – 641005
2	Mr. Anvar Jay Varadaraj	No.6, East End, Kallimadai Main Road, Singanallur, Coimbatore – 641005
3	Ms. Maya Jay Varadaraj	No.6, East End, Kallimadai Main Road, Singanallur, Coimbatore – 641005
4	Mr. Varun Jay Varadaraj	1547-A, Avinashi Road, Peelamedu, Coimbatore – 641004
5	M/s. L.G.B. Public Welfare Society	Elgi Industrial Complex, Singanallur, Coimbatore – 641005
6	M/s. Dark Horse Portfolio Investment Private Limited	1239, India House, Trichy Road, Coimbatore – 641018

Names of Directors:

S. No.	Name of the Directors	Addresses
1	Sri. Jairam Varadaraj	No.6, East End, Kallimadai Main Road, Singanallur, Coimbatore – 641005
2	Sri. Sudarsan Varadaraj	227/1, Race Course, Coimbatore – 641018
3	Sri. B Balakrishnan (Managing Director)	No.2 Raja Street, Kallimadai Road, Singanallur Coimbatore – 641005
4	Sri. P Vijay Raghunath	12, Rukmani Nagar, Olumbus Ramanathapuram, Coimbatore – 641045
5	Sri. Sumanth Ramamurthi	No.74, Appusamy Layout, Red Fields, Coimbatore South, Coimbatore Central, Coimbatore – 641018

ELGI ULTRA INDUSTRIES LIMITED

S. No.	Name of the Directors	Addresses
6	Sri. R Subbayyan	No.1/27, Old Damu Nagar, Coimbatore – 641045
7	Sri. Vidyasagar Ramdass	Old No.21/15, New No.40, Damu Nagar, Pulikalamb Road, Coimbatore – 641037

Details of Elgi Ultra Limited ('Resulting Company' or 'EUL'):

- a. **Corporate Identification Number (CIN):** U29309TZ2017PLC029610
- b. **Permanent Account Number (PAN):** AAECE8310N
- c. **Name of the Company:** Elgi Ultra Limited
- d. **Date of Incorporation:** 30th October 2017
- e. **Type of Company:** Unlisted Public Limited Company
- f. **Registered Office Address & E-mail Address:**

Regd. Off. Address	E-mail Address
India House, New No.1443/1, Trichy Road, Coimbatore – 641018	ayyalusamy@elgiultra.com

- g. **Summary of main object as per the memorandum of association; and main business carried on by the Resulting Company**

Summary of main object as per the memorandum of association

1. *To carry on the business of importers, exporters, manufacturers, agents and dealers in all kinds of office equipments, household and domestic appliances including refrigerators, air conditioners, coolers, dryers, heaters, presses, pressure cooker, ovens, grinders, cooking ranges, hot plates, other cooking utensils of all types, container, buckets, toasters, mixers, washing machines and other electric and electronic appliances including radios, televisions, transformers and electric motors of every kind and description.*
2. *To carry on the business as manufacturers, importers, exporters, buyers, sellers and dealers in textile machinery, equipment, textile components, spares and accessories, synthetic polymers and materials, industrial machinery, machine tools, accessories and synthetic implements of all kinds.*
3. *To carry on the business of manufacturers, sellers, purchasers, exporters and dealers of rubberized canvas parts used for automatic looms and other textile machineries and accessories.*
4. *To carry on the business of manufacturers of and dealers in all varieties of rubber, Indian rubber, synthetic rubber and in compounds made from rubber and the by products of rubber or the same in combination with any metallic or non-metallic substance, leather, hides and skins, chemicals, nylon and rayon, all description of leather goods, asbestos and canvas manufacturers, flooring and paving materials and other compositions, water proof articles, articles made of plastic, oil cloth, linoleum, tarpaulins and also the business of tanners and dealers in hides and skins and to manufacture and deal in all types of rubber goods particularly industrial rolls, rollers, sheets, consumer goods such as tyres and tubes.*
5. *To carry on the business of manufacturers, fabricators, assemblers and dealers in automobile parts, component parts, spare parts accessories and fittings of all kinds and other engineering and related items for motor cars, motor trucks, buses, tractors, vans, lorries, aeroplanes, motor cycles and vehicles and conveyance of all kinds, and their engines, chassis and bodies.*

6. *To manufacture, weave, prepare, process, repair, buy and sell, export, import and market in all kinds of plastics and plastic goods including plastic liners and sacks of polyethylene PVC plastic goods, wires, pipes, sheets, automobile parts, textile components and industrial and other types of plastic goods and products, synthetic resins and compounds, latex, polymers, derivatives, intermediates and compounds.*
7. *To manufacture, produce, refine, process, formulate, buy, sell, export, import or otherwise deal in all types of heavy and light chemicals, chemical elements and compounds, including laboratory and scientific chemicals or any nature used or capable of being used in the pharmaceutical industry, agricultural, chemicals, fertilizers, petrochemicals, industrial chemicals or any mixtures, derivatives and compounds thereof.*
8. *To carry on the business of dealers and manufacturers of all kinds and classes of machineries, spare parts and accessories for textile, paper, sugar. Automobile power and other industries in particular power transmission product, material handling equipments, accessories, conveyor belt system, spares etc.*

And such other objects are more fully mentioned in the Object Clause of the Memorandum of Association of the Resulting Company.

Main business carried on by the Resulting Company

The Resulting Company is incorporated with the object of carrying on the business of manufacturing and supplying all kinds of household and domestic appliances as well as industrial products.

h. Details of change of name, registered office and objects of the Resulting Company during the last five years:

The Resulting Company was incorporated on 30th October 2017 and has not changed its name or registered office or its objects from the date of incorporation.

i. Name of the stock exchange(s) where securities of the Resulting Company are listed, if applicable:

The equity shares of the Resulting Company are not listed on any stock exchange(s).

j. Details of the capital structure of the company including authorised, issued, subscribed and paid up share capital:

Particulars	No. of Shares	Amount in Rs.
Authorised Share Capital		
Equity Shares of Rs.10/- each	20,00,000	2,00,00,000
Issued, Subscribed and Paid-up Share Capital		
Equity Shares of Rs.10/- each	10,000	1,00,000

k. Names of the promoters and directors along with their addresses as on 30th September 2018

Names of Promoters:

ELGI ULTRA INDUSTRIES LIMITED

S. No.	Name of the Promoters	Addresses
1	Jairam Varadaraj	No.6, East End, Kallimadai Main Road, Singanallur, Coimbatore – 641005
2	Maya Jay Varadaraj	Elgi Equipment Limited, Trichy Road, Singanallur, Coimbatore – 641005
3	Anvar Jay Varadaraj	No.6, East End, Kallimadai Road, Singanallur, Coimbatore – 641005
4	Varun Jay Varadaraj	No.6, East End, Kallimadai Road, Singanallur, Coimbatore – 641005
5	Thumala Balaji	1996/1, Krishna Colony, Trichy Road, Coimbatore – 641005
6	Sudarsan Varadaraj	227/1, Tea Estates, Race Course, Coimbatore – 641018
7	Gayathri Balaji Naidu	New No.16/1996-A, Krishna Colony, Trichy Road, Singanallur, Coimbatore – 641005

Names of Directors:

S. No.	Name of the Directors	Addresses
1	Sri. Jairam Varadaraj	No.6, East End, Kallimadai Main Road, Singanallur, Coimbatore – 641005
2	Sri. B Balakrishnan	No.2 Raja Street, Kallimadai Road, Singanallur Coimbatore – 641005
3	Sri. P Vijay Raghunath	12, Rukmani Nagar, Olumbus Ramanathapuram, Coimbatore – 641045

III. Elgi Ultra Industries Limited ('Demerged Company') and Elgi Ultra Limited ('Resulting Company') are group companies with a common set of promoters. However, there is no relationship in the nature of holding, subsidiary or associate company.

IV. The Board of Directors of the Demerged Company and Resulting Company at their respective meetings held on 27th July 2018 approved the Scheme of Arrangement between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') and their respective shareholders.

All the directors present at the meeting voted in favour of the resolution except Mr. Jairam Varadaraj and Mr. Sudarsan Varadaraj, being interested Directors (as the case may be).

Names of directors and the details of voting on the said resolution in the Demerged Company and Resulting Company are as follows:

Particulars	Elgi Ultra Industries Limited (Demerged Company)	Elgi Ultra Limited (Resulting Company)
Names of directors who voted in favour of the resolution	a. Mr. P. Vijay Raghunath b. Mr. R. Subbayyan c. Mr. Vidyasagar Ramdass d. Mr. Sumanth Ramamurthi e. Mr. B. Balakrishnan	a. Mr. P. Vijay Raghunath b. Mr. B. Balakrishnan
Names of Directors who voted against the resolution	None	None
Names of Directors who did not vote or participate on the resolution	Mr. Jairam Varadaraj* Mr. Sudarsan Varadaraj*	Mr. Jairam Varadaraj **

* Mr. Jairam Varadaraj and Mr. Sudarsan Varadaraj, being interested, did not participate or vote on the resolution.

** Mr. Jairam Varadaraj, being interested, did not participate or vote on the resolution.

V. Explanatory Statement disclosing the details of the Scheme of Arrangement ('Scheme')

a. The Scheme inter alia provides for :

- The demerger, transfer and vesting of Demerged Undertaking of Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') into Elgi Ultra Limited ('Resulting Company' or 'EUL'). A copy of the Scheme has been annexed herewith as **Annexure 1** to this Notice.
- The transfer of all assets and properties of the Demerged Undertaking of the Demerged Company to the Resulting Company
- The transfer of all permits, quotas, contracts, deeds, bonds, agreements, schemes, records, data, catalogues and other instruments of whatsoever nature of the Demerged Undertaking of the Demerged Company to the Resulting Company;
- The transfer of all debts, borrowings, obligations, duties and liabilities of the Demerged Undertaking of the Demerged Company to the Resulting Company;
- The transfer of all tax liabilities under the relevant statutes related to the business of the Demerged Undertaking of the Demerged Company to the Resulting Company;
- The transfer of all legal proceedings by or against the Demerged Undertaking of the Demerged Company to the Resulting Company and
- All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, shall be borne by the Resulting Company.

Salient features of the Scheme:

b. Appointed date:

The appointed date for the Scheme of Arrangement between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') and their respective shareholders is 1st April 2018 or any other date as may be stipulated by the National Company Law Tribunal.

c. Effective Date:

Effective Date shall be the date or last of the dates on which the certified copy of the order of the National Company Law Tribunal sanctioning this Scheme is filed with the Registrar of Companies, Coimbatore, Tamil Nadu by both the Demerged Company and the Resulting Company.

d. Share Entitlement ratio and other considerations, if any:

In terms of Clause 5 of Part II of the Scheme, upon the Scheme becoming effective, the Resulting Company shall issue and allot 1 (One) 5% fully paid-up Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) (NCRPS) each at a premium of Rs. 317/- (Rupees Three Hundred and Seventeen Only) each for every 1 (One) equity share of Rs. 10/- (Rupees Ten Only) each held in the Demerged Company.

Terms and conditions for issue of Non-Cumulative Non-Convertible Redeemable Preference Shares ('NCRPS') is as under:

(i) Face Value & Issue Price

The 5% Non-Convertible Non-Cumulative Redeemable Preference Shares issued shall have a face value of Rs. 10/- (Rupees Ten only) each and be issued at a premium of Rs.317/- (Rupees Three Hundred and Seventeen Only).

(ii) Coupon

The NCRPS shall subject to the provisions of the Articles of Association of the Resulting Company and the Act confer the holders thereof a right to fixed non-cumulative preferential dividend of 5% per annum on the issue price i.e. face value of Rs. 10/- and premium of Rs. 317/-, in priority to the equity shares.

(iii) Voting Rights

The voting rights of the persons holding the NCRPS shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force).

(iv) Redemption

- The NCRPS issued shall be redeemable at any time before the expiry of 24 months from the date of allotment at the option of the Board of Directors of the Resulting Company, in one or more tranches, at a premium of INR 317/- per share.
- The NCRPS shall be redeemed in accordance with the provisions laid down in Section 55 of the Act.
- In an event of redemption, the public shareholders of the Resulting Company shall have a preference to receive such redemption proceeds in priority over the promoters of the Resulting Company.

(v) **Winding-up**

In the event of winding up of the Resulting Company, the holders of the NCRPS shall have a right to receive of the paid-up capital, in priority to any paid-up capital on the equity shares out of the surplus but shall not have any further rights to participate in the profits of the assets of the Resulting Company.

(vi) **Right of variation of terms of NCRPS**

Subject to the prior approval of the shareholders of Resulting Company, the Resulting Company shall have the right to vary the terms of issue of the NCRPS in compliance with the provisions laid down in the Act at any time.

e. Summary of Valuation Report:

M/s. MSKA & Associates, Chartered Accountants, Mumbai were appointed to determine the Share Entitlement Ratio for the purpose of Scheme of Arrangement (Demerger).

Accordingly, M/s. MSKA & Associates adopted multiple methodologies for the valuation and recommended the Share Entitlement Ratio as mentioned above.

A copy of the valuation report dated 27th July 2018 issued by M/s. MSKA & Associates has been annexed herewith as **Annexure 2** to this Notice. The valuation report is also available for inspection at the registered office of the Company on all working days up to the date of declaration of results of meeting.

f. Details of Capital or Debt Restructuring:

Not Applicable

g. Rationale & Benefits for the Scheme of Arrangement:

The rationale for the Scheme is as follows:

- The companies under this Scheme of Arrangement are a part of the Elgi Group of Companies.
- Currently, the core business of the Demerged Company is manufacturing and supplying of home appliances e.g. grinders, mixers, pressure cooker, etc. and industrial products e.g. spindle tapes, belts, fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers etc. The Demerged Company also has certain non-operating activities and assets.
- Accordingly, in order to ensure better management focus on the core business activities i.e. manufacturing and supplying of home appliances and industrial products, the management of the Demerged Company proposes to demerge its core business activities along with related assets and liabilities into the Resulting Company.
- The proposed restructuring would enable in better and efficient control by the management for the segregated business and promote their growth. Further, it would also result in the following benefits:
 - Enhance the value of the shareholders;
 - Greater administrative efficiency;
 - Operational rationalization, organizational efficiency and optimum utilization of resources;
 - The operating business would in future be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and stakeholders.

h. Amount due to unsecured creditors:

Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL'):

The Demerged Company as on 31st July 2018 has 375 unsecured creditors to whom an amount of Rs.16,87,88,236.81 is due to be paid.

Elgi Ultra Limited ('Resulting Company' or 'EUL'):

The Resulting Company as on 31st July 2018 has 1 unsecured creditor to whom an amount of Rs.3,50,033/- is due to be paid.

Pursuant to the Order of the National Company Law Tribunal, Chennai Bench, a meeting of the unsecured creditors of Demerged Company is being convened to obtain their approval for the Scheme. The sole unsecured creditor of the Resulting Company has agreed, by way of affidavit, to the Scheme.

(vii) Disclosure about the effect of the Scheme on:

(a) Key Managerial Personnel:

The Key Managerial Personnel of the Demerged Company and Resulting Company and / or their relatives are interested to the extent of their shareholding in the Demerged Company & Resulting Company and to the extent to which shares may be allotted to them pursuant to the Scheme. As such there will be no adverse impact consequent to the Scheme.

(b) Directors:

The Directors of the Demerged Company and Resulting Company and / or their relatives are interested to the extent of their shareholding in the Demerged Company and Resulting Company and to the extent to which shares may be allotted to them pursuant to the Scheme. As such there will be no adverse impact consequent to the Scheme.

(c) Promoters:

The promoters of the Demerged Company and Resulting Company and / or their relatives are interested to the extent of their shareholding in the Demerged Company and Resulting Company and to the extent to which shares may be allotted to them pursuant to the Scheme. As such there will be no adverse impact consequent to the Scheme.

(d) Non-promoter members:

The Non-promoter members of the Demerged Company are not in any manner interested in the Scheme and will not be adversely affected by the same.

The Resulting Company does not have any non-promoter members and hence disclosure about the effect of the Scheme on them does not arise.

(e) Depositors:

The Demerged Company and Resulting Company have not accepted any deposits and hence disclosure as to effect of the scheme on the depositors does not arise.

(f) Creditors:

The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of any of the companies. No compromise is offered under the Scheme to the creditors of the Demerged Company and Resulting Company. The liability of the creditors of the Demerged Company and Resulting Company is neither being reduced nor being extinguished. There is no likelihood that any secured or unsecured creditor of the companies would be prejudiced as a result of the Scheme being passed nor are their rights sought

to be modified in any manner. Hence, the Scheme will not cast any additional burden on the creditors of the Demerged Company, nor will it affect the interest of any of the creditors.

(g) Debenture Holders:

The Demerged Company and Resulting Company have not issued any debentures and hence disclosure as to effect of the scheme on the debenture holders does not arise.

(h) Deposit Trustee & Debenture Trustee

The Demerged Company and Resulting Company have no deposit trustees or debenture trustees and hence the disclosure as to effect of the scheme on them does not arise.

(i) Employees:

All staff, workmen and employees of the Demerged Undertaking in service as at the Appointed Date shall be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them in the Demerged Company as at the Appointed Date.

(viii) Disclosure about effect of the Scheme on material interests of Directors, Key Managerial Persons and Debenture trustees

The Scheme does not have any effect on the material interests of the Directors or Key Managerial Personnel of the Company except to the extent of their Shareholding in the respective companies and to the extent to which shares may be allotted to them pursuant to the Scheme.

The Demerged Company and Resulting Company do not have debenture trustees and hence the disclosure as to effect of the scheme on them does not arise.

(ix) Investigation or proceedings, if any, pending against the Company under the Act:

No investigation proceedings have been instituted or are pending in relation to the Demerged Company and Resulting Company under the Companies Act, 1956/ 2013.

(x) Documents available for inspection by the shareholders and creditors:

The following documents will be open for inspection at the Registered Office of the Demerged Company and Resulting Company, on all working days up to the date of declaration of results of meeting:

- a. Certified copy of the Order dated 19th November, 2018, passed by the National Company Law Tribunal, Chennai Bench in CA/188/CAA/2018 & CA/189/CAA/2018;
- b. Copies of the Memorandum and Articles of Association of the Demerged Company and the Resulting Company;
- c. Copies of the annual reports for the last three financial years (i.e. 31st March 2018, 31st March 2017 and 31st March 2016) of the Demerged Company
- d. Copies of the annual report for the last financial year (i.e. 31st March 2018) of the Resulting Company;
- e. Copies of the unaudited financial statements of the Demerged Company for the period ended 30th September 2018
- f. Copies of the unaudited financial statements of the Resulting Company for the period 30th September 2018
- g. Copy of the Scheme of Arrangement

- h. Copy of the Report of the Audit Committee of the Demerged Company dated 27th July 2018 recommending the Scheme of Arrangement
- i. Copy of the extracts of the Board Resolutions dated 27th July 2018 of the Demerged Company and Resulting Company approving the Scheme of Arrangement.
- j. Copy of the Valuation Report dated 27th July 2018 issued by M/s. MSKA & Associates, Chartered Accountants, Mumbai.
- k. Copy of the Report adopted by the Board of Directors of Demerged Company at their meeting held on 27th July 2018 pursuant to Section 232(2)(c) of the Companies Act, 2013
- l. Copy of the Report adopted by the Board of Directors of the Resulting Company at their meeting held on 27th July 2018 pursuant to Section 232(2)(c) of the Companies Act, 2013
- m. Contracts or agreements material to the Scheme of Arrangement
- n. Register of directors' shareholding of the Demerged Company and the Resulting Company;
- o. the certificate issued by Auditor of the Demerged Company and Resulting Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- p. such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the Scheme.

(xi) **Details of approval from regulatory authorities and approvals yet to be obtained**

- a. A copy of the Scheme along with the necessary statement under Section 230 read with Rules 6 and 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is also being forwarded to the Registrar of Companies, Regional Director, Income Tax Authorities, Official Liquidators and such other authorities as stipulated in terms of the Order of the National Company Law Tribunal, Chennai Bench dated 19th November, 2018.
- b. The Scheme is subject to the approval by the requisite majority of the classes of persons, including shareholders, secured creditors and unsecured creditors of the Demerged Company and Resulting Company, as the case may be, as directed by the National Company Law Tribunal under Section 230 to 232 of the 2013 Act.
- c. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders of the Demerged Company and Resulting Company, voting in person or by proxy or postal ballot or remote e-voting, as applicable, agree to the Scheme.
- d. Upon approval of the members, secured creditors and unsecured creditors of the Demerged Company and Resulting Company, as the case may be, a petition will be made to the National Company Law Tribunal, Chennai Bench for sanctioning the Scheme of Arrangement (Demerger) pursuant to Section 230 to 232 of the Companies Act, 2013. The Scheme shall be conditional upon and subject to the sanction of the Tribunal under the provisions of Sections 230 to 232 of the Act in favour of the Demerged Company and the Resulting Company, as the case may be, under the said provisions and to the necessary order of the Act being obtained and filed with the Registrar of Companies, Coimbatore collectively by the Demerged Company and the Resulting Company

- (xii) The shareholders may vote in the meeting either in person or by proxy or through postal ballot or by electronic means, as provided for in this Notice. Creditors may vote in the meeting either in person or by proxy.

(xiii) **Other Matters**

- a. In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the respective Board of Directors of Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') in their separate meetings held on 27th July 2018 has adopted a report, inter alia, explaining the effect of the Scheme on their respective shareholders and Key Managerial Personnel amongst others. Copy of the Reports adopted by the respective Board of Directors are enclosed as **Annexure 3 and Annexure 4** respectively.
- b. A copy of the proposed Scheme of Arrangement has been filed by Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL') before the Registrar of Companies, Coimbatore.
- c. The Supplementary unaudited Financial Statements of Elgi Ultra Industries Limited & Elgi Ultra Limited for the period ended 30th September 2018 is enclosed as **Annexure 5 and Annexure 6** respectively.

Dated this 23rd day of November 2018

Sd/-
Mr. P. Vijay Raghunath
Chairperson appointed for the meeting



SCHEME OF ARRANGEMENT
BETWEEN
ELGI ULTRA INDUSTRIES LIMITED
(“DEMERGED COMPANY” OR “EUIL”)
AND
ELGI ULTRA LIMITED
(“RESULTING COMPANY” OR “EUL”)
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013 AND RULES AND REGULATIONS FRAMED
THEREUNDER

I. PREAMBLE

The Scheme of Arrangement (“Scheme”) is presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, for the Demerger of the operating business of Elgi Ultra Industries Limited (“EUIL” or “the Demerged Company”) into Elgi Ultra Limited (“EUL” or “the Resulting Company”).

II. DESCRIPTION OF COMPANIES

- **ELGI ULTRA INDUSTRIES LIMITED** (hereinafter referred to as “the Demerged Company”) is a public unlisted company incorporated under the provisions of the Companies Act, 1956 on September 9, 1981 vide CIN U29253TZ1981PLC001104 under the name and style ‘Elgi Polytex Limited’. Subsequently, the name of the Company was changed as ‘Elgi Ultra Industries Limited on 31st October 1996. It presently has its registered office at India House, New No.1443/1, Trichy Road, Coimbatore, Tamil Nadu- 641018. The Demerged Company is currently engaged in the business of manufacturing of

ELGI ULTRA INDUSTRIES LIMITED

B. Balakrishnan

(B BALAKRISHNAN)
MANAGING DIRECTOR

household and domestic appliances including wet grinders, mixer grinders, pressure cookers, gas stoves, induction stoves, etc. and industrial products such as spindle tapes, belts such as heddle belt, conveyor belt, modular belt, leather belt etc., fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers.

- **ELGI ULTRA LIMITED** (hereinafter referred to as “the Resulting Company”) is a public unlisted company incorporated under the provisions of the Companies Act, 2013 on October 30, 2017 vide CIN U29309TZ2017PLC029610. It presently has its registered office at India House, New No.1443/1, Trichy Road, Coimbatore, Tamil Nadu- 641018. The Company is incorporated with the object of carrying on the business of manufacturing and supplying all kinds of household and domestic appliances as well as industrial products.

III. RATIONALE OF THE SCHEME

The rationale of the Scheme is as under:

- The companies under this Scheme of Arrangement are a part of the Elgi Group of Companies.
- Currently, the core business of the Demerged Company is manufacturing and supplying of home appliances e.g. grinders, mixers, pressure cooker, etc. and industrial products e.g. spindle tapes, belts, fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers etc. The Demerged Company also has certain non-operating activities and assets.
- Accordingly, in order to ensure better management focus on the core business activities i.e. manufacturing and supplying of home appliances and industrial products, the management of the Demerged Company proposes to demerge its core business activities along with related assets and liabilities into the Resulting Company.

For ELGI ULTRA INDUSTRIES LIMITED


(B BALAKRISHNAN)

- The proposed restructuring would enable in better and efficient control by the management for the segregated business and promote their growth. Further, it would also result in the following benefits:
 - Enhance the value of the shareholders;
 - Greater administrative efficiency;
 - Operational rationalization, organizational efficiency and optimum utilization of resources;
 - The operating business would in future be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and stakeholders.

IV. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

PART I deals with the definitions of the terms used in this Scheme, Capital Structure & Objects;

PART II deals with the Demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company; and

PART III deals with the General Terms and Conditions applicable to this Scheme.

PART I –DEFINITIONS, CAPITAL STRUCTURE AND OBJECTS

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 “Act” means the Companies Act, 2013, and ordinances, rules and regulations made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 2013, unless stated otherwise.

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- 1.2 **“Accounting Standards”** means the generally accepted accounting principles in India complying with (i) the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and (ii) the relevant provisions of the Act.
- 1.3 **“Appointed Date”** means the opening hours of business on 1st day of April 2018 or such other date as may be fixed or approved by the NCLT.
- 1.4 **“Board” or “Board of Directors”** means the respective Board of Directors of Demerged Company and the Resulting Company or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors.
- 1.5 **“Demerged Company” or “EUIL” means “Elgi Ultra Industries Limited”** a company incorporated under the Companies Act, 1956 having its registered office at India House, New No.1443/1, Trichy Road, Coimbatore, Tamil Nadu- 641018.
- 1.6 **“Demerger”** means the transfer by way of Demerger in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 of the Demerged Undertaking into the Resulting Company and the consequent issue of shares by the Resulting Company to the shareholders of the Demerged Company as set out in this Scheme.
- 1.7 **“Demerged Undertaking”** means the business undertaking of the Demerged Company on a going concern basis, comprising of manufacturing and supplying of home appliances e.g. grinders, mixers, pressure cooker, etc. and industrial products e.g. spindle tapes, belts, fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers etc., and shall mean and include, without limitation, in particular the following:
- (a) All assets and properties, whether movable or immovable including property owned by the Demerged Company as set out in Schedule I, tangible or intangible, real or personal, whether corporeal or incorporeal, leasehold or otherwise, including all rights (whether freehold, leasehold or license), title,

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- interest and not limited to the plant and machinery, capital work in progress, advances, deposits, sundry debtors, inventories, cash and bank balances, bills of exchange, other fixed assets, trademarks, designs, patents & other intellectual properties, contingent assets, legal suits recoveries, bad debts written off recoverable if any from any trade or non-trade debt owed by any persons to the company in the past, all intellectual property rights, development rights, loans, inventory and work in progress wherever situated, covenant and pertaining to the Demerged Undertaking of Demerged Company;
- (b) Assets other than those referred to in sub-clause (a) above being general in nature, if any, be allocated to the Demerged Undertaking of the Demerged Company in the manner as may be decided by the Board of Directors of Demerged Company;
- (c) All present and future liabilities arising out of the activities or operations of Demerged Undertaking of the Demerged Company including current and non-current classification under the Companies Act, 2013, loans, debts, borrowings, current liabilities and provisions, statutory dues arising on account of employment benefits under any defined benefit plan or defined contribution plan etc., duties and obligations relatable to the Demerged Undertaking of the Demerged Company;
- (d) Without prejudice to the generality of the above, the Demerged Undertaking of the Demerged Company shall include in particular:
- (i) all properties constituting, relating to or required for the Demerged Undertaking of the Demerged Company wherever situated, including all fixed assets, work in progress, current assets, land, building, plant and machinery, moulds & dies, equipment, funds, offices, office equipment, accessories, computer, fixtures, fittings, furniture, vehicles and other goods, investments made in partnership firms namely M/s. Elgi Services & M/s. L. G. Balakrishnan & Bros, Security deposits, inventories, raw

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materials, work in progress, finished goods, stores & spares, packing materials, trade receivables, cash and cash equivalents, advance to suppliers, employee advances, rent advances, GST/ CENVAT Receivable (Net), sundry advances, income tax/ TDS refund receivable and prepaid expenses, in respect of the Demerged Undertaking of the Demerged Company; including leasehold improvements, all other tangible and intangible assets of whatsoever nature, lease and hire purchase contracts, contracts, engagements, arrangements, rights with or without the consent of the landlord, as may be required by law, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever;

- (ii) all quotas, rights and licenses, assignments and grants thereof, all permits, registrations, rights under any agreement, contracts, government contracts, applications, memorandum of understanding, letters of intent, tender (including open tender), or any other contracts, approvals, regulatory approvals, consents, entitlements, industrial and other licenses, municipal permissions, goodwill, cash balances, bank balances, bank accounts, privileges, benefit of any deposits, financial assets, corporate guarantees issued by the Demerged Company in relation to the Demerged Undertaking and the benefits of any bank guarantees issued in relation to the Demerged Undertaking for the benefit of the Demerged Company, deferred tax benefits, privileges, liberties, easements, advantages and all other claims, rights, benefits and licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, tenancies in relation to the office and/or residential properties for the employees, offices, patents, designs, trademarks, copyrights, software, domain names/ websites, investments and/or interest (whether vested, contingent or

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- otherwise) in activities undertaken by the Demerged Undertaking, either solely or jointly with other parties, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking of the Demerged Company;
- (iii) all books, records, files, papers, computer programs, manuals, data, catalogues, quotations, backup and other data and records whether physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking of the Demerged Company;
 - (iv) all contracts, agreements, understanding in connection with or pertaining to or relatable to the Demerged Undertaking of the Demerged Company;
 - (v) all employees of the Demerged Company employed in and / or relatable to the Demerged Undertaking of the Demerged Company as on the Effective Date; and
 - (vi) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the Demerged Undertaking.
 - (vii) all deposits, Statutory funds for employment benefits and balances with government, semi-government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the Demerged Undertaking.
- (e) For the purpose of this Scheme, the liabilities pertaining to the Demerged Undertaking of the Demerged Company means and includes:
- (i) all liabilities including rent advances, dealer deposits, TDS payable, other payables, contingent liabilities arising out of the activities of the Demerged Undertaking of the Demerged Company including in relation

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B. Balakrishnan
(B. BALAKRISHNAN)
MANAGING DIRECTOR

or connection with taxes or under or in relation to its contracts, other obligations, duties and sums owing;

(ii) specific loans and borrowings raised, if any, incurred and utilized solely for the activities of the Demerged Undertaking of the Demerged Company;

(iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Demerged Undertaking, being the amounts of any general or multipurpose borrowings, if any, of the Demerged Company be allocated to the Demerged Undertaking of the Demerged Company in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme.

Whether any particular asset or liability should be included as asset or liability of Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of Demerged Company and Resulting Company.

1.8 **“Effective Date”** means the date or the last of the dates on which the certified copy of the order of National Company Law Tribunal under Section 230 to 232 of the Act, sanctioning the Scheme is filed with the Registrar of Companies, Coimbatore, Tamil Nadu by both the Demerged Company and the Resulting Company. Any references in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme becoming effective” shall mean the Effective Date.

1.9 **“NCLT” or “Tribunal”** means National Company Law Tribunal, Chennai bench having jurisdiction in relation to the Demerged Company and the Resulting Company and shall be deemed to include, if applicable, a reference to such other forum or authority which may be vested with any of the powers of NCLT to sanction the Scheme under the Act.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)

- 1.10 **“Registrar of Companies”** shall mean the Registrar of Companies, Coimbatore, Tamil Nadu;
- 1.11 **“Record Date”** means the date to be fixed by the Board of Directors of the Demerged Company, in consultation with the Resulting Company, for the purpose of determining the members of the Demerged Company to whom new shares in the respective Resulting Company will be allotted under the Scheme.
- 1.12 **“Remaining Business”** means all the businesses, activities and operations of the Demerged Company, other than the Demerged Undertaking, including their respective properties, assets, investments and liabilities and particularly including investments held in the equity shares of Elgi Equipments Limited and other listed companies.
- 1.13 **“Resulting Company”** or **“EUL”** means **“Elgi Ultra Limited”** a company incorporated under the Companies Act, 2013 having its registered office at India House, New No.1443/1, Trichy Road, Coimbatore, Tamil Nadu- 641018.
- 1.14 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 16 of this Scheme as approved or directed by the NCLT or such other competent authority, as may be applicable.
- 1.15 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, or any statutory modification or re-enactment thereof from time to time.
- 1.16 Reference to Clauses, recitals and schedules, unless otherwise provided, are to Clauses, recitals and schedules of and to this Scheme. The singular shall include plural and vice-versa.

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 16 of this Scheme duly approved or imposed on

ELGI ULTRA INDUSTRIES LIMITED

A. Balakrishnan

(B. BALAKRISHNAN)
MANAGING DIRECTOR

directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of the Demerged Company as on 31st March 2018 is as under:

Particulars	Amount in (Rs)
Authorised Share Capital:	
21,50,000 equity shares of Rs. 10/- each	2,15,00,000
50,000 Redeemable Cumulative Convertible Preference Shares of Rs. 1000/- each	5,00,00,000
TOTAL	7,15,00,000
Issued, Subscribed and Paid-up Capital	
18,09,895 Equity shares of Rs. 10/- each fully paid up	1,80,98,950
TOTAL	1,80,98,950

Subsequent to 31st March 2018, there has been no change in the capital structure of the Demerged Company.

3.2 The share capital of the Resulting Company as on 31st March 2018 is as under:

Particulars	Amount in (Rs)
Authorised Share Capital:	
20,00,000 equity shares of Rs. 10/- each	2,00,00,000
TOTAL	2,00,00,000
Issued, Subscribed and Paid-up Capital	
10,000 equity shares of Rs. 10/- each	1,00,000
TOTAL	1,00,000

Subsequent to 31st March 2018, there has been no change in the capital structure of the Resulting Company.

For ELGI ULTRA INDUSTRIES LIMITED


(B BALAKRISHNAN)
 MANAGING DIRECTOR

PART II

**DEMERGER OF THE DEMERGED UNDERTAKING INTO THE
RESULTING COMPANY**

**4. TRANSFER AND VESTING OF DEMERGED UNDERTAKING INTO THE
RESULTING COMPANY**

- 4.1 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking of the Demerged Company as defined in Clause 1.7 hereof, shall pursuant to the provisions of sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed, be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, on a going concern basis, in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to vest in the Resulting Company, all the assets, rights, title and interest of Demerged Undertaking therein, subject to the subsisting charges, hypothecation and pledges, if any.
- 4.2 Without prejudice to the provisions of Clause 4.1, assets, properties, rights, title and interests of the Demerged Company relating to the Demerged Undertaking, upon the coming into effect of this Scheme and with effect from the Appointed Date, under the provisions of section 230 to 232 of the Act, without any further act or deed or instrument or conveyance for the same shall be deemed to be transferred to the Resulting Company and shall become the assets, properties, rights, title and interests of the Resulting Company. The order of the NCLT shall for all purposes be treated as the instrument conveying such properties and assets to the Resulting Company.
- 4.3 In respect of assets such as intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received deposits or funds, unutilised tax credit or balance in the tax return either shown in the returns or in the book of accounts due from tax authorities with the

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MANAGING DIRECTOR

Government, semi-Government, local and other authorities, bodies and customers, the Demerged Company shall if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme under section 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Demerged Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company.

- 4.4 The immovable properties pertaining to the Demerged Undertaking shall stand transferred to the Resulting Company automatically without requirement of execution of any further documents for registering the name of the Resulting Company as owner thereof and the regulatory authorities, including sub-registrar of Assurances, Talati, Tehsildar etc. may rely on Scheme along with the copy of the order passed by the NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of the Resulting Company as owner of the immovable properties. For the purpose of vesting of immovable properties to the Resulting Company, the Demerged Company is hereby empowered/ authorised to execute any documents/ enter into any arrangements for and on behalf of the Resulting Company.
- 4.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, registrations or approvals or consents held by the Demerged Company required to carry on operations in the Demerged Undertaking shall stand vested in or transferred to the Resulting Company by virtue of the order of NCLT sanctioning the Scheme, and without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses, and consents,

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shall vest in and become available to the Resulting Company pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company relating to the Demerged Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions.

- 4.6 In so far as the assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the security (either as primary or collateral), existing charges (first or second or paripassu), hypothecation, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings not relating to Demerged Undertaking shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to the liabilities, which are not related to Demerged Undertaking of the Demerged Company. The Demerged Company shall apply to the authorities for release of such assets and apply to Registrar of Companies for modification of charges, encumbrances created on such assets, if required.
- 4.7 In relation to the other assets belonging to Demerged Undertaking, which require separate documents for vesting in the Resulting Company, or which the Demerged Company and/ or the Resulting Company otherwise desire to be vested separately, the Demerged Company and the Resulting Company each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary.
- 4.8 If any asset relating to Demerged Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall, (i) hold such asset in trust for the sole benefit of the Resulting Company till the same is transferred and shall hold

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and deal with the same in accordance with the reasonable instructions as may be given by the Resulting Company in that regard; and (ii) make reasonable efforts to transfer such asset to the Resulting Company (along with any benefits attached thereto) within the earliest possible period pursuant to the Scheme becoming effective.

- 4.9 All patents, patent rights applications, trademarks, trade names, designs, knowhow, content, software, manuals, copyrights and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipment and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities/ guarantees given by the Demerged Company in relation to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, local authorities or any other customs etc., benefits of any agreement to sell off immovable properties sold or purchased by the Demerged Company in relation to the Demerged Undertaking, and all other rights, interests, claims and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest moneys and/ or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company and relatable to the Demerged Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Resulting Company pursuant to the provisions of Sections 230 to 232 of the Act so

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
DIRECTOR

as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.

- 4.10 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the debts, liabilities and obligations pertaining to the Demerged Undertaking of the Demerged Company shall, under the provisions of Sections 230 to 232 of the Act, without any further act or deed shall stand transferred to or be deemed to be transferred to the Resulting Company and shall become the debts, liabilities and obligations of the Resulting Company which it undertakes to meet, discharge and satisfy and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, advances, liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.11 Brought forward accumulated tax losses, unabsorbed depreciation directly relatable to the Demerged Undertaking and unutilised tax credit or balance in the tax return either shown in the returns or in the book of accounts due from tax authorities shall be transferred to the Resulting Company and be allowed to be carried forward and set off in the hands of the Resulting Company.
- 4.12 All accrued or unaccrued advance income tax, service tax, sales tax, Goods and Service Tax, any tax deduction / collection at source of any other taxes of any nature, duties, cesses or any other like payments or deductions made by the Demerged Company pertaining to the Demerged Undertaking to any statutory authorities including all or any refunds/credit/claims relating thereto shall be deemed to have been on account of or paid by the Resulting Company.

5. CONSIDERATION

- 5.1 Upon the Scheme becoming effective and upon transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, in terms of this Scheme, the Resulting Company shall, without any further application

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or deed, issue and allot Non-Convertible Non-Cumulative Redeemable Preference Shares ('NCRPS'), to all the members of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, in the following ratio:

"1 (One) 5% fully paid-up Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCRPS") of Rs. 10/- (Rupees Ten Only) each at a premium of Rs. 317/- (Rupees Three Hundred and Seventeen Only) each of the Resulting Company shall be issued and allotted for every 1(One) equity share of Rs. 10/- (Rupees Ten Only) each held in the Demerged Company"

- 5.2 The terms of issue of Non-Convertible Non-Cumulative Redeemable Preference Shares as specified in Clause 5.1 are detailed in Schedule II.
- 5.3 Any fraction arising out of allotment of NCRPS as per Clause 5.1 above, shall be rounded off to the nearest integer.
- 5.4 The NCRPS shall be issued in dematerialised form to those shareholders who hold shares of the Demerged Company in dematerialised form, into the account in which the shares of the Demerged Company are held. All those shareholders who hold shares of the Demerged Company in physical form shall be issued shares in physical form. Joint shareholders shall not be treated as separate shareholders but shall be jointly eligible for allotment of shares of the Resulting Company.
- 5.5 The Resulting Company shall, take necessary steps after taking on account Clause 7.2, to increase or alter or re-classify, if necessary, its authorized share capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme. Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased/ modified consequent upon the issuance of NCRPS in accordance with Clause 5.1 above.

For ELGI ULTRA INDUSTRIES LIMITED


(B BALAKRISHNAN)
MANAGING DIRECTOR

- 5.6 The shares to be issued by the Resulting Company to the members of the Demerged Company pursuant to Clause 5.1 of this Scheme, in respect of any shares in the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, shall be held in abeyance by the Resulting Company.
- 5.7 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any Committee thereof of the Demerged Company shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Appointed Date or Effective Date, as the case may be, in order to remove any difficulties arising on account of the transfer of shares.
- 5.8 The shares to be issued by the Resulting Company to the shareholders of the Demerged Company whose shares have been transferred to the Investor Protection and Education Fund established under the provisions of Section 125 of the Act before the Record Date, shall be issued by the Resulting Company to the Investor Education and Protection Fund.
- Provided further that the amount due to be paid on redemption of NCRPS issued by the Resulting Company, in respect of shares as specified in Clause 5.8 above, shall be paid to the Investor Protection and Education Fund and the shareholders may claim the said amount from the Investor Protection and Education Fund by following the procedure prescribed under the Act.
- 5.9 The issue and allotment of NCRPS by the Resulting Company to the shareholders of the Demerged Company is an integral part of this Scheme and shall be deemed to have been carried out without any further act or deed and the approval of the shareholders of the Resulting Company to the Scheme shall be deemed to be due compliance of the provisions of Sections 42 and 62 and other relevant or applicable provisions of the Act.

For ELGI ULTRA INDUSTRIES LIMITED


(B BALAKRISHNAN)

5.10 The approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company under Sections 230 to 232 of the Act shall be deemed to have the approval under Sections 42, 62 and other applicable provisions of the Act for issue and allotment of NCRPS as specified above and any other consents and approvals required in this regard.

5.11 The Resulting Company shall redeem the NCRPS as provided in the terms provided in Schedule II and as per the law which will be applicable at the time of redemption.

6. ACCOUNTING TREATMENT

Pursuant to the Scheme coming into effect on the Effective Date, with effect from the Appointed Date, the Demerged Company and the Resulting Company shall account for the demerger in their respective books of accounts in accordance with Accounting Standards in the following manner:

In the books of the Demerged Company:

6.1 The book value of the assets and liabilities pertaining to the Demerged Undertaking transferred by the Demerged Company to the Resulting Company shall be reduced from the book value of the assets and liabilities appearing in the books of the Demerged Company.

6.2 Inter-corporate deposit/ loans and advances between the Demerged Company and the Resulting Company relating to the Demerged Undertaking, if any, shall stand cancelled and there shall be no further obligation outstanding in this behalf.

6.3 The difference between the book value of assets transferred over the book value of liabilities transferred as per Clause 6.1 after considering the adjustments for 6.2 shall be adjusted against the reserves of the Demerged Company.

In the books of the Resulting Company:

Upon the Scheme becoming effective, and with effect from the Appointed Date:

6.4 All assets, liabilities and provisions related to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company as on the Appointed

For ELGI ULTRA INDUSTRIES LIMITED

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Date shall stand transferred to and vested in the Resulting Company pursuant to the Scheme and shall be recorded by the Resulting Company at their book values as appearing in the books of the Demerged Company as on the Appointed Date.

- 6.5 The Resulting Company shall credit its share capital account with the aggregate face value of the NCRPS issued by it to the shareholders of the Demerged Company pursuant to Clause 5.1 of this Scheme.
- 6.6 The excess of issue price over the face value of NCRPS shall be credited to the securities premium account by the Resulting Company.
- 6.7 Inter-corporate deposit / loans and advances between the Demerged Company and the Resulting Company relating to the Demerged Undertaking, if any, shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 6.8 The difference, being the excess of the net assets value (after giving effect to adjustment in sub-clause 6.7 above) pertaining to the Demerged Undertaking, over the issue price (i.e. face value and securities premium) of NCRPS issued and allotted as per Clause 5.1 by the Resulting Company, shall be credited to Capital Reserve Account. The shortfall, if any, shall be recorded as Goodwill.
- 6.9 In case of any differences in the accounting policies between the Demerged Company and the Resulting Company, the impact of the same till the Appointed Date of arrangement will be quantified and adjusted in the free/general reserves of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies.

7. REORGANIZATION OF AUTHORISED CAPITAL AND AMENDMENT TO MEMORANDUM OF ASSOCIATION OF THE DEMERGED COMPANY AND THE RESULTING COMPANY

7.1 Capital Clause of Demerged Company:

- (i) Upon the scheme becoming effective, an amount of Rs.5,00,00,000/- (Rupees Five Crores only), representing the unissued authorised preference

ELGI ULTRA INDUSTRIES LIMITED

B. Balakrishnan

(B. BALAKRISHNAN)
MANAGING DIRECTOR

share capital of the Demerged Company, shall stand transferred from the authorised share capital of the Demerged Company to the authorised share capital of the Resulting Company without any further act, instrument or deed.

- (ii) Upon transfer of the authorised preference share capital of the Demerged Company to the authorised share capital of the Resulting Company, as contemplated above, the authorised share capital of the Resulting Company shall stand reduced as follows:

Particulars	Amount (Rs.)
Authorised Capital	
21,50,000 equity shares of Rs. 10/- each	2,15,00,000
Total	2,15,00,000

- (iii) Clause V of the Memorandum of Association of the Demerged Company relating to the Authorized Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended under the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

“V. The Authorised Share Capital of the Company is Rs.2,15,00,000/- (Rupees Two Crores and Fifteen Lakhs only) divided into 21,50,000 (Twenty-One Lakhs and Fifty Thousand) equity shares of Rs.10/- (Rupees Ten only) each with power to issue any of the shares in the capital, original or increased in accordance with the provisions of the Companies Act.”

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
 MANAGING DIRECTOR

7.2 Capital Clause of Resulting Company:

- (i) Upon the Scheme coming into effect, and upon transfer of the authorised share capital of the Demerged Company to the authorised share capital of the Resulting Company as contemplated in Clause 7.1 above, the authorized

share capital of the Resulting Company shall stand increased by Rs.5,00,00,000/- (Rupees Five Crores only), without any further act or deed and the fee/ stamp duty paid by the Demerged Company on the authorised preference share capital to be transferred shall be set off against the fees/ stamp duty, if any, payable by the Resulting Company for the enhancement of the authorised share capital.

- (ii) Upon the Scheme becoming effective, the authorized share capital of the Resulting Company will stand as under:

Particulars	Amount (Rs.)
<u>Authorised Capital</u>	
20,00,000 equity shares of Rs. 10/- each	2,00,00,000
50,00,000 Preference Shares of Rs. 10/- each	5,00,00,000
Total	7,00,00,000

- (iii) Clause 5 of the Memorandum of Association of the Resulting Company relating to the Authorized Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended under the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

“V. The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 20,00,000 (Twenty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten only) each with power to increase or reduce the capital and with liberty to divide the capital into several classes and to attach thereto respectively such preferential rights, privileges or conditions in such manner as may be permitted under the Companies Act, 2013 and as the company deems fit and necessary.”

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

7.3 The approval of this Scheme under Sections 230 to 232 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 61 and other applicable provisions of the Act and any other consents and approvals required in this regard.

7.4 It is clarified that the approval of the members of the Demerged Company & the Resulting Company to the Scheme shall be deemed to be their consent/ approval to the alteration of the Memorandum of Association of the Demerged Company & the Resulting Company respectively, as may be required under the Act.

8. CONDUCT OF BUSINESSES UNTIL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

8.1 The Demerged Company in relation to the Demerged Undertaking undertakes to preserve and carry on the business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

- if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT; or
- if the same is expressly permitted by this Scheme; or
- if the written consent of the Board of Directors of the Resulting Company has been obtained.

8.2 The Demerged Company in relation to the Demerged Undertaking shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest for and on account of, and in trust for the Resulting Company.

8.3 All profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon), by the Demerged Company in relation to the Demerged Undertaking, shall for all purposes, be treated as the profits/ cash, taxes or losses of

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)

the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.

- 8.4 The Demerged Company shall be entitled to use all entitlements, license, permissions, approvals, clearance, authorisations, consents, brands, trademarks, copyrights, designs, patents, other intellectual property rights, registrations and no-objection certificates for the operations of the Demerged Undertaking or part thereof.
- 8.5 The Demerged Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Resulting Company may require to carry on the business of the Demerged Undertaking of the Demerged Company.

9. TREATMENT OF STAFF, WORKMEN AND EMPLOYEES

- 9.1 Upon the Scheme coming into effect, all staff, workmen and employees of the Demerged Undertaking in service as at the Appointed Date shall be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them in the Demerged Company as at the Appointed Date. The Resulting Company further agrees that for the purpose of payment of any retirement benefit/ compensation, such immediate uninterrupted past services with the Demerged Company shall also be taken into account.
- 9.2 The equitable interest in accounts/funds of the employees, staff and workmen whose services are vested with the Demerged Company, relating to superannuation, provident fund and gratuity fund shall be identified, determined and vested with the respective trusts/funds of the Resulting Company and such employees shall be deemed to have become members of such trusts/funds of the Resulting Company.

ELGI ULTRA INDUSTRIES LIMITED

(B. BALAKRISHNAN)
MANAGING DIRECTOR

B. Balakrishnan

Until such time, the Demerged Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Demerged Undertaking to the relevant funds of the Demerged Company.

9.3 All the executives, staff, workmen, and other employees in the service of the Demerged Company forming part of the Demerged Undertaking, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Resulting Company, on the basis that:

- (a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- (b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- (c) In the event of retrenchment or termination of such staff, workmen, or other employees, the Resulting Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- (d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Resulting Company and existing in the Resulting Company for the benefit of the staff, workmen and other employees of the Resulting Company shall also be extended to the employees forming part of the Demerged Undertaking of the Demerged Company upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Demerged Undertaking even if such benefits were not available to the employees during their tenure in the Demerged Company, by virtue of non-applicability of the relevant provisions to the Demerged

For ELGI ULTRA INDUSTRIES LIMITED

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Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Demerged Company with retrospective effect from a date to be determined by the Board of Directors of Resulting Company the extension of benefit to the employees of Demerged Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Resulting Company shall also be available to all the employees of the Demerged Company in relation to Provident Fund, Gratuity and Pension and/or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

10. LEGAL PROCEEDINGS

- 10.1 All suits, appeals or other legal proceedings of whatsoever nature are pending by or against the Demerged Company at the Appointed Date and or arising after Appointed Date till the Effective Date, relating to the Demerged Undertaking of the Demerged Company, as and from the Effective Date, shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company
- 10.2 After the Appointed Date till the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 10.1 above, the Demerged Company shall defend the same at the cost of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by it in respect

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)

thereof and further reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by it in respect thereof.

10.3 After the Effective Date, if any proceedings are taken or continued against the Demerged Company in respect of Demerged Undertaking carried on by the Demerged Company, the Resulting Company shall defend the same at its own cost; and, in respect of Demerged Undertaking carried on by the Resulting Company after the Effective Date, Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities, costs and obligations incurred by the Demerged Company, if any, in respect thereof.

10.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 10.1 above transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company, as the case maybe, to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the Resulting Company to prosecute/defend such proceedings and the Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if any, in respect thereof.

11. TREATMENT OF TAXES

11.1 On and from the Appointed Date, Cenvat credits, unutilised tax credit or balance in the tax return either shown in the returns or in the book of accounts due from tax authorities, credit for tax deducted at source or any other tax credit certificate relating to the Demerged Undertaking received in the name of the Demerged Company, shall be deemed to have been received by the Resulting Company and which alone shall be entitled to claim credit for such tax deducted or paid.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

11.2 Upon this Scheme being effective, the Demerged Company and Resulting Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, Sales tax, Goods and Service Tax as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. The Demerged Company could file annual return, tax deduction return, Income tax returns and various other returns which are statutorily to be filed as per the various law in force as applicable to the Demerged Undertaking till such time the scheme or order is effective and filed, in trust. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

11.3 The Resulting Company shall be entitled to carry forward, avail or set-off any unutilized CENVAT credit, VAT credit, unutilised tax credit or balance in the tax return either shown in the returns or in the book of accounts due from tax authorities, Entry tax etc. lying unutilized in the Demerged Company in relation to the Demerged Undertaking on and from the Effective Date.

11.4 Without prejudice to the generality of the above, all benefits including under the income tax, excise duty, service tax, applicable State Value Added Tax Laws, Goods & Service tax, etc., pertaining to the Demerged Undertaking to which the Demerged Company is entitled to in terms of the applicable tax laws of the Union and State Governments, shall be available to and vest in the Resulting Company.

12. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

12.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise, of whatsoever nature pertaining to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which is subsisting

ELGI ULTRA INDUSTRIES LIMITED

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(B. BALAKRISHNAN)
MANAGING DIRECTOR

or having effect on the Effective Date, shall be in full force and effect on or against or in favour of, as the case may be, the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or thereto or there under.

12.2 The Resulting Company shall enter into and/or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of the Scheme. The Resulting Company shall be deemed to be authorised to execute such deeds, writings or confirmations on behalf of the Demerged Company for the Demerged Undertaking and to implement or carry out all formalities required to give effect to the provisions of the Scheme.

12.3 For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licences, consents, registrations, approvals, municipal permissions, insurance policies, registrations, connections for telephone, water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.

12.4 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting

For ELGI ULTRA INDUSTRIES LIMITED

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Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do till such time as the transfer is effected.

13. REMAINING BUSINESS

- 13.1 The Remaining Business and all the assets, liabilities and obligations other than Demerged Undertaking shall continue to belong to and be vested in and managed by the Demerged Company.
- 13.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date.
- 13.3 If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 13.2 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof. In respect of such defence, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

13.4 With effect from the Appointed Date and up to and including the Effective Date:

- (a) The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) all income and profits accruing to the Demerged Company thereon or expenditure or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
- (c) All assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

14. SAVING OF CONCLUDED TRANSACTIONS

14.1 The transfer and vesting of the assets, liabilities and obligations pertaining to the Demerged Undertaking to the Resulting Company and the continuance of all contracts or proceedings by or against the Resulting Company shall not affect any contracts or proceedings, already concluded by the Demerged Company, on or after the Appointed Date to the end and intent that the Resulting Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Demerged Company in regard thereto as having been done or executed on behalf of the Resulting Company.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

PART III

GENERAL TERMS AND CONDITIONS

15. APPLICATION TO THE NCLT OR SUCH OTHER COMPETENT AUTHORITY AT CHENNAI

The Demerged Company and the Resulting Company shall with all reasonable effort dispatch, make necessary joint applications/petitions, under Sections 230 to 232 and other applicable provisions of the Act to the NCLT for sanctioning this Scheme.

16. MODIFICATION / AMENDMENT TO THE SCHEME

16.1 Subject to approval of the NCLT, the Demerged Company and the Resulting Company by their respective Board of Directors, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme or to any conditions or limitations that the NCLT and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

16.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Demerged Company and the Resulting Company may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.

16.3 The Demerger under this Scheme is proposed to be in carried out in compliance with the provisions of section 2(19AA) of the Income Tax, 1961 as interpreted and explained by the various judicial decisions, circulars and notifications issued under the Income Tax Act, 1961 and the Rules thereunder ('Applicable Tax Laws'). If any terms or provisions of this Scheme found or interpreted to be inconsistent with the provision of the Applicable Tax Laws, then the provisions of the Applicable

For ELGI ULTRA INDUSTRIES LIMITED

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Tax Laws shall prevail over the Scheme and the Scheme shall be modified and amended to bring them in compliance with the Applicable Tax Laws. Such modification will however, not affect other parts of the Scheme. The Board of Directors of the Demerged Company and the Resulting Company shall on behalf of all persons concerned carry out and consent to the carrying out of any modifications or amendments of the Scheme or to any conditions or limitations that may be deemed appropriate in this regard or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme in compliance with the Applicable Tax Laws and do all acts, deeds and things necessary for the same.

- 16.4 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Demerged Company and/or the Resulting Company may find unacceptable for any reason, in whole or in part, then the Demerged Company and/or the Resulting Company are at liberty to withdraw the Scheme.

17. CONDITIONALITY OF THE SCHEME

The Scheme is conditional upon and subject to the following:

- 17.1 The Scheme being approved by the requisite majority of respective members and creditors of the Demerged Company and the Resulting Company, if meetings of members and creditors of the said companies are convened by the NCLT or dispensation from conducting the meeting of the members and creditors is obtained from the NCLT;
- 17.2 The sanction of the NCLT under the provisions of Sections 230 to 232 of the Act in favour of the Demerged Company and the Resulting Company, as the case may be, under the said provisions and to the necessary order of the Act being obtained;
- 17.3 The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

17.4 The certified copy of the order of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Coimbatore collectively by Demerged Company and Resulting Company.

18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

18.1 In the event any of the said approvals or sanctions referred to in Clause 17 above not being obtained or conditions enumerated in the Scheme not being complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors or committee empowered thereof of the Demerged Company and the Resulting Company shall by mutual agreement waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

18.2 The Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme could have adverse implications on the Demerged Company and/ or the Resulting Company.

19. BINDING EFFECT

Upon the Scheme becoming effective, the same shall be binding on the Demerged Company and the Resulting Company and all concerned parties without any further act, deed, matter or thing.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

20. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, shall be borne by the Resulting Company.

21. MISCELLANEOUS

If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties to the Scheme that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties to the Scheme shall attempt to bring about a modification in the Scheme, as will best preserve for such parties the benefits and obligations of the Scheme, including but not limited to such part.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

Schedule I

Schedule of immovable properties of the Demerged Company forming part of the Demerged Undertaking proposed to be transferred and vested with the Resulting Company

S. No.	Document Date	Survey Number	Area (in acres)	Location
1.	30.01.1995	111	4.40	Hasanur Village, Thalavadi, Sathyamangalam Taluk, Gobichettipalayam District
2.	30.01.1995	111	3.39	Hasanur Village, Thalavadi, Sathyamangalam Taluk, Gobichettipalayam District
3.	26.03.1999	146/2A	0.47	Hasanur Village, Thalavadi, Sathyamangalam Taluk, Gobichettipalayam District
4.	26.03.1999	146/2B	7.61	Hasanur Village, Thalavadi, Sathyamangalam Taluk, Gobichettipalayam District
5.	09.12.1998	386/2	8.35	Kadanad Village, Uthagamandalam, Nilgiris District
6.	09.12.1998	386/1	0.45	Kadanad Village, Uthagamandalam, Nilgiris District
7.	19.06.1995	96/1B	2.31	Arasur, Suler, Palladam Taluk, Tirupur District
8.	04.05.1983	96/1A	2.31	Arasur, Suler, Palladam Taluk, Tirupur District

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

S. No.	Document Date	Survey Number	Area (in acres)	Location
9.	16.12.1987	95/1B	1.01	Arasur, Suler, Palladam Taluk, Tirupur District
10.	24.09.1999	35/B	0.17	Sowripalayam, Peelamedu, Coimbatore
11.	24.09.1999	34	0.20	Sowripalayam, Peelamedu, Coimbatore
12.	03.11.1997	233/1C	0.46	Kandan Nagar, Arasur, Suler, Palladam Taluk, Tirupur District
13.	07.01.1998	238/6	1.11	Kandan Nagar, Arasur, Suler, Palladam Taluk, Tirupur District
14.	05.10.2016	409/2	5.34	Appanaickenpatti, Suler, Palladam Taluk, Coimbatore District
15.	05.10.2016	410	5.25	Appanaickenpatti, Suler, Palladam Taluk, Coimbatore District
16.	05.10.2016	415/1	2.28	Appanaickenpatti, Suler, Palladam Taluk, Coimbatore District
17.	05.10.2016	415/2A	6.25	Appanaickenpatti, Suler, Palladam Taluk, Coimbatore District
18.	05.10.2016	416/2A	5.88	Appanaickenpatti, Suler, Palladam Taluk, Coimbatore District

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
 MANAGING DIRECTOR

Schedule II

Terms and conditions for issue of Non-Cumulative Non-Convertible Redeemable Preference Shares

(a) **Face Value & Issue Price**

The 5% Non-Convertible Non-Cumulative Redeemable Preference Shares issued shall have a face value of Rs. 10/- (Rupees Ten only) each and be issued at a premium of Rs.317/- (Rupees Three Hundred and Seventeen Only).

(b) **Coupon**

The NCRPS shall subject to the provisions of the Articles of Association of the Resulting Company and the Act confer the holders thereof a right to fixed non-cumulative preferential dividend of 5% per annum on the issue price i.e. face value of Rs. 10/- and premium of Rs. 317/-, in priority to the equity shares.

(c) **Voting Rights**

The voting rights of the persons holding the NCRPS shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force).

(d) **Redemption**

- The NCRPS issued shall be redeemable at any time before the expiry of 24 months from the date of allotment at the option of the Board of Directors of the Resulting Company, in one or more tranches, at a premium of INR 317/- per share.
- The NCRPS shall be redeemed in accordance with the provisions laid down in Section 55 of the Act.
- In an event of redemption, the public shareholders of the Resulting Company shall have a preference to receive such redemption proceeds in priority over the promoters of the Resulting Company.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)

(e) **Winding-up**

In the event of winding up of the Resulting Company, the holders of the NCRPS shall have a right to receive of the paid-up capital, in priority to any paid-up capital on the equity shares out of the surplus but shall not have any further rights to participate in the profits of the assets of the Resulting Company.

(f) **Right of variation of terms of NCRPS**

Subject to the prior approval of the shareholders of Resulting Company, the Resulting Company shall have the right to vary the terms of issue of the NCRPS in compliance with the provisions laid down in the Act at any time.

For ELGI ULTRA INDUSTRIES LIMITED


(B. BALAKRISHNAN)
MANAGING DIRECTOR

Valuation Report

Elgi Ultra Industries Limited

July 2018

Prepared by:



MSKA & Associates
Chartered Accountants
Floor 3, Enterprise Centre
Nehru Road, Near Domestic Airport
Vile Parle (E), Mumbai 400099, INDIA



CERTIFIED TRUE COPY

July 27, 2018

To,
The Board of Directors
Elgi Ultra Industries Limited,
New No.1443/1, India House,
Trichy Road,
Coimbatore 641 018.

To,
The Board of Directors
Elgi Ultra Limited,
New No.1443/1, India House,
Trichy Road,
Coimbatore 641 018.

Dear Sir/ Madam,

Sub: Recommendation of share entitlement ratio

We, MSKA & Associates, Chartered Accountants ("MSKA" or "We" or "Us"), have been appointed to render professional services to Elgi Ultra Industries Limited ("Elgi") and Elgi Utra Limited ("Elgi Ultra") in connection with the proposed demerger of Elgi's Home Appliance and Industrial Products Undertaking ("Operating Business" or "Demerged Undertaking") into Elgi Ultra.

We enclose our report providing our opinion on the share entitlement ratio of Operating Business on a going concern basis as at March 31, 2018 ("Valuation Date"). The attached report details the valuation methodologies, calculations and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This letter should be read in conjunction with the attached report.

Thanking you,

For MSKA & Associates
Chartered Accountants
F.No. 105047W



Rajesh Thakkar
Partner
M.No. 103085
Place: Mumbai



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1. Purpose of Valuation

- 1.1 Elgi Ultra Industries Limited ("Elgi") is a public unlisted company based out of Coimbatore, Tamil Nadu. Elgi is primarily engaged in the manufacturing of home appliances and industrial products like grinders, mixers, pressure cookers, spindle tapes, belts etc. The Promoters of Elgi include individual family members of Varadaraj family and Dark Horse Portfolio Investment Limited, a promoter holding company.
- 1.2 Elgi Ultra Limited ("Elgi Ultra"), is a group company, incorporated on October 30, 2017 under the provision of Companies Act, 2013. We understand that Elgi Ultra is newly incorporated company and currently it has no business operations.
- 1.3 The management of Elgi is contemplating to demerge its Home Appliance and Industrial Products Undertaking ("Operating Business" or "Demerged Undertaking") into Elgi Ultra ("Proposed Demerger").
- 1.4 In reference to above background, Elgi and Elgi Ultra (hereinafter referred to as "the Companies" or "the Clients") have appointed us to undertake the valuation of Operating Business as at the Valuation Date.

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2. Sources of Information

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Companies:

- Provisional profit and loss account for FY18 and carved out balance sheet for Operating Business as at March 31, 2018;
- Projected profit and loss account and balance sheet extracts of Operating Business for the period of five years from April 1, 2018 to March 31, 2023;
- Audited Profit & Loss Account and Balance Sheet of Elgi for FY17;
- Draft Scheme of arrangement;
- Provisional financial statements of L.G. Balakrishnan & Bros. and Elgi Services (together referred to as "Partnership Firm") for the financial years ended March 31, 2018;
- Relevant data and information provided to us by the Companies, whether in oral or physical form or in soft copy, and discussions with the representatives of the Companies;
- Discussions with the representatives of the Companies regarding the past & current performance of the Companies respectively;
- Information provided by leading database sources, market research reports and other published data;
- Management Representation Letter dated July 25, 2018.

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3. Exclusion and Limitations

- 3.1 Our report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 3.2 This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing select information and only in connection with the purpose mentioned above or for sharing with statutory or regulatory authorities. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event, the Companies or their management or their representatives intends to extend the use of this report beyond the purpose mentioned earlier in the report, with or without our consent, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
- 3.3 The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies or any of its subsidiaries or associated companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.
- 3.4 In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 3.5 This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the outcome of our report.
- 3.6 We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.





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- 3.7 During the course of our work, we have relied upon business projections based on assumptions made by the Company. These assumptions require the exercise of judgment and are subject to uncertainties. While we have reviewed the assumptions for reasonableness and discussed the same with management of the Company, there can be no assurance that the assumptions are accurate. A value is determined at a point in time, taking into consideration the economic, social and market patterns existing at that point in time. To the extent that the assumed events do not occur, the outcome may vary from expected.
- 3.8 For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- 3.9 In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 3.10 Further, this report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, revise or reaffirm this report if the information provided to us changes.
- 3.11 We have arrived at a valuation based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.
- 3.12 Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.

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- 3.13 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis may vary from these estimates and the variations may be material.
- 3.14 Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any party in relation to the issue of this report.
- 3.15 In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Companies, as laid out in the engagement letter, for such valuation work.

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4. Brief Background of Elgi and Elgi Ultra

Elgi Ultra Industries Limited ("Elgi")

- 4.1 Elgi is a public unlisted company incorporated under the provisions of the Companies Act, 1956 on September 9, 1981, having a registered office at Coimbatore. Elgi has operated earlier under the name 'Elgi Polytex Limited', subsequently, the name of Elgi was changed to 'Elgi Ultra Industries Limited on October 31, 1996.
- 4.2 Elgi currently is engaged in the business of manufacturing of household and domestic appliances including wet grinders, mixer grinders, pressure cookers, gas stoves, induction stoves, etc. and industrial products such as spindle tapes, belts such as heddle belt, conveyor belt, modular belt, leather belt etc., fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers.
- 4.3 The issued, subscribed and paid-up equity share capital of Elgi as at March 31, 2018 stood at INR 18.1 mn comprising of 1,809,895 equity shares of INR 10/- each, held as follows:

Name of Shareholders	Shares held as at March 31, 2018	% Stake as at March 31, 2018
Dr. Jairam Varadaraaj	368,050	20.3%
Dark Horse Portfolio Investments Ltd	898,450	49.6%
L. G. B Public Welfare Society	162,000	9.0%
Others / Public Shareholders	381,395	21.1%
Total	1,809,895	100.0%

- 4.4 Elgi proposes to demerge its Operating Business along with related assets and liabilities into Elgi Ultra.

Elgi Ultra Limited ("Elgi Ultra")

- 4.5 Elgi Ultra is a public unlisted company incorporated under the provisions of the Companies Act, 2013 on October 30, 2017. It has registered office at Coimbatore, Tamil Nadu. Elgi Ultra is incorporated with the object of carrying on the business of manufacturing and supplying all kinds of household and domestic appliances as well as industrial products.

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4.6 The share capital of Elgi Ultra as on March 31, 2018 is as under:

Particulars	Amount in (INR)
Issued, Subscribed and Paid-up Capital	
10,000 equity shares of Rs. 10/- each	1,00,000
TOTAL	1,00,000

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5. Valuation Approaches & Methodologies

- 5.1. The Proposed Demerger would require determining the value of Operating Business to arrive at the share entitlement ratio. These value is to be determined independently but on a relative basis, and without considering the effect of the Proposed Demerger.
- 5.2. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have relied on numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation may fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.
- 5.3. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.
- 5.4. The cut-off date for the valuation exercise has been considered as March 31, 2018.
- 5.5. There are three generally accepted approaches to valuation:
 - (a) "Cost" approach
 - (b) "Income" approach
 - (c) "Market" approach

Cost Approach

- 5.6. The cost approach focuses on the net worth or net assets of a company. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" or where the assets base dominates earnings capability or if it is investment holding company and significant value is derived from its investment holdings.





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Net Asset Value Method

5.7. The Net Asset Value (“NAV”) Method under Cost Approach considers the assets and liabilities, including intangible Assets and contingent Liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

Break Up Value Method

5.8. Under the Break Up Value (“BV”) method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.

5.9. This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

Income Approach

5.10. The income approach is widely used for valuation under “Going Concern” basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow (DCF) Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow (DCF) Method

5.11. Under the DCF Method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital (WACC). The WACC based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity-debt risk by incorporating debt-equity ratio of the firm.

5.12. The perpetuity (terminal) value is calculated based on the business’ potential for further growth beyond the explicit forecast period. The “constant growth model” is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.





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- 5.13. The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations.
- 5.14. The Enterprise Value (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further adjusted for the borrowings, cash, non-operating assets/liabilities (e.g. fair value of investments in subsidiaries/associates/mutual funds, value of surplus assets, any contingent liability, etc.) and preference shareholders liability, if any, to arrive at value to the owners of the business.

Market Approach

- 5.15. Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

Market Price ("MP") Method

- 5.16. Under the "Market" Approach, the market price of an equity share as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded.

Comparable Companies Multiples ("CCM") Method

- 5.17. The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies.
- 5.18. This valuation is based on principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.
- 5.19. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("CTM") Method

- 5.20. Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are Enterprise Value/ EBITDA multiple, Enterprise Value/ Revenue multiple.



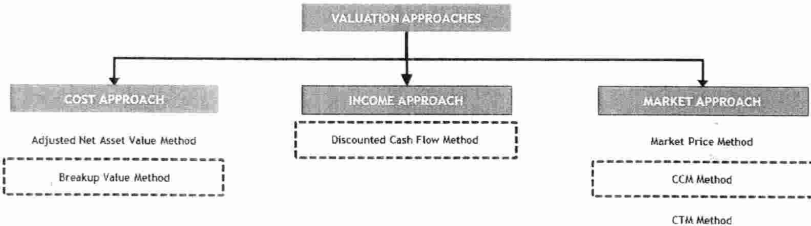


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This valuation is based on the principle of transactions taking place in the market between informed buyers and informed sellers, incorporating all factors relevant to valuation. While using transaction multiples, adjustment needs to be made for difference in circumstances, business volume, margins etc. in order to arrive at the enterprise value for the company.

Conclusion on Valuation Approaches & Methodologies

5.21. Based on the information and explanations available and considering the industry outlook, we have undertaken valuation of Operating Business of Elgi based on below mentioned valuation methods:



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6. Valuation Conclusion

6.1. Our exercise is to work out the valuation of Operating Business of Elgi to facilitate the determination of share entitlement ratio for the Proposed Demerger of Operating Business of Elgi to Elgi Ultra.

6.2. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honourable Supreme Court of India in the case reported in 176 ITR 417 as under: .

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

6.3. Although different values per share have been arrived at under the "Cost Approach", "Income Approach" and the "Market Approach", it is necessary to arrive at a single value of Operating Business. Accordingly, we have considered appropriate weights to the value as derived under different methods as shown in the below table :



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Methods	Equity Value	Value per Share	Weight
	INR Mn	INR	
BV Method	619	342	1
DCF Method	683	378	2
CCM Method	652	360	2
Weighted Average	658	364	
Less: Illiquidity discount @ 10%	(66)	(36)	
Net Equity Value	592	327	

6.4. The above weighted average Equity Value is further discounted on account of lack of marketability, limited exit option for investors and restrictions on the transfer of shares, which are likely to have a depressing effect on the Equity Value. Generally a closely held company can attract an illiquidity discount in the range of 10-20%. We have considered an illiquidity discount of 10%.

6.5. Based on above, the weighted average Equity Value of the Operating Business as at March 31, 2018, post adjusting for illiquidity discount, is arrived at INR 592 Mn and the value per share is arrived at INR 327/- (for 1,809,895 equity shares of face value of INR 10 each).

6.6. We understand that currently Elgi Ultra has no business operations and it is recently incorporated hence, it will derive its value from the Demerged Undertaking. Therefore, considering all the relevant factors and circumstances as discussed and outlined above, we recommend following share entitlement ratio for demerger of Operating Business of Elgi into Elgi Ultra:

“A shareholder of Elgi will get 1 (one) 5% fully paid-up Non-Convertible Non-Cumulative Redeemable Preference Share ('NCRPS') of INR 10/- each at a premium of INR 317/- of Elgi Ultra for every 1 (one) equity share of INR 10/- each fully paid up of Elgi”.

For MSKA & Associates
Chartered Accountants
F.No. 105047W



Rajesh Thakkar
Partner
M.No. 103085
Place: Mumbai

ELGI ULTRA INDUSTRIES LIMITED

CIN: U29253TZ1981PLC001104

Regd. Office : INDIA HOUSE, 1443/1, Trichy Road, Coimbatore - 641 018, Tamilnadu, India

E-mail: info@elgiultra.com Phone : 0422 – 2304141 Fax : 0422 – 2301377 Website: www.elgiultra.com

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ELGI ULTRA INDUSTRIES LIMITED AT THEIR MEETING HELD ON 27TH JULY 2018 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ('DEMERGER') BETWEEN ELGI ULTRA INDUSTRIES LIMITED AND ELGI ULTRA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

Background

The proposed Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL' or 'Company') and Elgi Ultra Limited ('Resulting Company') and their respective shareholders ('Scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, read with applicable rules framed thereunder, was approved by the Board of Directors of the Company vide resolution dated 27th July 2018.

The Scheme provides for the demerger, transfer and vesting of Demerged Undertaking (as defined in the Scheme) of Elgi Ultra Industries Limited into Elgi Ultra Limited.

Pursuant to Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties must be circulated to the shareholders and class of creditors along with the Notice convening the meeting of the shareholders and class of creditors of the Company.

This report of the Board of Directors is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

The following documents were placed before the Board of Directors for their consideration

- a. Draft Scheme of Arrangement;
- b. Memorandum of Association and Articles of Association of the Demerged Company and the Resulting Company;
- c. Audited accounts of the Demerged Company and the Resulting Company for the year ended 31st March 2018;
- d. Valuation Report dated 27th July 2018 obtained from M/s. MSKA & Associates, Chartered Accountants, Mumbai;
- e. Report of the Audit Committee of the Company dated 27th July 2018 recommending the Scheme.

Based on the review of the Scheme and the above-mentioned documents and in accordance with the provisions of section 230(2)(c) of the Companies Act, 2013, the Board is of the opinion that:

Rationale for the Scheme:

The rationale for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company is as follows:

- The companies under this Scheme of Arrangement are a part of the Elgi Group of Companies.
- Currently, the core business of the Demerged Company is manufacturing and supplying of home appliances e.g. grinders, mixers, pressure cooker, etc. and industrial products e.g. spindle tapes, belts, fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers etc. The Demerged Company also has certain non-operating activities and assets.
- Accordingly, in order to ensure better management focus on the core business activities i.e. manufacturing and supplying of home appliances and industrial products, the management of the Demerged Company proposes to

demerge its core business activities along with related assets and liabilities into the Resulting Company.

- The proposed restructuring would enable in better and efficient control by the management for the segregated business and promote their growth. Further, it would also result in the following benefits:
 - Enhance the value of the shareholders;
 - Greater administrative efficiency;
 - Operational rationalization, organizational efficiency and optimum utilization of resources;
 - The operating business would in future be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and stakeholders.

Valuation:

- i. For the purposes of the Scheme, Valuation Report was obtained from M/s. MSKA & Associates, Chartered Accountants, Mumbai vide their report dated 27th July 2018, wherein the share entitlement ratio as mentioned below was recommended as consideration for the demerger of the Demerged Undertaking (as defined in the Scheme) of the Demerged Company and vesting the same with the Resulting Company.

“1 (One) 5% fully paid-up Non-Convertible Non-Cumulative Redeemable Preference Shares (“NCRPS”) of Rs. 10/- (Rupees Ten Only) each at a premium of Rs. 317/- (Rupees Three Hundred and Seventeen Only) each of the Resulting Company shall be issued and allotted for every 1(One) equity share of Rs. 10/- (Rupees Ten Only) each held in the Demerged Company”

- ii. The said Valuation Report did not mention any special difficulties faced in the valuation.

Effect of the Scheme on each class of shareholders, Key Managerial Personnel, promoters and non-promoter shareholders

The Board of Directors of the Company at their meeting held on 27th July 2018 took on record the following impact of the Scheme on the Equity Shareholders, Key Managerial Personnel, Promoters and Non-promoter shareholders of the Company:

- i. Upon the Scheme becoming effective, the equity shareholders (including promoter and non-promoter shareholders) of the Demerged Company shall be entitled to receive such number of Non-Convertible Non-Cumulative Redeemable Preference Shares in the Resulting Company as specified in Clause 5 of Part II of the Scheme.
- ii. Upon the allotment of Non-Convertible Non-Cumulative Redeemable Preference Shares in the Resulting Company to the equity shareholders of the Demerged Company pursuant to the Share Entitlement Ratio as specified in the Scheme, all the equity shareholders of the Demerged Company shall also become the preference shareholders of the Resulting Company.
- iii. Upon the Scheme becoming effective, the Key Managerial Personnel of the Demerged Company forming part of the Demerged Undertaking shall also become the Key Managerial Personnel/ employee of the Resulting Company on the same terms.
- iv. Save as otherwise specified above, none of the directors, promoters or Key Managerial Personnel or their relatives, except to their extent of shareholding and directorship in the said companies, is concerned or interested financially or otherwise in the Scheme.

Taking into consideration the effects of the Scheme as mentioned above, the Board of Directors noted that there will be no adverse effect of the said Scheme on the Equity Shareholders, Key Managerial Personnel, Promoter and Non-promoter shareholders of the Demerged Company.

For **ELGI ULTRA INDUSTRIES LIMITED**

Place: Coimbatore
Date: 27th July 2018

Sd/-
B BALAKRISHNAN
Managing Director
DIN: 00005278

ELGI ULTRA LIMITED

CIN : U29309TZ2017PLC029610

Regd. Office : INDIA HOUSE, 1443/1, Trichy Road, Coimbatore - 641 018, Tamilnadu, India

Phone : +91 422 2304141 Fax : +91 422 2301377

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ELGI ULTRA LIMITED AT THEIR MEETING HELD ON 27TH JULY 2018 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ('DEMERGER') BETWEEN ELGI ULTRA INDUSTRIES LIMITED AND ELGI ULTRA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

Background

The proposed Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('Demerged Company' or 'EUIL') and Elgi Ultra Limited ('Resulting Company' or 'EUL' or 'the Company') and their respective shareholders ('Scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, read with applicable rules framed thereunder, was approved by the Board of Directors of the Company vide resolution dated 27th July 2018.

The Scheme provides for the demerger, transfer and vesting of Demerged Undertaking (as defined in the Scheme) of Elgi Ultra Industries Limited into Elgi Ultra Limited.

Pursuant to Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties must be circulated to the shareholders and class of creditors along with the Notice convening the meeting of the shareholders and class of creditors of the Company.

This report of the Board of Directors is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

The following documents were placed before the Board of Directors for their consideration

- a. Draft Scheme of Arrangement (Demerger)
- b. Memorandum of Association and Articles of Association of the Demerged Company and the Resulting Company;
- c. Audited accounts of the Demerged Company and the Resulting Company for the year ended 31st March 2018;
- d. Valuation Report dated 27th July 2018 obtained from M/s. MSKA & Associates, Chartered Accountants, Mumbai

Based on the review of the Scheme and the above-mentioned documents and in accordance with the provisions of section 230(2)(c) of the Companies Act, 2013, the Board is of the opinion that:

Rationale for the Scheme

The rationale for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company is as follows:

- The companies under this Scheme of Arrangement are a part of the Elgi Group of Companies.
- Currently, the core business of the Demerged Company is manufacturing and supplying of home appliances e.g. grinders, mixers, pressure cooker, etc. and industrial products e.g. spindle tapes, belts, fabric, film, nylon tubes, polyurethane tubes, drip irrigation, horns and wipers etc. The Demerged Company also has certain non-operating activities and assets.
- Accordingly, in order to ensure better management focus on the core business activities i.e. manufacturing and supplying of home appliances and industrial products, the management of the Demerged Company proposes to demerge its core business activities along with related assets and liabilities into the Resulting Company.
- The proposed restructuring would enable in better and efficient control by the management for the segregated

business and promote their growth. Further, it would also result in the following benefits:

- Enhance the value of the shareholders;
- Greater administrative efficiency;
- Operational rationalization, organizational efficiency and optimum utilization of resources;
- The operating business would in future be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and stakeholders.

Valuation:

- i. For the purposes of the Scheme, Valuation Report was obtained from M/s. MSKA & Associates, Chartered Accountants, Mumbai vide their report dated 27th July 2018, wherein the share entitlement ratio as mentioned below was recommended as consideration for the demerger of the Demerged Undertaking (as defined in the Scheme) of the Demerged Company and vesting the same with the Resulting Company.

“1 (One) 5% fully paid-up Non-Convertible Non-Cumulative Redeemable Preference Shares (“NCRPS”) of Rs. 10/- (Rupees Ten Only) each at a premium of Rs. 317/- (Rupees Three Hundred and Seventeen Only) each of the Resulting Company shall be issued and allotted for every 1(One) equity share of Rs. 10/- (Rupees Ten Only) each held in the Demerged Company”

- ii. The said Valuation Report did not mention any special difficulties faced in the valuation.

Effect of the Scheme on each class of shareholders, Key Managerial Personnel, promoters and non-promoter shareholders

The Board of Directors of the Company at their meeting held on 27th July 2018 took on record the following impact of the Scheme on the Equity Shareholders, Key Managerial Personnel, Promoters and Non-promoter shareholders of the Company.

- i. Upon the Scheme becoming effective, the equity shareholders (including promoter and non-promoter shareholders) of the Demerged Company shall be entitled to receive such number of Non-Convertible Non-Cumulative Redeemable Preference Shares in the Resulting Company as specified in Clause 5 of Part II of the Scheme.
- ii. Upon the allotment of Non-Convertible Non-Cumulative Redeemable Preference Shares in the Resulting Company to the equity shareholders of the Demerged Company pursuant to the Share Entitlement Ratio as specified in the Scheme, all the equity shareholders of the Demerged Company shall also become the preference shareholders of the Resulting Company.
- iii. As far as the equity shareholders of the Resulting Company are concerned, there will be no dilution in their shareholding in the Company.
- iv. The Resulting Company does not have any non-promoter equity shareholders.
- v. Upon the Scheme becoming effective, the Key Managerial Personnel of the Demerged Company forming part of the demerged undertaking shall also become the Key Managerial Personnel/ employee of the Resulting Company on the same terms.
- vi. Save as otherwise specified above, none of the directors, promoters or Key Managerial Personnel or their relatives, except to their extent of shareholding and directorship in the said companies, is concerned or interested financially or otherwise in the Scheme.

Taking into consideration the effects of the Scheme as mentioned above, the Board of Directors noted that there will be no adverse effect of the said Scheme on the Equity Shareholders, Key Managerial Personnel, Promoter and Non-promoter shareholders of the Resulting Company.

For **ELGI ULTRA LIMITED**

Place: Coimbatore
Date: 27th July 2018

Sd/-
B BALAKRISHNAN
Director
DIN: 00005278

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 2018

Particulars	Note No	30-Sep-18 ₹ in lakhs	31-Mar-18 ₹ in lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	180.99	180.99
(b) Reserves and Surplus	3	6558.71	6197.05
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	939.62	1202.79
(b) Deferred tax liabilities (Net)		192.53	132.84
(c) Other Long term liabilities	5	55.50	25.25
(d) Long - term provisions	6	202.56	177.37
(3) Current Liabilities			
(a) Short-term borrowings	7	1354.78	1114.83
(b) Trade payables		1787.79	1294.68
(c) Other current liabilities	8	1677.21	681.24
Total		12949.69	11035.34
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	3720.29	3627.11
(ii) Intangible assets		—	—
(b) Non-current investments	11	905.33	905.33
(c) Long term loans and advances	12	52.19	48.29
(2) Current assets			
(a) Inventories	13	2273.35	2054.82
(b) Trade receivables	14	4626.12	3503.63
(c) Cash and Bank Balances	15	535.89	68.52
(d) Short-term loans and advances	16	280.04	279.44
(e) Other current assets	17	556.48	548.20
Total		12949.69	11035.34

Summary of significant accounting policies

1

Notes referred to above and other notes attached thereto form an integral part of this Balance Sheet.

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Managing Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2018

Particulars	Note No	30-Sep-18 ₹ in lakhs	31-Mar-18 ₹ in lakhs
I. Revenue from Operations	18	8991.89	16942.35
II. Other Income	19	451.07	536.44
III. Total Revenue (I + II)		9442.95	17478.79
IV. Expenses:			
Cost of materials consumed	20	5795.99	9930.80
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(509.72)	(179.31)
Employee benefit expense	22	1586.32	2414.52
Financial costs	23	75.52	144.67
Depreciation and amortization expense	10	125.77	212.51
Other expenses	24	1875.65	4389.96
Total expenses		8949.54	16913.15
V. Profit before tax (III - IV)		493.42	565.64
VI. Profit before extraordinary items and tax		493.42	565.64
VII. Tax expense:			
(1) Current tax		50.22	155.92
(2) Deferred tax		59.69	9.60
VIII. Profit after Tax from continuing operations (VI-VII)		383.51	400.13
IX. Earnings per equity share:		(in ₹)	(in ₹)
Nominal value of share		10.00	10.00
(1) Basic		21.19	22.11
(2) Diluted		21.19	22.11

Notes referred to above and other notes attached thereto form an integral part of this Statement of Profit and Loss.

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Managing Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

	30.09.2018 ₹ in lakhs	31.03.2018 ₹ in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	493.42	565.64
Add Prior year adjustments	(21.82)	4.21
	471.60	569.85
Adjustment for :		
Depreciation	125.77	212.51
Interest and Bank charges	75.52	144.67
(Profit)/Loss on sale of Assets	(0.16)	5.47
Profit on sales of Investment (net)	—	—
Dividend Received	(73.06)	(61.23)
Interest Received	—	(33.01)
Operating Profit before working capital changes	599.67	838.26
Adjustment for :		
Rent	(38.72)	(88.80)
Share of Profit from Partnership	—	(0.16)
Trade and other Receivables	(1122.49)	39.12
Inventories	(218.54)	(389.05)
Loans and advances	(12.78)	(24.96)
Increase/(Decrease) in Trade Payable,Current Liabilities and Provisions	1545.21	(163.26)
Cash generation from operations	752.35	211.15
Direct Taxes	(50.22)	(155.91)
NET CASH USED FROM OPERATIONAL ACTIVITIES (A)	702.13	55.24
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(219.37)	(1228.60)
Sales of Fixed Assets	0.41	11.50
Rent	38.72	88.80
Share of Profit from Partnership	—	0.16
Profit/(Loss) on sale of Assets	0.16	(5.47)
Interest Received	—	33.01
Dividend Received	73.06	61.23
CASH FLOW FROM INVESTING ACTIVITIES (B)	(107.01)	(1039.37)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long Term Borrowings	(263.17)	460.07
Proceeds of Short term Borrowings	210.96	534.95
Amount paid to Shareholders on account of Buy Back of Equity Shares	—	—
Tax paid on distribution of income through buyback(u/s.115 QA)	—	—
Interest paid	(75.52)	(144.67)
Dividend paid	—	(21.78)
NET CASH USED FROM FINANCING ACTIVITIES (C)	(127.73)	828.57
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS: (A)+(B)+(C)	467.37	(155.56)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2018	68.52	224.08
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER 2018	535.89	68.52

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Managing Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA INDUSTRIES LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018**

(All amounts are in ₹ in lakhs)

NOTE No. 1**1. Corporate information**

ELGI ULTRA INDUSTRIES LIMITED is a company, incorporated on Sep 09, 1981 under the Companies Act, 1956 to manufacture and supply consumer and Industrial products.

Ultra, the kitchen appliances of Elgi Ultra Industries Ltd, offers innovative and reliable products. In 1992, Ultra launched the 1st ever sleek and innovative table top grinder that took the market by storm. Ultra has always gone against the tide to make products that are not only innovative but are also thoughtfully made to make cooking easier and healthier. The Ultra range of mixers, wet grinders and pressure cookers comes loaded with an unparalleled bouquet of innovative benefits that make every day cooking a breeze. Since the products are sturdily built to last a lifetime, they come with the most competitive warranties in the market.

2. Summary of significant accounting policies**2.01 Basis of preparation**

The financial statements have been prepared under the historical cost convention basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India and to comply with the provisions of the Companies Act, 2013 ("the Act") and the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. All items of income and expenditure that have a material bearing on the financial statements are recognized on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, (except where a newly issued accounting standard is initially adopted or a revision in the existing accounting standard requires a change in the accounting policy hitherto in use).

2.02 Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of property, plant and equipment, intangible assets and provision for taxes.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.03 Inventory

Inventories comprise of traded goods and have been valued at cost determined on FIFO basis or net realisable value, whichever is lower. Cost includes all the expenditure directly attributable to bring the inventory to its present location and condition.

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables/spares are ascertained on a moving weighted average / monthly moving weighted average basis. Cost, including variable and fixed overheads, are allocated to work-in-progress, stock-in-trade and finished goods determined on full absorption cost basis. Net realisable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

2.04 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and financial institutions. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

2.05 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.06 Revenue recognition

Sale of Products - The Company recognises revenues on the sale of products, when the products are delivered to the dealer / customer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the dealer / customer and where there is no uncertainty about its ultimate realisability.

For the sale of consumer products sold under Maximum Retail Price (MRP) for the period from 1st April 2017 to 30th June 2017, the recognition of sale was inclusive of "Excise duty" as per the valuation determined under Central Excise Act/Rules.

For the sale of products other than consumer products, which does not fall under the Maximum Retail Price(MRP), the sale value does not include Excise duty for the period from 1st April 2017 to 31st March 2018.

Service Income - Revenue from services is recognised on the basis of completion of contractual part upon which right to receive the amount is clearly established and there is no uncertainty about its realization.

Export incentives - Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

Profit on sale of investments - During the year , there is no profit on sale of investments is recorded on transfer of title from the Company , which is determined as the difference between the sale price and carrying value of the investment.

Profit/Loss from Partnership Firm - The Profit/Loss from Partnership Firm is accounted, when the accounts of the firm are drawn up and made available to the Company.

Interest Income - Interest income is recognized on the time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

Dividend Income - Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

The Company presents revenues net of indirect taxes (except for the products sold under Maximum Retail Price (MRP)), discounts and sales incentives, in its statement of Profit and Loss.

2.07 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on additions / deletions has been provided on a pro-rata basis. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The estimated useful lives considered for depreciation of Property, Plant and Equipment are as follows:

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

Asset	Useful life
Plant & Machineries	
- ULTRA Division	10 years
- Polytex Division	15 years
Data Processing Equipments	
- Servers and networks	06 years
- End use devices, such as desktops, laptops, etc	03 years
Furniture & Fixtures	10 years
Building (Factory) - Permanent structure	30 years
Building (Temporary structure)	03 years
Office Equipment	05 years
Vehicles	08 years
Mould and Dies	12 years

The useful life for plant and machineries and moulds and dies are based on technical estimates

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Items of property, plant and equipment retired from active use and held for disposal is stated at the lower of their carrying amount and net realisable value. Any write-down is recognised in the statement of Profit and Loss.

The carrying amount of an item of property, plant and equipment is derecognised

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is included in the statement of profit and loss when the item is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown under capital advances and the cost of property, plant and equipment not ready for its intended use on such date is disclosed under 'Capital work-in-progress'.

2.08 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

Exchange differences

Exchange differences arising on translation/settlement are recognised as income or expense in the period in which they arise.

2.09 Accounting for government grants

Grants from the government are recognised when there is reasonable assurance that:

- (i) the Company will comply with the conditions attached to them; and
- (ii) the grant will be received

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a nominal value.

2.10 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at the lower of cost and fair value of each investment individually. Long term investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investment property representing immovable property intended to be leased out and not intended to be used by the Company are carried at cost, less depreciation computed in the manner prescribed for property, plant and equipment.

2.11 Employee benefits

Long term employee benefits

(i) Defined contribution plan

The Company has a defined contribution plan in the form of a Provident fund scheme for its staff and pension scheme under the employee's pension scheme 1995 for all its employees, which are administered by the Provident fund commissioner. The above mentioned schemes are classified as defined contribution plan as the Company has no further obligation beyond making the contributions. The Company's contributions to the defined contribution plans are charged to statement of profit and loss for the period when the contributions are due.

(ii) Defined benefit plan

Gratuity : The Company has a defined benefit plan for post retirement benefit in the form of gratuity for all its employees. Liability for defined benefit plan is provided on the basis of valuations carried out by an independent actuary.

Compensated absences : The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

ELGI ULTRA INDUSTRIES LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

Gratuity and accumulated leave, which are expected to be settled within the next 12 months, are treated as short-term employee benefit and those, which are expected to be settled beyond 12 months, are treated as long-term employee benefit.

The actuarial valuation method used by the independent actuary for measuring the liability relating to gratuity and compensated absences is the Projected Unit Credit Method.

Termination benefits are recognized as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized in full as an income or as expenses in the period in which they occur in the statement of profit and loss.

2.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the Statement of Profit and Loss in the period in which they are incurred.

2.13 Segment reporting

The Company is engaged mainly in the business of manufacture and supply consisting of consumer and Industrial products. These, in the context of Accounting Standard 17 on Segment Reporting are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical Segment.

2.14 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases**As a lessee**

In respect of operating lease, rentals and all other expenses are treated as revenue expenditure. Lease payments are recognized as expenses in the statement of profit and loss on a straight line basis over the lease term.

As a lessor

The Company has leased certain tangible assets and lease income are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Finance lease**As a lessee**

Assets acquired under finance leases are recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

As a lessor

Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

2.15 Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.16 Taxes on income

Tax expenses comprise of current and deferred taxes.

Current taxes

Provision for income tax is made on the basis of the estimated taxable income as per the provisions of income tax act, 1961 and the relevant finance act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors. Tax payments are setoff against provisions wherever the Company has a legally enforceable right to set off.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in future. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax

Deferred tax is provided in respect of all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to reverse in subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only when there is a virtual certainty of realization of such assets. The carrying amount of deferred tax assets are reviewed as at each balance sheet date and written down or, written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.17 Intangible assets

- a) Research and Development expenditure: Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Payments for R&D work by contracted agency are being expensed out up to the stage of completion. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as an Intangible asset and accounted ,if and only, if the future economic benefits attributable are probable to flow to the Company and the costs can be measured reliably.

ELGI ULTRA INDUSTRIES LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

The cost which can be capitalised include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

- b) Other intangibles (including software): Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight line basis over the estimated useful economic life. In case of softwares which can be used only up to the life of the computer in which it was loaded, the Company estimates the life of those softwares to be that of the computers and amortised accordingly. In the case of other intangibles, the Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible assets over the best estimate of its useful life.

2.18 Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.19 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value (except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment and also in the case of retirement benefits and compensated absences) and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when the company has a possible obligation and it is probable that an outflow of resources embodying economic benefits may not be required to settle the obligation or where reliable estimate of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
2. SHARE CAPITAL		
Authorized Share Capital:		
2150000 (31 Mar 2018:2150000) equity shares of ₹ 10/- each	215.00	215.00
50000 Redeemable Cumulative Convertible Preference Shares of ` 1000 each	500.00	500.00
	715.00	715.00
Issued, subscribed and fully paid-up shares.		
1809895 (31 Mar 2018 : 1809895) equity shares of ` 10/- each fully paid	180.99	180.99
Total Issued, subscribed and fully paid-up share capital	180.99	180.99

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

Particulars	30-Sep-18	31-Mar-18
Number of equity shares at the beginning of the period	1809895	1872650
Add:		
Partly paid up shares that became fully paid-up on receipt of final call money	Nil	Nil
Bonus issue	Nil	Nil
Buy back of Equity shares and cancellation thereof	—	(62755)
Number of equity shares at the end of the period	1809895	1809895

b Terms/rights attached to equity shares

The company has one class of share referred to as equity shares having a face value of ₹ 10 each. Each shareholder is entitled is to one vote per share held and dividends, if any, proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

c Details of share holders holding more than 5% of shares

Name of the Shareholder	30-Sep-18	%	31-Mar-18	%
i. Dr.Jairam Varadaraj	368050	20.33	363100	20.06
ii. Dark Horse Portfolio Investments Ltd	898450	49.64	898450	49.64
iii. L.G.B Public Welfare Society	162000	8.95	162000	8.95

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
3 RESERVES AND SURPLUS		
a Capital Redemption Reserve		
As per Last Balance Sheet	327.51	327.51
Add: Transfer from general reserve on buy back of equity shares	—	—
	327.51	327.51
b Debenture Redemption Reserve		
As per Last Balance Sheet	250.00	250.00
	250.00	250.00
c General reserve		
Opening balance	3472.05	3472.05
Closing balance	3472.05	3472.05
d Surplus from Statement of Profit & Loss		
Opening balance	2147.49	1764.94
Excess tax provision of earlier years	—	4.21
Add: Current year surplus	383.51	400.13
	2513.00	2169.28
Less: Dividend (₹1 per share)	18.10	18.10
Less: Dividend Distribution tax (DDT)	3.72	3.68
Closing balance	6558.71	2147.49
	6558.71	2147.49
NON-CURRENT LIABILITIES		
4 LONG TERM BORROWINGS		
Term Loan	939.62	1202.79
	939.62	1202.79
Term Loan of Rs.2100Lakhs (availed 1267.42 Lakhs) Sanctioned by Central Bank of India is primarily secured by the Land and Plant & Machinery acquired out of it and collateral security of the other current assets and first charge / equitable mortgage of the block of assets (Specified) of the company.Repayable in 72 monthly instalments from 31.10.2018 and interest at present at 9.35%.		
The above term loan includes Rs.22.20 lakhs towards hypothecation loan from Central and Bank of India and Kotak Mahindra Bank Ltd		
5 OTHER LONG TERM LIABILITIES		
Rent Advance	55.50	24.55
	55.50	24.55

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
6 LONG TERM PROVISIONS		
Provision for warranty expenses	202.56	177.37
	202.56	177.37
CURRENT LIABILITIES		
7 SHORT TERM BORROWINGS		
a Cash credit	1354.78	851.98
b Short Term loan - Central Bank of India / HDFC Bank Ltd	—	291.85
	1354.78	1143.83
Cash credit loans sanctioned by Central Bank of India and Indusind Bank Ltd are primarily secured by Hypothecation of Stock and Debtors and collateral security of the other current assets and first charge / equitable mortgage of the block of assets (Specified) of the company are at the interest rate of 8.50% and 9.50% respectively.		
8 OTHER CURRENT LIABILITIES		
a Rent Advance	350.00	—
b Unclaimed dividends	9.32	9.32
c Dealers Deposits	54.30	54.20
d TDS Payable	24.61	33.95
e Other payables	1238.97	583.78
	1677.21	681.24
9 SHORT TERM PROVISIONS		
a Provision for Income tax	—	—
	—	—

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

30-Sep-2018 31-Mar-2018
₹ in lakhs ₹ in lakhs

NON CURRENT ASSETS - FIXED ASSETS

10 TANGIBLE ASSETS

₹ in lakhs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01/04/2018	Additions	Deletions / Capitalized	Cost as at 30/09/2018	Up to 31/03/2018	For the year	Deletions	Up to 30/09/2018	As at 30/09/2018	As at 31/03/2018
LAND	1052.91	0.13		1053.04	0.00	0.00	0.00	0.00	1053.04	1052.91
BUILDING	250.17	85.10	0.00	335.27	75.64	6.54	0.00	82.18	253.09	174.53
PLANT & MACHINERY	1457.91	741.14	0.00	2199.05	641.65	61.68	0.00	703.33	1495.72	816.25
MOULDS & DIES	938.39	26.66		965.05	389.83	30.80	0.00	420.63	544.42	548.56
COMPUTERS	93.31	237.28	0.00	330.59	65.74	14.43	0.00	80.17	250.43	27.57
FURNITURE & FITTINGS	59.29	2.76	0.00	62.05	21.23	2.99	0.00	24.22	37.82	38.05
OFFICE EQUIPMENTS	47.39	7.13	0.00	54.52	26.18	3.83	0.00	30.01	24.51	21.21
VEHICLES	107.03	0	3.91	103.12	41.01	5.51	3.50	43.01	60.11	66.02
CAPITAL WORK IN PROGRESS	881.99	1.15	881.98	1.15	0.00	0.00		0.00	1.15	881.99
TOTAL	4888.39	1101.35	885.89	5103.85	1261.28	125.77	3.50	1383.55	3720.29	3627.11
PREVIOUS YEAR	3930.90	1228.61	271.11	4888.40	1308.38	212.51	259.60	1261.29	3627.11	2622.51

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

30-Sep-2018 31-Mar-2018
₹ in lakhs ₹ in lakhs

11. NON CURRENT INVESTMENTS

	No. of Shares	Face Value ₹ per share	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
(i) Non-Trade Investments - at cost				
Quoted equity instruments (Fully paid)				
Investment in other bodies corporate				
Indag Rubber Ltd	9500	2.00	0.15	0.15
Tata Global Beverages Ltd	670	1.00	0.09	0.09
Elgi Equipments Ltd	6079366	1.00	879.78	879.78
Rane Brake Linings Ltd	200	10.00	0.19	0.19
Rane Holdings Ltd	150	10.00	0.00	0.00
(ii) Other Investments - at cost				
Investment in partnership firms				
Elgi Services			1.00	1.00
Partners - Elgi Ultra Industries Ltd - Share 20% - ` 100000				
Elgi Equipments Ltd - Share 80% - ` 400000				
L.G.Balakrishnan & Bros			24.11	24.11
Partners - Elgi Ultra Industries Ltd - Share 2% - ` 2411359				
Elgi Equipments Ltd - Share 98% - ` 124000194				
Total			905.33	905.33
Aggregate Value of Quoted Investments			880.21	880.21
Market Value of Quoted Investments			14670.41	15370.05
Aggregate Value of Unquoted Investments			25.11	25.11

12 LONG TERM LOANS AND ADVANCES

Security deposits	52.19	48.29
	52.19	48.29

Note: All advances are unsecured, considered good

CURRENT ASSETS

13 INVENTORIES

a Raw materials	1022.91	1323.05
b Work in progress	224.56	313.27
c Finished goods	998.97	400.54
d Stores & Spares	8.19	5.42
e Packing materials	18.73	12.54
	2273.35	2054.82

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
14 TRADE RECEIVABLES		
a Trade receivables outstanding for a period exceeding six months from the date they are due for payment*	593.24	555.68
b Trade receivables outstanding for a period less than six months from the date they are due for payment*	4236.97	3226.19
Less : Provision for bad and Doubtful debts	(204.10)	(278.24)
	4626.12	3503.63

* All receivables are unsecured, considered good.

15 CASH AND CASH EQUIVALENTS

a Cash and cash equivalents
Balance with banks

i In current account	520.68	52.99
ii in Unclaimed Dividend Account*	9.32	9.32
iii Cash in hand	5.89	3.94

b Other Bank Balance

In deposits (having original maturity period more than 3 months but less than 12 months)

—	2.26
535.89	68.52

* This balance is not available for use by the company as it represents corresponding unpaid dividend liability

16 SHORT-TERM LOANS AND ADVANCES

a Advances to Suppliers	177.56	187.82
b Employee advances	17.37	24.86
c Rent Advance	71.62	66.77
d Others	13.49	—

280.04	279.44
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ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
17 OTHER CURRENT ASSETS		
a GST / Cenvat Receivable (Net)	342.66	273.63
b Interest accrued	1.54	—
c Sundry Advances	0.32	5.97
d Income Tax/ TDS Refund Receivable	170.13	230.16
d Prepaid expenses	41.82	38.44
	556.48	548.20
18 REVENUE FROM OPERATIONS		
a Sale of Products		
Sales	8991.89	17064.69
Less: Excise Duty	—	122.34
	8991.89	16942.35
19 OTHER INCOME		
a Interest Income	—	33.01
b Dividend Income	73.06	61.23
c Rent	38.72	88.80
d Net (Loss) / Gain on foreign currency transaction	(2.40)	26.26
e Profit on Sale of Assets	0.16	(5.47)
f Share of profit in partnership	—	0.16
g Provision for bad debt	278.24	257.84
h Miscellaneous Income	63.29	74.60
	451.07	536.44
20 COST OF MATERIALS CONSUMED		
a Opening Stock of Raw Materials	1323.05	1117.50
Raw material - Purchases	5436.81	10110.35
	6759.85	11227.85
Less: Closing stock of raw Material	1022.91	1323.05
	5736.94	9904.80

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
b Packing Material		
Opening Stock of Packing Materials	12.54	9.28
Packing - Purchases	49.57	12.71
	62.11	21.99
Less: Closing stock of Packing Material	18.73	12.54
	43.83	9.45
c Stores & Spares		
Opening Stock of Stores & Spares	5.42	4.49
Stores & Spares - Purchases	18.43	17.48
	23.86	21.97
Less: Closing stock of Stores & Spares	8.19	5.42
	15.67	16.55
	5795.99	9930.80
21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock of WIP	313.27	266.37
Opening Stock of Finished Goods / Stock in Trade	400.54	268.12
	713.80	534.49
Closing Stock of WIP	224.56	313.27
Closing Stock of Finished Goods	998.97	400.54
	1223.52	713.80
Total	(509.72)	(179.31)
22 EMPLOYEE BENEFIT EXPENSES		
a Salaries & Wages	1347.50	1974.23
b Bonus	27.50	52.81
c Gratuity	37.50	87.59
d Contribution to PF and Others	106.26	144.72
e Welfare expenses	25.77	74.41
f Managing Director's Remuneration	41.79	80.75
	1586.32	2414.52

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
23 FINANCE COSTS		
a Interest Expenses	66.85	124.26
b Bank Charges	8.67	20.41
	75.52	144.67
24 OTHER EXPENSES		
Processing Charges	146.51	253.58
Commission and Discount	190.84	274.53
Power, Fuel & Lighting	153.52	283.82
Transport Charges	126.81	260.70
Communication Cost	45.80	70.44
Traveling and Conveyance	126.25	342.28
Insurance	16.89	17.02
Advertisement and Publicity	373.10	932.13
Service Charges	25.91	60.71
Repairs and Maint. of Machinery	4.14	87.09
Repairs and Maint. of Building	17.65	222.52
Repairs and Maint. of Other Assets	101.52	76.96
Printing and Stationery	5.02	19.96
Research and Develment expenses	56.95	726.85
Bad Debts Written off	0.00	0.15
Provision for Bad Debts	204.10	278.24
After Sales Expenses	60.77	93.26
Rates & Tax	4.15	5.88
Auditor's Remuneration		
- For Statutory Audit	2.12	3.85
- For Tax Audit	0.42	0.77
- For Other Service	0.26	0.09
Miscellaneous Expenses	96.50	194.78
Rent	112.01	182.46
Directors' Sitting Fees	1.00	1.90
Sales & Service Tax Payments	3.42	0.00
Total	1875.65	4389.96

* Miscellaneous expenses includes ₹13.46 Lakhs towards CSR activities

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
NOTE No.25		
I NOTES FORMING PART OF ACCOUNTS		
1 Estimated amount of contract remaining to be executed on capital account and not provided for.	12.77	37.16
2 Contingent liabilities not provided for:		
1. TNGST Asst. Year –1995-96 and 1996-97 Appeal preferred by the Company against the order of the Appellate Tribunal in the High Court of Madras Judicature - Chennai.	19.79	19.79
2. Income Tax for the Asst. Year:		
2002-03	12.46	12.46
2003-04	34.24	34.24
2004-05	39.77	39.77
2005-06	37.27	37.27
2006-07	37.46	37.46
2007-08	39.26	39.26
2009-10	143.13	143.13
2010-11	203.30	203.30
<p>Appeal preferred by the Department against the order of the Appellate Tribunal in the High Court of Madras Judicature - Chennai.</p> <p>Note : Future Cash outflows in respect of the above matters are determinable only on receipt of Judgements/decisions pending at various forums / authorities</p>		
3. Excise for the year 2008-09 Inspection dispute (Appeal to CESTAT preferred by the Company against the order of Commissioner - Appeals)	9.26	9.26
4. Bank Guarantee	44.30	26.75
5. ILC/Foreign Letter of Credit	249.14	205.79
6. Contingent Assets are not recorded or taken into account	Nil	Nil
3 Assessment:		
a) Income tax:		
Income tax Assessments are completed up to the Assessment year 2015-16		
b) Sales tax:		
Sales tax Assessment of the company have been completed, as detailed below:		
1. Tamilnadu, Puducherry, Kerala, Karnataka, Andhrapradesh, Telengana, West Bengal, Delhi, Gujarat and Maharashtra. — Deemed VAT Assessment completed upto 2016-17		
2. a) All States referred in point No. 3(b)(1) except Telengana, CST assessment completed upto 2016-17 b) Telengana - CST assessment completed upto 2014-15.		
4 Balances in the accounts of Sundry Debtors, Loans & Advances, Sundry Creditors, Security and Other Deposits have been reconciled wherever account copies are received.		
5 There are no amounts due to Investor Education & Protection Fund.		

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
6 Interest Payments include paid to directors towards unsecured loan taken from them .	—	0.18
7. a Expenditure in Foreign Currency		
Travelling Expenses	1.27	10.13
Commission	1.16	7.56
R & D Expenses	2.58	21.39
Others (Exhibition & Trade mark Fee)	—	0.69
b Earnings in Foreign Currency		
Exports (on FOB basis)	249.59	1,065.37
Others (freight and insurance)	7.30	14.01
c Value of Imports CIF		
Raw Materials and Finished goods purchased	1089.69	2012.05
Capital Goods	2.70	286.36
d Particulars of Consumption		

	01.04.2018 - 30.09.2018		2017-18	
	₹ in Lakhs	%	₹ in Lakhs	%
Raw materials:				
Imported including Finished goods purchased	1089.69	19%	2012.05	20%
Indigenous	4690.63	81%	7902.20	80%
Total	5780.32	100%	9914.25	100%

8. Sundry Creditors – There are no dues to creditors coming under Micro, Small & Medium Enterprise Development Act, 2006:

The Company is in the process of compiling information from its suppliers regarding their status under the above Act and hence disclosure, if any, of the amounts unpaid as at the year end together with the interest paid/payable as required has been given to the extent of information available.

Borrowing	Section	30.09.18 ₹ In lakhs	31.03.18 ₹ In lakhs
a) The principal amount due to Supplier as per the Act	S22 (i)	—	—
b) Interest accrued and due to Supplier on the above amount (other than Section 16)	S22(i)	—	—
c) Interest paid to Suppliers under the act, (Section 16)	S22(ii)	—	—
d) Interest due and payable for delay(for payments during the quarter beyond due date)	S22(iii)	—	—
e) Payment made to suppliers (other than interest) beyond the appointed day, during the year	S22(iii)	—	—
f) Interest accrued and remaining unpaid at the end of quarter to suppliers under the Act.	S22(iv)	—	—
g) Interest due and payable to suppliers under the Act for payments already made	S22(v)	—	—

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
II NOTES FORMING PART OF ACCOUNTS.		
1 Disclosure under Accounting Standard 15 on Employee Benefits: Disclosures in respect of Defined benefit obligations in respect of gratuity pursuant to AS 15. Actuarial valuation is done on annually. Fund is maintained by LIC.Valuation as on 31.03.2018 is taken. However, provision for 6 months is made.		
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.44%	8.00%
Salary escalation rate	5.00%	5.00%
Attrition rate	13.00%	13.00%
Expected rate of return on Plan Assets	8.00%	5.00%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	360.15	360.15
Interest Cost	23.88	23.88
Current service cost	29.18	29.18
Past service cost - (non vested benefits)	0.00	0.00
Past service cost - (vested benefits)	47.59	47.59
Benefits paid	-38.09	-38.09
Actuarial loss/(gain) on obligation (balancing figure)	12.91	12.91
PVO as at the end of the period	435.63	435.63
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	343.59	343.59
Expected return on plan assets	27.74	27.74
Contributions	44.31	44.31
Benefits paid	-38.09	-38.09
Actuarial gain/(loss) on plan assets [balancing figure]	-1.76	-1.76
Fair value of plan assets as at the end of the period	375.78	375.78
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	27.74	27.74
Actuarial gain (loss) on plan assets	-1.76	-1.76
Actual return on plan assets	25.98	25.98
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-12.91	-12.91
Actuarial gain / (loss) for the period- Plan Assets	-1.76	-1.76
Total (gain) / loss for the period	14.67	14.67
Actuarial (gain) / loss recognized in the period	14.67	14.67
Unrecognized actuarial (gain) / loss at the end of the year	0.00	0.00

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	435.63	435.63
Fair value of plan assets	375.78	375.78
Difference	59.84	59.84
Unrecognised transitional liability	0.00	0.00
Unrecognised past service cost - non vested benefits	0.00	0.00
Liability recognized in the balance sheet	59.84	59.84
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	29.18	29.18
Interest Cost	23.88	23.88
Expected return on plan assets	-27.74	-27.74
Net actuarial (gain)/loss recognised in the year	14.67	14.67
Past service cost - vested benefits	47.59	47.59
Expenses recognized in the statement of profit and loss	87.59	87.59
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	16.56	16.56
Expense as above	87.59	87.59
Contribution paid	-44.31	-44.31
Closing net liability	59.84	59.84
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	435.63	435.63
Plan Assets	375.78	375.78
Surplus (Deficit)	-59.84	-59.84
Experience adjustments on plan liabilities -(loss)/gain	-20.60	-20.60
Experience adjustments on plan assets -(loss)/gain	-1.76	-1.76
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%

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

	30-Sep-2018 ₹ in lakhs	31-Mar-2018 ₹ in lakhs
2 Information as required by Accounting Standard (AS) 17, Segment Reporting & Results		
Particulars	30-Sep-18 (` In Lakhs)	31-Mar-18 (` In Lakhs)
Segment Revenue		
Sales & Income		
Industrial Product	3446.80	6470.16
Consumer Product	5545.08	10472.19
Total Segment Revenue	8991.89	16942.35
Segment Results:		
Profit before Interest and Tax		
Industrial Product	202.99	83.02
Consumer Product	365.94	627.29
Total Segment Results	568.94	710.31
Less:		
Interest expenses	75.52	144.67
Total Profit before tax	493.42	565.64
Capital employed		
Segment Assets less Segment Liabilities:		
Industrial Product	5239.96	4911.53
Consumer Product	1499.74	1466.51
Total Capital employed	6739.70	6378.04
Add: Unallocable Current Assets & Current Liabilities	—	—
Total Capital employed in company	6739.70	6378.04

3 Information as required by Accounting Standard (AS) 18, Related Party Disclosures:

(` In lakhs)

Particulars	Associates		Key Management Personnel	
	30-Sep-18	31-Mar-18	30-Sep-18	31-Mar-18
Purchase of goods	5.07	21.19	-	-
Sale of goods and Services	358.20	616.29	-	-
Receiving of Services	35.67	79.28	-	-
Remuneration			41.79	80.75
Interest paid	-	-	-	0.18
Closing Balance of Related parties	Payable		Receivable	
	as on 30.09.18	as on 31.03.18	as on 30.09.18	as on 31.03.18
Balance as at the year end	15.73	5.23	175.70	125.21

ELGI ULTRA INDUSTRIES LIMITED

ELGI ULTRA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

Note:

Names of the related parties and description of relationship:

1. Holding Company : Nil
2. Subsidiaries : Nil
3. Other Companies / Firms in which directors or their relatives are interested :
 - a. Elgi Equipments Limited
 - b. ATS Elgi Limited
 - c. Elgi Rubber Company Ltd
 - d. Precot Meridian Ltd.
 - e. Elgi Electric & Industries Limited
 - f. Super Spinning Mills Limited
 - g. Ellargi & Co.,
 - h. L.G. Balakrishnan & Bros
 - i. L.R.G. Technologies Ltd.
 - j. Dark Horse Portfolio Investments (P) Ltd.
4. Key Management Personnel : Mr. B.Balakrishnan - Managing Director
Mr. Jairam Varadaraj - Director

4	Information as required by Accounting Standard (AS) 20, Earning Per Share : 01.04.2018 - 30.09.2018	2017-18
i.	Net profit after Tax (₹ in Lakhs)	383.51 400.13
	Weighted Average Number of shares for computation of Basic Earnings per Share	1809895 1850987
ii.	Nominal value (₹ Per share)	10 10
iii.	Basic - EPS	21.19 22.11
iii.	Diluted - EPS	21.19 22.11

Basic Earning Per Share have been calculated by dividing the Profit after Tax by the Weighted Average Number of Equity Shares for the respective Periods. The weighted average number of share have been derived as follows:

Equity Share at the beginning of the year	1809895	1809895
- Days	—	—
Buy back during the period	—	—
- Days	—	—
Weighted Average of Equity Shares	1809895	1809895

5 Figures of the previous year have been regrouped and rearranged wherever necessary to confirm with the current period classification.

ELGI ULTRA LIMITED**BALANCE SHEET AS AT 30TH SEPTEMBER, 2018**

Particulars	Note No	30-Sep-18 (in Rupees)	31-Mar-18 (in Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1,00,000	1,00,000
(b) Reserves and Surplus	3	(3,99,639)	(3,55,505)
(2) Non-Current Liabilities			
(a) Long-term borrowings		—	—
(b) Deferred tax liabilities (Net)		—	—
(c) Other Long term liabilities		—	—
(d) Long - term provisions		—	—
(3) Current Liabilities			
(a) Short-term borrowings		—	—
(b) Trade payables		—	—
(c) Other current liabilities	4	3,50,003	3,65,033
Total		<u>50,394</u>	<u>1,09,528</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		—	—
(ii) Intangible assets		—	—
(b) Non-current investments		—	—
(c) Long term loans and advances		—	—
(2) Current assets			
(a) Inventories		—	—
(b) Trade receivables		—	—
(c) Cash and Bank Balances		—	—
(d) Short-term loans and advances		—	—
(e) Other current assets	5	50,394	1,09,528
Total		<u>50,394</u>	<u>1,09,528</u>

Summary of significant accounting policies

1

Notes referred to above and other notes attached thereto form an integral part of this Balance Sheet.

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2018**

Particulars	Note No	30-Sep-18 (in Rupees)	31-Mar-18 (in Rupees)
I. Revenue from Operations		—	—
II. Other Income		—	—
III. Total Revenue (I + II)		—	—
IV. Expenses:			
Cost of materials consumed		—	—
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		—	—
Employee benefit expense		—	—
Financial costs	6	40	472
Depreciation and amortization expense		—	—
Other expenses	7	44,094	3,55,033
Total expenses		44,134	3,55,505
V. Profit before tax (III - IV)		(44,134)	(3,55,505)
VI. Profit before extraordinary items and tax		(44,134)	(3,55,505)
VII. Tax expense:			
(1) Current tax		—	—
(2) Deferred tax		—	—
VIII. Profit after Tax from continuing operations (VI-VII)		(44,134)	(3,55,505)
IX. Earnings per equity share:		(in ₹)	(in ₹)
Nominal value of share		10.00	10.00
(1) Basic		(4.41)	(35.55)
(2) Diluted		(4.41)	(35.55)

Notes referred to above and other notes attached thereto form an integral part of this Statement of Profit and Loss.

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA LIMITED**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2018**

	30.09.2018 (in Rupees)	31.03.2018 (in Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(44,134)	(3,55,505.00)
Add: Prior year adjustments	—	—
	<u>(44,134)</u>	<u>(3,55,505.00)</u>
Adjustment for :		
Depreciation	—	—
Interest and Bank charges	40	472.00
(Profit)/Loss on sale of Assets	—	—
Dividend Received	—	—
Interest Received	—	—
	<u>(44,094)</u>	<u>(3,55,033.00)</u>
Operating Profit before working capital changes		
Adjustment for :		
Trade and other Receivables	—	—
Inventories	—	—
Loans and advances	—	—
Increase/(Decrease) in Trade Payable,Current Liabilities and Provisions	(15,000)	3,65,033.00
Cash generation from operations	(59,094)	10,000
Direct Taxes	—	—
NET CASH USED FROM OPERATIONAL ACITIVITES (A)	<u>(59,094)</u>	<u>10,000.00</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	—	—
Sales of Fixed Assets	—	—
Profit/(Loss) on sale of Assets	—	—
Interest Received	—	—
Dividend Received	—	—
CASH FLOW FROM INVESTING ACTIVITIES (B)	—	—
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Long Term Borrowings	—	—
Proceeds of Short term Borrowings	—	—
Subscription from Promoters to Memorandum of Association	—	1,00,000.00
Tax paid on distribution of income through buyback(u/s.115 QA)	—	—
Interest paid	(40)	(472.00)
Dividend paid	—	—
NET CASH USED FROM FINANCING ACTIVITIES (C)	<u>(40)</u>	<u>99,528.00</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS: (A)+(B)+C	(59,134)	1,09,528
CASH AND CASH EQUIVALENTS AS AT 31st MARCH 2018	1,09,528	—
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER 2018	<u>50,394</u>	<u>1,09,528</u>

Sd/-
JAIRAM VARADARAJ
Director
(DIN : 00003361)

Sd/-
B. BALAKRISHNAN
Director
(DIN : 00005278)

Coimbatore
23.11.2018

ELGI ULTRA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

(All amounts are in Rupees)

NOTE No. 1

1. Corporate information

ELGI ULTRA LIMITED is a company, incorporated on 30th October, 2017, under the Companies Act, 2013 to manufacture and supply of all kinds of Household & Domestic appliances and Industrial products such as Textile machinery, Looms & Accessories, Rubber Products, Plastic Products, Chemicals, Conveyor Belt System, Spares and accessories etc.,

2. Summary of significant accounting policies

2.01 Basis of preparation

The financial statements have been prepared under the historical cost convention basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India and to comply with the provisions of the Companies Act, 2013 ("the Act") and the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. All items of income and expenditure that have a material bearing on the financial statements are recognized on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, (except where a newly issued accounting standard is initially adopted or a revision in the existing accounting standard requires a change in the accounting policy hitherto in use).

2.02 Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of property, plant and equipment, intangible assets and provision for taxes.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.03 Inventory

The Company does not hold any Inventories as on 30th September 2018.

2.04 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and financial institutions. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.05 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.06 Revenue recognition

The Company has not started its operation of Business during the period from 1st April 2018 to 30th September 2018. Therefore there is no recognition of revenue.

2.07 Property, Plant and Equipment

The Company does not hold any Property, Plant and Equipments as on 30th September 2018.

2.08 Foreign currency transactions

The Company does not have foreign currency transactions during the period from 1st April 2018 to 30th September 2018.

ELGI ULTRA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

2.09 Accounting for government grants

The Company does not have government grants during the period from 1st April 2018 to 30th September 2018.

2.10 Investments

The Company does not hold any Investments as on 30th September 2018.

2.11 Employee benefits

There is no employee in the Company, therefore it does not paid any Employee Benefits during the period from 1st April 2018 to 30th September 2018.

2.12 Borrowing costs

The Company has not borrowed any amount and hence no incurrence of Borrowing Costs as 30th September 2018.

2.13 Segment reporting

The Company does not have segment reporting from 1st April 2018 to 30th September 2018.

2.14 Leases

The Company does not paid any Lease payments during the period from 1st April 2018 to 30th September 2018.

2.15 Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the Net Profit / (Loss) after tax by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the Profit / (Loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.16 Taxes on income

Tax expenses comprise of current and deferred taxes.

Current taxes

Provision for income tax is made on the basis of the estimated taxable income / Loss as per the provisions of income tax act, 1961 and the relevant finance act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors. Tax payments are setoff against provisions wherever the Company has a legally enforceable right to set off.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in future. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax

Deferred tax is provided in respect of all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to reverse in subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

ELGI ULTRA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only when there is a virtual certainty of realization of such assets. The carrying amount of deferred tax assets are reviewed as at each balance sheet date and written down or, written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.17 Intangible assets

The Company does not hold any Intangible assets as on 30th September 2018.

2.18 Impairment of tangible and intangible assets

The Company does not hold any Property, Plant and Equipments as on 30th September 2018, therefore there is no impairment of tangible and intangible assets.

2.19 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value (except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment and also in the case of retirement benefits and compensated absences) and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when the company has a possible obligation and it is probable that an outflow of resources embodying economic benefits may not be required to settle the obligation or where reliable estimate of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

ELGI ULTRA LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

	30-Sep-2018 (in Rupees)	31-Mar-2018 (in Rupees)
2. SHARE CAPITAL		
Authorized Share Capital:		
20,00,000(31 Mar 2018) equity shares of Rs. 10/- each	2,00,00,000	2,00,00,000
	2,00,00,000	2,00,00,000
Issued, subscribed and fully paid-up shares.		
10,000 (31 Mar 2018) equity shares of Rs.10/- each fully paid	1,00,000	1,00,000
(The fully paid-up share capital of Rs.100,000 is the subscription money fully received from the subscribers to the Memorandum of Association as Promoters of the Company)	_____	_____
Total Issued, subscribed and fully paid-up share capital	1,00,000	1,00,000
a. Reconciliation of the shares at the beginning and at the end of the reporting period:		
Number of equity shares at the beginning of the period	10,000	—
Add:		
Shares that became fully paid up pursuant to subscription to Memorandum of Association	—	10,000
Bonus issue	—	—
Number of equity shares at the end of the period	10,000	10,000

b Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. During the year, the company has not declared and paid dividends.

c Details of share holders holding more than 5% of shares

Name of the Shareholder	30-Sep-18	%	31-Mar-18	%
Jairam Varadaraj	6700	67	6700	67
Anvar Jay Varadaraj	1000	10	1000	10
Maya Jay Varadaraj	1000	10	1000	10
Varun Jay Varadaraj	1000	10	1000	10

ELGI ULTRA LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

	30-Sep-2018 (in Rupees)	31-Mar-2018 (in Rupees)
3 RESERVES AND SURPLUS		
a Surplus from Statement of Profit & Loss		
Opening balance	(3,55,505)	—
Add / (Less): Current year surplus / (Deficit)	(44,134)	(3,55,505)
	<u>(3,99,639)</u>	<u>(3,55,505)</u>
4 CURRENT LIABILITIES		
a Other current liabilities	—	—
b Due payable to Directors - Dr. Jairam Varadaraj	3,50,033	3,50,033
c Audit fee payable	—	15,000
	<u>3,50,033</u>	<u>3,65,033</u>
5 CASH AND CASH EQUIVALENTS		
a Cash and cash equivalents		
Balance with banks		
(i) In current account		
Central Bank of India	40,394	99,528
Indusind Bank Ltd.	10,000	10,000
(ii) Cash in Hand	—	—
	<u>50,394</u>	<u>1,09,528</u>
6 FINANCE COSTS		
a Bank Charges	40	472
	<u>40</u>	<u>472</u>
7 OTHER EXPENSES		
Rates & Taxes	—	2,77,438
Professional fees	33,394	—
Filing fees	3,000	—
Preliminary Expenses	5,000	—
Auditor's Remuneration		
- For Statutory Audit	—	15,000
- For Tax Audit	—	—
- For Other Service	2,700	—
Miscellaneous Expenses - Preliminary Expenses writtenoff	—	62,595
	<u>3,55,033</u>	<u>—</u>

ELGI ULTRA LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

30-Sep-2018 31-Mar-2018
(in Rupees) (in Rupees)

NOTES FORMING PART OF ACCOUNTS

- a. The Company was incorporated on 30th October 2017. The first statement of Profit and Loss was prepared for the period dated 31.03.2018 and the Balance sheet is as at 31.03.2018. The Company is yet to start business operations.
- b. Information as required by Accounting Standard (AS) 18, Related Party Disclosures:

Particulars	Keymanagement Personnel	
	30-Sep-18	31-Mar-18
Purchase of goods	—	—
Sale of goods and Services	—	—
Receiving of Services	—	—
Remuneration	—	—
Reimbursement of Expenses & Bank Opening for the Incorporation of Company	—	—
Interest paid	—	—

Closing Balance of Related parties	Payable		Receivable	
	As on 30.09.18	As on 31.03.17	As on 30.09.18	As on 31.03.18
Balance as at the year end	—	—	—	—

Note :-

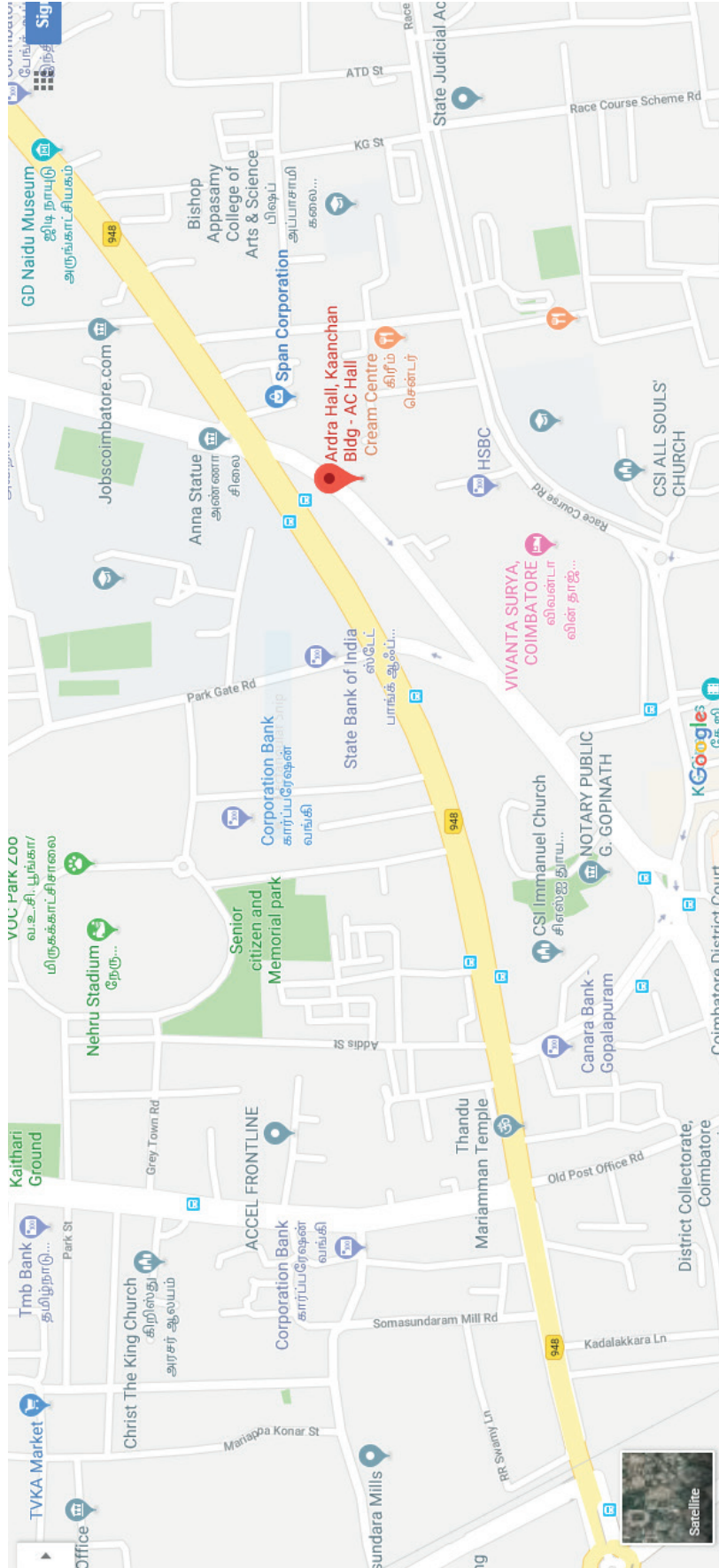
Names of the related parties and description of relationship:

1. Holding Company : Nil
2. Subsidiaries : Nil
3. Associates : Nil
4. Key Management Personnel : Mr. Jairam Varadaraj, Director.
Mr. B. Balakrishnan, Director
Mr. P. Vijay Raghunath, Director

ELGI ULTRA LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2018 (CONTD.)**

	30-Sep-2018 (in Rupees)	31-Mar-2018 (in Rupees)
c Information as required by Accounting Standard (AS) 20, Earning Per Share :		
i. Net Profit/(Loss) after Tax (In Rupees)	(44,134)	(3,55,505)
Weighted Average Number of shares for computation of Basic Earnings per Share	10,000	10,000
ii. Nominal value (Rs. per share)	10	10
iii. Basic - EPS	(4.41)	(35.55)
iii. Diluted - EPS	(4.41)	(35.55)
Basic Earning Per Share have been calculated by dividing the Profit/(Loss) after Tax by the Equity Shares subscribed		
Equity Share at the beginning of the period	10,000	—
- Days	—	—
Subscription to Memorandum of Association during the period	—	10,000
- Days	—	—
Equity Share at the end of the period	10,000	10,000

Route Map of the Venue of the Meeting



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH**

CA/188/CAA/2018

In the matter of Companies Act of 2013

and

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

and

In the matter of Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('the Demerged Company') and Elgi Ultra Limited ('the Resulting Company') and their respective Shareholders ('Scheme')

Elgi Ultra Industries Limited,

A company incorporated under the Companies Act, 1956
Having its registered office at India House, New No.1443/1,
Trichy Road, Coimbatore – 641018, Tamil Nadu

Represented by its Managing Director, Mr. B. Balakrishnan

... Applicant / Demerged Company

FORM NO. MGT – 11

Proxy Form

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

ELGI ULTRA INDUSTRIES LIMITED

CIN: U29253TZ1981PLC001104

Regd. Off.: India House, New No.1443/1, Trichy Road,
Coimbatore - 641018

Phone : 0422-2304141 Fax : 0422-2301377

Email: ayyalusamy@elgiultra.com Website: www.elgiultra.com

**National Company Law Tribunal convened Meeting
of the Equity Shareholders on Friday, 18th January, 2019**

Name of the Member(s) :

Registered address :

Email ID :

Folio No. / DP ID and Client ID :

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

1. Name : Address : E-mail ID : Signature or failing him /her

2. Name : Address : E-mail ID : Signature or failing him /her

3. Name : Address : E-mail ID : Signature

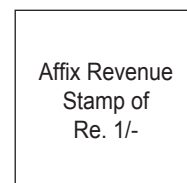
as my / our proxy to attend and vote (on poll) for me / us and on my / our behalf at the Tribunal convened Meeting of the company to be held on **Friday the 18th day of January, 2019 at 09:30 AM** at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641018 and at any adjournment thereof in respect of such resolution as is indicated below:

Sl. No.	Resolutions	Optional*	
		For	Against
1	Approval of the Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('the Demerged Company') and Elgi Ultra Limited ('the Resulting Company') and their respective Shareholders	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of, 2019.

Signature of Shareholder :

Signature of Proxy holder(s):



Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a member of the Company.
6. No person shall be appointed as a proxy who is a minor.
7. For the resolutions, explanatory statements and Notes please refer to the Notice of the Annual General Meeting.
8. It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
9. Please complete all details including details of member(s) in the above box before submission.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH**

CA/188/CAA/2018

In the matter of Companies Act of 2013

and

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

and

In the matter of Scheme of Arrangement ('Demerger') between Elgi Ultra Industries Limited ('the Demerged Company') and Elgi Ultra Limited ('the Resulting Company') and their respective Shareholders ('Scheme')

Elgi Ultra Industries Limited,

A company incorporated under the Companies Act, 1956
Having its registered office at India House, New No.1443/1,
Trichy Road, Coimbatore – 641018, Tamil Nadu

Represented by its Managing Director, Mr. B. Balakrishnan

... Applicant / Demerged Company

ELGI ULTRA INDUSTRIES LIMITED

CIN: U29253TZ1981PLC001104

Regd. Off.: India House, New No.1443/1, Trichy Road,
Coimbatore - 641018

Phone : 0422-2304141 Fax : 0422-2301377

Email: ayyalusamy@elgiultra.com Website: www.elgiultra.com

**National Company Law Tribunal convened Meeting
of the Equity Shareholders on Friday, 18th January, 2019**

Attendance Slip

Name of the Equity Shareholder	
Folio No. / DP ID and Client ID	
No. of Shares	
Name of Proxy	

I hereby record my/ our presence at the meeting of the equity shareholders of Elgi Ultra Industries Limited, the Applicant Company, convened pursuant to the Order of the National Company Law Tribunal, Chennai Bench dated 19th November, 2018, on Friday, the 18th day of January, 2019 at 09:30 AM at Ardra Convention Centre, "Kanchan", No.9, North Huzur Road, Coimbatore – 641018, Tamil Nadu.

Member's / Proxy's Signature

Note:

1. The Equity Shareholders attending the meeting in person or by proxy or through authorized representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.
2. Equity Shareholders who come to attend the meeting are requested to bring a copy of the Notice for reference at the meeting.
3. Equity Shareholders are informed that in case of joint shareholders attending the meeting, only such joint holder whose name stands first in the Register of Members in respect of such joint holding will be entitled to vote.

