BOMBAY STOCK EXCHANGE LIMITED
CORPORATE SERVICES
FLOOR 25, P.J. TOWERS
DALAL STREET
MUMBAI 400001.

FAX: 22723121/2037
2041/2061/2039/3719

E:SEC: 1015

DATE:15/12/2015

Dear Sirs,

RE: Disclosure of Material Events

Please take note that based on the decisions of the Board of Directors of the Company, the following actions are proposed:

1. **Restructuring of China operations**

Due to the economic slowdown in China, the Company's business operations have been severely affected there is a need for some restructuring to be carried out in order to minimise losses and approach the market in a focused manner by supplying products that meet local market requirements. Thus, it was decided to:

A. Restructure the business and operations of Elgi Equipments Zhejiang Limited

The business licence of Elgi Equipments Zhejiang Limited has been expanded to include trading activities. The operations of Elgi Equipments Zhejiang Limited will also be restructured by adopting measures like optimisation of manpower, surrender of manufacturing licence, moving to a smaller location and carry on purely import, warehousing, selling and servicing of compressor products. The manufacturing license be freshly applied for as and when the new products are made available and business improves in the future.

B. Wind down Elgi Compressors Shanghai Trading Limited

Elgi compressors Shanghai Trading Limited, was basically promoted to engage in trading activities since Elgi Equipments Zhejiang Limited possessed only a manufacturing license at the relevant time and was not permitted to engage in trading activities. Elgi Equipments Zhejiang Limited recently obtained a license to trade and therefore, it makes sense to wind down Elgi compressors Shanghai Trading Limited and carry on all trading operations in Elgi Equipments Zhejiang Limited.

These activities are likely to be completed in the next few weeks.

2. **Acquisition by way of purchase of the entire share capital of M/s.Ergo Design Private Limited**

The entire paid up share capital of M/s. Ergo Design Private Limited (CIN: U29299TZ2012PTC018828) having its Registered Office at India House, New No.1443/1, Trichy Road, Coimbatore – 641018, is proposed to be purchased from its existing shareholders at par value of Rs.100000/- (10,000 Equity Shares of Rs.10 each at par).

Brief background about Ergo Design Private Limited

Ergo design private limited was established in the year 2012, as an independent industrial design studio. The studio is at Bangalore with adequate infrastructural facilities. Ergo Design has evolved into a multidisciplinary team of 15 professionals that includes design strategist, product designers, graphic designers, architects, mechanical engineers & prototyping specialists. The services rendered by Ergo Design Private Limited are:-

1. enhancement of external form & finishes of some of the Compressors
2. establishing a unified colour & branding consistency across the compressor product range
3. innovating a compact compressor with many unique construction systems
4. User interface & GUI design for engineering products
5. Bringing out innovative range of home appliances research & forecasting appliance colours of home appliances for the Indian market
6. Introducing innovations in wheel aligners
7. enhancement of external form & finishes of some equipments.

Ergo Design Private Limited caters to a large extent the needs of the Company. Ergo Design Private Limited's designing services have been utilised by the Company for developing world class products. The Company has availed services to an extent of Rs.43,76,000 from Ergo Design Private Limited during 2014-15 out of Ergo Design Private Limited's total turnover of Rs.61,79,457 during the same period. Ergo Design Private Limited is marginally profitable. In order that the Company has better control over the intellectual property rights created by Ergo Design Private Limited with inputs from the Company and to save costs, the Board decided that it will be prudent to acquire the entire share capital of Ergo Design Private Limited and make it a wholly owned subsidiary of the Company. The purchase is likely to be completed in the next couple of weeks.

This information has been provided as per the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

Thanking You,

Yours Faithfully,

For ELGI EQUIPMENTS LIMITED

VAISHNAVI. PM
COMPANY SECRETARY