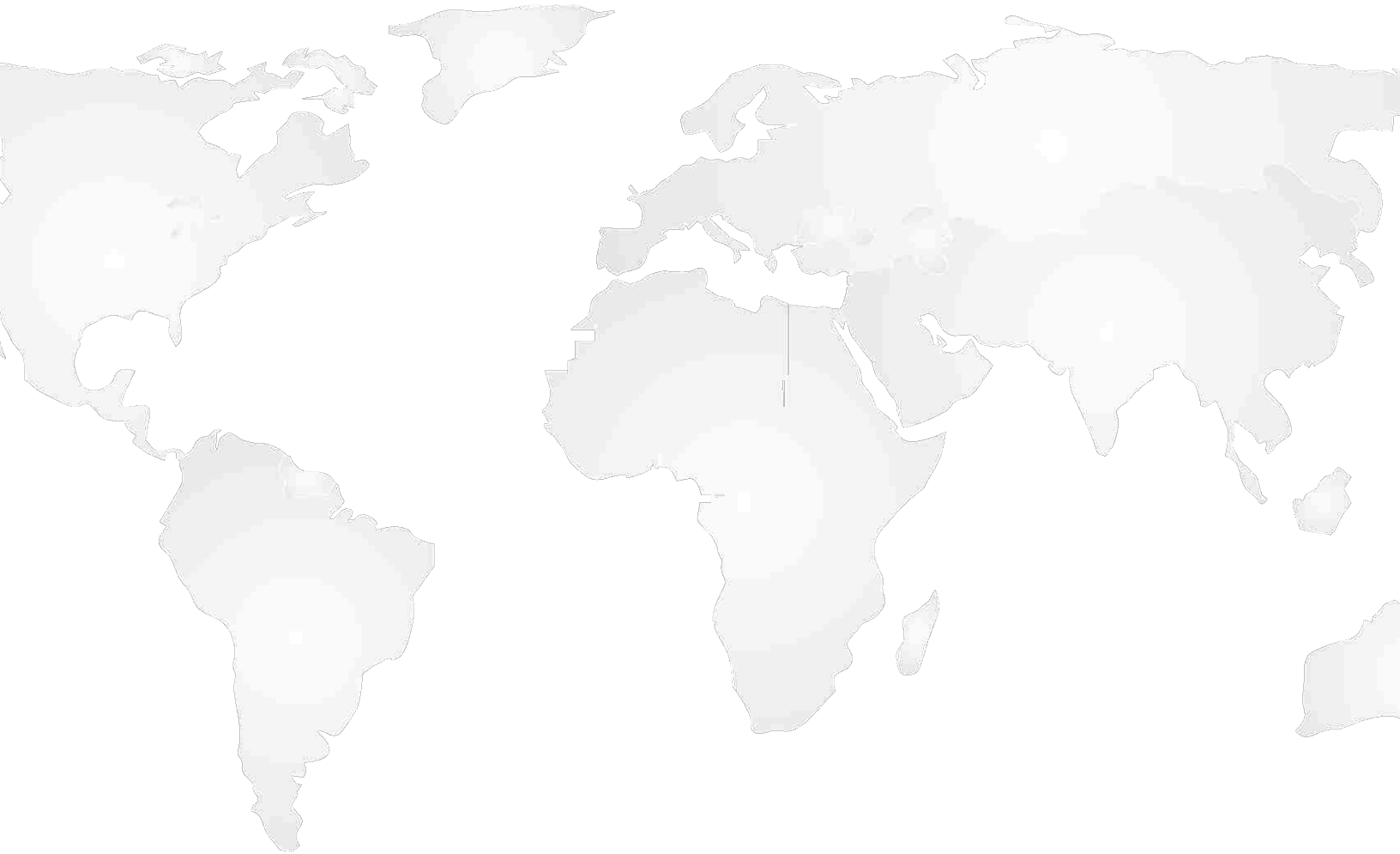


Annual Report 2012 - 2013



Elgi Rubber Company Limited

Elgi Rubber Company Limited

Annual Report 2012 - 2013

Chairman & Managing Director

Sudarsan Varadaraj

Non Executive Directors

Dr. Jairam Varadaraj
Suresh Jagannathan
MD Selvaraj
P Vijay Raghunath

Head Office

2000, Trichy Road
Coimbatore - 641 005
Tamilnadu

Bankers

State Bank of India
Commercial Branch
Coimbatore

Registered Office

2000, Trichy Road
Coimbatore - 641 005
Tamilnadu

Auditors

Reddy, Goud & Janardhan
Chartered Accountants
Bangalore

Plants

Annur, Coimbatore
Kanjikode, Palakkad
Kurichi, Coimbatore
Thimmavaram, Chengalpattu
Vellalapatti, Karur
Colombo, Sri Lanka
Nairobi, Kenya
Lorena, SP, Brasil
Luling, Texas, USA
Maastricht, The Netherlands
New South Wales, Australia
Wisconsin, USA

Internal Auditors

MS Jagannathan & Viswanathan
Chartered Accountants
Coimbatore

Registrar & Share Transfer Agent

Link Intime India Private Limited
C/13, Pannalal Silk Mills Compound
Bhandup (West)
Mumbai - 400 078

Registrar & Share Transfer Agent Branch Office

Link Intime India Private Limited
"Surya", 35, May Flower Avenue
Behind Senthil Nagar
Sowripalayam, Coimbatore - 641 028

Directors' Report

The Board of Directors take pleasure in presenting the 7th annual report and the audited accounts for the year ended March 31, 2013. The Management Discussion and Analysis (MD & A) Report have been included at the appropriate places in this report.

Abstract of the Financial Results of the Company

	(Rs. in Million)	
	2012-2013	2011-2012
Profit before depreciation and tax	265.47	178.59
Less : Depreciation	36.30	39.37
Profit before taxation	229.17	139.22
Less: Provision for taxation	52.13	42.52
(Add) / Less: Provision for deferred tax	3.22	1.88
Profit after tax	173.82	94.82
(Add) / Less : Adjustment relating to earlier years (Income tax)	(3.49)	0.95
	177.31	93.87
Add: Opening surplus	812.94	757.54
Add: Dividend distribution tax of earlier year written back	3.85	-
Profit available for appropriation	994.10	851.41
Appropriation		
General reserve	17.73	9.39
Proposed dividend	40.04	25.02
Dividend distribution tax (After adjustment of dividend distribution tax paid by subsidiaries)	3.57	4.06
Balance surplus carried to balance sheet	932.76	812.94

Dividend

The directors recommend a dividend of INR 0.80 per equity share of INR 1.00 each. This along with the dividend distribution tax comes to INR 43.61 Million. The dividend will be paid to the registered members, who are in the register of members as on the book closure date and upon approval by the members of the Company at the ensuing annual general meeting. In respect of the dematerialised shares, dividend will be paid to the beneficial owners based on the list provided by the depositories.

Review of operations and future outlook

During the year under review, the Company recorded sales of INR 1,407.32 Million as against INR 1,115.45 Million in the previous year. The Company earned a net profit of INR 177.32 Million as against INR 93.87 Million in the previous year.

The Indian subsidiaries, Treadsdirect Limited and Titan Tyrecare Products Limited achieved sales of INR 1,756.48 Million and INR 77.33 Million respectively during the year under review.

Acute power shortage and increase in cost of fuel during the financial year had a negative impact on the operations of the Company. Despite this, the Company achieved higher profitability on account of cost control and prudent financial management.

With increasing rubber prices, the margins are expected to be under pressure during the next financial year. The Company is taking measures to expand its market share overseas. These measures are expected to result in the growth of the Company's business globally.

Risk and concerns

The Company does not face any risks other than those that are prevalent in the industry. The Company has taken all possible steps to overcome such risks. The main concerns are the volatility in raw material prices, availability of power and fluctuations in foreign exchange rates. Effective planning in raw material purchasing and the ability to pass on raw material price increases will minimise the risk relating to the volatility in raw material prices. Foreign exchange fluctuation risk will be minimised through proper planning and natural hedging.

As a part of the overall risk management strategy, all assets are appropriately insured.

Internal control systems

An independent firm of Chartered Accountants carries out quarterly internal audit and the observations are reported to the management. Immediate steps are taken to rectify any discrepancies. All significant audit observations are discussed in the audit committee meetings.

Human resources and industrial relations

The Company continues to enjoy a cordial relationship with all its employees. The employee count as on March 31, 2013 is 301.

Subsidiaries

In accordance with the circular issued by Ministry of Corporate Affairs, the Board of Directors of the Company at their meeting held on May 17, 2013 have approved waiving the requirement to attach the various documents related to the subsidiary companies. Upon request, the annual accounts of the subsidiary companies will be made available for inspection by any member of the Company at the registered office of the Company and that of the subsidiary companies. The consolidated financial statements presented in this annual report include financial results of the subsidiary companies. The details of the subsidiary companies are furnished in the statement pursuant to section 212 of the Companies Act, 1956.

Directors

As per the provisions of Companies Act, 1956, and the articles of association of the Company, the directors of the Company MD Selvaraj and Suresh Jagannathan retire by rotation. Being eligible, they offer themselves for reappointment.

Auditors

Reddy, Goud and Janardhan, Chartered Accountants, Statutory Auditors of the Company, retire in the ensuing annual general meeting and are eligible for reappointment.

Cost accounting records

In terms of the general order issued by the central government and pursuant to the provisions of section 233B of the Companies Act, 1956, the Company has appointed M/s. K.R.S & Associates, Cost Auditors, Coimbatore to audit the cost accounts of the Company for the year ended March 31, 2013. The cost audit report in respect of financial year 2012-2013 will be filed on or before the due date.

Pursuant to Sec. 209 (1)(d) of the Companies Act, 1956 and Rule 5 of The Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the financial year ended March 31, 2012 has been submitted to the central government.

Directors' Responsibility statement

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, the Directors confirm that they have

1. In the preparation of the annual accounts, followed the applicable accounting standards and there are no material departures.
2. Selected relevant accounting policies, applied them consistently and made judgements and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company and of the profit of the Company for the financial year.
3. Taken proper care in the maintenance of accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. Prepared the annual accounts on a going concern basis.

Other information

Particulars as required by section 217(1) (e) of the Companies Act, 1956, relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are provided as an annexure to this report. There are no employees who are in receipt of remuneration exceeding the specified limit as notified by the government.

The Company has not accepted any fixed deposits and there were no unclaimed fixed deposit as on 31.03.2013.

Corporate governance

A separate report on the compliance with clause 49 of the listing agreement with the stock exchanges and the auditor's certificate on the compliance form a part of this report.

Cautionary statement

Statements in this report, especially those relating to MD & A giving details of company's objectives, projections, estimates and expectations may be construed as "forward looking statements" within the realm of applicable laws and regulations. Actual results are liable to differ materially from those either expressed or implied.

Acknowledgement

The Directors thank the Company's customers, vendors, investors, business associates and bankers for their support to the Company. The Directors also wish to place on record their appreciation of the contributions made by all the employees towards the growth of the Company.

Annexure to Directors' Report

A. Conservation of energy

a. Energy conservation measures taken

Energy conservation is one of the primary objectives of the company and measures taken albeit small, is an on-going process

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy

There are no significant proposals

- c. **Impact of the measures taken in (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

There is a marginal reduction in energy costs.

- d. **Total energy consumption per unit of production**

Not applicable

B. Technology absorption

- e. **Efforts made in technology absorption**

- i. **Research and Development (R & D)**

1. **Specific areas in which R & D is carried out by the Company**

Improvements in products and processes

2. **Benefit derived as a result of above R & D**

Increase in orders from new markets.

3. **Future plan of action**

No significant plans.

- 4 **Expenditure on R & D**

Rs. in Million

a. Capital	:	Nil
b. Recurring	:	6.10
c. Total	:	6.10
d. Total R & D expenditure as a percentage of total turnover	:	0.43%

- ii. **Technology absorption, adaptation and innovation**

Not applicable

C. Foreign exchange earnings & outgo

- f. **Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services and export plan**

The Company is constantly and consciously planning to penetrate unexplored markets to improve its international market share.

- g. **Total foreign exchange earned and used**

Foreign exchange earned : Rs. 214.61 Million

Foreign exchange used : Rs. 18.09 Million

For the Board of Directors

**Coimbatore
17.05.2013**

**Sudarsan Varadaraj
Chairman & Managing Director**

**Report on Corporate Governance – Annexure to Director’s Report
(In compliance with Clause 49 of the Listing Agreement)**

1. Company’s Philosophy on Corporate Governance

The Company’s philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value to all its stakeholders through sound and professional governance. The company has adopted a code of conduct for its directors.

2. Board of Directors

- i. The Board of Directors of the Company comprises of an Executive Chairman & Managing Director and four Non Executive Directors (out of which three directors are independent directors). None of the directors on the board is a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is a director. Necessary disclosure regarding committee positions in other public companies as on March 31, 2013 have been made by the directors.
- ii. The composition of the directors and their attendance in the board meetings during the year and at the last annual general meeting, and also the number of the other directorships are as follows

Name of the Directors	Category of Directorship	Attendance Particulars		No. of other Directorship positions held in Public all Companies #		
		Board	AGM	Chairman	Member	
Sudarsan Varadaraj	Chairman & Managing Director - Promoter	5	Yes	7	-	3
Dr. Jairam Varadaraj	Non executive - Promoter	-	No	8	-	4
MD Selvaraj	Non executive - Independent	5	Yes	2	2	-
Suresh Jagannathan	Non executive - Independent	3	No	3	-	2
P Vijay Raghunath	Non executive - Independent	5	No	1	1	2

* Directorships in foreign companies and private companies have not been considered.

Only audit committee and share transfer committee are considered.

Sudarsan Varadaraj, Chairman & Managing Director and Dr. Jairam Varadaraj, Director are related to each other. None of the other directors are related.

Five board meetings were held during the year and the gap between the meetings did not exceed four months. The date on which the board meetings were held are as follows

SI No	Date of Board Meeting	No. of Directors Attended
1	23.05.2012	4
2	20.07.2012	4
3	26.09.2012	3
4	19.10.2012	4
5	24.01.2013	3

3. Audit Committee

The audit committee was constituted by the Board of Directors of the Company on January 06, 2011, in accordance with the provisions of clause 49 of the listing agreement with the stock exchange read with section 292A of the Companies Act, 1956 and comprises of three non executive independent directors.

The role, powers and functions of the committee are as per section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the stock exchange. The terms of reference of this committee are as required by SEBI - under clause 49 of the listing agreement. Besides having access to all the required information from within the Company, the committee can obtain external professional advice whenever required. The committee acts as a link between the statutory and internal auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. The committee is empowered to recommend the appointment and remuneration payable to the statutory auditors and cost auditors.

During the year under review the Committee met 4 times on May 23, 2012, July 16, 2012, October 19, 2012 and January 24, 2013.

The composition of the audit committee and particulars of meetings attended by the members of the audit committee are given below

Name	Category	No. of Meetings during the year 2012 - 2013	
		Held	Attended
MD Selvaraj (Chairman)	Independent – Non Executive	4	4
Suresh Jagannathan (Member)	Independent – Non Executive	4	3
P Vijay Raghunath (Member)	Independent – Non Executive	4	4

The representatives of both statutory and internal auditors of the Company and the Vice President Finance of the Company attend the committee meetings. Company Secretary and Compliance Officer act as Secretary of the audit committee. The minutes of the audit committee meetings are circulated to the board, where it is discussed and duly recorded. The committee considered and reviewed the accounts for the year 2012 – 2013, at their meeting held on May 14, 2013 before it was placed in the board.

4. Remuneration Committee

- i. Remuneration committee consists of the following non executive directors.
 - a. MD Selvaraj
 - b. Suresh Jagannathan
 - c. P Vijay Raghunath
- ii. The committee is responsible for the appointment of and determining the compensation payable to the executive and non executive directors. No committee meetings were held during the year under review.
- iii. MD Selvaraj, Director of the Company is the Chairman and C Shankar, Company Secretary of the Company is the Secretary of the Committee.

Details of remuneration paid to the directors for the year ended March 31, 2013 are as follows

a. Executive Directors

Remuneration paid to Managerial personnel during the year is given below

Name	Position	Total Remuneration (In Rs.)	Service Contract
Sudarsan Varadaraj	Chairman & Managing Director	4,032,000	For a period of 5 years w.e.f. 01.01.2011

Remuneration includes salary & Company's contribution to provident fund.

b. Non Executive Directors

Sitting fees for attending board / committee meetings paid to non executive directors are given below

Name of the Directors	Sitting Fees Paid (In Rs.)
Dr. Jairam Varadaraj	-
MD Selvaraj	90,000
Suresh Jagannathan	60,000
P Vijay Raghunath	90,000

The Company does not pay any remuneration to its non executive directors barring sitting fees for attendance for the meetings during the year.

- c. The Company does not have any **Employee Stock Option Scheme**.

d. Shareholdings of Non Executive Directors

Name of the Directors	No. of Shares held (as on March 31, 2013)
Dr. Jairam Varadaraj	141,750
Suresh Jagannathan	1,050
MD Selvaraj	116

None of the other non executive directors are holding any shares in the Company. There has been no materially relevant pecuniary transaction or relationship between the Company and its non executive independent directors during the year.

5. Share Transfer & Investors' Relation Committee

The Company has share transfer and investors' relation committee of directors to look into the redressal of complaints of investors such as transfer / transmission of shares, non receipt of dividend warrants and to approve transfers, transmissions, consolidation and splitting of share certificates and to make necessary endorsements on the share certificates.

The committee had met twenty times during the year 2012 - 2013.

The composition of share transfer & investors' relation committee and the attendance of the members in the meeting are given below

Name of the Directors	Category	No. of Meetings Attended
MD Selvaraj - Chairman	Non Executive Director	20
Sudarsan Varadaraj - Member	Chairman & Managing Director	15
P Vijay Raghunath - Member	Non Executive Director	20

C Shankar is Company Secretary and Compliance Officer of the Company. The minutes of the share transfer & investors' relation committee were placed before the board meeting for due ratification and approval.

During the year, the Company had received six complaints from the shareholders and all of them were resolved satisfactorily by furnishing the requisite information / documents to the shareholders.

Unclaimed Suspense Account

Pursuant to clause 5A of the listing agreement, the Company as on date, will transfer 273,958 unclaimed shares to Elgi Rubber Company Limited Unclaimed Suspense Account, since three reminders has been sent to the shareholders whose shares remain unclaimed and no response has been received from them. Further the Company had opened a separate "Unclaimed Suspense Account" with SBICAP Securities Limited for this purpose. The voting rights on such shares will remain frozen till the rightful owner claims the shares.

Investors' complaints

The Company has attended to the investors' grievances and correspondence within a maximum period of 5 days from the date of receipt of the same during the year 2012- 2013. There were no outstanding complaints as on March 31, 2013.

Number of shares transferred during 2012 - 2013

Physical transfers	:	20 nos. constituting 8,110 shares
Transmission	:	20 nos. constituting 32,727 shares
No. of pending share transfers / demat requests as on March 31, 2013	:	NIL
Average turn around time	:	10 days for transfer / transmission of physical shares.
Bad deliveries received	:	NIL

Management Discussion and Analysis Report

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the annual report.

6. Annual General Meetings

Location and time where the last three annual general meetings were held and details of the special resolutions passed.

Details of meeting	Date of meeting	Time of meeting	Venue of meeting	Special Resolutions
Annual General Meeting 2009 - 2010	30.08.2010	10.00 A.M	2000, Trichy Road, Coimbatore - 641 005	Nil
Annual General Meeting 2010 - 2011	16.08.2011	3.00 P M	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Appointment of Sudarsan Varadaraj as Chairman & Managing Director of the Company.
Annual General Meeting 2011 - 2012	13.08.2012	3.00 P M	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Nil

No extra ordinary general meeting was held during the financial year 2012 - 2013.

Postal ballots

During the year the members of the Company passed an ordinary resolution through postal ballot. The details of postal ballot is given below

S. No.	Subject	No. of Votes Cast of Result			Date of Declaration
		In Favour	Against	Total	
1	Sale/transfer/lease/slump sale of Tread Rubber & Bonding Gum plant to Treadsdirect Limited, the subsidiary Company.	28,744,101	45,287	28,789,388	15.11.2012

CN Paramasivam, Practicing Company Secretary conducted the postal ballot exercise.

The board does not recommend any other special resolution for the approval of the members through postal ballot.

7. Disclosures

i. Disclosures on materially significant related party transactions

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large. (Kindly refer to the notes forming part of accounts for details of the related party transactions.)

ii. Details of non compliance by the Company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authorities or any matter relating to capital markets during the last three years

The Company has complied with all the requirements of the listing agreement of the stock exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, stock exchange or any other statutory authority on matters relating to capital markets during the last year.

iii. Notes on Whistle Blower Policy

The Company does not have any whistle blower policy. However any employee if he/ she so desires, would have free access to meet senior level management and report any matter of concern.

iv. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49 of the listing agreement

The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchange.

The Company has adopted the non mandatory requirement of corporate governance recommended under clause 49 of the listing agreement and constituted a remuneration committee comprising of three non executive independent directors. The Company has not adopted any other non mandatory requirements.

8. Code of Conduct

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

The Board of Directors have laid down a code of conduct for all board members and senior management of the Company. The same has been posted on the website of the Company. All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

The Company's Chairman & Managing Director's declaration to this effect forms part of this report.

9. Means of Communication

- i. The quarterly / half yearly unaudited financial and the annual audited financial results are normally published in Financial Express & Malai Malar. The book closure and dividend declaration notices are published in Financial Express & Malai Malar. The financial results are also placed on the Company's website – www.elgirubber.com
- ii. The copies of the results are forwarded to concerned stock exchanges immediately after they are approved by the board for publication in their website. The company has a dedicated help desk with mail id info@elgirubber.com for providing necessary information to investors.
- iii. There were no specific presentations made to institutional investors or to the analysts during the year.

10. General Shareholder Information

i. Annual General Meeting

Date	:	August 12, 2013
Time	:	3.00 PM
Venue	:	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045.

ii. Financial Calender

Year Ending	:	March 31
AGM	:	August 2014
First Quarter Results	:	2 nd Fortnight of July 2013
Second Quarter Results	:	2 nd Fortnight of October 2013
Third Quarter Results	:	2 nd Fortnight of January 2014
Annual Results	:	2 nd Fortnight of May 2014
Dividend Payment	:	August 21, 2013
Date of Book Closure	:	From August 03, 2013 to August 12, 2013 (Both days inclusive)

Listing on Stock Exchanges

The shares are listed in National Stock Exchange of India Limited, Exchange Plaza, 5th floor, Plot no. C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. Annual listing fee have been duly paid to National Stock Exchange of India Limited, Mumbai.

The quarterly, half yearly and annual results of the Company are published in leading newspapers in India which include the Financial Express and Malai Malar.

Type of Security	:	Equity
Trading group in stock exchange	:	EQ
Stock Code at the stock exchanges	:	ELGIRUBCO (NSE)
International Securities Identification Number (ISIN) under depository system	:	INE819L01012

Share Price Movements (Monthly High & Low)

The high and low prices during each month in the last financial year on National Stock Exchange of India Limited are given below

		National Stock Exchange of India Limited	
Period		High (In Rs.)	Low (In Rs.)
April	2012	22.90	18.90
May	2012	20.30	18.05
June	2012	20.85	18.00
July	2012	21.40	18.35
August	2012	21.70	18.15
September	2012	24.80	19.20
October	2012	24.50	20.55
November	2012	33.65	23.30
December	2012	25.35	22.60
January	2013	25.85	21.50
February	2013	26.45	23.05
March	2013	24.95	22.05

Registrar & Share Transfer Agent: (For both physical & demat segments)**Head Office**

M/s Link Intime India Private Limited, C/13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai 400 078.
Ph.: 91 - 022 - 25963838, E-Mail: helpline@linkintime.co.in

Branch

M/s Link Intime India Private Limited, Surya, 35, Mayflower Avenue, Senthil Nagar, Sowripalayam Road,
Coimbatore - 641 028. Ph: 0422 - 2314792/ 2315792, E mail: coimbatore@linkintime.co.in

Secretarial Audit

A qualified company secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.

Share Transfer System

The company's shares are transferable through the depository system. Shares in physical form are processed by the registrar and share transfer agents, Link Intime India Private Limited and approved by the share transfer & investor relation committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Share transfer and investors' relation Committee generally meets once in fortnight or in such other frequency as necessary for approving share transfers and other related activities.

Legal proceeding / disputes on share transfer against the company : Nil

Shares under lock - in : Nil

Share Holding Pattern

Category	No of Shares	% of Share Holding
Directors and their relatives	25,442,349	50.84
Domestic Companies	7,987,610	15.96
Non Domestic Companies	Nil	Nil
Mutual Funds	1,365	0.00
Commercial Banks	36,834	0.07
Non Resident Indians	205,945	0.41
Public Financial Institutions	1,376,441	2.75
Foreign Institutional Investors	175	0.00
Resident Individuals	14,999,281	29.97
Total	50,050,000	100.00

Distribution of Shareholding

Range of Shareholding	No of Shares	% of Share Holding
0001 - 5000	7,541,389	15.07
5001 - 10000	1,946,465	3.89
10001 - 20000	1,516,450	3.03
20001 - 30000	816,773	1.63
30001 - 40000	638,064	1.27
40001 - 50000	353,523	0.71
50001 - 100000	1,207,295	2.41
100001 and above	36,030,041	71.99
Total	50,050,000	100.00

Number of Shareholders as on March 31, 2013 : 12,694

Dematerialisation of shares and liquidity : There are 47,334,530 equity shares accounting for nearly 94.57 % of the paid up capital of the Company which has been dematerialised as on March 31, 2013. The Company has entered into agreements with both NSDL (National Securities Depository Limited, Mumbai) & CDSL (Central Depository Services (India) Limited, Mumbai) whereby shareholders have an option to dematerialise their shares with any one of the two depositories. There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

Plant Locations : Thimmavaram, Kanjikode, Annur, Karur, Kurichi.

Address for Communication

For annual report, transfer of physical / demat shares, dividend on shares, change of address & other query relating to shares of the Company and investors correspondence, may be addressed to

Link Intime India Private Limited
"Surya", 35, May Flower Avenue Behind Senthil Nagar,
Sowripalayam, Coimbatore 641 028, Tamilnadu.
Ph : 91 - 0422 - 2314 792 / 2316 755,
E-Mail : coimbatore@linkintime.co.in
Contact Person : S Dhanalakshmi

Contact address for Shareholders

: C Shankar
Company Secretary
Regd Office: Elgi Rubber Company Limited,
2000, Trichy Road, Coimbatore 641 005, Tamilnadu.
Phone : (0422) - 432 1000
Fax : (0422) - 432 2222
E-mail : info@elgirubber.com

DECLARATION

I, hereby declare that all the Board Members, Senior Management and Employees of the Company have affirmed to and complied with the "Code of Conduct" laid down by the Company, as on March 31, 2013.

For **Elgi Rubber Company Limited**

Coimbatore
17.05.2013

Sudarsan Varadaraj
Chairman & Managing Director

CERTIFICATE

To the members of **M/s Elgi Rubber Company Limited**

We have examined the compliance of conditions of corporate governance by M/s Elgi Rubber Company Limited, for the year ended on March 31, 2013 as stipulated in clause 49 of the listing agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share transfer & investors' relation committee.

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

For **Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

Coimbatore
17.05.2013

B Anand
Partner
Membership No. 29146

Independent Auditors' Report

To the members of **M/s Elgi Rubber Company Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Elgi Rubber Company Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss of the Company for the year then ended, the Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

Coimbatore
17.05.2013

B Anand
Partner
Membership No. 29146

Annexure referred to in our report of even date

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
c. The Company has not disposed off substantial part of fixed assets during the year and in our opinion, it has not affected the status of going concern assumption of the company.
2. a. The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
c. The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
3. a. The Company had not granted any loan secured or unsecured to any companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956 except in the case of one subsidiary company wherein the company has granted trade advance in the nature of loan and hence the provisions of clause (iii) (a) to clause (iii) (d) of the said Order (as amended) are not applicable.

In the case of the trade advance in the nature of loan granted to the subsidiary company, the rate of interest and other terms and conditions on which such advance is given, in our opinion, is not prima facie prejudicial to the interest of the company. The receipt of the trade advance and interest are in accordance with the terms and conditions as agreed to by the company.

b. The Company had not taken any loan secured or unsecured from the companies or firms/parties as covered in the register maintained under section 301 of the Companies Act, 1956 except from one party amounting to Rs. 20 Million during the year and the year end balance is Rs. 4 Million in respect of such party. The maximum amount involved during the year was Rs.16 Million.
c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are prima-facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. In our opinion and according to the information and explanations given to us and to the best of our knowledge and belief,
 - a. The particulars of contract or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered into the register maintained under the said section have been so entered.
 - b. Where such transactions are in excess of Rs. 0.5 Million in respect of any party during the year, the transactions have been made at prices, which are prima-facie reasonable having regard to the prevailing market prices at the relevant time, except that reasonableness could not be ascertained where comparable quotations are not available having regard to the specialized nature of some of the transactions of the Company.
6. The company has not accepted any deposits from public and hence provisions of Para (vi) of the said order (as amended) are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a. According to the information and explanations given to us and books and records as produced and examined by us, in our opinion, the undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable have been regularly deposited by the company during the year with the appropriate authorities.
b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2013 for a period of more than six months from the date they became payable.
c. According to the information and explanations given to us, the details of disputed statutory dues remaining unpaid and the forum where the dispute is pending are listed as under:

Name of the statute	Nature of dues	Amount (Rs. in Million)	Period to which amount relates	Forum where dispute is pending
Service Tax	Service Tax on Wind Mill	0.09	01.04.2005-31.03.2008	CESTAT, Chennai
	Service Tax on Wind Mill	0.05	01.04.2008-31.03.2009	CESTAT, Chennai
	Service Tax on Wind Mill	0.07	01.04.2009-31.03.2010	CCE, Chennai
	Service Tax on Cenvat Credit	0.31	01.04.2007-31.03.2008	CCE, Cochin
Excise Duty	Excise duty on Cenvat Credit	0.13	01.04.2007-31.03.2008	CCE, Cochin
	Excise duty on Capital Goods	0.14	01.04.1997-31.03.1999	CESTAT, Chennai
Income Tax	Disallowance of Depreciation expense related to exempted income	0.67	01.04.2008-31.03.2009	ITAT, Chennai
	Disallowance of various deductions and expenditure claims	1.93	01.04.2009-31.03.2010	CIT(Appeals), Coimbatore
Stamp duty	Stamp Duty demand	4.37	01.04.2009-31.03.2010	DR(Stamps), Coimbatore

10. There are no accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or to a bank. There are no debenture holders during the year.
12. We are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of clause (xiii) of Para 4 of the Order (as amended) are not applicable.
14. In our opinion, in respect of dealing or trading in shares and securities, the company has maintained proper records and timely entries have been made therein. Further, the company has held the shares and securities in its own name.
15. In our opinion, the Company has given guarantees for banking facilities availed by a few subsidiary companies from a bank and according to the information and explanations given to us, the terms and conditions on which such guarantees have been given are not prima facie prejudicial to the interest of the company.
16. The Company has not borrowed any term loan during the year and hence the provisions of clause (xvi) of Para 4 of this Order (as amended) are not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have prima-facie, not been used during the year for long term investments.
18. The Company has not made any preferential allotment of shares during the year and hence the provisions of clause (xviii) of Para 4 of this Order (as amended) are not applicable.
19. The Company has not issued any debentures during the year and hence the provisions of clause (xix) of Para 4 of this Order (as amended) are not applicable.
20. The company has not raised any monies by way of public issues during the year and hence the provisions of clause (xx) of Para 4 of this Order (as amended) are not applicable.
21. During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

For **Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

Coimbatore
17.05.2013

B Anand
Partner
Membership No. 29146

Balance Sheet as at 31st March 2013

	Notes	31.03.2013 Rs.	31.03.2012 Rs.
I. Equity and Liabilities			
Shareholders' funds			
a. Share capital	2.01	50,050,000	50,050,000
b. Reserves and surplus	2.02	2,323,546,908	2,185,993,516
Non current liabilities			
a. Long term borrowings		-	-
b. Deferred tax liabilities (Net)	2.03	154,000	-
c. Other long term liabilities		-	-
d. Long term provisions	2.04	21,840,312	41,807,453
Current liabilities			
a. Short term borrowings	2.05	142,107,126	72,917,225
b. Trade payables	2.06	38,154,784	52,943,339
c. Other current liabilities	2.07	19,268,893	16,965,183
d. Short term provisions	2.08	53,268,625	37,346,370
		2,648,390,648	2,458,023,086
II. Assets			
Non current assets			
a. Fixed assets			
i. Tangible assets	2.09	491,548,623	498,692,967
ii. Capital work in progress		15,612,895	4,659,286
b. Non current investments	2.10	623,397,993	602,132,478
c. Deferred tax assets (Net)	2.11	-	3,062,000
d. Long term loans and advances	2.12	380,168,580	468,067,484
e. Other non current assets	2.13	276,700,000	116,000,000
Current assets			
a. Current investments	2.14	4,904,005	4,898,200
b. Inventories	2.15	283,593,062	277,488,102
c. Trade receivables	2.16	175,540,998	226,759,945
d. Cash and bank balances	2.17	136,445,282	133,945,306
e. Short term loans and advances	2.18	221,432,081	96,724,823
f. Other current assets	2.19	39,047,129	25,592,495
		2,648,390,648	2,458,023,086

Significant accounting policies

1

The Notes are an integral part of these financial statements

As per our report of even date
For Reddy, Goud & Janardhan
Chartered Accountants
Firm Registration No. 003254S

B Anand

Partner
Membership No. 29146

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Coimbatore
17.05.2013

Statement of Profit and Loss for the year ended 31st March 2013

Notes	31.03.2013 Rs.	31.03.2012 Rs.
Income		
Revenue from operations (Gross)	1,526,399,400	1,184,321,586
Less : Excise duty	119,079,807	68,871,717
Revenue from operations (Net)	1,407,319,593	1,115,449,869
Other income	190,809,824	124,604,844
	1,598,129,417	1,240,054,713
Expenses		
Cost of materials consumed	879,953,058	655,199,220
Purchases of stock in trade	72,876,730	96,893,920
Changes in inventories of finished goods and work in process	(27,236,163)	(6,586,962)
Employee benefit expenses	81,971,733	63,258,202
Finance costs	5,801,983	5,176,265
Depreciation and amortisation expenses	36,299,264	39,366,152
Other expenses	319,295,856	247,527,616
	1,368,962,461	1,100,834,413
Profit before exceptional items and tax	229,166,956	139,220,300
Exceptional items	(3,492,343)	945,567
Profit before tax	232,659,299	138,274,733
Tax expenses		
a. Current tax	52,127,000	42,520,000
b. Deferred tax	3,216,000	1,884,000
Profit after tax	177,316,299	93,870,733
Significant accounting policies	1	
Earnings per share (Nominal value per share 2013 Re.1/- (2012 Re.1/-) (including extraordinary items)		
a. Basic	3.54	1.88
b. Diluted	3.54	1.88
(excluding extraordinary items net of taxes)		
a. Basic	3.54	1.88
b. Diluted	3.54	1.88

The Notes are an integral part of these financial statements

As per our report of even date
For Reddy, Goud & Janardhan
Chartered Accountants
Firm Registration No. 003254S

B Anand
Partner
Membership No. 29146
Coimbatore
17.05.2013

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Cash Flow Statement for the year ended 31st March 2013

	31.03.2013 Rs.	31.03.2012 Rs.
A Cash Flow from Operating activities		
Profit before taxation and extraordinary item	229,166,956	139,220,300
Adjustments for		
Depreciation	36,299,264	39,366,152
Profit on sale of tangible assets (Net)	(10,262,594)	(37,445,205)
Profit on sale of investments (Net)	(484,256)	(64,048)
Write back of dividend distribution tax relating to earlier year	3,852,841	-
Write back of Income tax of earlier years	3,492,343	(945,567)
Provision for diminution in the value of investments	-	1,398,690
Provision for doubtful debts and advances	32,462	104,243
Liabilities no longer required written back	24,100,798	-
Interest income	(49,069,509)	(31,282,918)
Dividend income	(52,448,514)	(7,537,927)
Interest expenses	5,539,838	4,714,232
Other non cash items	2,851,080	(8,955,052)
Operating profit before working capital changes	193,070,709	98,572,900
Increase / (Decrease) in trade payables	(15,606,920)	23,222,654
Increase / (Decrease) in long term provisions	(44,067,939)	-
Increase / (Decrease) in short term provisions	1,391,186	(17,789,056)
Increase / (Decrease) in other current liabilities	2,357,927	(12,151,911)
Increase / (Decrease) in short term borrowings	69,189,901	72,917,225
(Increase) / Decrease in trade receivables	49,153,771	(9,244,351)
(Increase) / Decrease in inventories	(6,104,960)	(94,809,522)
(Increase) / Decrease in long term loans and advances	87,898,904	98,346,347
(Increase) / Decrease in short term loans and advances	(114,505,458)	28,707,521
(Increase) / Decrease in other current assets	(13,454,634)	(12,708,047)
(Increase) / Decrease in other non current assets	(160,700,000)	(2,500,000)
(Increase) / Decrease in bank deposits with maturity more than 3 to 12 months	(19,945,783)	(23,383,904)
Cash generated from operations	28,676,704	149,179,856
Taxes paid (net of refunds)	(62,328,800)	(50,186,373)
Net cash generated from operating activities (A)	(33,652,096)	98,993,483
B Cash flow from investing activities		
Purchase of tangible / intangible assets	(29,844,713)	(139,816,271)
Increase in capital work in progress	(10,953,609)	(4,639,294)
Sale of tangible / intangible assets	10,952,387	64,342,497
Non current investments	(21,265,515)	(138,619,058)
Current investments	478,451	(2,187,088)
Interest income	49,069,509	31,282,918
Dividend income	52,448,514	7,537,927
Net cash from investing activities (B)	50,885,024	(182,098,369)
C Cash flow from financing activities		
Dividend and distribution tax paid	(29,138,897)	(49,049,614)
Interest paid	(5,539,838)	(4,714,232)
Net cash used in financing activities (C)	(34,678,735)	(53,763,846)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(17,445,807)	(136,868,732)
Cash and Cash equivalents comprise of		
Cash on hand	613,223	574,210
Balance with banks*	92,502,372	109,987,192
* Includes the following balance which are not available for use by the Company		
Unpaid dividend account	3,329,687	3,383,904
Cash and cash equivalents at the beginning of the year	110,561,402	247,430,134
Cash and cash equivalents at the end of the year	93,115,595	110,561,402

Explanatory notes to Cash flow statement

- The Cash flow statement is prepared as per Accounting Standard 3 (notified pursuant to the Companies (Accounting Standards) Rules, 2006).
- The net profit / loss arising due to conversion of current assets / liabilities, receivable / payable in foreign currency is furnished other non cash items.

As per our report of even date

For Reddy, Goud & Janardhan

Chartered Accountants

Firm Registration No. 003254S

B Anand

Partner

Membership No. 29146

MD Selvaraj

Director

C Shankar

Company Secretary

SR Venkatachalam

Vice President - Finance

Sudarsan Varadaraj

Chairman & Managing Director

Coimbatore

17.05.2013

1. Significant Accounting Policies

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16.10.2006. ERCL is a leading Company providing solutions to rubber industry and engaged in the business of manufacture of reclaimed rubber, retreading machinery, and Retread rubber.

1. a. Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respect with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. Accounting policies have been consistently applied by the company and are consistent with those used in the previous year and in case of any such variations in the accounting policies as compared to the previous year, such variations are disclosed separately as a part of notes to accounts.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates. Significant estimates used by the management in the preparation of these financial statements include, work in progress, provisions for bad and doubtful debts, estimates of the useful life of the fixed assets.

2. Scheme of amalgamation and arrangement

- a. As per the Scheme of Amalgamation and Arrangement (hereinafter referred to as "Scheme", as approved by the Hon'ble High Court of Judicature at Madras on 16.12.2010 between Elgi Rubber Company Limited (ERCL) and Treadsdirect Limited (TDL) and Elgi Rubber International Limited (ERIL) and Titan Tyrecare Products Limited (TTPL) and Treadsdirect (India) Limited (TDIL), the whole of the undertaking of ERCL and TDL comprising of its business, all assets, both movables and immovables, and liabilities of whatsoever nature and wheresoever situated were transferred to and vested in ERIL as a going concern as from the appointed date ie. 1st April 2010.
- b. Engineering undertaking of ERIL was vested in TTPL and tread rubber undertaking of ERIL was vested with TDIL by way of slump sale with effect from the appointed date (01.01.2011).

3. Revenue recognition

- a. Sales are recognized upon delivery of products and are recorded exclusive of excise duty, service tax and sales tax.
- b. Export benefits are accounted on accrual basis.
- c. Dividend income from investment in mutual funds is recognized on declaration of the same by the respective agency.
- d. Dividend from other companies is accounted on confirmation in the annual general meeting of the respective companies.
- e. Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

4. Fixed assets

- a. Fixed assets are reflected at historical cost (net of Cenvat / VAT) less depreciation to date.
- b. At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in the Statement of Profit and Loss.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any) on straight line basis over its remaining useful life.

5. Depreciation

- a. Depreciation on fixed assets for items other than referred to in item 5(c), is provided on written down value method on a pro-rata basis, at the rates as specified in Schedule XIV of the Companies Act, 1956.

- b. Assets purchased, where the actual cost does not exceed Rs.5,000/- is depreciated at the rate of 100%, in the year of purchase.
- c. Intangible assets of software are amortized over a period of 3 years on a pro-rata basis, which is estimated to be the life of the intangible asset.

6. Research and Development

Any intangible / tangible asset generated out of the Research and Development activity is amortized / written off over the estimated life of the asset.

7. Investments

Investments are reflected at cost, except cases where provision is considered necessary.

8. Inventories / Stock of securities

Inventories / Stock of securities are stated at the lower of cost or net realisable value. Cost in respect of inventories is determined at the weighted average method. The cost of finished goods and work in process comprises raw material, direct labour, other direct costs and related production overheads allocated on the basis of the normal capacity of production. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

9. 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 items income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

10. Exchange fluctuation

- a. Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction.
- b. Gains and Losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end rates are recognized in the Statement of Profit and Loss.
- c. In the case of forward contract, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

11. Employee / Retirement benefits

- a. Provident Fund: Eligible employees receive benefits from a provident fund, which is a defined Contribution Plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered provident fund. The Company has no obligation beyond its contribution.
- b. Gratuity: A defined benefit retirement plan (the "Gratuity Plan") is provided for all eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Elgi Rubber Company Limited Employees Gratuity Fund Trust and the contributions to the trust are invested in the Life Insurance Corporation of India administered Fund.
- c. Superannuation: Certain employees of the Company are also participants in a defined contribution plan. The Company makes the contributions to the Superannuation Plan administered by the Elgi Rubber Company Employees Superannuation Fund Trust. The Company has no further obligations to the Plan beyond its monthly contributions.
- d. Expenses on ex gratia payment to employees, a defined contribution plan, is accounted as and when accepted by the management.
- e. Provision in respect of compensated absence is made, based on actuarial valuation.

12. Lease

The Company is leasing out tyre retreading machineries to customers. In respect of assets given under a finance lease, the same is recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

14. Borrowing costs

Borrowing costs relating to acquisition are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use / sale. All other borrowing costs not eligible for inventorisation / capitalisation are charged to revenue.

15. Taxes

Tax expense comprises of current and deferred tax.

Deferred tax

- a. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- b. Deferred tax assets are recognized on unabsorbed capital losses only if it is reasonably certain that such deferred tax assets can be realised against future taxable capital gains.

16. Treatment of contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

2. Notes on accounts for the year ended 31st March 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.01 Share capital

	31.03.2013 Rs.	31.03.2012 Rs.
Authorised		
300,300,000 (300,300,000) equity shares of Re.1/- each (Re.1/- each)	300,300,000	300,300,000
Issued and subscribed and fully Paid-up		
50,050,000 (50,050,000) equity shares of Re.1/- each (Re. 1/- each) fully paid up	50,050,000	50,050,000
	50,050,000	50,050,000

The Company has only one class of shares referred to as equity shares having a par value of Re.1/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

The Board of Directors, in their meeting on 17th May, 2013, proposed a final dividend of Re. 0.80 per share. The proposal is subject to the approval of the shareholders at the annual general meeting to be held. The total dividend appropriation for the year ended March 31, 2013 amounted to Rs. 40,040,000 and Corporate dividend tax of Rs. 3,575,748/-. Dividend, if approved, is payable to the shareholders in proportion to their shareholding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of shares

	No. of Shares	31.03.2013 Rs.	No. of Shares	31.03.2012 Rs.
Equity shares				
Balance as at the beginning of the previous year	50,050,000	50,050,000	50,050,000	50,050,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	50,050,000	50,050,000	50,050,000	50,050,000

Note

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

Details of shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	No. of shares	Percentage	No. of shares	Percentage
Sudarsan Varadaraj	20,602,454	41.16%	19,578,642	39.12%
LRG Technologies Limited	3,541,475	7.08%	3,541,475	7.08%

No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding March 31, 2013.

49,550,000 equity shares of Re.1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010 - 11.

	31.03.2013 Rs.	31.03.2012 Rs.
2.05 Short term borrowings		
Secured		
From State Bank of India		
Loan against fixed deposits	26,500,000	45,353,527
Cash credit facility	70,912,476	-
Packing credit facility	27,194,650	27,563,698
From Bank of India		
Loan against fixed deposits	13,500,000	-
Unsecured		
Loan from directors	4,000,000	-
	142,107,126	72,917,225

- a. Loan against fixed deposits with State Bank of India amounting to Rs. 26,500,000 (Rs. 45,353,527) and with Bank of India amounting to Rs. 13,500,000 (Nil) are secured by a lien and pledge of fixed deposit receipts with the State Bank of India, Bank of India respectively and are repayable on demand.
- b. Cash credit / export packing credit facility availed from State Bank of India is secured by first charge over raw materials, stock in process, finished goods, receivables and other current assets.
- c. Bill discounting / Letter of credit and bank guarantee facilities are secured by documents to title goods and first charge over the current assets as stipulated.

Banking facilities referred to in (b) and (c) above are further secured by first charge over the entire fixed assets of the company including land and building located at Kanjikode, Chengalpattu, Kurichi, Neelambur, Aralvaimozhi and Tirunvelveli.

2.06 Trade payables		
Trade payables	37,042,338	38,810,143
Trade payables – Due to related parties	1,112,446	14,133,196
	38,154,784	52,943,339

Refer to Note no.: 2.40 regarding further disclosures relating to MSMED Act.

2.07 Other current liabilities		
Employee benefits payable	1,459,385	1,537,929
Employee recoveries payable	282,422	219,403
Unpaid dividend	3,329,687	3,383,904
Statutory dues (Including provident fund, withholding and other taxes payable)	8,189,212	2,440,090
Other payables	354,423	368,089
Advance received from customers	5,653,764	9,015,768
	19,268,893	16,965,183

There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.

2.08 Short term provisions		
Provision for compensated absence (Refer Note: 2.37 regarding disclosure requirement as per AS 15)	2,498,964	2,593,981
Other provisions	7,153,913	5,667,709
Provision for proposed dividend on equity shares	40,040,000	25,025,000
Provision for dividend distribution tax on proposed dividend on equity shares	3,575,748	4,059,680
	53,268,625	37,346,370

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
2.14 Current investments				
(Quoted, at cost or market value, whichever is less)				
Investment in equity instruments				
332,040 equity shares of Re.1/- each paid up in Elgi Equipments Limited		4,713,300		4,713,300
2,150 equity shares of Rs.10/- each paid up in Precot Meridian Limited		190,705		184,900
		4,904,005		4,898,200
Aggregate value of quoted investments		4,904,005		4,898,200
Aggregate market value of quoted investments		25,093,705		25,087,900
2.15 Inventories				
a. Raw materials				
Polimers	53,155,762		73,935,709	
Carbon black	2,601,055		5,948,396	
Butyl scrap & rubber dust	99,096,963		93,591,162	
Others	24,753,958		32,569,911	
		<u>179,607,738</u>		<u>206,045,178</u>
b. Work in process		24,420,564		17,515,471
c. Finished goods (Reclaimed rubber materials and retreading raw materials)		41,955,825		22,390,822
d. Stock in trade (Traded goods)		11,044,603		10,790,495
e. Stores and spares		20,110,441		14,350,977
f. Others				
Packing materials		5,454,318		6,085,064
Scrap		816,249		310,095
Material in transit		183,324		-
		283,593,062		277,488,102
2.16 Trade receivables				
(Unsecured considered good)				
Outstanding for a period exceeding six months from the date they are due for payment	12,793,465		19,229,575	
Others	162,747,533		207,530,370	
		<u>175,540,998</u>		<u>226,759,945</u>
(Unsecured considered doubtful)				
Outstanding for a period exceeding six months from the date they are due for payment	32,462		104,243	
Less: Provision for doubtful debts	32,462		104,243	
		<u>-</u>		<u>-</u>
		175,540,998		226,759,945
2.17 Cash and bank balances				
Cash and Cash equivalents				
Cash on hand		613,223		574,210
Bank balances				
In current account		4,969,379		5,308,162
In demand deposits		87,500,000		95,000,000
(Out of the above, deposits of Rs. 45,000,000/- (Rs. 50,000,000/-) have been pledged with the bank for the purpose of availing loan on fixed deposit)				
Other bank balances		32,993		9,679,030
Long term deposits with maturity more than 3 months but less than 12 months in demand deposits		40,000,000		20,000,000
(Out of the above, deposits of Rs. 15,000,000/- (Rs. 5,000,000/-) have been pledged with the bank for the purpose of availing loan on fixed deposit)				
Unpaid dividend account		3,329,687		3,383,904
		136,445,282		133,945,306

	31.03.2013 Rs.	31.03.2012 Rs.
2.18 Short term loans and advances		
(Unsecured considered good)		
Advance payment of income tax (Net of provision of Rs.195,787,225/- (Rs.147,571,998/-)	24,295,942	14,094,142
Balances with customs, central excise, VAT etc.	23,125,189	29,548,065
Receivable from Government-DEPB/duty draw back, etc	7,695,855	19,156,218
Dividend receivable from related parties	27,055,969	4,326,149
Prepaid expenses	8,134,072	6,625,330
Due from related parties	108,669,118	7,008,960
Others	22,455,936	15,965,959
	221,432,081	96,724,823
2.19 Other current assets		
(Unsecured considered good)		
Income accrued on deposits	24,057,908	17,903,126
Income accrued on others	304,110	783,241
Due from related parties	14,685,111	6,906,128
	39,047,129	25,592,495
2.20 Contingent liabilities and commitments (to the extent not provided for)		
i. Claims against the Company not acknowledged as debts		
a. Income tax matters	2,597,600	711,290
b. Excise and service tax matters	776,362	776,362
c. Stamp duty	4,368,304	4,368,304
ii. Capital Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	27,670,271	8,733,750
b. Uncalled liability on shares and other investments partly paid - Payable in respect of purchase of shares of Rubber Resources B.V. (RR) on achievement of milestones	EUR 1,080,000	EUR 1,440,000
iii. Other commitments		
a. During the year, the Company has issued an undertaking to provide need based financial support to its following Wholly owned subsidiary companies		
i. Pincott International Pty Ltd, Australia	AUD 577,771	AUD 477,771
ii. Borrachas E Equipamentos ELGI Ltda, Brasil	BRL 3,900,000	-
iii. Elgi Rubber Company B.V, The Netherlands	EUR 300,000	-
b. Guarantee on account of unpaid liability on account of purchase of shares of RR as stated in column (ii) (b) above	EUR 1,080,000	EUR 1,440,000
c. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities	7,469,208	4,858,409
d. Letter of credit on account of import of goods	USD 114,580	-
2.21 Proposed dividend		
The final dividend proposed for the year is as follows		
On equity shares of Re.1/- each		
Amount of proposed dividend per equity share	Re. 0.80	Re. 0.50

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
2.25 Changes in inventory of finished goods and work in process				
Stock at the end of the year				
Finished goods	41,955,825		22,390,822	
Work in process	24,420,564		17,515,471	
Stock in trade	11,044,603		10,790,495	
Scrap	816,249		310,095	
Securities	4,904,005		4,898,200	
		(83,141,246)		(55,905,083)
Less: Stock at the beginning of the year				
Finished goods	22,390,822		24,055,489	
Work in process	17,515,471		13,752,905	
Stock in trade	10,790,495		8,757,755	
Scrap	310,095		40,860	
Securities	4,898,200		2,711,112	
		55,905,083		49,318,121
(Increase) / Decrease in inventory of finished goods and work in process		(27,236,163)		(6,586,962)
2.26 Employee benefit expenses				
Salaries, wages and bonus		67,217,238		50,680,869
Contribution to provident and other funds		8,212,777		6,586,897
Gratuity paid		3,152,041		2,773,917
Staff welfare expenses		3,389,677		3,216,519
		81,971,733		63,258,202
(Refer Note no.: 2.37 on disclosure requirement as per Accounting Standard 15 on Employee benefits)				
2.27 Finance costs				
Interest on borrowings		5,539,838		4,714,232
Financial charges on borrowings		262,145		462,033
		5,801,983		5,176,265
2.28 Depreciation and amortisation expenses				
Depreciation on tangible assets		36,299,264		39,115,142
Amortisation on intangible assets		-		251,010
		36,299,264		39,366,152
2.29 Other expenses				
Consumption of stores and spares		16,739,017		14,251,916
Excise duty*		4,422,641		200,704
Power and Fuel		127,938,131		82,557,240
Rent		1,323,977		908,730
Labour charges		21,077,006		16,079,717
Repairs and Maintenance – Plant and Machinery		30,614,037		25,003,264
Repairs and Maintenance – Building		2,867,217		2,102,697
Repairs and Maintenance – Others		10,891,231		11,667,205
Insurance		6,866,033		4,901,352
Rates and Taxes		3,820,546		3,421,165
Travelling and Conveyance		13,576,532		10,159,914
Directors' Sitting fees		240,000		230,000
Statutory Auditors : Audit fees	500,000		450,000	
Tax matter	50,000		50,000	
Certification fees	5,000		5,000	
Reimbursement of expenses	96,595		88,155	
		651,595		593,155
Professional fees		21,631,038		12,124,643
Sales commission		1,421,552		3,802,699
Advertisement and other selling expenses		6,416,132		10,504,255
Carriage inward		13,045,707		7,350,657
Freight charges		11,060,604		20,907,608
Managerial remuneration		4,032,000		4,032,000
Provision for doubtful debts		32,462		104,243
Loss on sale / redemption of investment		38,985		325
Provision for fall in value of investments		-		1,398,690
Miscellaneous expenses		20,589,413		15,225,437
		319,295,856		247,527,616

* represents excise duty related to the difference between the closing stock and opening stock

		31.03.2013		31.03.2012
	Rs.	Rs.	Rs.	Rs.
2.30 Exceptional items				
Income tax relating to previous years		(3,492,343)		945,567
		(3,492,343)		945,567
2.31 CIF value of imports				
Raw materials		39,391,984		44,790,586
Components and spare parts		2,731,334		1,848,321
Capital goods		716,160		2,480,000
Others		1,837,052		-
		44,676,530		49,118,907
2.32 Expenditure incurred in foreign currency				
Professional and consultation fees		11,210,503		6,008,757
Interest / bank charges		593,404		395,891
Travelling expenses		821,135		756,862
Membership fee, books & periodicals		161,823		150,408
Advertisement		3,544,204		4,784,676
Sales commission		239,081		103,605
Royalty		-		88,372
Others		1,521,733		70,722
		18,091,883		12,359,293
2.33 Dividend remitted in foreign exchange				
Dividend paid during the year		Nil		Nil
Number of non resident shareholders		Nil		Nil
Number of equity shares held by such non resident shareholders		Nil		Nil
Year to which the dividend relate to		Nil		Nil
2.34 Earnings in foreign currency				
Revenue from exports on FOB basis		194,549,755		231,680,454
Interest		7,763,631		6,836,751
Dividend		8,578,946		6,383,302
Other income		3,714,811		9,203,204
		214,607,143		254,103,711
2.35 Details of consumption and purchases				
a. Details of raw materials consumed				
Rubber scrap		263,899,926		230,747,156
Polymer		346,819,418		214,102,989
Carbon black		83,260,006		40,654,587
Chemicals & other raw materials		169,242,559		154,664,837
		863,221,909		640,169,569
b. Purchase of traded goods				
Retreading machinery and tools, spares & accessories		72,876,730		96,893,920
		72,876,730		96,893,920
c. Details of value of imported and indigenous material consumed				
	Value	31.03.2013	Value	31.03.2012
	Rs.	(% of total Consumption)	Rs.	(% of total Consumption)
Imported	42,724,240	4.86	60,817,342	9.29
Indigenous	837,236,686	95.14	593,604,143	90.71
	879,960,926	100.00	654,421,485	100.00
	Before	After	Before	After
	extraordinary	extraordinary	extraordinary	extraordinary
	items	items	items	items
2.36 Earnings per share				
a. Basic				
Profit after tax	177,316,299	177,316,299	93,870,733	93,870,733
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Basic EPS	3.54	3.54	1.88	1.88
b. Diluted				
Profit after tax	177,316,299	177,316,299	93,870,733	93,870,733
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Diluted EPS	3.54	3.54	1.88	1.88

2.37 Employee benefits

The details required under AS 15 – Employee Benefits are as follows

The Employees' Gratuity Fund Scheme managed by the Life Insurance Corporation of India is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absence is recognised in the same manner as gratuity.

	31.03.2013		31.03.2012	
	Rs.	Rs.	Rs.	Rs.
	Gratuity	Compensated absence	Gratuity	Compensated absence
Present value of defined benefit obligation				
Obligations at period beginning	20,828,254	2,593,981	16,972,500	2,257,944
Service cost	1,452,155	864,532	863,866	788,582
Interest cost	1,666,260	-	1,357,800	-
Actuarial (Gain) / Loss	1,997,418	(52,501)	2,273,058	(452,545)
Benefits paid	(1,506,546)	(907,048)	(638,970)	-
Obligations at period at the end of the year	24,437,541	2,498,964	20,828,254	2,593,981

Defined benefit obligation liability, on account of gratuity, as at the balance sheet has been funded to the extent of Rs. 27,818,507/- by the Company. The Company has not funded for the obligations on account of compensated absence.

Fair value of plan assets				
Plan assets at period beginning at fair value	21,906,728	-	18,210,744	-
Expected return on plan assets	1,963,792	-	1,667,351	-
Contributions	5,454,533	-	2,667,603	-
Benefits paid	(1,506,546)	-	(638,970)	-
Plan assets at period end at fair value	27,818,507	-	21,906,728	-
Assets/liabilities recognised in the balance sheet				
Fair value of plan assets at period end	27,818,507	-	21,906,728	-
Present value of the defined benefit obligations at the end of the period	24,437,541	-	20,828,254	-
Asset / (Liability) recognised in the balance sheet *	3,380,966	-	1,078,474	-
Assumptions				
Interest rate	9.25%	-	9.25%	9.15%
Discount rate	8.00%	8.00%	8.00%	8.00%
Estimated salary escalation rate	6.50%	6.50%	6.00%	6.50%
Expenses recognised in the statement of profit and loss				
Service cost	1,452,155	864,532	863,866	788,582
Interest cost	1,666,260	-	1,357,800	-
Expected return on plan assets	(1,963,792)	-	(1,667,351)	-
Actuarial (Gain) / Loss	1,997,418	(52,501)	2,273,058	(452,545)
Net cost	3,152,041	812,031	2,827,373	336,037

The funds have been invested in the LIC Group Gratuity (Cash Accumulation Policy), administered by the Life Insurance Corporation of India.

2.38 Segment reporting

The Company is engaged primarily in one segment of providing solutions to the rubber industry and hence the segment reporting is not applicable.

2.39 Particulars of derivative instruments and un-hedged foreign currency exposure as at the reporting date

Purpose	31.03.2013			31.03.2012		
Trade payable	US\$	26,481	54.39	-	-	-
Trade receivable	US\$	325,505	54.39	US\$	946,144	51.15
	-	-	-	EURO	680,096	68.34
Others	-	-	-	US\$	1,635,000	51.15
Bank balance in EEFC Account	US\$	5,956	54.39	US\$	15,819	51.15
Bank balance in EEFC Account	EURO	19,292	69.54	EURO	19,299	68.34
Packing credit facility	US\$	500,000	54.39	US\$	538,000	51.15
Dividend receivable	US\$	141,959	54.39	US\$	78,030	51.15
Loan receivables as at the year end	US\$	1,770,000	54.39	US\$	135,000	51.15
			31.03.2013			31.03.2012
			Rs.			Rs.

2.40 Dues to micro and small enterprises

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end		1,559,242		271,999
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end		Nil		Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year		Nil		Nil
Interest paid other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		Nil		Nil
Interest paid under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		Nil		Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.		Nil		Nil

2.41 In the opinion of Board of Directors, current assets, loans and advances, have atleast the value as stated in the balance sheet, if realised in the ordinary course of the business.

2.42 (a) Number of units of investment in mutual funds are rounded off to the nearest whole number.

(b) All investments are fully paid up, unless otherwise stated.

2.43 Income tax assessment has been completed in respect of erstwhile Companies viz., Elgi Rubber Company Limited and Treadsdirect Limited upto the accounting year ended 31st March 2010.

2.44 Confirmation from debtors and creditors has not been received in a few cases.

2.45 No intangible / tangible asset has been generated during the year out of the research and development activity.

2.46 Pursuant to Accounting Standard (AS 28) – Impairment of assets, the Company assessed its fixed assets for impairment as at March 31, 2013 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of account.

	31.03.2013		31.03.2012	
		Rs.		Rs.
2.47 Loans and advances include				
Borrachas E Equipamentos ELGI Ltda - Brasil		81,583,950		76,734,750
2.48 Sundry debtors include				
Due from the Company under the same management as Defined u/s 370 (1-B) of the Companies Act, 1956				
Treadsdirect Limited, India		56,685,203		22,344,658
ELGI Rubber Company LLC, USA		4,312,381		339,945
Treadsdirect Limited, Kenya		45,465		3,754,530
Treadsdirect Limited, Sri Lanka		-		359,807
Rubber Resources B.V., The Netherlands		-		42,362,593
Treadsdirect LLC., USA		5,369,041		-
Borrachas E Equipamentos Elgi Ltda, Brasil		2,184,789		6,664,746

2.49 Non current investments

The following is classification of investments in accordance with AS 13: Accounting for investment

No. of units / shares		Description of investment	31.03.2013		31.03.2012	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
		In subsidiaries (Unquoted)				
		(All investment in shares are fully paid up unless otherwise stated)				
6,515,000	6,515,000	Equity stock of R\$1 each in Elgi Industria E Comercio De Borrachas Ltda, Brasil		102,118,893		102,118,893
3,000,000	3,000,000	LLC unit of \$1 each in ELGI Rubber Company LLC, USA		147,990,798		147,990,798
175,000	175,000	Equity shares of MRs.10 each in Treadsdirect Limited, Mauritius	4,651,645		4,651,645	
		Less : Provision for fall in value of investment	3,200,000	1,451,645	3,200,000	1,451,645
23,999	23,999	Equity shares of KSh.100 each in Treadsdirect Limited, Kenya		2,008,731		2,008,731
1,000,000	1,000,000	Equity shares of SLRs.10 each in Treadsdirect Limited, Sri Lanka	6,955,177		6,955,177	
690,000	690,000	12.5% Redeemable cumulative preference shares of SLRs.10 each in Treadsdirect Limited, Sri Lanka	4,404,698	11,359,875	4,404,698	11,359,875
		100% Interest in equity in Treadsdirect LLC, USA	23,254,715		23,254,715	
		Less : Provision for fall in value of investment	18,203,837	5,050,878	18,203,837	5,050,878
51,700	51,700	Equity shares of TK.100 each in Treadsdirect Limited, Bangladesh		4,417,290		4,417,290
3,485,000	3,485,000	Equity shares of R\$1 each in Borrachas E Equipamentos Elgi Ltda, Brasil		56,134,552		56,134,552
1,000	1,000	Shares of EUR 500 each in Rubber Resources B.V., The Netherlands	70,712,918		47,112,978	
		Add: Payment made during the year (Refer Note no.: 2.20)	25,357,500		23,599,940	
			96,070,418		70,712,918	
		Less : Refund of capital contribution	3,418,235	92,652,183	-	70,712,918
100	100	Shares of AUD 1 each in Pincott International Pty. Limited, Australia		106,634,402		106,634,402
18,000	-	Equity shares of EUR 1 each in Elgi Rubber Company B.V., The Netherlands		1,222,650		-
1,000,000	1,000,000	Equity shares of Rs.10/- each in Titan Tyrecare Products Limited	10,000,000		10,000,000	
1,000,000	1,000,000	10% Redeemable preference shares of Rs. 10/- each in Titan Tyrecare Products Limited	10,000,000	20,000,000	10,000,000	20,000,000
4,750,000	4,750,000	Equity shares of Rs.10/- each in Treadsdirect Limited		47,500,000		47,500,000
				598,541,897		575,379,982
		In Equity investments (Quoted)				
		(Face value of the unit is Rs.10/- each unless otherwise stated and are fully paid up)				
40	40	Equity shares of Re. 1/- each in Elgi Equipments Limited		400		400
25,000	25,000	Equity shares of Magna Electro Castings Limited		250,000		250,000
				250,400		250,400
		In the Portfolio Management Scheme of HDFC Asset Management Company Real Estate Portfolio - I (PMS) (Quoted)				
		In Debentures				
		(Face value of the unit is Rs.1000/- each)				
164	238	Ariisto Realtors Private Limited		164,000		238,000
41	41	Ariisto Realtors Private Limited – II		41,000		41,000
58	58	Ariisto Realtors Private Limited – III		58,000		58,000

No. of units / shares		Description of investment	31.03.2013	31.03.2012
Current year	Previous year		Rs.	Rs.
139	139	Ariisto Realtors Private Limited - IV	139,000	139,000
320	320	Atithi Building Commodities Private Limited	320,000	320,000
44	44	Atithi Building Commodities Private Limited - II	44,000	44,000
		(Face value of the unit is Rs.100/- each)		
2,904	3,395	Almond Infrabuild Private Limited	290,400	339,500
-	1,074	Anand Divine Developers Private Limited - I	-	107,400
1,310	2,148	Anand Divine Developers Private Limited - II	131,000	214,800
-	1,282	Arimas Developers Private Limited Class A	-	128,200
-	267	Arimas Developers Private Limited Class A - Aug 2011	-	26,700
1,786	1,786	Arimas Developers Private Limited Class B - Aug 2011	178,600	178,600
-	851	BCC Infrastructure Private Limited	-	85,100
9	862	BCC Infrastructure Private Limited Class A	900	86,200
1,152	1,152	BCC Infrastructure Private Limited Class A - III	115,200	115,200
1,152	1,152	BCC Infrastructure Private Limited Class A - IV	115,200	115,200
683	1,384	Bhaveswar Properties Private Limited	68,300	138,400
-	1,384	Bhaveswar Properties Private Limited - II	-	138,400
1,455	1,455	Dharmesh Constructions Private Limited	145,500	145,500
1,462	1,462	Dharmesh Constructions Private Limited - II	146,200	146,200
237	633	Ekta Parksville Class A - Series 2	23,700	63,300
2,105	2,105	Ekta Parksville Homes Private Limited	210,500	210,500
527	527	Ekta Parksville Homes Private Limited - II	52,700	52,700
419	419	Ekta Parksville Homes Private Limited - III	41,900	41,900
55	639	Ekta World Private Limited - Class A - I	5,500	63,900
615	615	Ekta World Private Limited - Class A - 2	61,500	61,500
796	796	Kunal Spaces Private Limited - Class A	79,600	79,600
800	800	Kunal Spaces Private Limited - Class A - II	80,000	80,000
-	1,379	Marvel Omega Builders	-	137,900
692	989	Marvel Realtors and Developers - Series 1	69,200	98,900
1,001	1,001	Marvel Realtors and Developers - Series 2	100,100	100,100
914	914	Neelkanth Vinayak Realtors Private Limited	91,400	91,400
96	1,307	Nilkanth Tech Park Private Limited - 2011 - I	9,600	130,700
1,308	1,308	Nilkanth Tech Park Private Limited - 2011 - II	130,800	130,800
784	784	Nilkanth Tech Park Private Limited - 2011 - III	78,400	78,400
-	193	Nitesh Housing Developers Private Limited - I	-	19,300
-	689	Nitesh Housing Developers Private Limited - II	-	68,900
278	496	Nitesh Housing Developers Private Limited - III	27,800	49,600
332	332	Nitesh Housing Developers Private Limited - IV	33,200	33,200
551	551	Nitesh Land Holding Private Limited	55,100	55,100
1,514	1,514	Runwal Township Private Limited Class B	151,400	151,400
5,321	5,321	Runwal Township Private Limited	532,100	532,100
-	1,330	Total Environment Building Private Limited	-	133,000
-	799	Total Environment Building Private Limited - II	-	79,900
-	665	Total Environment Building Private Limited - III	-	66,500
-	691	Total Environment Building Private Limited - IV	-	69,100
3,440	3,440	Total Environment Habitat Private Limited	344,000	344,000
923	923	Total Environment Projects - I	92,300	92,300
55	55	Total Environment Projects - II	5,500	5,500
212	212	Total Environment Projects - III	21,200	21,200
864	864	VBHC Chennai Value Homes Private Limited - Class A	86,400	86,400
499	736	VBHC Delhi Projects Private Limited - 2011	49,900	73,600
699	699	VBHC Delhi Value Homes Private Limited - I	69,900	69,900
1,501	1,896	VBHC Mumbai Value Homes Private Limited	150,100	189,600
-	678	VBHDC Bangalore Value Homes Private Limited - I	-	67,800
			4,611,100	6,435,400

No. of Units / Shares		Description of Investment	31.03.2013		31.03.2012	
Current year	Previous Year		Rs.	Rs.	Rs.	Rs.
In Equity / Preference shares						
1,399	1,700	Ansal Hi-Tech Townships Limited		123,441		150,000
284	284	Arimas Developers Private Limited (Preference)		284		284
28	28	BCC Infrastructure Private Limited		280		280
85	85	BCC Infrastructure Private Limited (Preference)		850		850
256	256	Ekta World Private Limited (Preference)		256		256
6	6	Godrej Estate Developers Private Limited		110,204		110,204
68	68	Godrej Sea View Properties Private Limited		152,653		152,653
26	26	Kunal Spaces Private Limited		260		260
-	25	Marvel Omega Builders Class B		-		250
139	139	Nitesh Housing Developers Private Limited		49,545		49,545
-	107	Runwal Homes Private Limited		-		153,940
26	26	Runwal Township Private Limited Class A (Preference)		26		26
39	39	Runwal Township Private Limited Class B (Preference)		39		39
26	26	Runwal Township Private Limited Class C (Preference)		109,135		109,135
74	74	Total Environment Projects I Private Limited		740		740
-	30	VBHDC Bangalore Value Homes Private Limited		-		300
13	13	VBHC Chennai Value Homes Private Limited		130		130
131	131	VBHC Delhi Projects Private Limited Class A		131		131
12	12	VBHC Delhi Value Homes Private Limited		120		120
131	131	VBHC Mumbai Value Homes Private Limited		131		131
				548,225		729,274
In mutual funds						
(Face value of the unit is Rs. 10/- each)						
21,142	9,617	Cash and Treasury Advantage Plan – WD		297,371		96,402
				5,456,696		7,261,076
In equity investment (Unquoted)						
(Face Value of the unit is Rs. 10/- each unless otherwise stated and are fully paid up)						
-	11,000	Equity shares of Vijay Electro Automation Limited	42,020		42,020	
		Less : Sold during the year	<u>42,020</u>	-	<u>-</u>	42,020
In government securities (Unquoted)						
(Face value of the unit is Rs. 10/- each unless otherwise stated)						
1,000	1,000	Non convertible redeemable taxable bonds National Highways Authority of India	10,000,000		10,000,000	
		(Bonds of Rs. 10,000/- each)				
		Less : Redeemed during the year	<u>5,000,000</u>		<u>-</u>	
			5,000,000		10,000,000	
		Add : Purchased during the year	<u>5,000,000</u>	10,000,000	<u>-</u>	10,000,000
In mutual funds (Unquoted)						
(Face value of the unit is Rs. 10/- each unless otherwise stated)						
9,149	9,199	IL & FS Milestone Fund – I	9,199,000		9,199,000	
		(Units of Rs. 1,000/- each)				
		Less : Return of contribution	<u>50,000</u>	9,149,000	<u>-</u>	9,199,000
				623,397,993		602,132,478
Aggregate amount of investments						
Unquoted				617,690,897		594,621,002
Quoted:		Cost		5,707,096		7,511,476
		Market value		10,084,056		11,533,509

2.50 Related party disclosure (as identified by the Company)

Description of the nature of transaction	Description of relationship	Related party	31.03.2013 Rs.	31.03.2012 Rs.	
Income from sale of goods	Subsidiary	Treadsdirect Limited, India	647,283,752	334,004,297	
		Titan Tyrecare Products Limited, India	570,672	651,535	
		ELGI Rubber Company LLC, USA	1,253,091	9,022,050	
		Treadsdirect Limited, Kenya	23,751,382	49,178,379	
		Treadsdirect Limited, Sri Lanka	8,055,474	2,325,210	
		Borrachas E Equipamentos Elgi Ltda, Brasil	1,507,615	5,907,653	
		Rubber Resources B.V., The Netherlands	-	48,705,709	
		Elgi Rubber Company BV., The Netherlands	1,364,709	-	
		Pincott International Pty Limited, Australia	159,051	255,680	
		Purchase of goods	Subsidiary	Treadsdirect Limited, India	38,616,121
Titan Tyrecare Products Limited, India	16,126,751			33,053,910	
ELGI Rubber Company LLC, USA	1,923,278			-	
Pincott International Pty Limited, Australia	9,821			278,665	
Other related parties	Elgi Ultra Industries Limited		4,123,755	2,767,148	
	Elgi Equipments Limited		-	5,515	
	Festo Controls Private Limited		10,979	-	
	Ellargi & Co.,		2,776,943	2,897,659	
	Treadsdirect Limited, India		1,000,323	3,749,637	
	Titan Tyrecare Products Limited, India		-	780,993	
Purchase of fixed assets	Subsidiary	Treadsdirect Limited, India	12,460,931	12,798,137	
	Other related parties	Elgi Equipments Limited	922,688	969,452	
Sale of fixed assets	Subsidiary	Titan Tyrecare Products Limited, India	402,779	-	
	Other related parties	Treadsdirect Limited, India	2,206,133	-	
Rendering of services	Subsidiary	Elgi Equipments Limited	182,173	-	
	Other related parties	Treadsdirect Limited, India	1,502,526	-	
Receiving of services	Subsidiary	Titan Tyrecare Products Limited, India	4,032,000	4,032,000	
	Other related parties	Sudarsan Varadaraj	-	-	
Labour charges received	Subsidiary	Treadsdirect Limited, India	1,349,038	1,214,465	
	Key managerial personnel	SR Venkatachalam	1,103,202	-	
Managerial remuneration	Subsidiary	Titan Tyrecare Products Limited, India	8,037,939	9,282,000	
	Key managerial personnel	Sudarsan Varadaraj	669,771	630,000	
Salary to other Key managerial personnel	Subsidiary	Treadsdirect Limited, India	360,000	360,000	
	Other related parties	Elgi Equipments Limited	332,080	332,080	
Rent received	Subsidiary	Titan Tyrecare Products Limited, India	2,375,814	-	
		Borrachas E Equipamentos Elgi Ltda, Brasil	7,342,556	6,836,751	
		Elgi Rubber Company BV., The Netherlands	421,075	-	
		Sudarsan Varadaraj	585,568	1,321,808	
Rent paid	Key managerial personnel	Pincott International Pty Limited, Australia	AUD 577,771	AUD 477,771	
		Elgi Rubber Company B.V., The Netherlands	EUR 300,000	-	
		Borrachas E Equipamentos ELGI Ltda, Brasil	BRL 3,900,000	-	
		Elgi Rubber Company BV., The Netherlands	-	54,409,750	
Dividend received	Subsidiary	Elgi Rubber Company BV., The Netherlands	9,218,600	-	
		Borrachas E Equipamentos Elgi Ltda, Brasil	20,000,000	37,000,000	
		Elgi Rubber Company BV., The Netherlands	4,000,000	-	
		Sudarsan Varadaraj	4,000,000	-	
Interest received	Subsidiary	Treadsdirect Limited, Kenya	897,740	13,962,535	
		Treadsdirect Limited, Sri Lanka	2,481,961	-	
		Treadsdirect Limited, India	42,750,000	-	
	Other related parties	Elgi Equipments Limited	332,080	332,080	
		Titan Tyrecare Products Limited, India	2,375,814	-	
		Borrachas E Equipamentos Elgi Ltda, Brasil	7,342,556	6,836,751	
		Elgi Rubber Company BV., The Netherlands	421,075	-	
	Interest paid	Key managerial personnel	Sudarsan Varadaraj	585,568	1,321,808
			Pincott International Pty Limited, Australia	AUD 577,771	AUD 477,771
	Guarantees given	Subsidiary	Elgi Rubber Company B.V., The Netherlands	EUR 300,000	-
Borrachas E Equipamentos ELGI Ltda, Brasil			BRL 3,900,000	-	
Loans given	Subsidiary	Borrachas E Equipamentos Elgi Ltda, Brasil	-	54,409,750	
		Elgi Rubber Company BV., The Netherlands	9,218,600	-	
Loans taken	Key managerial personnel	Sudarsan Varadaraj	20,000,000	37,000,000	
		Sudarsan Varadaraj	4,000,000	-	
Loan outstanding	Subsidiary	Treadsdirect Limited, India	897,740	13,962,535	
		Titan Tyrecare Products Limited, India	31,702	9,241	
		ELGI Rubber Company LLC, USA	100,940	-	
	Other related parties	Elgi Equipments Limited	-	5,515	
		Elgi Ultra Industries Limited	71,967	103,804	
		Ellargi & Co.	10,097	47,900	
		Treadsdirect Limited, India	56,685,203	22,344,658	
	Trade payables	Subsidiary	ELGI Rubber Company LLC, USA	4,312,381	339,945
			Treadsdirect Limited, Kenya	45,465	3,754,530
			Treadsdirect Limited, Sri Lanka	-	359,807
Other related parties		Rubber Resources B.V., The Netherlands	-	42,362,593	
		Treadsdirect LLC., USA	5,369,041	-	
		Borrachas E Equipamentos Elgi Ltda, Brasil	2,184,789	6,664,746	
		Elgi Equipments Limited	568,096	361,011	
Trade receivables		Other related parties	Ellargi & Co.,	100,000	100,000

Description of the nature of Transaction	Description of relationship	Related Party	31.03.2013 Rs.	31.03.2012 Rs.
Advance for purchase of capital goods & others	Subsidiary	Borrachas E Equipamentos Elgi Ltda, Brasil	25,494,438	-
		Elgi Rubber Company BV., The Netherlands	359,671	-
		Rubber Resources LLC., USA	27,218,438	-
		Titan Tyrecare Products Limited, India	73,575,359	7,008,960
		Treadsdirect Limited, India	7,875,321	-
		Pincott International Pty Limited Australia	4,211,500	4,211,500
Receivable on account of sale of undertaking	Other related parties	Elgi Equipments Limited	-	88,240
	Subsidiary	Treadsdirect Limited, India	172,537,229	280,759,429
Dividend receivable	Subsidiary	Titan Tyrecare Products Limited, India	50,099,923	52,264,029
		Treadsdirect Limited, Bangladesh	334,918	334,918
		Treadsdirect Limited, Kenya	5,487,286	3,991,231
		Treadsdirect Limited, India	19,000,000	-
Loan receivable	Subsidiary	Treadsdirect Limited, Sri Lanka	2,233,765	-
		Borrachas E Equipamentos Elgi Ltda Brasil	81,583,950	76,734,750
		Titan Tyrecare Products Limited, India	2,138,233	-
Interest receivable	Subsidiary	Borrachas E Equipamentos Elgi Ltda, Brasil	14,685,111	6,906,128

In respect of the above parties, there is no provision for doubtful debts as on 31st March 2013 and no amount has been written off / written back during the year in respect of debts due from / to them .

As per our report of even date
For Reddy, Goud & Janardhan
Chartered Accountants
Firm Registration No. 003254S

B Anand

Partner
Membership No. 29146

MD Selvaraj
Director

C Shankar

Company Secretary

SR Venkatachalam

Vice President - Finance

Sudarsan Varadaraj

Chairman & Managing Director

Coimbatore
17.05.2013

Performance and Financial Indicators

Performance

Particulars	(Rs. In Million)		
	31.03.2013	31.03.2012	31.03.2011
Sales and other income	1,598.13	1,240.05	2,018.43
Profit before depreciation and tax	265.47	178.59	344.29
Profit before tax	229.17	139.22	284.21
Profit after tax	177.31	93.87	188.69
Dividend%	80*	50	85
Net fixed assets	507.16	503.35	425.16
Investments	623.40	602.13	464.85
Net working capital	1,792.47	1,127.50	1,276.30
Total capital employed	2,648.24	2,454.96	2,342.06
Share holder's funds	2,373.59	2,236.04	2,171.26
* Subject to approval in the Annual General Meeting			

Financial Indicators

Particulars	31.03.2013	31.03.2012	31.03.2011
Earning per share - Rs.	3.54	1.88	3.77
Cash earnings per share - Rs.	5.30	3.57	6.88
Gross sales per share - Rs.	30.50	23.66	41.28
Book value per share - Rs.	47.42	44.68	43.38
EBITDA / Sales %	19.28	16.47	17.75
Net profit margin %	12.60	8.42	9.71
ROCE %	7.47	4.20	8.69

Independent Auditors' Report on Consolidated Accounts

To the Board of Directors of Elgi Rubber Company Limited

We have audited the accompanying consolidated financial statements of Elgi Rubber Company Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.1,779,189,461/- as at March 31, 2013 and total revenues of Rs.3,325,406,568/- (including other income) for the year then ended. These financial statements have been audited by other Auditors whose reports have been furnished to us, and opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other Auditors.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India

- i. In the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- iii. In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**As per our report of even date
For Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

Coimbatore
17.05.2013

B Anand
Partner
Membership No. 29146

Consolidated Balance Sheet of Elgi Rubber Company Limited and its Subsidiary Companies as on 31st March 2013

Notes	31.03.2013 Rs.	31.03.2012 Rs.
I. Equity and Liabilities		
Shareholders' funds		
a. Share capital	2.01 50,050,000	50,050,000
b. Reserves and surplus	2.02 2,650,853,587	2,437,747,151
Non current liabilities		
a. Long term borrowings	2.03 406,016,360	39,320,039
b. Other long term liabilities	2.04 50,071,536	65,392,060
c. Long term provisions	2.05 21,840,312	44,926,115
Current liabilities		
a. Short term borrowings	2.06 468,694,752	281,503,061
b. Trade payables	2.07 489,608,617	301,811,088
c. Other current liabilities	2.08 161,097,955	122,057,216
d. Short term provisions	2.09 129,346,990	146,844,090
	4,427,580,109	3,489,650,820
II. Assets		
Non current assets		
a. Fixed assets		
i. Tangible assets	2.10 937,692,395	962,156,023
ii. Intangible assets	2.10 6,979,827	7,755,576
iii. Capital work in progress	15,612,895	39,126,466
b. Goodwill on consolidation	100,824,077	100,824,077
c. Non current investments	2.11 24,862,096	26,758,496
d. Deferred tax assets (Net)	2.12 12,586,652	21,866,864
e. Long term loans and advances	2.13 613,952,089	72,259,949
f. Other non current assets	2.14 284,071,500	123,371,500
Current assets		
a. Current investments	2.15 4,904,005	4,898,200
b. Inventories	2.16 1,037,381,256	1,015,533,171
c. Trade receivables	2.17 730,662,984	719,897,145
d. Cash and bank balances	2.18 265,466,983	206,088,205
e. Short term loans and advances	2.19 352,434,363	162,833,675
f. Other current assets	2.20 40,148,987	26,281,473
	4,427,580,109	3,489,650,820

Significant accounting policies

1

The Notes are an integral part of these financial statements

**As per our report of even date
For Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

B Anand

Partner
Membership No. 29146

Coimbatore
17.05.2013

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Consolidated Statement of Profit and Loss for the year ended 31st March 2013

	Notes	31.03.2013 Rs.	31.03.2012 Rs.
Income			
Revenue from operations (Gross)	2.23	5,008,286,122	4,980,361,606
Less: Excise duty		233,544,598	196,509,526
Revenue from operations (Net)		4,774,741,524	4,783,852,080
Other income	2.24	148,794,461	162,543,357
		4,923,535,985	4,946,395,437
Expenses			
Cost of materials consumed	2.25	2,049,727,330	2,758,191,005
Purchases of stock in trade		664,547,169	391,790,534
Changes in inventories of finished goods and work in process	2.26	10,061,401	(284,975,790)
Employee benefit expenses	2.27	639,121,228	580,767,949
Finance costs	2.28	79,864,563	51,708,978
Depreciation and amortisation expenses	2.29	114,773,396	120,588,584
Other expenses	2.30	1,034,514,798	1,079,668,518
		4,592,609,885	4,697,739,778
Profit before exceptional items and tax		330,926,100	248,655,659
Exceptional items	2.31	(3,778,179)	945,567
Profit before tax		334,704,279	247,710,092
Tax expense			
a. Current tax		100,927,605	115,853,814
b. Deferred tax		9,280,212	(10,549,650)
c. MAT credit		(833,000)	-
Profit after tax		225,329,462	142,405,928
Significant accounting policies	1		
Earnings per share (Nominal value per share 2013 Re.1/- (2012 Re.1/-) (including extraordinary items)			
a. Basic		4.50	2.85
b. Diluted		4.50	2.85
(excluding extraordinary items net of taxes)			
a. Basic		4.50	2.85
b. Diluted		4.50	2.85

The Notes are an integral part of these financial statements

**As per our report of even date
For Reddy, Goud & Janardhan**
Chartered Accountants
Firm Registration No. 003254S

B Anand
Partner
Membership No. 29146
Coimbatore
17.05.2013

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Consolidated Cash Flow Statement for the year ended 31st March 2013

	31.03.2013 Rs.	31.03.2012 Rs.
A Cash flow from operating activities		
Profit before taxation and extraordinary item	330,926,100	248,655,659
Adjustments for		
Depreciation	114,773,396	120,588,584
Profit on sale of tangible assets (net)	(10,502,702)	(64,876,776)
Profit on sale of investments (net)	(484,256)	(64,048)
Write back of Income tax of earlier years	3,778,179	(945,567)
Provision for diminution in the value of investments	-	1,399,015
Provision for doubtful debts and advances	837,705	1,421,659
Liabilities no longer required written back	27,149,801	-
Interest income	(60,587,290)	(39,686,404)
Dividend income	(1,119,569)	(1,154,625)
Interest expenses	36,539,049	2,721,556
Other non cash items	34,243,803	22,870,844
Operating profit before working capital changes	475,554,216	290,929,897
Increase / (Decrease) in trade payables	186,979,163	(36,898,693)
Increase / (Decrease) in long term provisions	(50,235,604)	(1,162,942)
Increase / (Decrease) in short term provisions	(32,028,168)	27,507,440
Increase / (Decrease) in other long term liabilities	(15,320,524)	(24,840,000)
Increase / (Decrease) in other current liabilities	39,094,956	22,314,143
Increase / (Decrease) in short term borrowings	187,191,691	159,254,205
Increase / (Decrease) in long term borrowings	366,696,320	6,119,039
(Increase) / Decrease in trade receivables	(13,636,258)	(104,270,673)
(Increase) / Decrease in inventories	(21,848,085)	(149,889,569)
(Increase) / Decrease in long term loans and advances	(541,692,140)	(16,436,608)
(Increase) / Decrease in short term loans and advances	(133,491,443)	41,704,441
(Increase) / Decrease in other current assets	(13,867,514)	(13,354,594)
(Increase) / Decrease in other non current assets	(160,700,000)	(6,943,929)
(Increase) / Decrease in bank deposits with maturity more than 3 to 12 months	(71,900,965)	23,683,904
Cash generated from operations	200,795,645	217,716,061
Taxes paid (net of refunds)	(156,203,850)	(109,206,606)
Net cash generated from operating activities (A)	44,591,795	108,509,455
B Cash flow from investing activities		
Purchase of tangible / intangible assets	(90,538,716)	(384,130,648)
Increase in capital work in progress	23,513,571	(30,569,075)
Sale of tangible / intangible assets	11,507,399	201,086,272
Non current investments	1,896,400	1,614,959
Current investments	478,451	(2,187,088)
Interest income	60,587,290	39,686,404
Dividend income	1,119,569	1,154,625
Net Cash from investing activities (B)	8,563,964	(173,344,551)
C Cash flow from financing activities		
Dividend and distribution tax paid	(29,138,897)	(49,049,614)
Interest paid	(36,539,049)	(2,721,556)
Net cash used in financing activities (C)	(65,677,946)	(51,771,170)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(12,522,187)	(116,606,266)
Cash and Cash equivalents comprise of		
Cash on hand	6,100,219	2,184,133
Balance with banks*	153,160,142	169,598,415
* Includes the following balance which are not available for use by the Company		
Unpaid dividend account	3,329,687	3,383,904
Cash and Cash equivalents at the beginning of the year	171,782,548	288,388,814
Cash and cash equivalents at the end of the year	159,260,361	171,782,548

Explanatory notes to Cash Flow Statement

- The Cash Flow Statement is prepared as per Accounting Standard 3 (notified pursuant to the Companies (Accounting Standards) Rules, 2006).
- The net profit / loss arising due to conversion of current assets / liabilities, receivable / payable in foreign currency is furnished other non cash items.

As per our report of even date

For Reddy, Goud & Janardhan

Chartered Accountants

Firm Registration No. 003254S

B Anand

Partner
Membership No. 29146

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Coimbatore
17.05.2013

Significant accounting policies to the consolidated accounts

1. a. Basis of preparation of financial statements

The Consolidated financial statements (CFS) relate to M/s. Elgi Rubber Company Limited (hereinafter referred to as the “Company”) and its Subsidiaries (hereinafter referred as the “Group”).

The accounts of the Group are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

b. Use of estimates

The preparation of financial statements in conformity with (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the date of financial statements and the results of operations during the reporting period. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from the estimates. Any revision to accounting estimates is recognised in the period in which such results are known / materialised.

c. Principles of consolidation

- i. The consolidated financial statements of M/s. Elgi Rubber Company Limited together with audited financial statements of its subsidiaries as described in 1c (vi) hereunder, have been considered for the purpose of consolidation.
- ii. The financial statements of the parent company and its subsidiaries as described hereunder have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of the subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of the acquisition or upto the effective date of disposal as appropriate. All significant intra-group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its shares in the post acquisition change in the relevant reserves of the Subsidiaries.
- iii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company’s financial statements.
- iv. Minority interest in the net income and in the net asset of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority interest in the subsidiaries equity are allocated against the interest of the group.
- v. Un amortised carrying value of the goodwill is tested for impairment as at each balance sheet date,
- vi. Subsidiaries
 - Treadsdirect Limited, India
 - Titan Tyrecare Products Limited, India
 - Elgi Industria E Comercio De Borrachas Ltda, Brasil
 - ELGI Rubber Company LLC, USA
 - Treadsdirect Limited, Kenya
 - Treadsdirect Limited, Sri Lanka
 - Treadsdirect Limited, Bangladesh
 - Treadsdirect LLC, USA
 - Treadsdirect Limited, Mauritius
 - Borrachas E Equipamentos Elgi Ltda, Brasil
 - Rubber Resources B.V., The Netherlands
 - & its subsidiary of Rubber Resources LLC, USA
 - Pincott International Pty Limited, Australia
 - Elgi Rubber Company B.V., The Netherlands
- vii. In respect of subsidiaries having different reporting date, adjustments have been made for the effects of significant transactions or other events that occurred between dates of financial statements of subsidiaries and the date of the financial statements of the parent company.
- viii. The transaction of foreign currencies into Indian Rupees (reporting currency) is performed for monetary assets and liabilities using the current exchange rates in effect at the balance sheet date. For revenues, cost and expenses using the simple average of the monthly closing rates prevailing during the reporting period. For share capital, exchange rate on the date of the transaction has been adopted.

2. Revenue recognition

- a. Sales are recognized upon delivery of products and are recorded exclusive of excise duty, service tax and sales tax.
- b. Export benefits are accounted on accrual basis.
- c. Dividend income from investment in mutual funds is recognized on declaration of the same by the respective agency
- d. Dividend from other companies is accounted on confirmation in the Annual General Meeting of the respective companies.
- e. Interest Income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable

3. Fixed assets

- a. Fixed assets are reflected at historical cost (net of Cenvat / VAT) less depreciation to date.
- b. At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in the statement of profit and loss.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any) on straight line basis over its remaining useful life.

4. Depreciation

- a. Depreciation on fixed assets for items other than referred to in item 5(c), is provided on written down value / straight line method as the case may be and at rates permissible under applicable local laws or such rates so as to write off the value of assets over their useful life.
- b. Assets purchased, where the actual cost does not exceed Rs. 5,000/- is depreciated at the rate of 100%, in the year of purchase.
- c. Intangible assets of software / technical know how are amortized over a period of 3 / 10 years respectively on a pro rata basis, which is estimated to be the life of the intangible asset.
- d. Depreciation in respect to assets of overseas subsidiaries is provided over the estimated useful life by using the written down value (WDV) / straight line method.
- e. However, the said rates of depreciation, in respect of overseas subsidiaries are higher than the rates prescribed vide Schedule XIV to the Companies Act, 1956.

5. Research and Development

Any intangible / tangible asset generated out of the Research and Development activity is amortized / written off over the estimated life of the asset.

6. Investments

Investments are reflected at cost, except cases where provision is considered necessary.

7. Inventories / Stock of securities

Inventories / Stock of Securities are stated at the lower of cost or net realisable value. Cost in respect of inventories is determined at the weighted average method. The cost of finished goods and work in process comprises raw material, direct labour, other direct costs and related production overheads allocated on the basis of the normal capacity of production. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

8. 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 items income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts, with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

9. Exchange fluctuation

- a. Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction.
- b. Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end rates are recognized in the statement of profit and loss.
- c. In the case of forward contract, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

10. Employee / Retirement benefits

In respect of Parent Company including Indian subsidiaries

- a. Provident Fund: Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon, are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered provident fund. The Company has no obligation beyond its contribution.
- b. Gratuity: A defined benefit retirement plan (the "Gratuity Plan") is provided for all eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lumpsum amount to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the respective Employees' Gratuity Fund Trust and the contributions to the trust are invested in the Life Insurance Corporation of India administered Fund.
- c. Superannuation: Certain employees of the Company are also participants in a defined contribution plan. The Company makes the contributions to the Superannuation plan administered by the Company Employees' Superannuation Fund Trust. The Company has no further obligations to the Plan beyond its monthly contributions.
- d. Expenses on exgratia payment to employees, a defined contribution plan, is accounted as and when accepted by the management.
- e. Provision in respect of compensated absence is made, based on actuarial valuation.

f. In respect of foreign subsidiaries

Foreign subsidiaries make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Statement of Profit and Loss in the year in which liability arises.

11. Lease

The Company is leasing out tyre retreading machineries to customers. In respect of assets given under a finance lease, the same is recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue.

12. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

13. Borrowing costs

Borrowing costs relating to acquisition are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use / sale. All other borrowing costs not eligible for inventorisation / capitalisation are charged to revenue.

14. Deferred tax

- a. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- b. Deferred tax assets are recognized on unabsorbed capital losses only if it is reasonably certain that such deferred tax assets can be realised against future taxable capital gains.
- c. In the absence of requirement, the following subsidiaries have not provided for deferred tax
 - Elgi Industria E Comercio De Borrachas Ltda, Brasil
 - Treadsdirect Limited, Bangladesh
 - Treadsdirect Limited, Mauritius
 - Borrachas E Equipamentos Elgi Ltda, Brasil
 - Rubber Resources B.V., The Netherlands & its subsidiary of Rubber Resources LLC, USA
 - Elgi Rubber Company B.V., The Netherlands
 - Pincott International Pty Limited, Australia

15. Treatment of contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

2. Notes on consolidated accounts for the year ended 31st March 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.01 Share Capital

	31.03.2013 Rs.	31.03.2012 Rs.
Authorised		
300,300,000 (300,300,000) equity shares of Re.1/- each (Re.1/- each)	300,300,000	300,300,000
Issued and subscribed and fully paid up		
50,050,000 (50,050,000) equity shares of Re.1/- each (Re. 1/- each) fully paid up	50,050,000	50,050,000
	50,050,000	50,050,000

The Company has only one class of shares, referred to as equity shares, having a par value of Re.1/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

The Board of Directors, in their meeting on 17th May, 2013, proposed a final dividend of Re. 0.80 per share. The proposal is subject to the approval of the shareholders at the annual general meeting to be held. The total dividend appropriation for the year ended 31st March, 2013 amounted to Rs. 40,040,000/- including Corporate dividend tax of Rs. 3,575,748/-. Dividend, if approved, is payable to the shareholders in proportion to their shareholding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of shares

	No. of Shares	31.03.2013 Rs.	No. of Shares	31.03.2012 Rs.
Equity Shares				
Balance as at the beginning of the previous year	50,050,000	50,050,000	50,050,000	50,050,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	50,050,000	50,050,000	50,050,000	50,050,000

Note

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	No. of shares	Percentage	No. of shares	Percentage
Sudarsan Varadaraj	20,602,454	41.16%	19,578,642	39.12%
LRG Technologies Limited	3,541,475	7.08%	3,541,475	7.08%

No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding March 31, 2013.

49,550,000 Equity shares of Re.1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010 - 11.

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
2.02 Reserves and surplus				
a. Capital Reserve				
Opening balance	283,417,665		283,417,665	
Add: Addition during the year	-		-	
Balance as at the end of the year	-----	283,417,665	-----	283,417,665
b. Securities Premium account				
Opening balance	1,914,864		1,914,864	
Add: Receipt on issue of securities	-		-	
Balance as at the end of the year	-----	1,914,864	-----	1,914,864
c. General Reserve				
Opening balance	1,197,878,428		1,188,491,355	
Add : Transfer from Statement of Profit and Loss	28,731,000		9,387,073	
Balance as at the end of the year	-----	1,226,609,428	-----	1,197,878,428
d. Foreign Currency Translation Reserve				
Opening balance	176,857,729		120,149,771	
Add: Addition during the year	31,392,722		56,707,958	
Balance as at the end of the year	-----	208,250,451	-----	176,857,729
e. Investment Reserve for fall in value of investments				
Opening balance	21,403,837		20,005,147	
Add: Addition during the year	-		1,398,690	
Balance as at the end of the year	-----	21,403,837	-----	21,403,837
f. Surplus in Statement of Profit and Loss				
Opening balance	756,274,628		652,340,453	
Add: Profit for the year	<u>225,329,462</u>		<u>142,405,928</u>	
Amount available for appropriation	981,604,090		794,746,381	
Less: Appropriations				
Proposed dividend on equity shares for the year	40,040,000		25,025,000	
Dividend distribution tax on proposed dividend of equity shares	3,575,748		4,059,680	
Transfer to General Reserve	28,731,000		9,387,073	
Balance as at the end of the year	-----	909,257,342	-----	756,274,628
		2,650,853,587		2,437,747,151
2.03 Long term borrowings				
Secured				
Long term debts from banks		406,016,360		39,320,039
(Refer Note 2.06 for details of securities offered)		406,016,360		39,320,039
2.04 Other long term liabilities				
Consideration payable for acquisition of subsidiary		50,071,536		65,392,060
		50,071,536		65,392,060
2.05 Long term provisions				
Provision for excise disputes		146,616		146,616
Provision for purchase tax, VAT disputes		19,129,109		42,214,912
Provision for EPCG disputes		2,564,587		2,564,587
		21,840,312		44,926,115
Provisions in respect of disputes represents claims against the company on account of differential treatment given by statutory authorities/ rejection of certain claims by the company.				
2.06 Short term borrowings				
Secured				
Loan against fixed deposits with State Bank of India & Bank of India		40,000,000		45,353,527
Packing credit facility from State Bank of India		27,194,650		27,563,698
Working capital and cash credit facility from banks		397,500,102		208,585,836
Unsecured				
Loan from directors		4,000,000		-
		468,694,752		281,503,061

Holding Company

- a. Loan against fixed deposits with State Bank of India amounting to Rs. 26,500,000 (Rs. 45,353,527) and with Bank of India amounting to Rs. 13,500,000 (Nil) are secured by a lien and pledge of fixed deposit receipts with the State Bank of India, Bank of India respectively and are repayable on demand.
- b. Cash credit / export packing credit facility availed from State Bank of India is secured by first charge over raw materials, stock in process, finished goods, receivables and other current assets.
- c. Bill discounting / Letter of credit and bank guarantee facilities are secured by documents to title goods and first charge over the current assets as stipulated.

Banking facilities referred to in (b) and (c) above are further secured by first charge over the entire fixed assets of the company including land and building located at Kanjikode, Chengalpattu, Kurichi, Neelambur, Aralvaimozhi and Tirunvelveli.

Subsidiary Companies

- a. Treadsdirect Limited, India
 - i. Cash credit facility availed from State Bank of India is secured by first charge over raw materials, stock in process, finished goods, receivables and other current assets.
 - ii. Letter of credit and bank guarantee facilities are secured by documents to title goods and first charge over the current assets as stipulated. Banking facilities referred to in (i) and (ii) above are further secured by first charge over the entire fixed assets of the company including land and building located at Palakkad and Puducherry.
- b. Treadsdirect Limited, Sri Lanka
Banking facility availed from State Bank of India, Colombo, Srilanka is secured by Inventories, trade debtors and further secured by first charge over the fixed assets of the company including building on leasehold land located at Dankotuwa, Sri Lanka
- c. Pincott International Pty. Ltd, Australia
Banking facility availed from National Australia Bank, NSW, Australia is secured by Inventories, Trade debtors and further secured by first charge over the plant and machinery of the company.
Further, it has been secured by a standby letter of credit issued by the banker's of the holding company.
- d. Rubber Resources BV., The Netherlands
Banking facility availed from Rabobank, Masstricht, the Netherlands is secured by Inventories, Trade debtors and further secured by first charge over the plant and machinery of the company.

	31.03.2013 Rs.	31.03.2012 Rs.
2.07 Trade payables		
Trade payables	489,608,617	301,811,088
	489,608,617	301,811,088
2.08 Other current liabilities		
Current maturities of long term debt	53,054,838	26,125,921
Employee benefits payable	4,044,027	7,743,475
Employee recoveries payable	3,878,724	219,403
Unpaid dividend	3,329,687	3,383,904
Statutory dues (Including provident fund, withholding and other taxes payable)	24,488,785	20,387,447
Other payables	52,901,812	46,345,429
Advance received from customers	19,400,082	17,851,637
	161,097,955	122,057,216

There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.

2.09 Short term provisions		
Provision for compensated absence	6,740,328	5,857,290
Other provisions	75,719,793	99,391,900
Payable to key management personal	3,271,121	12,510,220
Provision for proposed dividend on equity shares	40,040,000	25,025,000
Provision for dividend distribution tax on proposed dividend on equity shares	3,575,748	4,059,680
	129,346,990	146,844,090

2.10 Fixed Assets

Description	Gross Block					Depreciation					Net Block		
	Asat 01.04.2012 Rs.	FCTR Rs.	Additions Rs.	Transfer/ Deletions Rs.	Asat 31.03.2013 Rs.	Asat 01.04.2012 Rs.	FCTR Rs.	For the year Rs.	Transfer/ Deletions Rs.	Asat 31.03.2013 Rs.	Asat 31.03.2013 Rs.	Asat 31.03.2012 Rs.	
Land	310,236,946	(289,873)	1,913,200	6,279	311,853,994	-	-	-	-	-	311,853,994	310,236,946	
Building	257,660,503	7,586,800	22,381	-	265,269,684	105,116,112	328,390	10,393,489	-	115,837,991	149,431,693	152,544,391	
Plant & Machinery	2,983,167,533	20,162,542	62,961,323	423,399	3,065,867,999	2,492,763,436	9,578,417	98,114,433	2,110,616	2,598,345,670	467,522,329	490,404,097	
Furniture & Fittings	13,624,135	243,917	4,328,746	-	18,196,798	11,218,440	244,840	2,608,176	-	14,071,456	4,125,342	2,405,695	
Vehicle	26,475,199	82,243	3,111,249	2,685,635	26,983,056	19,910,305	70,762	2,242,952	-	22,224,019	4,759,037	6,564,894	
Intangible Assets	23,788,861	443,109	292,712	-	24,524,682	16,033,285	97,224	1,414,346	-	17,544,855	6,979,827	7,755,576	
Total	3,614,953,177	28,228,738	72,629,611	3,115,313	3,712,696,213	2,645,041,578	10,319,633	114,773,396	2,110,616	2,768,023,991	944,672,222	969,911,599	
							31.03.2013					31.03.2012	
						Rs.	Rs.			Rs.		Rs.	
2.11 Non Current Investments													
Other investments (Long term, valued at cost)													
Quoted													
a. Investment in equity instruments								250,400				250,400	
b. Investment under the portfolio management scheme of HDFC								5,456,696				7,261,076	
Unquoted													
a. Investment in equity instruments												42,020	
b. Investment in government securities								10,006,000				10,006,000	
c. Investment in mutual fund								9,149,000				9,199,000	
								24,862,096				26,758,496	
2.12 Deferred tax assets (Net)													
Deferred tax assets – Attributable to													
Expenses allowable for tax purpose when paid													
Elgi Rubber Company Limited, India					7,981,000					13,628,000			
Treadsdirect Limited, India					774,000					7,797,000			
Treadsdirect LLC, USA					9,241,177					9,079,002			
Titan Tyrecare Products Limited, India					-					1,893,184			
ELGI Rubber Company LLC, USA					-					1,420,534			
Provision for doubtful debts													
Elgi Rubber Company Limited, India					11,000					34,000			
Treadsdirect Limited, India					261,000					979,000			
Voluntary retirement scheme payment allowed													
Treadsdirect Limited, India					5,051,000					-			
Titan Tyrecare Products Limited, India					1,420,000					-			
Total (A)								24,739,177				34,830,720	
Deferred tax liability – Attributable to depreciation													
Elgi Rubber Company Limited, India					8,146,000					10,600,000			
Treadsdirect Limited, India					781,000					571,000			
Titan Tyrecare Products Limited, India					1,019,000					813,184			
Treadsdirect Limited, Sri Lanka					38,385					-			
Treadsdirect Limited, Kenya					754,943					943,036			
ELGI Rubber Company LLC, USA					1,413,197					-			
Treadsdirect LLC, USA					-					36,636			
Total (B)								12,152,525				12,963,856	
Deferred tax – assets/(liability) Total (A) - (B)								12,586,652				21,866,864	
2.13 Long term loans and advances													
(Unsecured Considered good)													
Capital advances								593,186,512				47,914,668	
Security deposits								10,991,082				17,346,097	
Statutory payments								810,897				1,804,522	
Advances recoverable in cash or kind								1,810,000				1,810,000	
Deposit against sales tax disputes								7,153,598				3,384,662	
								613,952,089				72,259,949	

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
2.14 Other non current assets				
Long term deposits with banks with maturity period more than 12 months		1,871,500		1,871,500
Margin money deposits (Lien marked by bank against bank gurantees)		282,200,000		121,500,000
		284,071,500		123,371,500
2.15 Current investments (Quoted, at cost or market value, whichever is less)				
Investment in equity instruments				
332,040 equity shares of Re.1/- each paid up in Elgi Equipments Limited		4,713,300		4,713,300
2,150 equity shares of Rs.10/- each paid up in Precot Meridian Limited		190,705		184,900
		4,904,005		4,898,200
Aggregate value of quoted investments		4,904,005		4,898,200
Aggregate market value of quoted investment		25,093,705		25,087,900
2.16 Inventories				
a. Raw materials				
Polimers	217,801,881		73,935,709	
Carbon black	44,770,163		5,948,396	
Butyl scrap & rubber dust	99,945,848		93,591,162	
Others	104,833,747		324,271,991	
		467,351,639		497,747,258
b. Work in process		50,331,882		83,210,894
c. Finished goods (Reclaimed rubber materials and retreading raw materials)		364,727,129		260,990,027
d. Stock in trade (Traded goods)		32,091,050		112,964,870
e. Stores and spares		95,181,201		36,396,774
f. Others				
Packing materials		16,020,331		17,748,949
Scrap		402,971		454,447
Material in transit		8,996,508		6,019,952
Consignment stock		2,278,545		-
		1,037,381,256		1,015,533,171
2.17 Trade receivables				
(Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for payment	15,858,566		26,764,179	
Others	714,804,418		693,132,966	
		730,662,984		719,897,145
(Unsecured, considered doubtful)				
Outstanding for a period exceeding six months from the date they are due for payment	25,963,079		54,516,895	
Others	805,243		-	
	26,768,322		54,516,895	
Less: Provision for doubtful debts	26,768,322	-	54,516,895	-
		730,662,984		719,897,145

	31.03.2013 Rs.	31.03.2012 Rs.
2.18 Cash and Bank Balances		
Cash and Cash equivalents		
Cash on hand	6,100,219	2,184,133
Bank balances		
In current account	63,425,988	39,553,024
In demand deposits	87,500,000	120,366,361
(Out of the above, deposits of Rs. 45,000,000/- (Rs. 50,000,000/-) have been pledged with the Bank for the purpose of availing loan on fixed deposit)		
Other bank balances	2,043,912	9,679,030
Long term deposits with maturity more than 3 months but less than 12 months in demand deposits	102,876,935	30,921,753
(Out of the above, deposits of Rs. 25,000,000/- (Rs. 5,000,000/-) have been pledged with the bank for the purpose of availing loan on fixed deposits)		
Unpaid dividend account	3,329,687	3,383,904
Funds in transit	190,242	-
	265,466,983	206,088,205
2.19 Short term loans and advances		
(Unsecured, considered good)		
Advance payment of Income tax	70,741,358	14,632,113
MAT credit	833,000	-
Balances with customs, central excise, vat etc.	50,266,408	48,263,272
Receivable from government DEPB / duty draw back etc	24,345,431	19,868,121
Prepaid expenses	10,689,167	9,080,841
Others	195,558,999	70,989,328
	352,434,363	162,833,675
2.20 Other current assets		
(Unsecured, considered good)		
Income accrued on deposits	25,159,766	18,592,104
Income accrued on investments	14,989,221	7,689,369
	40,148,987	26,281,473
2.21 Contingent liabilities and commitments (to the extent not provided for)		
i. Claims against the Company not acknowledged as debts		
a. Income tax matters	13,402,060	751,290
b. Excise, sales and service tax matters	13,226,362	13,446,362
c. Stamp duty	4,368,304	4,368,304
ii. Capital commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	76,528,781	8,733,750
b. Uncalled liability on shares and other investments partly paid - Payable in respect of purchase of shares of Rubber Resources BV(RR) on achievement of milestones	EUR 1,080,000	EUR 1,440,000
iii. Other commitments		
a. During the year, the Company has issued an undertaking to provide need based financial support to its following wholly owned subsidiary Companies:		
i. Pincott International Pty Ltd, Australia	AUD 577,771	AUD 477,771
ii. Borrachas E Equipamentos ELGI Ltda, Brasil	BRL 3,900,000	-
iii. Elgi Rubber Company B.V., The Netherlands	EUR 300,000	-
b. Guarantee on account of unpaid liability on account of purchase of shares of RR as stated in column (ii) (b) above	EUR 1,080,000	EUR 1,440,000
c. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities	26,418,919	14,908,409
d. Letter of credit on account of import of goods	USD 114,580	-
2.22 Proposed dividend		
The final dividend proposed for the year is as follows		
On equity shares of Re.1/- each		
Amount of proposed dividend per equity share	Re. 0.80	Re. 0.50

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
2.23 Revenue from operations				
a. Sale of products				
Finished goods	4,023,870,519		4,592,337,209	
Traded goods	971,770,529		364,017,490	
b. Sale of services	2,766,422		13,230,609	
c. Sale of electricity	6,479,588		7,500,074	
d. Other operating revenues - scrap sales	3,399,064		3,276,224	
		5,008,286,122		4,980,361,606
Sales (Finished goods)				
Reclaim rubber material	2,052,234,851		461,697,258	
Retreading raw material	705,487,586		3,989,830,751	
Envelope	102,333,716		94,863,972	
Rubber compound sheets	1,163,814,366		45,945,228	
		4,023,870,519		4,592,337,209
Sales (Traded goods)				
Retreading machinery accessories and others		971,770,529		364,017,490
2.24 Other income				
a. Interest income				
from bank	48,023,681		27,209,358	
from others	12,563,609		12,477,046	
		60,587,290		39,686,404
b. Dividend income		1,119,569		1,154,625
c. Net gain on sale of investments		523,241		64,373
d. Net gain on sale of assets		10,502,702		65,288,330
e. Rent received		180,000		763,740
f. Income from electricity generations		27,154,489		17,282,157
g. Liabilities written back to the extent no longer required		27,149,801		-
h. Net gain on foreign currency transactions and translations		4,275,669		19,270,983
i. Claims received from insurance company		7,779,754		1,093,393
j. Sales tax refund		4,015,521		-
k. Duty draw back / rebate of exercise duty		1,170,222		169,239
l. Miscellaneous income		4,336,203		17,770,113
		148,794,461		162,543,357
2.25 Cost of material consumed				
Raw material consumed				
Opening inventory	497,747,258		619,938,028	
Add: Purchase	1,904,036,863		2,613,182,015	
Less: Inventory at the end of the year	467,351,639		497,747,258	
Cost of raw material consumed during the year		1,934,432,482		2,735,372,785
Packing material consumed				
Opening inventory	17,748,949		2,697,020	
Add: Purchase	113,566,230		37,870,149	
Less: Inventory at the end of the year	16,020,331		17,748,949	
Cost of packing material consumed during the year		115,294,848		22,818,220
		2,049,727,330		2,758,191,005
2.26 Changes in inventory of finished goods and work in process				
Stock at the end of the year				
Finished goods	364,727,129		260,990,027	
Work in process	50,331,882		83,210,894	
Stock in trade	32,091,050		112,964,870	
Scrap	402,971		454,447	
Securities	4,904,005		4,898,200	
		(452,457,037)		(462,518,438)
Less: Stock at the beginning of the year				
Finished goods	260,990,027		109,392,135	
Work in process	83,210,894		26,479,530	
Stock in trade	112,964,870		36,148,057	
Scrap	454,447		2,811,814	
Securities	4,898,200		2,711,112	
		462,518,438		177,542,648
(Increase) / Decrease in inventory of finished goods and work in process		10,061,401		(284,975,790)

	31.03.2013	31.03.2012
	Rs.	Rs.
2.27 Employee benefit expenses		
Salaries, wages and bonus	560,412,266	539,927,913
Contribution to provident and other funds	57,490,238	21,612,574
Gratuity paid	9,768,169	8,118,750
Staff welfare expenses	11,450,555	11,108,712
	639,121,228	580,767,949
2.28 Finance costs		
Interest on borrowings	36,539,049	2,721,556
Financial charges on borrowings	43,325,514	48,987,422
	79,864,563	51,708,978
2.29 Depreciation and amortisation expenses		
Depreciation on tangible assets	113,576,165	119,548,856
Amortisation on intangible assets	1,197,231	1,039,728
	114,773,396	120,588,584
2.30 Other expenses		
Consumption of stores and spare parts	38,173,711	52,625,170
Excise duty*	1,099,585	(2,881,042)
Power and fuel	298,521,250	257,194,165
Rent	36,710,826	49,026,872
Labour charges	115,074,418	118,257,220
Repairs and maintenance – Plant and Machinery	103,553,927	66,970,951
Repairs and maintenance – Building	8,166,371	6,132,100
Repairs and maintenance – Others	28,190,857	96,083,438
Insurance	28,790,062	24,574,515
Rates and taxes	22,747,935	15,367,134
Travelling and conveyance	38,351,515	37,880,794
Directors' Sitting fees	240,000	230,000
Statutory Auditors : Audit fees	4,590,205	2,970,021
Tax matters	137,385	167,230
Certification fees	15,000	15,000
Reimbursement of expenses	112,952	284,595
	<u>4,855,542</u>	<u>3,436,846</u>
Professional fees	27,737,779	25,124,461
Sales commission	4,055,562	10,346,837
Advertisement and other selling expenses	44,828,851	44,401,233
Carriage inward	20,803,878	25,976,097
Freight charges	133,274,566	122,772,942
Managerial remuneration	17,848,085	19,124,188
Provision for doubtful debts	837,705	1,421,659
Loss on discarding of asset	-	411,554
Loss on sale / redemption of investment	38,985	325
Provision for fall in value of investments	-	1,398,690
Miscellaneous expenses	60,613,388	103,792,369
	1,034,514,798	1,079,668,518
* represents excise duty related to the difference between the closing stock and opening stock		
2.31 Exceptional items		
Income tax relating to previous years	(3,778,179)	945,567
	(3,778,179)	945,567

	Rs.	31.03.2013 Rs.	Rs.	31.03.2012 Rs.
	Before extraordinary items	After extraordinary items	Before extraordinary items	After extraordinary items
2.32 Earnings per share				
a. Basic				
Profit after tax	225,329,462	225,329,462	142,405,928	142,405,928
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Basic EPS	4.50	4.50	2.85	2.85
b. Diluted				
Profit after tax	225,329,462	225,329,462	142,405,928	142,405,928
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Diluted EPS	4.50	4.50	2.85	2.85

2.33 Segment reporting

The Company is engaged primarily in one segment of providing solutions to the rubber industry and hence the segment reporting is not applicable.

2.34 In the opinion of Board of Directors, current assets, loans and advances, have atleast the value as stated in the balance sheet, if realised in the ordinary course of the business.

2.35 a. Number of units of investment in mutual funds are rounded off to the nearest whole number.

b. All investments are fully paid up, unless otherwise stated.

2.36 Confirmation from debtors and creditors has not been received in a few cases.

2.37 No intangible / tangible asset has been generated during the year out of the Research and Development activity.

2.38 Pursuant to Accounting Standard (AS 28) - Impairment of assets, the Company assessed its fixed assets for impairment as at March 31, 2013 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of account.

2.39 The subsidiary companies in the consolidated financial statements and its reporting date are as under

Name of the company	Reporting Date	Country of Incorporation	% of Voting power held
Treadsdirect Limited	31.03.2013	India	100.00
Titan Tyrecare Products Limited	31.03.2013	India	100.00
Borrachas E Equipamentos Elgi Ltda	31.12.2012	Brasil	100.00
Elgi Industria E Comercio De Borrachas Ltda	31.12.2012	Brasil	99.92
Treadsdirect LLC	31.12.2012	USA	100.00
Elgi Rubber Company LLC	31.12.2012	USA	100.00
Treadsdirect Limited	31.12.2012	Kenya	99.99
Treadsdirect Limited	31.12.2012	Mauritius	100.00
Treadsdirect Limited	31.12.2012	Srilanka	99.99
Treadsdirect Limited	31.12.2012	Bangladesh	100.00
Rubber Resources BV & its Subsidiary	31.12.2012	The Netherlands	100.00
Pincott International Pty. Limited	31.12.2012	Australia	100.00
Elgi Rubber Company BV	31.12.2012	The Netherlands	100.00

2.40 In view of the beneficial interest being held in the name of the holding company, no minority interest has been calculated in the case of Brasil and Sri Lanka subsidiaries

2.41 Non current investments

The following is classification of investments in accordance with AS 13: Accounting for investments

No. of units / shares		Description of investment	31.03.2013	31.03.2012
Current year	Previous year		Rs.	Rs.
		In shares (Quoted)		
		(Face value of the unit is Rs.10/- each unless otherwise stated and are fully paid up)		
40	40	Equity shares of Re. 1/- each in Elgi Equipments Limited	400	400
25,000	25,000	Equity shares of Magna Electro Castings Limited	250,000	250,000
			250,400	250,400
		In the Portfolio Management Scheme of HDFC Asset Management Company Real Estate Portfolio - I - (PMS) (Quoted)		
		In Debentures		
		(Face value of the unit is Rs.1000/- each)		
164	238	Ariisto Realtors Private Limited	164,000	238,000
41	41	Ariisto Realtors Private Limited – II	41,000	41,000
58	58	Ariisto Realtors Private Limited – III	58,000	58,000
139	139	Ariisto Realtors Private Limited - IV	139,000	139,000
320	320	Atithi Building Commodities Private Limited	320,000	320,000
44	44	Atithi Building Commodities Private Limited - II	44,000	44,000
		(Face value of the unit is Rs.100/- each)		
2,904	3,395	Almond Infrabuild Private Limited	290,400	339,500
-	1,074	Anand Divine Developers Private Limited - I	-	107,400
1,310	2,148	Anand Divine Developers Private Limited - II	131,000	214,800
-	1,282	Arimas Developers Private Limited Class A	-	128,200
-	267	Arimas Developers Private Limited Class A - Aug 2011	-	26,700
1,786	1,786	Arimas Developers Private Limited Class B - Aug 2011	178,600	178,600
-	851	BCC Infrastructure Private Limited	-	85,100
9	862	BCC Infrastructure Private Limited Class A	900	86,200
1,152	1,152	BCC Infrastructure Private Limited Class A - III	115,200	115,200
1,152	1,152	BCC Infrastructure Private Limited Class A - IV	115,200	115,200
683	1,384	Bhaveshwar Properties Private Limited	68,300	138,400
-	1,384	Bhaveshwar Properties Private Limited - II	-	138,400
1,455	1,455	Dharmesh Constructions Private Limited	145,500	145,500
1,462	1,462	Dharmesh Constructions Private Limited - II	146,200	146,200
237	633	Ekta Parksville Class A - Series 2	23,700	63,300
2,105	2,105	Ekta Parksville Homes Private Limited	210,500	210,500
527	527	Ekta Parksville Homes Private Limited - II	52,700	52,700
419	419	Ekta Parksville Homes Private Limited - III	41,900	41,900
55	639	Ekta World Private Limited - Class A - I	5,500	63,900
615	615	Ekta World Private Limited - Class A - 2	61,500	61,500
796	796	Kunal Spaces Private Limited - Class A	79,600	79,600
800	800	Kunal Spaces Private Limited - Class A - II	80,000	80,000
-	1,379	Marvel Omega Builders	-	137,900
692	989	Marvel Realtors and Developers - Series 1	69,200	98,900
1,001	1,001	Marvel Realtors and Developers - Series 2	100,100	100,100
914	914	Neelkanth Vinayak Realtors Private Limited	91,400	91,400
96	1,307	Nilkanth Tech Park Private Limited - 2011 - I	9,600	130,700
1,308	1,308	Nilkanth Tech Park Private Limited - 2011 - II	130,800	130,800
784	784	Nilkanth Tech Park Private Limited - 2011 - III	78,400	78,400
-	193	Nitesh Housing Developers Private Limited - I	-	19,300
-	689	Nitesh Housing Developers Private Limited - II	-	68,900
278	496	Nitesh Housing Developers Private Limited - III	27,800	49,600
332	332	Nitesh Housing Developers Private Limited - IV	33,200	33,200

No. of units / shares		Description of investment	31.03.2013		31.03.2012	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
551	551	Nitesh Land Holding Private Limited		55,100		55,100
1,514	1,514	Runwal Township Private Limited Class B		151,400		151,400
5,321	5,321	Runwal Township Private Limited		532,100		532,100
-	1,330	Total Environment Building Private Limited		-		133,000
-	799	Total Environment Building Private Limited - II		-		79,900
-	665	Total Environment Building Private Limited - III		-		66,500
-	691	Total Environment Building Private Limited - IV		-		69,100
3,440	3,440	Total Environment Habitat Private Limited		344,000		344,000
923	923	Total Environment Projects - I		92,300		92,300
55	55	Total Environment Projects - II		5,500		5,500
212	212	Total Environment Projects - III		21,200		21,200
864	864	VBHC Chennai Value Homes Private Limited - Class A		86,400		86,400
499	736	VBHC Delhi Projects Private Limited - 2011		49,900		73,600
699	699	VBHC Delhi Value Homes Private Limited - I		69,900		69,900
1,501	1,896	VBHC Mumbai Value Homes Private Limited		150,100		189,600
-	678	VBHDC Bangalore Value Homes Private Limited - I		-		67,800
				4,611,100		6,435,400
		In equity / preference shares				
1,399	1,700	Ansal Hi-Tech Townships Limited		123,441		150,000
284	284	Arimas Developers Private Limited (Preference)		284		284
28	28	BCC Infrastructure Private Limited		280		280
85	85	BCC Infrastructure Private Limited (Preference)		850		850
256	256	Ekta World Private Limited (Preference)		256		256
6	6	Godrej Estate Developers Private Limited		110,204		110,204
68	68	Godrej Sea View Properties Private Limited		152,653		152,653
26	26	Kunal Spaces Private Limited		260		260
-	25	Marvel Omega Builders Class B		-		250
139	139	Nitesh Housing Developers Private Limited		49,545		49,545
-	107	Runwal Homes Private Limited		-		153,940
26	26	Runwal Township Private Limited Class A (Preference)		26		26
39	39	Runwal Township Private Limited Class B (Preference)		39		39
26	26	Runwal Township Private Limited Class C (Preference)		109,135		109,135
74	74	Total Environment Projects I Private Limited		740		740
-	30	VBHDC Bangalore Value Homes Private Limited		-		300
13	13	VBHC Chennai Value Homes Private Limited		130		130
131	131	VBHC Delhi Projects Private Limited Class A		131		131
12	12	VBHC Delhi Value Homes Private Limited		120		120
131	131	VBHC Mumbai Value Homes Private Limited		131		131
				548,225		729,274
		In mutual funds				
		(Face value of the unit is Rs. 10/- each)				
21,142	9,617	Cash and treasury advantage plan – WD		297,371		96,402
				5,456,696		7,261,076
		In equity investment (Unquoted)				
		(Face value of the unit is Rs. 10/- each unless otherwise stated and are fully paid up)				
-	11,000	Equity shares of Vijay Electro Automation Limited	42,020		42,020	
		Less : Sold during the year	42,020	-	-	42,020

No. of units / shares		Description of investment	31.03.2013		31.03.2012	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
		In government securities (Unquoted) (Face value of the unit is Rs. 10/- each unless otherwise stated)				
1,000	1,000	Non convertible redeemable taxable bonds National Highways Authority of India (Bonds of Rs. 10,000/- each) Less : Redeemed during the year	10,000,000		10,000,000	
			5,000,000		-	
			5,000,000		10,000,000	
-	-	Add : Purchased during the year National Savings Certificate	5,000,000		-	
			6,000		6,000	
				10,006,000		10,006,000
		In mutual funds (Unquoted) (Face value of the unit is Rs. 10/- each unless otherwise stated)				
9,149	9,199	IL & FS Milestone Fund – I (Units of Rs. 1,000/- each) Less : Return of contribution	9,199,000		9,199,000	
			50,000		-	
				9,149,000		9,199,000
				24,862,096		26,758,496
Aggregate amount of investments						
Unquoted			19,149,000		19,247,020	
Quoted:						
Cost			5,713,096		7,511,476	
Market value			10,084,056		11,533,509	

2.42 Related Party disclosure (as identified by the Company)

Description of the nature of transaction	Description of relationship	Related party	31.03.2013 Rs.	31.03.2012 Rs.
Purchase of goods	Other related parties	Elgi Ultra Industries Limited	8,433,696	10,706,604
		Elgi Equipments Limited	270,000	5,515
		Festo Controls Private Limited	10,979	-
		Ellargi & Co.,	2,883,239	3,400,949
Rendering of services	Other related parties	Elgi Equipments Limited	922,688	969,452
Receiving of services	Other related parties	Elgi Equipments Limited	182,173	-
Managerial remuneration	Key managerial personnel	Sudarsan Varadaraj	16,183,121	16,542,220
Salary to other key managerial personnel	Key managerial personnel	SR Venkatachalam	1,349,038	1,214,465
		T Ashokanand	1,488,006	1,381,968
		R Gopalan	1,280,160	1,200,000
Rent paid	Key managerial personnel	Sudarsan Varadaraj	360,000	360,000
Dividend received	Other related parties	Elgi Equipments Limited	332,080	332,080
Interest paid	Key managerial personnel	Sudarsan Varadaraj	585,568	1,321,808
Loans outstanding	Key managerial personnel	Sudarsan Varadaraj	20,000,000	37,000,000
Loan payable	Key managerial personnel	Sudarsan Varadaraj	4,000,000	-
Payable to managerial person	Key managerial personnel	Sudarsan Varadaraj	3,271,121	12,510,220
Advance for purchase of capital goods & others	Other related parties	Elgi Equipments Limited	-	88,240
Trade payables	Other related parties	Elgi Equipments Limited	-	5,515
		Elgi Ultra Industries Limited	71,967	504,246
		Ellargi & Co.,	10,097	47,900
Trade receivable	Other related parties	Elgi Equipments Limited	615,287	361,011
		Ellargi & Co.,	100,000	100,000
Labour charges paid	Other related parties	Elgi Equipments Limited	46,326	-

In respect of the above parties, there is no provision for doubtful debts as on 31st March 2013 and no amount has been written off / written back during the year in respect of debts due from / to them .

As per our report of even date

For Reddy, Goud & Janardhan

Chartered Accountants

Firm Registration No. 003254S

B Anand

Partner
Membership No. 29146
Coimbatore
17.05.2013

MD Selvaraj
Director

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial year ending of the subsidiary	Number of shares held ordinary	Extent of holding %	Net aggregate amount of subsidiary's profit/(loss) not dealt with in the holding Company's account		Net aggregate amount of subsidiary's profit/(loss) dealt with in the Holding Company's account		Dividend declared for the year
				for the current financial year	for the previous financial year	for the current financial year	for the previous financial year	
1	2	3	4	5	6	7	8	9
Treadsdirect Limited, India	31.03.2013	4,750,000	100.00	Rs. 109,993,701	Nil	Nil	Nil	Nil
Titan Tyrecare Products Limited, India	31.03.2013	Equity shares of 1,000,000 & 10% Redeemable preference shares 1,000,000	100.00	Rs. 3,912,887	Nil	Nil	Nil	Nil
ELGI Rubber Company LLC, USA	31.12.2012	3,000,000	100.00	\$ 12,138	Nil	Nil	Nil	Nil
Elgi Industria E Comercio	31.12.2012	6,515,000	99.92	Nil	Nil	Nil	Nil	Nil
De Borrachas Ltda, Brasil	31.12.2012	Ordinary shares 23,999	99.99	Ksh. 14,175,177	Nil	Nil	Nil	Ksh.9,600,000
Treadsdirect Limited, Kenya	31.12.2012	Ordinary shares 1,000,000	99.99	SLR 19,180,434	Nil	Nil	Nil	SLR 5,862,505
Treadsdirect Limited, Sri Lanka	31.12.2012	Preference shares 690,000	100.00	TK 551,793	Nil	Nil	Nil	Nil
Treadsdirect Limited, Bangladesh	31.12.2012	Ordinary shares 51,700	100.00	M.Rs (1,035)	Nil	Nil	Nil	Nil
Treadsdirect Limited, Mauritius	31.12.2012	Ordinary Shares 175,000	100.00	\$ 10,718	Nil	Nil	Nil	Nil
Treadsdirect LLC, USA	31.12.2012	Ordinary shares 9,485,000	100.00	R\$ (1,024,172)	Nil	Nil	Nil	Nil
Borrachas e Equipamentos Elgi Ltda, Brasil	31.12.2012	Ordinary shares 1,000	100.00	Euro 337,320	Nil	Nil	Nil	Nil
Rubber Resources BV, The Netherlands	31.12.2012	Euro 18,000	100.00	Euro (82,761)	Nil	Nil	Nil	Nil
ELGI Rubber Company BV, The Netherlands	31.12.2012	Euro Shares 100 of \$ 1 Each	100.00	\$ (163,035)	Nil	Nil	Nil	Nil
Pincott international Pty Ltd, Australia	31.12.2012	Ordinary Shares 100 of \$ 1 Each	100.00		Nil	Nil	Nil	Nil

1. Changes in the interest of the Holding company between the end of the Subsidiary's financial year ended March 31, 2013 and December 31, 2012 (as the case may be) and Holding company for the financial year ended March 31, 2013 : NIL

2. Material changes between the end of the Subsidiary's financial year ended March 31, 2013 and December 31, 2012 (as the case may be) and Holding company for the financial year ended March 31, 2013: NIL

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total assets	Total liabilities	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	2	3	4	5	6	7	8	9	10	11	12
Treadsdirect Limited, India	Rupee	1.00	47,500,000	218,722,118	559,957,409	293,735,291	1,756,475,020	165,193,700	55,200,000	109,993,700	-
Titan Tyrecare Products Limited, India	Rupee	1.00	20,000,000	(3,205,706)	157,847,538	141,053,244	77,325,961	4,628,887	716,000	3,912,887	-
ELGI Rubber Company LLC, USA	Dollar	54.39	147,990,798	13,347,446	176,066,598	14,728,354	208,441,315	640,698	-	640,698	-
Elgi Industria E Comercio	Real	26.83	102,118,893	12,637,310	114,756,203	-	-	-	-	-	5,952,000
De Borrachas Ltda, Brasil	Shilling	0.62	2,008,731	55,374,436	64,493,264	7,110,097	54,639,057	12,167,846	3,520,986	8,646,860	2,462,252
Treadsdirect Limited, Kenya	Rupee	0.42	11,359,875	11,323,833	27,331,504	4,647,796	56,892,396	8,387,169	619,093	7,768,076	-
Treadsdirect Limited, Sri Lanka	Taka	0.68	4,417,290	2,492,539	7,278,389	368,560	523,639	523,639	167,732	355,907	-
Treadsdirect Limited, Bangladesh	Rupee	1.67	1,451,645	(225,169)	1,310,120	83,644	-	(1,739)	-	(1,739)	-
Treadsdirect LLC, USA	Dollar	54.39	5,050,878	4,184,238	45,691,130	36,456,014	38,938,991	565,734	-	565,734	-
Borrachas e Equipamentos Elgi Ltda, Brasil	Real	26.83	56,134,552	(144,349,326)	236,337,172	324,551,946	372,355,006	(24,421,798)	(3,645,641)	(28,067,439)	-
Rubber Resources BV, The Netherlands	Euro	69.54	92,652,183	236,165,290	1,376,175,971	1,047,358,498	1,520,789,163	14,592,664	(8,649,324)	23,241,988	-
ELGI Rubber Company BV, The Netherlands	Euro	69.54	1,222,650	(5,726,455)	19,174,733	23,678,538	15,627,216	(6,890,780)	(1,188,311)	(5,702,469)	-
Pincott international Pty Ltd, Australia	Dollar	56.53	106,634,402	(107,747,620)	49,061,064	50,174,282	88,309,567	(8,923,746)	-	(8,923,746)	-

The figures in the foreign currency have been converted into Indian Rupees based on the appropriate exchange rates as on 31.03.2013.

Coimbatore
17.05.2013

C Shankar
Company Secretary

SR Venkatachalam
Vice President - Finance

Sudarsan Varadaraj
Chairman & Managing Director

Elgi Rubber Company Limited

2000 Trichy Road Coimbatore 641 005 India

Tel : +91 (422) 232 1000 Fax : +91 (422) 232 2222

e-mail : Info@in.elgirubber.com www.elgirubber.com

Notice of the Annual General Meeting

Notice is hereby given that the 7th Annual General Meeting of the members of M/s.Elgi Rubber Company Limited will be held on Monday, August 12, 2013 at 3.00 PM at “Siruthuli”, Noyyal Life Centre, Sungam Bye Pass Road, South of Railway Bridge, Coimbatore – 641 045 to transact the following business:

Agenda

Ordinary Business

1. To receive, consider and adopt the audited balance sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with reports of the Board of Directors and the auditors thereon.
2. To declare dividend for the year ended March 31, 2013.
3. To appoint a director in the place of MD Selvaraj who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a director in the place of Suresh Jagannathan who retires by rotation, and being eligible offers himself for reappointment.
5. To appoint auditors and fix their remuneration.

Notes

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
2. **The instrument appointing a proxy must be deposited with the registered office of the Company not less than 48 hours before the commencement of the meeting.**
3. Members who hold shares in dematerialised form are requested to bring their Client ID or DP ID numbers for easy identification of attendance at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 03, 2013 to August 12, 2013 (both days inclusive) for the purpose of payment of dividend.

5. Payment of dividend as recommended by the board, if approved by the members, will be made on or after August 21, 2013 in respect of the shares held in physical form to those members whose names appear in the Register of Members as on August 03, 2013 and in respect of shares held in electronic form, to those deemed members whose names appear in the statement of beneficial ownership furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of the business hours on August 02, 2013.
6. The dividend declared by erstwhile Elgi Rubber Company Limited in August 2005 and which remained unclaimed have been transferred to Investor Education and Protection Fund established by the Central Government pursuant to Section 205 A of the Companies Act, 1956.
7. The dividend declared by erstwhile Elgi Rubber Company Limited in August 2006 and remaining unclaimed at the end of seven years will be transferred to Investor Education and Protection Fund of the Central Government during September 2013. **It may be noted that once the unclaimed dividend is transferred to the fund as above, no claim shall lie with the Company in respect of such amount.**
8. Members who have not encashed their dividend warrants (issued by erstwhile Elgi Rubber Company Limited and/ or Treadsdirect Limited) for the financial year 2006-2007 or any subsequent financial years are advised to claim the dividend(s) by writing to the Company’s R & T Agents, M/s.Link Intime India Private Limited.
9. Shareholders preferring to receive dividend through National Electronic Clearing Service (NECS) in the notified centers, are requested to forward the form attached to the Registrar and Share Transfer Agents M/s Link Intime India Private Limited, Coimbatore branch or to their respective depository participants before August 02, 2013.

Information as required by clause 49 (IV) (G) of the listing agreement

A brief resume, nature of experience in specific functional areas and other directorship of companies/ committees in respect of the reappointment of directors are given in terms of clause 49 of the listing agreement.

S. No.	Name	Qualification	Experience	Directorships in other public limited companies incorporated in India	Membership of committees in other public limited companies incorporated in India
1.	MD Selvaraj	M. Com, MBA, FCS, MIMA	31 years of experience in Finance & Secretarial functions	1. Treadsdirect Limited 2. Titan Tyrecare Products Limited	Remuneration Committee of Treadsdirect Limited.
2.	Suresh Jagannathan	B. S. (USA)	31 years of experience in Agro textiles & electrical engineering as Industrialist.	1. Pricol Limited 2. KLRF Limited 3. Precot Meridian Limited	Shareholders Committee, Investment Committee and Finance & Administrative Committee of KLRF Limited.



Elgi Rubber Company Limited

Regd. Office : 2000, Trichy Road, Coimbatore - 641 005
Phone: 0422-232 1000 Fax: 0422-232 2222 Email: Info@elgirubber.com

Attendance Slip

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

I, hereby record my attendance at the 7th Annual General Meeting held on Monday, August 12, 2013 at 3.00 PM at "Siruthuli", Noyyal life centre, Sungam bye pass road, South of railway bridge, Coimbatore – 641 045.

.....
Signature of the Member

.....
Signature of the Proxy

.....
Name of the Member

.....
Name of the Proxy

Folio No. / Client ID. No. No. of Shares :

Note

Please sign this attendance slip and hand it over at the Attendance Verification Counter at the entrance of the meeting venue.



Elgi Rubber Company Limited

Regd. Office : 2000, Trichy Road, Coimbatore - 641 005
Phone: 0422-232 1000 Fax: 0422-232 2222 email: info@elgirubber.com

Proxy Form

I/We
of being
member(s) of Elgi Rubber Company Limited, hereby appoint
of or failing him / her of
..... as my/our Proxy to attend and vote for me / us
on my/our behalf at the 7th Annual General Meeting of the Company to be held on Monday, August 12, 2013 at 3.00 PM at
"Siruthuli", Noyyal life centre, Sungam bye pass road, South of railway bridge, Coimbatore – 641 045 and at any
adjournment thereof.

No. of Shares held.....

Folio No. / Client ID No.

Signed this.....day of2013

Signature

(Affix Re 1/-
Revenue
Stamp)

For Office use only	Proxy No.	
	Date of Receipt	

Notes

1. The Proxy need not be a member.
2. The Proxy Form signed across Re. 1/- revenue stamp should reach the Company's Registered Office, not less than 48 hours before the time for holding the aforesaid meeting.

**NATIONAL ELECTRONIC CLEARING SERVICE (NECS MANDATE FORM)
FOR SHARES IN PHYSICAL FORM**

To

M/s Link Intime India Pvt. Limited
Unit: Elgi Rubber Company Limited
Surya, Mayflower Avenue
Senthil Nagar, Sowripalayam Road
Coimbatore - 641 028

1. Name of the shareholder :

2. Folio No. :

3. Details of Bank Account :

i. Name of the Bank :

ii. Branch Name & Address :

iii. Type of Account :

	Savings A/c		Current A/c		Cash Credit A/c
--	-------------	--	-------------	--	-----------------

iv. Bank Account No. :
(As mentioned in Cheque Book)

v. 9 Digit code number of the Bank & Branch
appearing on the MICR cheque issued by the Bank :

--	--	--	--	--	--	--	--	--	--

(Please enclose cancelled cheque leaf issued by your bankers for verification of accuracy of the code numbers)

I, hereby declare that the particulars given above are correct and complete. The company will not hold any responsibility for delay in effecting transactions on furnishing incomplete / incorrect information.

--

Place :

Date :

Signature of the Shareholder
(Within the box)

Notes

1. Please send the form to the address mentioned above.
2. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue for warrants.