

# Annual Report 2014 - 2015



**Elgi Rubber Company Limited**

# Elgi Rubber Company Limited

CIN : L25119TZ2006PLC013144

## Annual Report 2014 - 2015

### Chairman & Managing Director

Sudarsan Varadaraj

### Non Executive Directors

Dr Jairam Varadaraj

Suresh Jagannathan

M D Selvaraj

P Vijay Raghunath

Vidyasankar Bhuvanewari

### Key Managerial Personnel

Sudarsan Varadaraj  
(Chairman & Managing Director)

SR Venkatachalam  
(Vice President Finance - CFO)

C Shankar  
(Company Secretary)

### Head Office

2000, Trichy Road  
Coimbatore - 641 005  
Tamilnadu

### Registered Office

2000, Trichy Road  
Coimbatore - 641 005  
Tamilnadu

### Plants

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

### Bankers

State Bank of India  
Commercial Branch  
Coimbatore

### Auditors

Reddy, Goud & Janardhan  
Chartered Accountants  
Bangalore

### Internal Auditors

MS Jagannathan & Visvanathan  
Chartered Accountants  
Coimbatore

M Ramakrishnan  
Chartered Accountant  
Coimbatore

### Registrar & Share Transfer Agent

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg  
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

9th Annual General Meeting of the Company will be held on Saturday the 26th day of September, 2015 at 10.45 AM at "Siruthuli", Noyal Life Centre, Sungam Bye pass Road, South of Railway Bridge, Coimbatore - 641045

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## Directors' Report

The Board of Directors have pleasure in presenting the 9th annual report of the Company and the audited accounts for the year ended March 31, 2015 covering 12 months of operation. The Management Discussion and Analysis (MD&A) Report have been included at the appropriate places in this report.

### Financial Highlights

	(Rs. in million)	
	2014-2015	2013-2014
<b>Profit before depreciation and tax</b>	<b>146.53</b>	<b>259.99</b>
Less: Depreciation	67.82	50.92
Add: Exceptional items	0.29	-
<b>Profit before taxation</b>	<b>79.00</b>	<b>209.07</b>
Less: Provision for taxation	24.60	51.63
(Add) / Less: Provision for deferred tax	(2.15)	6.20
<b>Profit after tax</b>	<b>56.55</b>	<b>151.24</b>
Add: Opening surplus	<b>1,050.36</b>	<b>932.76</b>
<b>Profit available for appropriation</b>	<b>1,106.91</b>	<b>1,084.00</b>
<b>Appropriation</b>		
Transitional adjustment on account of depreciation	8.29	-
General reserve	5.66	15.12
Proposed dividend	10.51	18.52
Dividend distribution Tax	-	-
<b>Balance surplus carried to balance sheet</b>	<b>1,082.45</b>	<b>1,050.36</b>

### Review of Business Operations and Future Outlook

During the year under review, the Company recorded sales of INR 1,333.97 million as against INR 1,442.86 million in the last year. The company earned a net profit of INR 56.55 million as against INR 151.24 million in the previous year. The Indian Subsidiary, Treadsdirect Limited achieved sales of INR 1,516.59 million and Profit after tax of INR 72.76 million.

The current year continues to be sluggish in terms of sales with the overall industry going through difficult times. The Company is taking steps to consolidate its operations with a view to reduce operating costs and to bring in higher efficiencies to improve the bottom line.

### Transfer to Reserves

An amount of INR 5.66 million has been transferred to General Reserve and an amount of INR 1,082.45 million (including the previous year closing balance of INR 1,050.36 million) has been retained in Surplus in the Statement of Profit and Loss.

### Dividend

The directors recommend a dividend of INR 0.21 per equity share of INR 1.00 each. This comes to INR 10.51 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.

### Transfer of Unclaimed Dividend to Investor Education and Protection Fund

In terms of Section 205(a) and 205(b) of the Companies Act, 1956, any unclaimed or unpaid dividend relating to the financial year 2007-2008 is due for remittance on 30/09/2015 to the Investor Education and Protection Fund established by the Central Government.

### Share Capital

The paid-up capital of the Company as at 31.03.2015 stood at INR 50.05 million. During the year under review the Company has not made any fresh issue of shares.

### Extract of Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure I** of this Report.

### Board and Committee meetings conducted during the period under review

During the year under review, 5 Meetings of the Board of Directors, 4 Meetings of the Audit Committee, 2 Meetings of the Nomination and Remuneration Committee, 1 Meeting of the Corporate Social Responsibility Committee and 22 Meetings of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

## **Directors' Responsibility Statement**

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013 with respect to Directors Responsibility Statement, the Board hereby confirms that:-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Details in respect of frauds reported by Auditors under Section 143(12) of the Companies Act, 2013 other than those which are reportable to the Central Government**

There have been no frauds reported by the Auditors pursuant to Section 143(12) of the Companies Act, 2013.

## **Declaration of Independent Directors**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchange.

## **Company's policy relating to Directors appointment, payment of remuneration and other matters provided under Section 178(3) of the Companies Act, 2013**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The Nomination and Remuneration policy of the Company in annexed herewith as **Annexure II** and can also be accessed on the Company's website [www.elgirubber.com](http://www.elgirubber.com).

## **Comments on Audit Report**

There are no qualifications, reservations or adverse remarks or disclaimers made by Reddy, Goud and Janardhan, Statutory Auditors and by CN Paramasivam, Secretarial Auditor, in their report.

## **Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013**

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of Section 186 of the Companies Act, 2013 have been given in the Notes to the Financial Statements.

## **Particulars of contracts or arrangements made with related parties**

All transactions entered into with related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year 2014-2015 were in the ordinary course of business and on an arm's length pricing basis. Transactions of material nature in Form AOC-2 is attached to this Report as **Annexure III**.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website [www.elgirubber.com](http://www.elgirubber.com).

## **Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report**

The Board of directors at their meeting held on 21st April, 2015 has approved the Scheme of Amalgamation of the wholly owned subsidiaries Treadsdirect Limited and Parani Steels Private Limited with the Company with effect from 01st April, 2015 subject to the approval of the Hon'ble High Court of Judicature at Madras and such other authorities as may be necessary in this regard. Other than this there are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

## **Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure IV** of this report.

## **Statement on Risk Management**

The Board identifies and reviews the various elements of risk which the Company has to face and laid out the procedures and measures for mitigating those risks. The elements of risk threatening the Company's existence are very minimal.

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 and fluctuations in foreign exchange rates. Effective planning in raw material purchasing and the ability to pass on raw material price increases have minimised the risk relating to the volatility in raw material prices. Foreign exchange fluctuation risk is minimised through proper planning and natural hedging. As a part of the overall risk management strategy, all assets are appropriately insured.

#### **Details about the policy developed and implemented by the Company on Corporate Social responsibility initiatives**

The Board has formed a Corporate Social Responsibility Committee comprising of Sudarsan Varadaraj, MD Selvaraj and Suresh Jagannathan. The Committee at its meeting held on 4<sup>th</sup> August, 2014, recommended a CSR policy for adoption by the Company. The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting mechanisms for CSR activities.

As part of its initiatives under CSR, the Company has undertaken projects in the areas of Education, Social development, Medical relief, Sports, Women empowerment, animal welfare, Cultural protection etc. These projects are by and large in accordance with Schedule VII of the Companies Act, 2013.

The CSR spend is predominantly directed through a registered trust. The trust expends the sums contributed by the Company towards educational and related activities only and also for having a corpus for undertaking construction of new school building within the next 5-10 years. The trust has a proven track record of over three years in involvement in educational activities as it runs a full-fledged school comprising of 1,300 students and has earned a good reputation over time. The trust has medium term plans to construct a new school building with all modern amenities and aims to be a school of international standards in the years to come. Hence, the Company should continue to significantly contribute to the trust.

The trust also expends the funds towards Educational Scholarships, Medical Relief, to help the upliftment of rural people by way of building infrastructure like Schools, Street Lights, Roads etc. to support Special Children's School and also for the Building Corpus. The Annual Report on CSR activities is annexed herewith as **Annexure V**.

#### **Annual evaluation of the Board on its own performance and of the individual directors**

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors, the Company formulated the criteria for the evaluation of the performance of the Board of Directors & its Committees, Independent Directors, Non-Independent Directors and the Chairman & Managing Director. Based on that performance evaluation has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results and evaluation has been communicated.

#### **Directors and Key Managerial Personnel**

Suresh Jagannathan, MD Selvaraj, P Vijay Raghunath and Vidyasankar Bhuvaneshwari were appointed as Independent Directors of the Company at the Annual General Meeting held on 27<sup>th</sup> September 2014 for a term of five consecutive years.

As per the provisions of Section 152 of the Companies Act 2013, the Managing Director of the Company, Sudarsan Varadaraj, retires by rotation at this Annual General Meeting. Being eligible, he offers himself for re-appointment.

At the Board Meeting held on 19<sup>th</sup> May, 2014, Sudarsan Varadaraj, Chairman and Managing Director, SR Venkatachalam, Chief Financial Officer (Vice-President – Finance) and C Shankar, GM – Finance and Company Secretary, were designated as “Key Managerial Personnel” of the Company pursuant to Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Sudarsan Varadaraj, Chairman and Managing Director of the Company, apart from drawing remuneration from this Company is also paid remuneration by way of commission by the wholly owned subsidiary, Treadsdirect Limited. This disclosure is made pursuant to the provisions of Section 197(14) of the Companies Act, 2013.

#### **Subsidiaries, Joint Ventures and Associate Companies**

The Board has approved a policy for determining material subsidiaries which has been uploaded on the Company's website [www.elgirubber.com](http://www.elgirubber.com).

The annual accounts of the Subsidiary Companies are posted on the website of the Company [www.elgirubber.com](http://www.elgirubber.com) and kept for inspection by the shareholders at the Registered Office of the Company. The Company shall provide the copy of the annual accounts of Subsidiary Companies to the shareholders upon their request.

The statement pursuant to Section 129(3) of the Companies Act, 2013, containing the salient features of the Financial Statement of subsidiary Companies, forms part of this Annual Report.

#### **Deposits**

The Company has not accepted any fixed deposit and hence there are no unclaimed deposits as on 31<sup>st</sup> March 2015.

#### **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future**

There were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## **Internal Control Systems and their adequacy**

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, key issues, significant processes and accounting policies.

## **Statutory Auditors**

Reddy, Goud and Janardhan, Chartered Accountants, Bangalore were appointed as Statutory Auditors for a period of 3 years at the previous Annual General Meeting held on 27<sup>th</sup> September 2014. Their continuance of appointment and payment of remuneration are to be ratified in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if the appointment is ratified, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

## **Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, CN Paramasivam, Company Secretary in Practice, was appointed as the Secretarial Auditor of the Company to carry out the secretarial audit for the year ended 31<sup>st</sup> March, 2015. A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is enclosed with this Report as **Annexure VI**.

## **Particulars of employees**

There are no employees who are in receipt of remuneration in excess of INR. 6,000,000/- for the whole Financial year 2014-15 or a part thereof during the year. Particulars pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial personnel) Rules 2014, is enclosed as **Annexure VII**

## **Human Resources and Industrial Relations**

The Company continues to enjoy a cordial relationship with all its employees. The employee count as on March 31, 2015 is 318.

## **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2014-2015.

## **Corporate Governance**

A report on Corporate Governance is annexed and forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

## **Whistle Blower Policy**

The Company has a Whistle Blower Policy to deal with unethical or improper practice or violation of Company's Code of Business Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. The Policy gives a platform to the Whistle Blower to report the complaints on the above mentioned practices to the Chairman of the Audit Committee. Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for concern and is not done as a malicious act against an individual. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. The Whistle Blower Policy is available in the website of the Company at the following address [www.elgirubber.com](http://www.elgirubber.com).

## **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.

**For the board of directors**

**Sudarsan Varadaraj**  
**Chairman & Managing Director**  
**(DIN: 00133533)**

Coimbatore  
30.07.2015

## FORM NO. MGT – 9

**Extract of Annual Return as on the financial year ended 31.03.2015**  
**[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I Registration and other detail**

i.	CIN	L25119TZ2006PLC013144
ii.	Registration Date	16/10/2006
iii.	Name of the Company	<b>Elgi Rubber Company Limited</b>
iv.	Category / Sub-Category of the company	Public Limited Company having Share Capital
v.	Address of the Registered office and contact details	2000, Trichy Road, Singanallur, Coimbatore - 641 005 Tamil Nadu India Telephone No.: 0422-2321000 Fax No.: 0422-2322222 E-mail Id: info@elgirubber.com
vi.	Whether listed company	Yes
vii.	Name, Address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited (Coimbatore Branch) "Surya" 35, Mayflower Avenue, Senthil Nagar Coimbatore - 641028 Tamil Nadu Telephone No.: 0422-2315792 Fax No.: 0422-2314792 E-mail Id: coimbatore@linkintime.co.in

**II Principal business activities of the company**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Manufacture of rubber products, tread rubber, retreading and rebuilding of rubber tyres.	25119	100%

**III. Particulars of holding, subsidiary and associate companies**

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	Treadsdirect Limited 2000, Trichy Road, Singanallur Coimbatore - 641005 Tamil Nadu - India	U25114TZ2010PLC016201	Subsidiary	100.00%	Section 2 (87)
2	Parani Steels Private Limited Mannur Koot Rd, Thodu Kodu Po, Sriperumpudur - 622105 Tamil Nadu – India	U27104TN1987PTC014344	Subsidiary	100.00%	Section 2 (87)
3	Titan Tyrecare Products LLP 2000, Trichy Road, Singanallur Coimbatore - 641005 Tamil Nadu - India	AAC-9643	Subsidiary	100.00%	Section 2 (87)
4	Elgi Rubber Company LLC P.O. Box 1025 600 North Magnolia Avenue Luling, TX 78648 - USA.	Not Applicable	Subsidiary	100.00%	Section 2 (87)



Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
5	Borrachas e Equipamentos Elgi Ltda, Estrada Chiquito De Aquino, 150 - Bairro Mondesir - CEP 12612 - 550 Lorena, SP - Brasil.	Not Applicable	Subsidiary	99.99%	Section 2 (87)
6	Treadsdirect Limited P.O.Box 39521 - 00623 Commercial Street Industrial Area Nairobi - Kenya.	Not Applicable	Subsidiary	99.99%	Section 2 (87)
7	Treadsdirect Limited No.9. Industrial Estate Dankotuwa - Sri Lanka.	Not Applicable	Subsidiary	99.99%	Section 2 (87)
8	Treadsdirect Limited C/o G. Biswas & Co, 45, Bangabandu Avenue, Dhaka – 1000, Bangladesh.	Not Applicable	Subsidiary	100.00%	Section 2 (87)
9	Treadsdirect LLC P.O. Box 1107 600 North Magnolia Avenue. Luling, TX 78648 - USA.	Not Applicable	Subsidiary	100.00%	Section 2 (87)
10	Rubber Resources B.V., Schoenerweg 36, 6222 NX Maastricht P O Box 437 - 6200 AK Maastricht - The Netherlands.	Not Applicable	Subsidiary	100.00%	Section 2 (87)
11	Elgi Rubber Company B.V., Schoenerweg 36, 6222 NX Maastricht P O Box 437 - 6200 AK Maastricht - The Netherlands.	Not Applicable	Subsidiary	100.00%	Section 2 (87)
12	Pincott International Pty Limited 20, Churchil Street, Silverwater - NSW 2144Australia.	Not Applicable	Subsidiary	100.00%	Section 2 (87)
13	Rubber Resources US LLC 2000, Rubberway Road PO Box 820165 Vicksburg - MS 39180 - USA.	Not Applicable	Step Down Subsidiary	100.00%	Section 2 (87)
14	American Manufacturing & Equipment Inc 4990 Factory Drive Fairfield Butler County Ohio - USA.	Not Applicable	Step Down Subsidiary	100.00%	Section 2 (87)

#### IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2014)				No. of Shares held at the end of the year (as on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/ HUF	26,969,898	-	26,969,898	53.89	27,020,943	-	27,020,943	53.99	0.10
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporates	4,305,175	-	4,305,175	8.60	4,305,175	-	4,305,175	8.60	0.00
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
<b>Sub- Total (A)(1)</b>	<b>31,275,073</b>	<b>-</b>	<b>31,275,073</b>	<b>62.49</b>	<b>31,326,118</b>	<b>-</b>	<b>31,326,118</b>	<b>62.59</b>	<b>0.10</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)				No. of Shares held at the end of the year (as on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>2. Foreign</b>									
a. NRIs- Individuals	-	-	-	-	-	-	-	-	-
b. Others- Individual	-	-	-	-	-	-	-	-	-
c. Bodies corporate	-	-	-	-	-	-	-	-	-
d. Banks/ FI	-	-	-	-	-	-	-	-	-
e. Any other...	-	-	-	-	-	-	-	-	-
<b>Sub- Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total share holding of promoter (A) = (A)(1)+(A)(2)</b>	<b>31,275,073</b>	<b>-</b>	<b>31,275,073</b>	<b>62.49</b>	<b>31,326,118</b>	<b>-</b>	<b>31,326,118</b>	<b>62.59</b>	<b>0.10</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds	675	140	815	0.00	675	140	815	0.00	0.00
b. Banks / FI	36,834	-	36,834	0.07	36,834	-	36,834	0.07	0.00
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt(s)	1,179,696	-	1,179,696	2.36	1,179,696	-	1,179,696	2.36	0.00
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	1,360,041	-	1,360,041	2.72	1,309,943	-	1,309,943	2.62	-0.10
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>2,577,246</b>	<b>140</b>	<b>2,577,386</b>	<b>5.15</b>	<b>2,527,148</b>	<b>140</b>	<b>2,527,288</b>	<b>5.05</b>	<b>-0.10</b>
<b>2. Non-Institutions</b>									
a. Bodies Corporate									
i. Indian	2,652,489	2,759	2,655,248	5.31	2,793,055	2,759	2,795,814	5.59	0.28
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
I. Individual share holders holding nominal share capital upto Rs. 1 lakh	9,343,001	2,120,382	11,463,383	22.90	9,199,363	1,926,657	11,126,020	22.23	-0.67
II. Individual share holders holding nominal share capital in excess of Rs 1 lakh	1,797,491	185,850	1,983,341	3.96	1,998,513	185,850	2,184,363	4.36	0.40
c. Others (specify)									
Individual Directors	116	-	116	0.00	116	-	116	0.00	0
NRI (Repatriate)	68,985	2,850	71,835	0.14	57,974	2,850	60,824	0.12	-0.02
NRI (Non-Repatriate)	23,618	-	23,618	0.05	29,457	-	29,457	0.06	0.01
<b>Sub-total (B)(2):</b>	<b>13,885,700</b>	<b>2,311,841</b>	<b>16,197,541</b>	<b>32.36</b>	<b>14,078,478</b>	<b>2,118,116</b>	<b>16,196,594</b>	<b>32.36</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>16,462,946</b>	<b>2,311,981</b>	<b>18,774,927</b>	<b>37.51</b>	<b>16,605,626</b>	<b>2,118,256</b>	<b>18,723,882</b>	<b>37.41</b>	<b>-0.10</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>47,738,019</b>	<b>2,311,981</b>	<b>50,050,000</b>	<b>100.00</b>	<b>47,931,744</b>	<b>2,118,256</b>	<b>50,050,000</b>	<b>100.00</b>	<b>0</b>

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	LRG Technologies Limited	3,541,475	7.09	0.00	3,541,475	7.09	0.00	0.00
2	Harsha Varadaraj	2,252,635	4.50	0.00	2,252,635	4.50	0.00	0.00
3	Varshini Varadaraj	2,252,635	4.50	0.00	2,252,635	4.50	0.00	0.00
4	Elgi Equipments Limited	763,700	1.53	0.00	763,700	1.53	0.00	0.00
5	Dr. Jairam Varadaraj	141,750	0.28	0.00	141,750	0.28	0.00	0.00
6	Sumanth R	7,875	0.02	0.00	8,792	0.02	0.00	0.00
7	Anvar Jay Varadaraj	7,084	0.01	0.00	7,084	0.01	0.00	0.00
8	Maya Jay Varadaraj	7,084	0.01	0.00	7,084	0.01	0.00	0.00
9	Varun Jay Varadaraj	7,084	0.01	0.00	7,084	0.01	0.00	0.00
10	Ramamurthi LG	2,751	0.00	0.00	0	0.00	0.00	0.00
11	Sudarsan Varadaraj	22,291,000	44.54	0.00	22,343,879	44.64	0.00	0.10
	<b>TOTAL</b>	<b>31,275,073</b>	<b>62.49</b>	<b>0.00</b>	<b>31,326,118</b>	<b>62.59</b>	<b>0.00</b>	<b>0.10</b>

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Sumanth R</b>				
	At the beginning of the year	7,875	0.02	7,875	0.02
	Increase on 29.08.2014 - Transfer	917	0.00	8,792	0.02
	At the end of the year	8,792	0.02	8,792	0.02
2	<b>Ramamurthi L G</b>				
	At the beginning of the year	2,751	0.01	2,751	0.01
	Decrease on 29.08.2014 - Transfer	(2,751)	(0.01)	0	0.00
	At the end of the year	0	0.00	0	0.00
3	<b>Sudarsan Varadaraj</b>				
	At the beginning of the year	22,291,000	44.54	22,291,000	44.54
	Increase on 04.04.2014 – Transfer	30,294	0.06	22,321,294	44.60
	Increase on 27.03.2015 – Transfer	9,760	0.02	22,331,054	44.62
	Increase on 31.03.2015 – Transfer	12,825	0.03	22,343,879	44.64
	At the end of the year	22,343,879	44.64	22,343,879	44.64

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>The Tamilnadu Industrial Investment Corporation Limited</b>				
	At the beginning of the year	1,179,696	2.36	1,179,696	2.36
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	1,179,696	2.36	1,179,696	2.36
2	<b>The Oriental Insurance Company Limited</b>				
	At the beginning of the year	1,011,468	2.02	1,011,468	2.02
	Decrease on 05.09.2014 – Transfer	(17,340)	(0.03)	994,128	1.99
	Decrease on 12.09.2014 – Transfer	(20,000)	(0.04)	974,128	1.95
	Decrease on 19.09.2014 – Transfer	(12,758)	(0.03)	961,370	1.92
	At the end of the year (or on the date of separation, if separated during the year)	961,370	1.92	961,370	1.92
3	<b>Sudarshan Securities Private Limited</b>				
	At the beginning of the year	817,223	1.63	817,223	1.63
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	817,223	1.63	817,223	1.63
4	<b>Mayank Jashwantlal Shah &amp; Shruti Mayank Shah</b>				
	At the beginning of the year	638,678	1.28	638,678	1.28
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	638,678	1.28	638,678	1.28
5	<b>National Insurance Company Limited</b>				
	At the beginning of the year	348,573	0.70	348,573	0.70
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	348,573	0.70	348,573	0.70
6	<b>Nemish S Shah</b>				
	At the beginning of the year	280,000	0.56	280,000	0.56
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	280,000	0.56	280,000	0.56
7	<b>Shah Durgesh Sumatilal</b>				
	At the beginning of the year	273,000	0.55	273,000	0.55
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	273,000	0.55	273,000	0.55
8	<b>Gagandeep Credit Capital Private Limited</b>				
	At the beginning of the year	241,500	0.48	241,500	0.48
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	241,500	0.48	241,500	0.48

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	<b>Prescient Securities Private Limited</b> At the beginning of the year Increase / Decrease in shareholding during the year At the end of the year(or on the date of separation, if separated during the year)	231,000 - 231,000	0.46 - 0.46	231,000 - 231,000	0.46 - 0.46
10	<b>S. Shyam *</b> At the beginning of the year Decrease on 20.06.2014 – Transfer Decrease on 22.08.2014 – Transfer Decrease on 29.08.2014 – Transfer Decrease on 12.09.2014 - Transfer At the end of the year(or on the date of separation, if separated during the year)	189,345 (50,000) (16,727) (45,590) (77,028) 0	0.38 (0.10) (0.03) (0.09) (0.15) 0.00	189,345 139,345 122,618 77,028 0 0	0.38 0.28 0.24 0.15 0.00 0.00
11	<b>Nilesh Kishore Shah #</b> At the beginning of the year Increase on 25.04.2014 - Transfer Increase on 06.06.2014 - Transfer At the end of the year(or on the date of separation, if separated during the year)	152,250 48,475 10,500 211,225	0.30 0.10 0.02 0.42	152,250 200,725 211,225 211,225	0.30 0.40 0.42 0.42

\*Ceased to be in the list of Top 10 shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2014.

# Not in the list of Top 10 shareholders as on 31.03.2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Sudarsan Varadaraj</b> At the beginning of the year Increase on 04.04.2014 – Transfer Increase on 27.03.2015 – Transfer Increase on 31.03.2015 – Transfer At the end of the year	22,291,000 30,294 9,760 12,825 22,343,879	44.54 0.06 0.02 0.03 44.64	22,291,000 22,321,294 22,331,054 22,343,879 22,343,879	44.54 44.60 44.62 44.64 44.64
2	<b>Jairam Varadaraj</b> At the beginning of the year Increase / Decrease in shareholding during the year At the end of the year	141,750 - 141,750	0.28 - 0.28	141,750 - 141,750	0.28 - 0.28
3	<b>M D Selvaraj</b> At the beginning of the year Increase / Decrease in shareholding during the year At the end of the year	116 - 116	0.00 - 0.00	116 - 116	0.00 - 0.00

**V. Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	180,963,729	-	-	180,963,729
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>180,963,729</b>	<b>-</b>	<b>-</b>	<b>180,963,729</b>
Change in Indebtedness during the financial year				
Addition	94,333,095	9,500,000	-	103,833,095
Reduction	72,322,578	2,500,000	-	74,822,578
Net Change	22,010,517	7,000,000	-	29,010,517
Indebtedness at the end of the financial year				
i. Principal Amount	202,974,246	7,000,000	-	209,974,246
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	989,196	-	-	989,196
<b>Total (i+ii+iii)</b>	<b>203,963,442</b>	<b>7,000,000</b>	<b>-</b>	<b>210,963,442</b>

**VI. Remuneration of directors and key managerial personnel****A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

(in Rs.)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager Sudarsan Varadaraj Chairman & Managing Director	Total Amount
1.	Gross Salary		
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,032,000	4,032,000
	b. Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-
	c. Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	as % of profit	-	-
	others, specify	-	-
5.	Others, please specify		
	<b>Total (A)</b>	<b>4,032,000</b>	<b>4,032,000</b>
	Ceiling as per the Act	5,655,053	5,655,053

**B. Remuneration to other Directors**

(in Rs.)

S No.	Name of Directors	Particulars of Remuneration			Total
		Fee for attending Board / committee Meetings	Commission	Others, please specify	
<b>1.</b>	<b>Independent Directors</b>				
	Suresh Jagannathan	70,000	-	-	70,000
	P Vijay Raghunath	90,000	-	-	90,000
	M D Selvaraj	90,000	-	-	90,000
	Vidyasankar Bhuvaneshwari	30,000	-	-	30,000
	<b>Total (1)</b>	<b>280,000</b>	<b>-</b>	<b>-</b>	<b>280,000</b>
<b>2.</b>	<b>Other Non Executive Directors</b>				
	Jairam Varadaraj	20,000	-	-	20,000
	<b>Total Amount (2)</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
	<b>Total (B) = (1+2)</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>300,000</b>
	Total Managerial Remuneration				4,332,000
	Overall ceiling as per the Act	-	-	-	Rs.100,000 per meeting

**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

(in Rs.)

Sl. No.	Particulars of Remuneration	SR Venkatachalam Chief Financial Officer	C Shankar Company Secretary	Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,771,200	1,191,360	2,962,560
	b. Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	c. Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit	-	-	-
	others, specify....	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>1,771,200</b>	<b>1,191,360</b>	<b>2,962,560</b>

## VII. Penalties / Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. Company</b> Penalty Punishment Compounding			NIL		
<b>B. Directors</b> Penalty Punishment Compounding			NIL		
<b>C. Other Officers In Default</b> Penalty Punishment Compounding			NIL		

For the board of directors

Coimbatore  
30.07.2015

Sudarsan Varadaraj  
Chairman & Managing Director  
(DIN: 00133533)

**ANNEXURE-II**

### Nomination and Remuneration Policy

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC of the Committee) and has been approved by the Board of Directors.

#### Definitions

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“**Key Managerial Personnel**” means

- i. the Chief Executive Officer or the managing director or the Manager
- ii. the Company Secretary
- iii. the Whole-Time Director
- iv. the Chief Financial Officer, and
- v. such other officer as may be prescribed

“**Senior Managerial Personnel**” means the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

#### Objective

- a. to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

#### Role of the committee

The role of the NRC will be the following

- ❖ To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- ❖ To formulate criteria for evaluation of Independent Directors and the Board.
- ❖ To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- ❖ To carry out evaluation of Director's performance.
- ❖ To recommend to the Board the appointment and removal of Directors and Senior Management.



- ❖ To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- ❖ To devise a policy on Board diversity, composition, size.
- ❖ Succession planning for replacing Key Executives and overseeing.
- ❖ To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ❖ To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **Appointment and removal of director, key managerial personnel and senior management**

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

#### **Term / Tenure**

##### **Managing Director/Whole-time Director**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **a. Independent Director**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

#### **Evaluation**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

#### **Removal**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

#### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **Policy for remuneration to directors/KMP/senior management personnel**

1. Remuneration to Managing Director / Whole-time Directors
  - a. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
  - b. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
2. Remuneration to Non- Executive / Independent Directors
  - a. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
  - b. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
  - c. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
- The Services are rendered by such Director in his capacity as the professional; and
  - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
3. Remuneration to Key Managerial Personnel and Senior Management:
- The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
  - The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
  - The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

#### Implementation

- ❖ The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- ❖ The Committee may Delegate any of its powers to one or more of its members.

**ANNEXURE - III**

#### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arms's length basis.	NIL
2. Details of material contracts or arrangements at arm's length basis.	
a. Name of the related party and nature of relationship	Treadsdirect Limited, Wholly owned subsidiary
b. Nature of contracts / arrangements / transactions	Purchase & sale of goods / materials / properties, leasing of properties, rendering and availment of services.
c. Duration of contracts / arrangements / transactions	01.04.2014 to 31.03.2019
d. Salient terms of the contracts or arrangements or transactions including the value, if any	Not exceeding the limits specified below per annum. Purchase of goods - Rs. 500 million Sale of goods - Rs. 1,000 million Purchase of property - Rs. 10 million Sale of property - Rs. 10 million Leasing of property - Rs. 30 million (Lease charges receipt) Leasing of property - Rs. 30 million (Lease charges payment) Availing of service - Rs. 250 million Rendering of service - Rs. 250 million
e. Date(s) of approval by the Board, if any	19.05.2014
f. Amount paid as advances, if any	NIL

**For the board of directors**

**Sudarsan Varadaraj  
Chairman & Managing Director  
(DIN: 00133533)**

Coimbatore  
30.07.2015

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**  
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

**A. Conservation of Energy****i. Steps taken or impact on conservation of energy**

Energy conservation is one of the primary objectives of the company and measures are taken on an ongoing process

**ii. Steps taken by the company for utilising alternate sources of energy**

Through the arrangement with the State Electricity Board, wind energy generated by the Company's windmill division is supplied to the grid, thereby indirectly using alternate source of energy.

**iii. Capital investment on energy conservation equipments. Nil****B. Technology absorption****i. Efforts made towards technology absorption**

Steps are being taken for inhouse development of technology and consequent absorption.

**ii. The benefits derived like product improvement, cost reduction, product development or import substitution.**

It is expected that proposed inhouse technology development would result in product development.

**iii. In case of imported technology**

- a. the details of technology imported : Nil
- b. the year of import : Nil
- c. whether the technology have been fully absorbed. : NA
- d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof : NA
- iv. the expenditure incurred on Research and Development : Rs.4.64 million

**C. Foreign Exchange Earnings & Outgo during the year**

Foreign Exchange Earned in terms of actual inflows : Rs. 252.09 million

Foreign Exchange outgo in terms of actual outflows : Rs. 41.15 million

**Annual Report on CSR Activities of the Company**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting mechanisms for CSR activities. As part of its initiatives under CSR, the Company has undertaken projects in the areas of Education, Social development, Medical relief, Sports, Women empowerment, animal welfare, Cultural protection etc. These projects are by and large in accordance with Schedule VII of the Companies Act, 2013. The CSR spend is predominantly directed through a registered trust. The trust expends the sums contributed by the Company towards educational and related activities. CSR Policy of the Company is also uploaded on the website of the Company [www.elgirubber.com](http://www.elgirubber.com).

2. The composition of the CSR Committee.

The Company has constituted a Corporate Social Responsibility Committee comprising of Sudarsan Varadaraj, Suresh Jagannathan and MD Selvaraj as members of the Committee.

3. Average profit of the Company for the last three financial years. : Rs.140.81 million

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs.2.81 million

5. Details of CSR spent during the year.

- a. Total amount to be spent for the financial year : Rs.2.81 million
- b. Amount unspent, if any : Nil
- c. Manner in which the amount spent during the financial year

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or programs: Local area or other Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or program	Cumulative expenditures up to the reporting period	Amount spent direct or through implementing agencies
1.	Promoting Education & Rural Development	Education	Coimbatore, Tamil Nadu	3,750,000	3,750,000	3,750,000	Through a Registered Trust
			Total	3,750,000	3,750,000	3,750,000	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, reasons for the same.

The Company has spent the required two percent of the average net profit of the last three financial years.

7. Responsibility Statement of the CSR Committee

The CSR Committee confirms that the implementation and governance of CSR Programs have been elaborated in the Company's CSR policy. The CSR Committee further confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

**MD Selvaraj**  
**Director**  
**Member CSR Committee**  
DIN:00001608

**Sudarsan Varadaraj**  
**Chairman & Managing Director**  
**Chairman CSR Committee**  
DIN : 00133533

**ANNEXURE - VI**

**FORM NO. MR-3**

**Secretarial Audit Report**

**For The Financial Year Ended 31<sup>ST</sup> March, 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Elgi Rubber Company Limited  
CIN : L25119TZ2006PLC013144  
2000, Trichy Road, Singanallur,  
Coimbatore - 641005

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Elgi Rubber Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Elgi Rubber Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with National Stock Exchange of India Limited.

I further report that there were no actions/ events in pursuant of

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

I further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads and Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws like labour laws and environmental laws.

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the Company has obtained necessary approval from its members by way of special resolutions empowering the Board of Directors under Section 180(1)(a) to create charge to secure the Borrowings of the Company and under Section 180(1)(c) of the Act to borrow moneys in excess of the aggregate of paid up capital and free reserves provided that the amounts borrowed and outstanding at any point of time does not exceed Rs.500 crores, apart from temporary loans from company's bankers in the ordinary course of business.

Other than the above, there were no instances of:

- ❖ Public / Rights / Preferential issue of shares / debentures / sweat equity
- ❖ Redemption / buy-back of securities
- ❖ Merger / amalgamation / reconstruction etc
- ❖ Foreign technical collaborations

Place: Coimbatore

Date: 30<sup>th</sup> July 2015

CN PARAMASIVAM

FCS No.: 4654

C P No.: 3687

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report*

**'ANNEXURE A'**

To  
The Members,  
Elgi Rubber Company Limited  
CIN : L25119TZ2006PLC013144  
2000, Trichy Road, Singanallur,  
Coimbatore - 641005

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Coimbatore

Date: 30<sup>th</sup> July 2015

CN PARAMASIVAM

FCS No.: 4654

C P No.: 3687

**Statement pursuant to Section 197(12) of the Companies Act, 2013  
read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- The ratio of the remuneration of each director to the median employee's remuneration for the financial year.**  

Name	Ratio
Sudarsan Varadaraj, Chairman and Managing Director	20 : 1
- The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year -**  

Sudarsan Varadaraj	-	Chairman and Managing Director	:	Nil
SR Venkatachalam	-	Chief Financial Officer	:	25%
C Shankar	-	Company Secretary	:	44%
- Percentage increase in the median remuneration of employees in the financial year : 11%**
- Number of permanent employees on the rolls of the Company : 318**
- Explanation on the relationship between average increase in remuneration and company performance**

There is no direct relationship between the average increase in remuneration and company performance. Increments are linked to the cost of living Index and market compensation.

- Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company**  
The Key Managerial Personnel were collectively paid a remuneration of Rs. 8.75 Million for the Financial Year 2014-15. This represents 0.66% of the total turnover of the Company. The Company believes that the Key Managerial Personnel have been compensated commensurate with their knowledge, experience and contributions; notwithstanding the fact that their collective remuneration does not impact the Company's performance significantly.
- Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer**

Particulars	Issued Capital (Shares)	Market Price (in Rupees)	Market Capitalisation (Rupees in Crores)	Price Earnings Ratio (in Rupees)	Net Worth (Rupees in Crores)
31.03.2014	50,050,000	22.00	110.11	7.28	250.63
31.03.2015	50,050,000	27.65	138.38	24.47	254.40
Increase/(Decrease)	-	5.65	28.27	17.19	3.77

Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: 2,665%

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration**  
Average increase in remuneration is 22% for employees.
- Comparison of each remuneration of KMP against the performance of the company.**

KMP's Name and Designation	Remuneration 2014 – 15 (Rs. in lakhs)	% increase in Remuneration (2014 - 15 against 2013-14)	Sales for 2014 – 15 (in crores)	% increase in sales (2014-15 against 2013 -14)
Sudasan Varadaraj Chairman and Managing Director	40.32	-	133.39	(7.54)
SR Venkatachalam Chief Financial Officer	17.71	25%		
C Shankar Company Secretary	11.91	44%		
<b>Total</b>	<b>69.94</b>			

- The key parameters for any variable component of remuneration availed by the directors - Nil**
- The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Nil**  
It is affirmed that the remuneration is as per the remuneration policy of the company.

For the board of directors

**Sudarsan Varadaraj  
Chairman & Managing Director  
(DIN: 00133533)**

Coimbatore  
30.07.2015

**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 and senior management personnel.

**2. Board of Directors**

- i. The board of directors of the company comprises of an Executive Chairman & Managing Director and five non - executive directors (of which 4 are independent directors including 1 woman director).
- 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 Director	Category of Directorship	Attendance Particulars		No. of other Directorship held in Public Companies*	No. of Committee positions held in all Companies #	
		Board	AGM		Chairman	Member
Sudarsan Varadaraj	Chairman & Managing Director - Promoter	5	Yes	7	1	2
Jairam Varadaraj	Non Executive - Promoter	2	No	8	1	4
MD Selvaraj	Non Executive - Independent	5	Yes	2	3	-
Suresh Jagannathan	Non Executive - Independent	4	No	4	-	3
P Vijay Raghunath	Non Executive - Independent	5	No	1	1	2
V Bhuvaneshwari	Non Executive - Independent	3	No	1	-	-

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

# Only Audit Committee and Stakeholders Relationship 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.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor are they the Chairman / Chairperson of more than 5 committees, as per the requirements of the Listing Agreement.

Five Board meetings were held during the year and the date on which the Board meetings were held are as follows

SI No	Date of Board Meeting	No. of Directors Attended
1	19.05.2014	4
2	31.07.2014	4
3	20.10.2014	5
4	13.01.2015	6
5	03.02.2015	5

**(a) Familiarization Program for Independent Directors**

The Board members are regularly provided with documents / brochures, report, and other internal policies of the Company to familiarize them with the Company’s policies, procedures and practices. Periodic presentations are made at the Board/Committee meetings on the Company’s business and developments. The Independent Directors of the Company are regularly briefed by the Managing Director of the Company about the foreign subsidiaries, processes followed by them and the results made. The Directors are also updated about the various statutory compliance. The appointment letters of Independent Directors has been posted on the Company’s website at [www.elgirubber.com](http://www.elgirubber.com).

**(b) Separate Meeting of the Independent Directors**

The Meeting of the Independent Directors of the Company was held on 03rd February, 2015 and they inter alia, reviewed the performance of the Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman and assessed the quality, quantity and timeliness of flow of information between the Company and the Board.

**3. Audit Committee**

The Audit Committee comprises of three Non-Executive Independent Directors and all such members of the Committee possess knowledge in the fields of accounts, finance and allied areas.

The role, powers and functions of the committee are as per Section 177 of the Companies Act, 2013 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 them to discuss their

findings, suggestions and other related matters. The committee is empowered to recommend the appointment and remuneration payable to the statutory auditors.

During the year under review the committee met 4 times on May 19, 2014; July 31, 2014; October 20, 2014 and February 03, 2015. 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 2014 - 2015	
		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 2014 – 2015, at their meeting held on May 28, 2015 before it was placed in the Board.

#### 4. Nomination and Remuneration Committee

- In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange, the nomenclature of Remuneration Committee was changed to “Nomination and Remuneration Committee”.
- The terms of reference of this Committee has been mandated with the same as specified in Clause 49 of the Listing Agreement with the Stock Exchange and also with the requirement of Section 178 of the Companies Act, 2013.
- The Committee comprises of 3 Independent Non-Executive Directors. The Committee during the year met two times on 28th July, 2014 and 20th October, 2014. the attendance of the members was as under

Name	Category	No. of Meetings during the year 2014 - 2015	
		Held	Attended
MD Selvaraj (Chairman)	Independent – Non Executive	2	2
Suresh Jagannathan (Member)	Independent – Non Executive	2	2
P Vijay Raghunath (Member)	Independent – Non Executive	2	2

- The Committee is responsible for the appointment of, determining the compensation payable to the executive and non - executive directors and other responsibilities specified in Section 178 read with the Schedule V of Companies Act, 2013 and the Company (Meeting of Board and Its powers) Rules, 2014.
- The remuneration policy is annexed to the Board’s Report and can also be accessed on Company’s website at [www.elgirubber.com](http://www.elgirubber.com).

#### DETAILS OF REMUNERATION

Details of remuneration paid to the directors for the year ended March 31, 2015 are as follows

##### a. Executive Directors

Remuneration paid to Managing Director during the year is given below

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

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	20,000
MD Selvaraj	90,000
Suresh Jagannathan	70,000
P Vijay Raghunath	90,000
V Bhuvaneshwari	30,000



The company does not pay any remuneration to its non executive directors barring sitting fees for attendance for the board and audit committee meetings held during the year.

There are no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company.

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

**d. Shareholdings of Non Executive Directors**

Name of the Director	No. of Shares held (as on March 31, 2015)
Dr. Jairam Varadaraj	141,750
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. Stakeholders Relationship Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange, the nomenclature of Share Transfer and Investor Relation Committee was changed to "Stakeholders' Relationship Committee".

This Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfer and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The composition of Stakeholders Relationship Committee and the attendance of the members in the meetings are given below

Name	Category	No. of Meetings during the year 2014 - 2015	
		Held	Attended
MD Selvaraj - Chairman	Non Executive Independent Director	22	22
Suresh Jagannathan Member	Non Executive Independent Director	22	16
P Vijay Raghunath Member	Non Executive Independent Director	22	18

C Shankar is the Company Secretary and Compliance Officer of the Company. The minutes of the Stakeholders Relationship Committee were placed before the Board Meeting for due ratification and approval.

The committee had met 22 times during the year 2014–15.

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

**a. Unclaimed Suspense Account**

Pursuant to Clause 5A of the Listing Agreement, the Company had transferred 273,958 unclaimed shares to Elgi Rubber Company Limited Unclaimed Securities Suspense Account, opened with SBICAP Securities Limited.

The claimed details of the Unclaimed Securities Suspense Account is given below

Unclaimed Shares as on 01.04.2014		Shares claimed during the year		Unclaimed Shares as on 31.03.2015	
No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares
220	271,074	1	385	219	270,689

The voting rights of the shares lying in the Unclaimed Securities Suspense Account will remain frozen till the rightful owner claims the shares.

**b. 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 2014 – 2015. There were no outstanding complaints as on March 31, 2015.

**c. Number of shares transferred during 2014 - 2015**

Physical transfers : 4 Nos. constituting 1,311 shares  
 Transmission : 8 Nos. constituting 40,516 shares  
 No. of pending share transfers / demat requests as on March 31, 2015 : NIL  
 Average turn around time : 10 days for transfer / transmission of physical shares.  
 Bad deliveries received : NIL

**d. 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. CSR Committee

The Committee comprises of three members Sudarsan Varadaraj, MD Selvaraj and Suresh Jagannathan. The Committee is chaired by Sudarsan Varadaraj. During the year under review, the committee had met one time on 4<sup>th</sup> August 2014. All the Members of the Committee were present at the meeting.

The terms of reference of this Committee, assigned by their Board encompasses

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII
- b. To recommend the amount of expenditure to be incurred on the CSR activities
- c. To monitor the CSR policy of the Company from time to time
- d. To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken
- e. Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India

## 7. 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 2011 - 2012	13.08.2012	3.00 P M	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Nil
Annual General Meeting 2012 - 2013	12.08.2013	3.00 P M	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Nil
Annual General Meeting 2013 - 2014	27.09.2014	10.00 A M	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	<ol style="list-style-type: none"><li>1. Appointment of Suresh Jagannathan as an Independent Director.</li><li>2. Appointment of P Vijay Raghunath as an Independent Director.</li><li>3. Appointment of MD Selvaraj as an Independent Director.</li><li>4. Appointment of V.Bhavaneshwar as an Independent Director.</li><li>5. Authorisation to mortgage, hypothecate or create charge on the assets of the Company pursuant to section 180(1)(a) of the Companies Act, 2013</li><li>6. Authorisation to borrow upto a limit of Rs.500 crores pursuant to section 180(1) (c) of the Companies Act, 2013</li><li>7. Authorisation to enter into related party transaction with the wholly owned subsidiary Treadsdirect Limited pursuant to section 188 of the Companies Act, 2013.</li><li>8. Alteration of Articles of Association</li></ol>

No extra ordinary general meeting was held during the financial year 2014 – 2015.

### Postal ballots

No resolutions were put through Postal Ballot last year. However, the Company had pursuant to Clause 35 B of the Listing Agreement, provided to the shareholders the option to pass the resolutions at the Annual General Meeting through Postal Ballot. No Special resolution requiring postal ballot is being proposed on or before the ensuing Annual General Meeting of the Company.

## 8. Disclosures

### 1. 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 related party transactions.)

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

The Company has complied with all the requirements of the Listing Agreement entered with 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 three years.

### 3. Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company [www.elgirubber.com](http://www.elgirubber.com). Your Company hereby affirms that no complaints were received during the year under review.

### 4. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49 of Listing Agreement

The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in Clause 49 of the Listing Agreement entered into with the stock exchange. The Company has adopted the non mandatory requirement of Reporting of internal auditors to Audit Committee as recommended under Clause 49 of the Listing Agreement. The Company has not adopted any other non- mandatory requirements.

### 5. Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the applicable Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

## 9. Code of Conduct and prevention of insider trading

The Company has framed a Code of Conduct for prevention of insider trading based on SEBI (Prohibition of 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.

## 10. Means of Communication

1. 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](http://www.elgirubber.com).
2. 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](mailto:info@elgirubber.com) for providing necessary information to investors.
3. There were no specific presentations made to Institutional Investors or to the analysts during the year.

## 11. General Shareholder Information

### i. Annual General Meeting

Date : September 26, 2015  
Time : 10.45 A.M.  
Venue : Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045

### ii. Financial Calender

Year Ending : March 31  
AGM : September 26, 2015  
First Quarter Results : 2<sup>nd</sup> Fortnight of July 2015  
Second Quarter Results : 2<sup>nd</sup> Fortnight of October 2015  
Third Quarter Results : 2<sup>nd</sup> Fortnight of January 2016  
Annual Results : 2<sup>nd</sup> Fortnight of May 2016  
Dividend Payment : October 5, 2015  
Date of Book Closure : From September 21, 2015 to September 26, 2015 (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	:	B1
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

Month	Apr'14	May'14	June'14	July'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15
High Price	23.50	28.00	31.80	43.85	33.50	43.00	33.75	32.65	39.65	37.30	32.85	33.00
Low Price	20.65	21.10	23.50	28.45	28.00	30.25	28.25	24.65	23.30	30.10	26.60	24.75

## 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.: 022 - 25963838, E-Mail: [helpline@linkintime.co.in](mailto:helpline@linkintime.co.in)

### Branch

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

## Reconciliation of Share Capital Audit

A qualified Company Secretary carried out reconciliation of share capital 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 reconciliation of share capital 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	27,012,267	53.97
Domestic Companies	7,100,989	14.19
Non Domestic Companies	-	-
Mutual Funds	815	0.00
Commercial Banks	36,834	0.07
Non Resident Indians	90,281	0.18
Public Financial Institutions	2,489,639	4.98
Foreign Institutional Investors	-	-
Resident Individuals	13,319,175	26.61
<b>Total</b>	<b>50,050,000</b>	<b>100.00</b>

## Distribution of Shareholding

Range of Shareholding	No of Shares	% of Share Holding	No. of Share holders	% of Share holders
0001 - 5,000	6,667,001	13.32	10,785	96.02
5,001 - 10,000	1,816,693	3.63	262	2.33
10,001 - 20,000	1,242,519	2.48	91	0.81
20,001 - 30,000	793,599	1.59	33	0.30
30,001 - 40,000	704,678	1.41	20	0.18
40,001 - 50,000	322,613	0.64	7	0.06
50,001 - 100,000	469,321	0.94	7	0.06
100,000 and above	38,033,576	75.99	27	0.24
<b>Total</b>	<b>50,050,000</b>	<b>100.00</b>	<b>11,232</b>	<b>100.00</b>

**Number of Shareholders as on March 31, 2015** : 11,232

**Dematerialisation of shares and liquidity** : There are 47,931,744 Equity shares accounting for nearly 95.77% of the paid up capital of the Company which has been dematerialised as on March 31, 2015. 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, Kovilpalayam, 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 : 0422 - 2314 792 / 2316 755,  
E-Mail : [coimbatore@linkintime.co.in](mailto: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) - 232 1000  
Fax : (0422) - 232 2222  
E-mail : [info@elgirubber.com](mailto:info@elgirubber.com)

### **Declaration**

I hereby affirm and state that all board members and senior management personnel of the company have given a declaration pursuant to clause 49(II)(E) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2014-15.

For **Elgi Rubber Company Limited**

Coimbatore  
30.07.2015

**Sudarsan Varadaraj**  
**Chairman & Managing Director**

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### **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, 2015 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 Stakeholder Relationship 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  
30.07.2015

**B Anand**  
Partner  
Membership No. 29146

## **Independent Auditors' Report**

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

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Elgi Rubber Company Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2015, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's board of directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant of India. Those standards and pronouncement 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 the disclosures in the standalone 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its 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 2015 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the board of directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 2.20 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**B Anand**  
Partner  
Membership No. 29146

Coimbatore  
28.05.2015



## The Annexure to the independent Auditor's Report

The annexure referred to in our independent auditor's report to the members of **Elgi Rubber Company Limited** ('the Company') on the standalone financial statements for the year ended on 31<sup>st</sup> March 2015.

We report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
2. a. In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventory at reasonable intervals during the year under review.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. According to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancies were noticed on their physical verification.
3. The Company had not granted any loan secured or unsecured to any Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence the provisions of clause (iii) (a) and (b) said Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. The Company has not accepted any deposits from public.
6. We have broadly reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Companies Act, 2013 related to the windmill activities and are of the opinion that prima-facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
7. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.  
  
According to the information and explanations given to us no undisputed amount payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (Rs. in million)	Period to which amount relates	Forum where dispute is pending
Income tax	Rejection of certain claims and disallowances and recalculation of capital gains	4.68	FY 2011 - 12	CIT Appeals, Coimbatore
Income tax	Disallowance of depreciation expense related to exempted income	0.67	FY 2008 - 09	ITAT, Chennai
Service tax	Service tax on windmill	0.09	FY 2004 - 08	CESTAT, Chennai
	Service tax on knowhow	1.48	FY 2008 - 09	Additional commissioner, Coimbatore.
Excise duty	Excise duty on capital goods	0.14	FY 1997 - 99	CESTAT, Chennai
VAT	VAT on movement of hired goods	0.26	FY 2013 - 14	Enquiry Officer, Walayar
Stamp duty	Additional Stamp duty demand	2.85*	FY 2009 - 10	IG(Stamps), Chennai

\*(Net of Rs. 0.5 million paid towards the demand)

- c. According to the information and explanations given to us, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder has been transferred to such fund within time.

8. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
9. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. There are no debenture holders during the year nor any dues to any financial institutions.
10. In our opinion, the Company has given guarantees for banking facilities availed by a few subsidiary Companies from banks and according to the information and explanations given to us, the terms and conditions on which such guarantees have been given to such entities are not prima facie prejudicial to the interest of the Company, considering the Company's economic interest in such entities.
11. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Coimbatore  
28.05.2015

**B Anand**  
Partner  
Membership No. 29146

**Balance Sheet as at 31st March 2015**

	Notes	31.03.2015 Rs.	31.03.2014 Rs.
<b>I. Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
a. Share capital	2.01	50,050,000	50,050,000
b. Reserves and surplus	2.02	2,494,019,041	2,456,274,228
<b>Non current liabilities</b>			
a. Long term borrowings	2.03	37,533,721	-
b. Deferred tax liabilities (Net)	2.04	-	6,354,000
c. Other long term liabilities		-	-
d. Long term provisions	2.05	2,711,203	2,711,203
<b>Current liabilities</b>			
a. Short term borrowings	2.06	170,153,294	180,963,729
b. Trade payables	2.07	49,244,242	42,473,972
c. Other current liabilities	2.08	67,138,913	37,114,934
d. Short term provisions	2.09	20,920,477	30,331,942
		<b>2,891,770,891</b>	<b>2,806,274,008</b>
<b>II Assets</b>			
<b>Non current assets</b>			
a. Fixed assets			
i. Tangible assets	2.10	568,520,867	615,906,692
ii. Intangible assets	2.10	33,418,082	36,593,950
iii. Capital work in progress		101,183,017	593,545
b. Non current investments	2.11	872,640,272	648,923,650
c. Deferred tax assets (Net)	2.12	69,000	-
d. Long term loans and advances	2.13	306,368,660	318,216,213
e. Other non current assets	2.14	252,519,657	193,231,336
<b>Current assets</b>			
a. Current investments		-	-
b. Inventories	2.15	392,616,793	396,867,132
c. Trade receivables	2.16	154,984,262	211,580,729
d. Cash and bank balances	2.17	70,551,103	207,018,253
e. Short term loans and advances	2.18	117,003,713	157,780,287
f. Other current assets	2.19	21,895,465	19,562,221
		<b>2,891,770,891</b>	<b>2,806,274,008</b>
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  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## Statement of Profit and Loss for the year ended 31st March 2015

	Notes	31.03.2015 Rs.	31.03.2014 Rs.
<b>Income</b>			
Revenue from operations (Gross)	2.22	1,448,597,838	1,564,786,640
Less : Excise duty		114,624,998	121,921,893
Revenue from operations (Net)		1,333,972,840	1,442,864,747
Other income	2.23	113,273,287	184,509,682
		<b>1,447,246,127</b>	<b>1,627,374,429</b>
<b>Expenses</b>			
Cost of materials consumed	2.24	775,646,261	840,962,922
Purchases of stock in trade		59,035,522	72,343,872
Changes in inventories of finished goods and work in process	2.25	(6,509,261)	(6,538,518)
Employee benefit expenses	2.26	113,834,732	108,682,764
Finance costs	2.27	16,427,903	6,503,269
Depreciation and amortisation expenses	2.28	67,822,154	50,920,672
Other expenses	2.29	342,277,222	345,423,628
		<b>1,368,534,533</b>	<b>1,418,298,609</b>
<b>Profit before exceptional items and tax</b>		<b>78,711,594</b>	<b>209,075,820</b>
Add: Exceptional items	2.30	287,939	-
<b>Profit before tax</b>		<b>78,999,533</b>	<b>209,075,820</b>
Less: Tax expenses			
a. Current tax		24,600,000	51,630,000
b. Deferred tax		(2,151,000)	6,200,000
<b>Profit after tax</b>		<b>56,550,533</b>	<b>151,245,820</b>
Significant accounting policies	1		
Earnings per share (Nominal value per share 2015 Re.1/- (2014 Re.1/-) (including extraordinary items)			
a. Basic		1.13	3.02
b. Diluted		1.13	3.02
(excluding extraordinary items net of taxes)			
a. Basic		1.13	3.02
b. Diluted		1.13	3.02

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  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## Cash Flow Statement for the year ended 31st March 2015

	31.03.2015 Rs.	31.03.2014 Rs.
<b>A. Cash flow from operating activities</b>		
Profit before taxation	78,711,594	209,075,820
<b>Adjustments for</b>		
Depreciation	67,822,154	50,920,672
Profit on sales of tangible assets (net)	-	(637,881)
Profit on sales of investments(net)	(22,193)	(1,700,176)
Provision for doubtful debts and advances	157,961	4,173,063
Liabilities no longer required written back	(3,200,000)	(19,129,247)
Interest income	(36,967,895)	(38,871,835)
Dividend income	(19,150,611)	(64,627,450)
Interest expenses	14,254,234	5,613,162
Other non cash items	(2,041,784)	937,762
<b>Operating profit before working capital changes</b>	<b>99,563,460</b>	<b>145,753,890</b>
Increase / (Decrease) in trade payables	6,770,270	4,319,188
Increase / (Decrease) in short term provisions	(1,403,465)	2,160,703
Increase / (Decrease) in other current liabilities	30,023,979	17,440,566
Increase / (Decrease) in short term borrowings	(10,810,435)	38,856,603
Increase / (Decrease) in long term borrowings	37,533,721	-
(Increase) / Decrease in trade receivables	58,480,290	(41,150,556)
(Increase) / Decrease in inventories	4,250,339	(113,274,070)
(Increase) / Decrease in long term loans and advances	11,847,553	74,649,280
(Increase) / Decrease in short term loans and advances	37,876,508	59,028,263
(Increase) / Decrease in other current assets	(2,333,244)	19,484,908
(Increase) / Decrease in other non-current assets	(59,288,321)	83,468,664
(Increase) / Decrease in bank deposits with maturity more than 3 to 12 months	(4,600,000)	15,000,000
<b>Cash generated from Operations</b>	<b>207,910,655</b>	<b>305,737,439</b>
Taxes paid (net of refunds)	(21,411,995)	(59,618,307)
<b>Net cash generated from operating activities (A)</b>	<b>186,498,660</b>	<b>246,119,132</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of tangible / intangible assets	(42,394,900)	(213,079,810)
Increase in capital work in progress	(100,589,474)	15,019,350
Sale of tangible / intangible assets	12,567,221	1,845,000
Non current investment	(220,494,429)	(23,910,556)
Current investments	-	4,904,005
Interest income	36,967,895	38,871,835
Dividend income	19,150,611	64,627,450
<b>Net Cash from investing activities (B)</b>	<b>(294,793,076)</b>	<b>(111,722,726)</b>
<b>C. Cash flow from Financing activities</b>		
Dividend and distribution tax paid	(18,423,421)	(43,615,748)
Interest paid	(14,254,234)	(5,613,162)
<b>Net cash used in Financing Activities (C)</b>	<b>(32,677,655)</b>	<b>(49,228,910)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	<b>(140,972,071)</b>	<b>85,167,496</b>
<b>Cash and Cash equivalents comprise of</b>		
Cash on hand	810,716	657,530
Balance with banks*	69,740,387	206,360,723
* Including the following balance which are not available for use by the Company		
Unpaid dividend account	3,640,083	3,735,162
Cash and cash equivalents at the beginning of the year	178,283,091	93,115,595
Cash and cash equivalents at the end of the year	37,311,020	178,283,091

### 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 in 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  
Coimbatore  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## 1. Significant Accounting Policies

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16<sup>th</sup> October 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 Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 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<sup>th</sup> December 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. 1<sup>st</sup> 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).

### 3.01 Change in accounting policy

Till the year ended 31<sup>st</sup> March 2014, schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, schedule XIV has been replaced by schedule II to the Companies Act, 2013. The applicability of schedule II has resulted in the following changes related to depreciation of fixed assets.

#### Useful lives/ depreciation rates

Till the year ended 31<sup>st</sup> March 2014, depreciation rates prescribed under schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile schedule XIV. However, schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under schedule II. Accordingly, the carrying amount as at 1<sup>st</sup> April 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of Rs. 12,567,219, in case of assets with Nil revised remaining useful life as at 1<sup>st</sup> April 2014, is reduced after tax adjustment from the retained earnings as at such date. Further, had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by Rs. 7.25 million and the profit before tax for the year ended 31<sup>st</sup> March, 2015 would have been higher by such amount, with a corresponding impact on net block of fixed assets as at 31<sup>st</sup> March, 2015.

#### Depreciation on assets costing less than Rs. 5,000/-

Till year ended 31<sup>st</sup> March 2014, to comply with the requirements of schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1<sup>st</sup> April 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the Company for the current year.

### **3.02 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. Revenue is recognised when the shareholders' or unit holders' right to receive payment is established by the balance sheet date.
- e. Interest Income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable

### **3.03 Fixed Assets**

#### **a. Tangible Assets**

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Gains or Losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### **b. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

#### **c. Depreciation**

Depreciation on tangible assets for items other than referred to in item 3.3.(c), is provided on written down value method on a pro-rata basis using the estimated life as prescribed under schedule II, at the rates as specified in schedule II of the Companies Act, 2013.

### **3.04 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.

### **3.05 Investments**

Investments are reflected at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

### **3.06 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.

### **3.07 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.

### **3.08 Employee / Retirement Benefits**

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.

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 be 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.

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.

Expenses on ex-gratia payment to employees, a defined contribution plan, is accounted as and when accepted by the management.

Compensated absence: A defined benefit plan is provided for all the eligible employees and the contributions of the Company are invested in the Life Insurance Corporation of India administered fund.

### **3.09 Lease**

The Company is leasing out tyre re-treading 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.

### **3.10 Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### **3.11 Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **3.12 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.

### **3.13 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.

### **3.14 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.

### **3.15 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.

### **3.16 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 2015

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

### 2.01 Share capital

	31.03.2015 Rs.	31.03.2014 Rs.
<b>Authorised</b>		
300,300,000 (300,300,000) Equity Shares of Re. 1/- each (Re. 1/- each)	300,300,000	300,300,000
<b>Issued and subscribed and fully Paid-up</b>		
50,050,000 (50,050,000) Equity Shares of Re. 1/- each (Re. 1/- each)	50,050,000	50,050,000
	<b>50,050,000</b>	<b>50,050,000</b>

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 recommended 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 held on 28<sup>th</sup> May 2015, recommended a final dividend of Re.0.21 per share. The recommendation 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, 2015 amounted to Rs.10,510,500/-. 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	31.03.2015 Rs.	No. of Shares	31.03.2014 Rs.
<b>Equity Shares</b>				
Balance as at the beginning of the year	50,050,000	50,050,000	50,050,000	50,050,000
Add: Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>50,050,000</b>	<b>50,050,000</b>	<b>50,050,000</b>	<b>50,050,000</b>

### 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	22,343,879	44.64	22,291,000	44.54
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, 2015.

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.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.02 Reserves and surplus</b>				
<b>a. Capital Reserve</b>				
Opening balance	173,276,500		173,276,500	
Add: Addition during the year	-		-	
<b>Balance as at the end of the year</b>		173,276,500		173,276,500
<b>b. Securities Premium account</b>				
Opening balance	1,900,000		1,900,000	
Add: Receipt on issue of securities	-		-	
<b>Balance as at the end of the year</b>		1,900,000		1,900,000
<b>c. General Reserve</b>				
Opening balance	1,230,734,639		1,215,610,057	
Add : Transfer from Statement of Profit and Loss	5,655,053		15,124,582	
<b>Balance as at the end of the year</b>		1,236,389,692		1,230,734,639
<b>d. Surplus in Statement of Profit and Loss</b>				
Opening balance	1,050,363,089		932,760,351	
Add : Profit for the year	56,550,533		151,245,820	
Amount available for appropriation	1,106,913,622		1,084,006,171	
<b>Less: Appropriations</b>				
Transitional adjustment on account of depreciation (Net of deferred tax)	8,295,220		-	
Proposed dividend on equity shares for the year	10,510,500		18,518,500	
Transfer to General Reserve	5,655,053		15,124,582	
<b>Balance as at the end of the year</b>		1,082,452,849		1,050,363,089
		<b>2,494,019,041</b>		<b>2,456,274,228</b>
<b>2.03 Long term borrowings</b>				
Secured		-		-
<b>From ICICI Bank Limited</b>				
Loan against property		37,533,721		-
		<b>37,533,721</b>		-
Secured against exclusive charge by equitable mortgage on the property situated at Chamiers Road, Chennai with office property being constructed on 3 <sup>rd</sup> Floor.				
<b>2.04 Deferred taxes liability (Net)</b>				
Deferred tax liabilities - Attributable to depreciation		-	13,210,000	
<b>Total (A)</b>				13,210,000
Deffered tax assets - Attributable to				
Expenses allowable for tax purposes when paid		-	2,089,300	
Voluntary retirements scheme payment		-	3,348,400	
Provisions for doubtful debts		-	1,418,300	
<b>Total (B)</b>				6,856,000
<b>Deferred tax (assets) / liability</b>	<b>Total (A)-(B)</b>	-		<b>6,354,000</b>
<b>2.05 Long term provisions</b>				
Provision for excise disputes		146,616		146,616
Provision for EPCG disputes		2,564,587		2,564,587
		<b>2,711,203</b>		<b>2,711,203</b>

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.

	31.03.2015 Rs.	31.03.2014 Rs.
<b>2.06 Short term borrowings</b>		
<b>Secured</b>		
<b>From State Bank of India</b>		
Cash credit facility	105,582,598	74,249,503
Packing credit facility	34,570,696	71,589,554
Loan against fixed deposits	23,000,000	-
<b>From HDFC Bank Ltd</b>		
Overdraft facility	-	12,624,672
<b>From Bank of India</b>		
Loan against fixed deposits	-	13,500,000
<b>From City Union Bank Ltd</b>		
Loan against fixed deposits	-	9,000,000
<b>Unsecured</b>		
From a related party	7,000,000	-
	<b>170,153,294</b>	<b>180,963,729</b>

**Securities offered in connection with the credit facilities availed by the Company**

- Loan against fixed deposits with State Bank of India amounting to Rs. 23,000,000 (Rs. Nil), Bank of India amounting to Rs. Nil (Rs.13,500,000) and with City Union Bank Limited amounting to Rs. Nil (Rs.9,000,000) are secured by a lien and pledge of fixed deposit receipts with State Bank of India, Bank of India and City Union Bank Limited respectively and are repayable on demand.
- Overdraft facility against fixed deposit with HDFC Bank Ltd., is secured by a lien and pledge of fixed deposit receipts with HDFC Bank Limited which is repayable on demand
- 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.
- 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 (c) and (d) above are further secured by first charge over the entire fixed assets of the Company exclusively including equitable mortgage of land and building located at Kanjikode, Chengalpattu, Neelambur, Aralvaimozhi and Tirunelveli. The facilities are further secured by a second charge of equitable mortgage over Company's landed property and factory building located at Annur and Kurichi, Coimbatore.

<b>2.07 Trade payables</b>		
Trade payables - related parties	11,550,694	1,630,107
Trade payables - others	37,693,548	40,843,865
	<b>49,244,242</b>	<b>42,473,972</b>

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

<b>2.08 Other current liabilities</b>		
Employee benefits payable	112,536	704,655
Employee recoveries payable	383,170	240,284
Unpaid dividend	3,640,083	3,735,162
Statutory dues (Including provident fund, withholding and other taxes payable)	12,137,516	10,782,690
Current maturities long term borrowings from ICICI Bank Limited (Refer Note. 2.03)	2,287,231	-
Other payable to a related party	17,050,063	16,499,523
Other payables	57,450	46,164
Advance received from customers	8,266,337	5,106,456
Advance received from related parties	23,204,527	-
	<b>67,138,913</b>	<b>37,114,934</b>

There are no amounts due for payment to the Investor Education and Protection Fund under relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, as at the year end

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.09 Short term provisions</b>				
Provision for compensated absence (Refer Note No.: 2.37 regarding disclosure requirement as per AS 15)		1,235,173		3,148,619
Other provisions		9,174,804		8,664,823
Provision for proposed dividend on equity shares		10,510,500		18,518,500
		<b>20,920,477</b>		<b>30,331,942</b>

## 2.10 Fixed Assets

Description	Gross Block			Depreciation			Net Block			
	As at 01.04.2014 Rs.	Additions Rs.	Transfer/ Deletions Rs.	As at 31.03.2015 Rs.	As at 01.04.2014 Rs.	For the year Rs.	Transfer/ Deletions Rs.	As at 31.03.2015 Rs.	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
Land	307,863,747	-	-	307,863,747	-	-	-	-	307,863,747	307,863,747
Building	211,457,169	-	-	211,457,169	95,709,550	9,710,354	(101,604)	105,318,300	106,138,869	115,747,619
Plant & Machinery	569,923,656	12,613,458	-	582,537,114	403,815,503	33,559,800	7,385,303	444,760,606	137,776,508	166,108,153
Lab Equipments	52,385,210	890,721	-	53,275,931	45,017,103	517,852	3,204,293	48,739,248	4,536,683	7,368,107
Office Equipments	7,103,134	325,226	-	7,428,360	5,801,346	17,269	946,632	6,765,247	663,113	1,301,788
Canteen Equipments	13,531	-	-	13,531	11,581	-	(448)	11,133	2,398	1,950
Electrical Fittings	17,212,435	-	-	17,212,435	13,130,967	2,025,811	1,660,194	16,816,972	395,463	4,081,468
Moulds and dies	10,698,643	304,600	-	11,003,243	2,620,859	2,104,483	(804)	4,724,538	6,278,705	8,077,784
Computer Furniture & Fittings	43,220,675	173,250	-	43,393,925	40,742,032	-	317,611	41,059,643	2,334,282	2,478,643
Vehicle	11,888,118	-	-	11,888,118	10,432,746	9,472	(832,339)	9,609,879	2,278,239	1,455,372
Intangible Assets Technical knowhow	8,593,822	-	-	8,593,822	7,171,761	1,180,820	(11,619)	8,340,962	252,860	1,422,061
Total	58,134,919	15,520,425	-	73,655,344	21,540,969	18,696,293		40,237,262	33,418,082	36,593,950
	<b>1,298,495,059</b>	<b>29,827,680</b>	<b>-</b>	<b>1,328,322,739</b>	<b>645,994,417</b>	<b>67,822,154</b>	<b>12,567,219</b>	<b>726,383,790</b>	<b>601,938,949</b>	<b>652,500,642</b>

## 2.11 Non current investments

### Trade investments (Long term, valued at cost)

#### Unquoted

Investment in subsidiaries

876,013,453

650,339,634

Less: Provision for fall in value of investment  
in subsidiaries

18,203,837

21,403,837

857,809,616

628,935,797

#### Other investments (Long term, valued at cost)

##### Quoted

a. Investment in equity instruments

4,928,988

4,928,988

b. Investment under the portfolio management  
scheme of HDFC

1,707,668

3,153,865

##### Unquoted

a. Investment in government securities

5,000,000

5,000,000

b. Investment in mutual fund

3,194,000

6,905,000

(Refer Note No.: 2.47 regarding details of investments)

**872,640,272**

**648,923,650**

	31.03.2015	31.03.2014
	Rs.	Rs.
<b>2.12 Deferred tax assets (Net)</b>		
<b>Deferred Tax Assets - Attributable to</b>		
Expenses allowable for tax purposes when paid	1,439,000	-
Voluntary retirements scheme payment to be allowed	2,511,000	-
Provisions for doubtful debts	1,483,000	-
<b>Total (A)</b>	<b>5,433,000</b>	<b>-</b>
<b>Deferred Tax Liabilities attributable to</b>		
Depreciation	5,364,000	-
<b>Total (B)</b>	<b>5,364,000</b>	<b>-</b>
<b>Deferred Tax Assets / (liability) Total (A) - (B)</b>	<b>69,000</b>	<b>-</b>
<b>2.13 Long term loans and advances</b> (Unsecured, considered good)		
Capital advances - Related parties	104,192,719	-
Capital advances - Others	58,173,422	41,636,297
Security deposits	13,830,250	10,021,060
Disputed Income tax payments	16,627,281	12,696,913
Statutory payments	949,272	924,272
Loans and advances to Related parties (Refer Note No.2.48)	110,785,716	251,127,671
Advances recoverable in cash or kind or for value to be received	1,810,000	1,810,000
	<b>306,368,660</b>	<b>318,216,213</b>
<b>2.14 Other non current assets</b>		
Long term deposits with maturity period more than 12 months		
Fixed deposit with banks	26,000,000	-
Margin money deposits (Lien marked by banks against bank guarantees)	226,519,657	193,231,336
	<b>252,519,657</b>	<b>193,231,336</b>
<b>2.15 Inventories</b>		
a. Raw materials		
Natural rubber	8,668,724	13,283,293
Polimers	130,468,326	55,963,250
Carbon black	8,330,839	12,891,998
Butyl scrap & rubber dust	-	112,557,803
Others	118,899,460	86,410,548
	266,367,349	281,106,892
b. Work in process	14,410,487	13,151,232
c. Finished goods (Reclaimed rubber materials and retreading raw materials)	75,034,044	70,791,047
d. Stock in trade (Traded goods) - retreading material	353,975	11,733
e. Stores and spares	27,473,096	23,170,232
f. Others		
Packing materials	7,491,328	7,814,249
Scrap	1,486,514	821,747
	<b>392,616,793</b>	<b>396,867,132</b>

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.16 Trade receivables</b>				
(Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for payment	34,173,224		20,589,143	
Others	120,811,038	154,984,262	190,991,586	211,580,729
(Unsecured, considered doubtful)				
Outstanding for a period exceeding six months from the date they are due for payment	4,363,486		32,462	
Less: Provision for doubtful debts	4,363,486	-	32,462	-
(Refer Note No.: 2.48 relating to receivable amount from related parties)				
		<b>154,984,262</b>		<b>211,580,729</b>
<b>2.17 Cash and bank balances</b>				
Cash and cash equivalents				
Cash on hand		810,716		657,530
Bank balances				
In current account		3,000,304		10,751,503
In demand deposits		33,500,000		48,500,000
(Out of the above, deposits of Rs.26,000,000/- (Rs.15,000,000/-) have been pledged with the bank for the purpose of availing loan against fixed deposit)				
Demand deposits with maturity of more than 3 months but less than 12 months		29,600,000		25,000,000
(Out of the above, deposits of Rs.15,000,000/- (Rs.25,000,000/-) have been pledged with the bank for the purpose of availing overdraft against fixed deposit)				
Margin money deposits		-		118,374,058
Unpaid dividend account		3,640,083		3,735,162
		<b>70,551,103</b>		<b>207,018,253</b>
<b>2.18 Short term loans and advances</b>				
(Unsecured, considered good)				
Advance payment of Income tax (Net)		18,576,530		19,587,336
Balances with customs, central excise, VAT etc.,		40,200,208		31,391,318
Receivable from Government-DEPB/Duty draw back, etc.,		3,782,256		2,715,714
Dividend receivable from related parties		18,194,863		20,876,560
Prepaid expenses		15,584,492		6,957,031
Due from related parties		237,787		-
Others		20,427,577		76,252,328
		<b>117,003,713</b>		<b>157,780,287</b>
<b>2.19 Other current assets</b>				
(Unsecured considered good)				
Income accrued on bank deposits		21,440,017		17,835,139
Income accrued on investments and others		455,448		300,000
Due from related parties		-		1,427,082
		<b>21,895,465</b>		<b>19,562,221</b>

	31.03.2015 Rs.	31.03.2014 Rs.
<b>2.20 Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>i. Claims against the Company not acknowledged as debts</b>		
a. Income tax matters	4,680,660	667,560
b. Excise and Service tax matters	1,696,185	1,696,185
c. Sales tax	261,000	261,000
d. Stamp duty (Net of Rs.0.5 million paid towards the demand)	2,848,064	4,368,304
<b>ii. Capital commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	21,641,437	16,359,035
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 210,000
<b>iii. Other commitments</b>		
a. The Company has issued an undertaking to provide need based financial support to its following wholly owned subsidiary companies		
i. Pincott International Pty Limited, Australia	-	AUD 577,771
	USD 1,000,000	USD 800,000
ii. Borrachas e Equipamentos Elgi Ltda, Brasil	BRL 9,900,000	BRL 9,900,000
iii. Elgi Rubber Company B.V., The Netherlands	EUR 500,000	EUR 300,000
iv. Elgi Rubber Company LLC, USA	USD 4,841,579	USD 2,516,579
v. Rubber Resources B.V., The Netherlands	EUR 9,000,000	EUR 2,500,000
b. Guarantee on account of unpaid liability on account of purchase of shares of RR as stated in column (ii) (b) above	-	EUR 720,000
c. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities	5,848,946	8,005,484
d. Letter of credit on account of import of goods	USD 38,940	USD 498,600

#### iv. Overseas subsidiaries

**Securities offered in connection with Standby Letter of Credit extended by ING Vysya Bank Limited and Export-Import Bank of India, in favour of the respective banks, which have granted credit facilities to the following Subsidiary Companies**

##### Facilities offered

- for the credit facilities granted by ING Bank NV, Filial De Sao Paulo, Brasil to Borrachas e Equipamentos Elgi Ltda, Brasil.
- for the credit facilities granted by ING Bank NV, Amsterdam to Rubber Resources B.V., The Netherlands.
- for the credit facilities granted by Export-Import Bank of India, London to Pincott International Pty Limited, Australia.
- for the credit facilities granted by Export-Import Bank of India, London to Elgi Rubber Company LLC, USA.

##### Securities offered

By deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of ING Vysya Bank Limited, Coimbatore ranking pari-passu with Export Import Bank of India, Mumbai

The facilities relating to the standby letter of credit extended by ING Vysya Bank Ltd is further secured by marking of lien by the bank on the fixed deposits (grouped under margin money deposits) held with them amounting to Rs.188.54 million, which includes margin money towards the facilities granted to Elgi Rubber Company B.V., The Netherlands amounting to EUR 0.50 million, Rubber Resources B.V., The Netherlands and Borrachas e Equipamentos Elgi Ltda, Brasil.

##### Securities offered in connection with standby letter of credit extended by State Bank of India, based on which credit facilities to the following subsidiary Company

For the credit facilities granted by State Bank of India, Antwerp to Rubber Resources B.V., The Netherlands.

Secured by exclusive first charge over the entire current assets of the company, equitable mortgage over Company's landed property and factory building located at Annur and Kurichi, Coimbatore

The facilities relating to the standby letter of credit extended by State Bank of India is further secured by marking of lien by the bank on the fixed deposits (grouped under margin money deposits) held with them amounting to Rs.36.90 million, towards the facilities granted to Rubber Resources B.V., The Netherlands for a sum of EUR 3.00 million.

	31.03.2015	31.03.2014
	Rs.	Rs.
<b>2.21 Proposed dividend</b>		
The final dividend recommended for the year is as follows		
On equity shares of Re.1/- each		
Amount of recommended dividend per equity share	Re. 0.21	Re. 0.37
<b>2.22 Revenue from operations</b>		
a. Sale of products		
Finished goods	1,352,221,940	1,426,484,357
Traded goods	81,820,577	119,813,224
b. Sale of services	12,747,190	13,066,438
c. Sale of electricity	-	4,076,875
d. Other operating revenue - scrap sales	1,808,131	1,345,746
	<u>1,448,597,838</u>	<u>1,564,786,640</u>
<b>Sales (Finished goods)</b>		
Reclaim rubber materials	502,388,673	571,035,582
Retreading raw materials & others	729,104,021	755,741,746
Envelope	111,187,890	95,062,094
Rubber compound sheets	9,541,356	4,644,935
	<u>1,352,221,940</u>	<u>1,426,484,357</u>
<b>Sales (Traded goods)</b>		
Retreading machinery accessories & others	81,820,577	119,813,224
<b>2.23 Other Income</b>		
a. <b>Interest income</b>		
from bank	31,467,369	32,820,330
from subsidiaries	-	1,427,082
from others	5,500,526	4,624,423
	<u>36,967,895</u>	<u>38,871,835</u>
b. <b>Dividend income</b>		
from subsidiaries	18,509,105	63,655,478
from others	641,506	971,972
	<u>19,150,611</u>	<u>64,627,450</u>
c. Net gain on sale of investments	22,193	1,700,176
d. Net gain on sale of assets	-	637,881
e. Rent received	9,022,910	9,022,130
f. Income from electricity generations	33,984,245	31,338,584
g. Liabilities written back to the extent no longer required	3,200,000	19,129,109
h. Net gain on foreign currency transactions and translations	1,327,225	16,882,247
i. Claims received from insurance company	1,376,957	323,545
j. Duty drawback / rebate of Excise duty	96,661	997,659
k. Miscellaneous income	8,124,590	979,066
	<u>113,273,287</u>	<u>184,509,682</u>
<b>2.24 Cost of material consumed</b>		
<b>Raw material consumed</b>		
Opening inventory	281,106,892	179,607,738
Add: Purchase	749,771,861	929,843,852
Less: Inventory at the end of the year	266,367,349	281,106,892
<b>Cost of raw material consumed during the year</b>	<u>764,511,404</u>	<u>828,344,698</u>
<b>Packing material consumed</b>		
Opening inventory	7,814,249	5,454,318
Add: Purchase	10,811,936	14,978,155
Less: Inventory at the end of the year	7,491,328	7,814,249
<b>Cost of packing material consumed during the year</b>	<u>11,134,857</u>	<u>12,618,224</u>
	<u>775,646,261</u>	<u>840,962,922</u>



	31.03.2015	31.03.2014
	Rs.	Rs.
<b>2.25 Changes in inventory of finished goods and work in process</b>		
<b>Stock at the end of the year</b>		
Finished goods	75,034,044	70,791,047
Work in process	14,410,487	13,151,232
Stock in trade	353,975	11,733
Scrap	1,486,514	821,747
	(91,285,020)	(84,775,759)
<b>Less: Stock at the beginning of the year</b>		
Finished goods	70,791,047	41,955,825
Work in process	13,151,232	24,420,564
Stock in trade	11,733	11,044,603
Scrap	821,747	816,249
Securities	-	4,904,005
Less: Transfer to non current investments	-	(4,904,005)
	84,775,759	78,237,241
<b>(Increase) / Decrease in inventory of finished goods and work in process</b>	<b>(6,509,261)</b>	<b>(6,538,518)</b>
<b>2.26 Employee benefit expenses</b>		
Salaries, wages and bonus	95,068,429	80,443,191
Voluntary retirement scheme payments	-	12,313,846
Managerial remuneration	4,032,000	4,032,000
Contribution to provident and other funds	9,215,983	8,580,286
Gratuity paid	2,761,962	856,155
Staff welfare expenses	2,756,358	2,457,286
	<b>113,834,732</b>	<b>108,682,764</b>
(Refer Note No.: 2.37 on disclosure requirement as per Accounting Standard 15 on Employee benefits)		
<b>2.27 Finance costs</b>		
<b>Interest on borrowings</b>		
On borrowings from banks	14,135,666	5,064,630
Others	118,568	548,532
Financial charges on borrowings	2,173,669	890,107
	<b>16,427,903</b>	<b>6,503,269</b>
<b>2.28 Depreciation and amortisation expenses</b>		
Depreciation on tangible assets	49,125,861	42,528,948
Amortisation on intangible assets	18,696,293	8,391,724
	<b>67,822,154</b>	<b>50,920,672</b>
<b>2.29 Other expenses</b>		
Consumption of stores and spare parts	22,347,127	20,827,261
Excise duty*	(914,508)	2,097,909
Power and fuel	111,137,665	123,136,865
Rent	1,277,476	1,680,082
Labour charges	33,822,138	28,686,609
Repairs and maintenance – plant and machinery	31,842,676	35,681,569
Repairs and maintenance – building	4,921,669	3,787,068
Repairs and maintenance – others	11,316,884	10,120,911
Insurance	4,143,875	6,126,749
Rates and taxes	6,364,076	4,912,450
Travelling and conveyance	17,707,252	17,237,186
Directors' sitting fees	300,000	250,000
Statutory Auditors : Audit fees	625,000	550,000
Tax audit fee	50,000	50,000
Other services	5,000	5,000
Reimbursement of expenses	133,797	99,417
	813,797	704,417
Professional fees	28,729,597	34,688,935
Sales commission	536,500	1,242,750
Advertisement and other selling expenses	15,885,642	7,417,945
Carriage inward	10,774,545	14,771,548
Freight charges	13,462,444	9,387,330
CSR expenditure (Refer Note 2.42)	3,750,000	400,000
Provision for doubtful debts	157,961	4,173,063
Loss on sale / redemption of investment	4,669,974	-
Miscellaneous expenses	19,230,432	18,092,981
	<b>342,277,222</b>	<b>345,423,628</b>

\* represents excise duty related to the difference between the opening and closing inventory of manufactured finished goods.

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.30 Exceptional items</b>				
Income tax relating to previous years		(287,939)		-
		<b>(287,939)</b>		-
<b>2.31 CIF value of imports</b>				
Raw materials		62,069,379		87,293,244
Components and spare parts		663,213		684,522
Capital goods		89,156,897		19,893,579
Others		-		141,767
<b>2.32 Expenditure incurred in foreign currency</b>				
Professional and consultation fees		18,746,954		28,384,007
Interest / bank charges		1,695,428		812,936
Travelling expenses		2,846,765		2,268,341
Membership fee, books & periodicals		197,699		157,063
Advertisement		13,371,966		6,258,724
Royalty		53,389		187,824
Others		4,236,471		310,381
<b>2.33 Dividend remitted in foreign exchange</b>				
Dividend paid during the year		-		-
Number of non resident shareholders		-		-
Number of equity shares held by such non resident shareholders		-		-
Year to which the dividend relate to		-		-
<b>2.34 Earnings in foreign currency</b>				
Revenue from exports on FOB basis		240,334,304		203,045,642
Interest		-		1,427,082
Dividend		6,491,605		44,655,477
Other income		5,261,052		2,601,644
<b>2.35 Details of consumption and purchases</b>				
<b>a. Details of raw materials and stores and spares consumed</b>				
Rubber scrap		266,137,288		258,059,429
Polymer		300,554,484		314,092,443
Carbon black		69,711,897		87,985,466
Chemicals & other raw materials		128,107,735		168,207,360
Stores and spares		22,347,127		20,827,261
		<b>786,858,531</b>		<b>849,171,959</b>
<b>b. Purchase of traded goods</b>				
Retreading machinery and tools, spares & accessories		59,035,522		72,343,872
		<b>59,035,522</b>		<b>72,343,872</b>
<b>c. Details of value of imported and indigenous material consumed</b>	<b>Value Rs.</b>	<b>31.03.2015 (% of total Consumption)</b>	<b>Value Rs.</b>	<b>31.03.2014 (% of total Consumption)</b>
Imported	62,732,591	7.97	56,960,432	6.71
Indigenous	724,125,940	92.03	792,211,527	93.29
	<b>786,858,531</b>	<b>100.00</b>	<b>849,171,959</b>	<b>100.00</b>
<b>2.36 Earnings per share</b>				
	Before extraordinary items	After extraordinary items	Before extraordinary items	After extraordinary items
<b>a. Basic</b>				
Profit after tax	56,550,533	56,550,533	151,245,820	151,245,820
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Basic EPS	1.13	1.13	3.02	3.02
<b>b. Diluted</b>				
Profit after tax	56,550,533	56,550,533	151,245,820	151,245,820
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Diluted EPS	1.13	1.13	3.02	3.02

### 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.

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
	Gratuity	Compensated absence	Gratuity	Compensated absence
<b>Present value of defined benefit obligation</b>				
Obligations at period beginning	25,504,207	3,148,619	24,437,541	2,498,964
Service cost	2,004,763	1,324,540	1,873,070	827,952
Interest cost	2,040,337	-	1,955,003	-
Actuarial (Gain) / Loss	1,499,899	-	913,449	2,276,216
Benefits paid	(1,519,125)	(1,541,714)	(3,674,856)	(2,454,513)
Obligations at period at the end of the year	29,530,081	2,931,445	25,504,207	3,148,619
Defined benefit obligation liability, on account of gratuity, as at the balance sheet has been funded to the extent of Rs.35,616,646/- and compensated absence has been funded to the extent of Rs.1,696,272/- by the Company.				
<b>Fair value of plan assets</b>				
Plan assets at period beginning at fair value	32,110,909	-	27,818,507	-
Expected return on plan assets	2,783,037	110,791	2,332,549	-
Contributions	2,241,825	3,127,195	4,081,891	-
Transfer/Adjustment	-	-	1,552,818	-
Benefits paid	(1,519,125)	(1,541,714)	(3,674,856)	(2,454,513)
Plan assets at period end at fair value	35,616,646	1,696,272	32,110,909	-
<b>Assets/Liabilities recognised in the balance sheet</b>				
Fair value of plan assets at period end	35,616,646	1,696,272	32,110,909	-
Present value of the defined benefit obligations at the end of the period	29,530,081	2,931,445	25,504,207	-
Asset / (Liability) recognised in the balance sheet	6,086,565	(1,235,173)	6,606,702	-
<b>Assumptions</b>				
Interest rate	9.00%	8.75%	8.75%	-
Discount rate	8.00%	8.00%	8.00%	8.00%
Estimated salary escalation rate	6.50%	6.50%	6.50%	6.50%
<b>Expenses recognised in the statement of profit and loss</b>				
Service cost	2,004,763	1,324,540	1,873,070	827,952
Interest cost	2,040,337	-	1,955,003	-
Expected return on plan assets	(2,783,037)	(110,791)	(2,332,549)	-
Actuarial (Gain) / Loss	1,499,899	-	913,449	2,276,216
Transfer/Adjustment	-	-	(1,552,818)	-
Net cost	2,761,962	1,213,749	856,155	3,104,168

The funds in respect of gratuity have been invested in the LIC Group Gratuity Cash Accumulation Plan and in respect of compensated absence have been invested in the LIC Group leave encashment plan, 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	31.03.2015			31.03.2014		
Trade payable	AUD	173,695	47.47	AUD	7,500	55.43
	EURO	15,302	67.51	EURO	4,800	82.58
	-	-	-	US\$	23,976	60.10
Trade receivable	US\$	1,051,256	62.59	US\$	1,229,517	60.10
	EURO	272,389	67.51	EURO	216,452	82.58
	AUD	45,487	47.47	-	-	-
Bank balance in EEFC Account	US\$	409	62.59	US\$	37,223	60.10
Bank balance in EEFC Account	EURO	95	67.51	EURO	19,292	82.58
Packing credit facility	US\$	552,329	62.59	US\$	1,191,178	60.10
Dividend receivable	US\$	97,869	62.59	US\$	25,651	60.10
Loan receivables as at the year end	-	-	-	US\$	3,293,745	60.10
Letter of credit - Imports	US\$	38,940	62.59	US\$	498,600	60.10
			<b>31.03.2015</b>			<b>31.03.2014</b>
			<b>Rs.</b>			<b>Rs.</b>

**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	1,352,724	1,761,621
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	-	-

**2.41** During the year the Company has capitalised interest paid on term loans amounting to Rs.741,734 along with the immovable property which is being constructed. Consequently interest amount shown in the notes is net off such expenditure capitalised.

**2.42 Corporate Social Responsibility:** As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The CSR expenditure for the year ended March 31, 2015 is contributed to a few trusts towards activities which are specified in schedule VII of the Companies Act, 2013.

	Yet to be paid	Total in cash
Gross amount required to be spent by the Company during the year in cash	Rs. 2.81 million	-
(i) Amount spent during the year on construction/acquisition of any asset	-	-
On purposes other than (i) above in the form of donations to the approved institutions	Rs. 3.75 million	Rs. 3.75 million

**2.43** 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.

**2.44** Income tax assessment has been completed upto the accounting year ended 31<sup>st</sup> March 2012.

**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, 2015 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of account.

## 2.47 Non current investments

- Number of units of investment in mutual funds are rounded off to the nearest whole number.
- All investments are fully paid up, unless otherwise stated.
- Details of Investments

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

No. of units / shares		Description of investment	31.03.2015		31.03.2014	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
<b>In Subsidiaries (Unquoted)</b>						
<b>(All investment in shares are fully paid up unless otherwise stated)</b>						
3,000,000	3,000,000	LLC Unit of US\$1 each in Elgi Rubber Company LLC, USA		147,990,798		147,990,798
-	175,000	Equity Shares of MUR.10 each in Treadsdirect Limited, Mauritius	4,651,645		4,651,645	
		Less : Disinvestment during the year	4,651,645			
		Less : Provision for fall in value of investment	-	-	3,200,000	1,451,645
23,999	23,999	Equity Shares of KES.100 each in Treadsdirect Limited, Kenya		2,008,731		2,008,731
1,000,000	1,000,000	Equity Shares of LKR.10 each in Treadsdirect Limited, Srilanka		6,955,177		6,955,177
-	690,000	12.5% Redeemable cumulative preference shares of LKR.10 each in Treadsdirect Limited, Srilanka	4,404,698		4,404,698	
		Less : Redeemed during the year	4,404,698	-	-	4,404,698
		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 BDT 100 each in Treadsdirect Limited, Bangladesh		4,417,290		4,417,290
10,005,000	10,005,000	Equity shares of BRL 1 each in Borrachas e Equipamentos Elgi Ltda, Brasil	158,253,445		56,134,552	
		Add : 6,520,000 shares allotted during the year consequent to the merger of Elgi Industria e Comercio De Borrachas Ltda, with Borrachas e Equipamentos Elgi Ltda,	-	158,253,445	102,118,893	158,253,445
2,500,000	1,000	Shares of EUR 1(EUR 500) each in Rubber Resources B.V., The Netherlands	123,046,083		92,652,183	
		Add: Payment made during the year	174,730,162	297,776,245	30,393,900	123,046,083
100	100	Shares of AUD 1 each in Pincott International Pty Limited, Australia		106,634,402		106,634,402
18,000	18,000	Equity shares of EUR 1 each in Elgi Rubber Company B.V., The Netherlands		1,222,650		1,222,650
-	1,000,000	Equity shares of Rs.10/- each in Titan Tyrecare Products Limited	10,000,000		10,000,000	
-	1,000,000	10% Redeemable Preference shares of Rs. 10/- each in Titan Tyrecare Products Limited	10,000,000		10,000,000	
			20,000,000		20,000,000	
		Less : Interest transferred to Titan Tyrecare Products LLP	20,000,000	-	-	20,000,000
4,750,000	4,750,000	Equity Shares of Rs.10/- each in Treadsdirect Limited		47,500,000		47,500,000
3,000,000	-	Equity Shares of Rs.10/- each in Parani Steels Private Limited.		60,000,000		-
<b>Investment in the capital of Limited Liability Partnership firm (Subsidiary)</b>						
		- Titan Tyrecare Products LLP Capital Account		20,000,000		-

No. of units / shares		Description of investment	31.03.2015		31.03.2014	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
99.99%		Elgi Rubber Company Limited				
0.01%		Others				
				<b>857,809,616</b>		<b>628,935,797</b>
		<b>In Equity Investments (Quoted)</b> <b>(Face Value of the Unit is Rs. 10/- each unless otherwise stated and are fully paid up)</b>				
332,080	332,080	Equity shares of Re. 1/- each in Elgi Equipments Limited	4,713,700		400	
		Add : Transferred from current investments (332,040 Equity shares of Re. 1/- each)	-	4,713,700	4,713,300	4,713,700
3,225	2,150	Precot Meridian Limited (Transferred from current investments during the previous year)		215,288		215,288
-	1,075	Add : Bonus shares issued during the year		-		-
				<b>4,928,988</b>		<b>4,928,988</b>
		<b>In the Portfolio Management Scheme of HDFC Asset Management Company- Real Estate Portfolio – I (PMS) – (Quoted)</b>				
		<b>In Debentures</b> <b>(Face Value of the Unit is Rs. 1,000/- each)</b>				
-	108	Ariisto Realtors Private Limited		-		108,000
-	41	Ariisto Realtors Private Limited – II		-		41,000
14	58	Ariisto Realtors Private Limited – III		14,000		58,000
139	139	Ariisto Realtors Private Limited – IV		139,000		139,000
270	320	Atithi Building Commodities Private Limited		270,000		320,000
44	44	Atithi Building Commodities Private Limited – II		44,000		44,000
		<b>(Face Value of the Unit is Rs. 100/- each)</b>				
-	1,310	Anand Divine Developers Private Limited – II		-		131,000
-	1,786	Arimas Developers Private Limited Class B – Aug 2011		-		178,600
806	806	BCC Infrastructure Private Limited Class A – III		80,600		80,600
1,152	1,152	BCC Infrastructure Private Limited Class A – IV		115,200		115,200
-	1,310	Dharmesh Constructions Private Limited		-		131,000
-	1,462	Dharmesh Constructions Private Limited – II		-		146,200
-	208	Ekta Parksville Homes Private Limited		-		20,800
-	527	Ekta Parksville Homes Private Limited – II		-		52,700
-	353	Ekta World Private Limited – Class A – 2		-		35,300
-	368	Kunal Spaces Private Limited – Class A		-		36,800
-	800	Kunal Spaces Private Limited – Class A - II		-		80,000
-	445	Marvel Realtors and Developers – Series 1		-		44,500
351	1,001	Marvel Realtors and Developers – Series 2		35,100		100,100
-	115	Nilkanth Tech Park Private Limited – 2011 - II		-		11,500
-	784	Nilkanth Tech Park Private Limited – 2011 – III		-		78,400
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
3,440	3,440	Total Environment Habitat Private Limited		344,000		344,000
298	923	Total Environment Projects – I		29,800		92,300
55	55	Total Environment Projects – II		5,500		5,500
212	212	Total Environment Projects – III		21,200		21,200
				<b>1,304,900</b>		<b>2,622,200</b>
		<b>In Equity / Preference Shares</b>				
1,399	1,399	Ansal Hi-Tech Townships Limited		123,441		123,441
-	284	Arimas Developers Private Limited (Preference)		-		284
28	28	BCC Infrastructure Private Limited		280		280

No. of units / shares		Description of investment	31.03.2015		31.03.2014	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
85	85	BCC Infrastructure Private Limited (Preference)		850		850
-	256	Ekta World Private Limited (Preference)		-		256
-	26	Kunal Spaces Private Limited		-		260
139	139	Nitesh Housing Developers Private Limited		49,545		49,545
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	Total Environment Projects India Private Limited		-		740
				<b>283,316</b>		<b>284,856</b>
		<b>In Mutual Funds</b>				
		<b>(Face value of the units is Rs.10/- each)</b>				
-	24,534	HDFC Treasury Advantage Plan – WD		-		246,809
4,094	-	HDFC Cash Management Fund Savings Plan – Growth		119,452		-
				<b>1,707,668</b>		<b>3,153,865</b>
		<b>In Government Securities (Unquoted)</b>				
		(Face value of the unit is Rs. 10/- each unless otherwise stated)				
500	500	Non-Convertible redeemable taxable bonds National Highways Authority of India (Bonds of Rs.10,000/- each)	5,000,000		10,000,000	
		Less : Redeemed during the year	-	5,000,000	5,000,000	5,000,000
		<b>In Mutual Funds (Unquoted)</b>				
		(Face value of the unit is Rs. 10/- each unless otherwise stated)				
3,194	6,905	IL & FS Milestone Fund – I (Units of Rs.1,000/- each)	6,905,000		9,149,000	
		Less : Return of contribution	3,711,000	3,194,000	2,244,000	6,905,000
				<b>872,640,272</b>		<b>648,923,650</b>
<b>Aggregate amount of investments</b>						
Unquoted				866,003,616		640,840,797
Quoted						
		Cost		6,636,656		8,082,853
		Market Value		52,570,985		40,235,769

**2.48 Related party disclosure (as identified by the Company)**

Description of the nature of transaction	Description of relationship	Related party	31.03.2015 Rs.	31.03.2014 Rs.	
Income from sale of goods	Subsidiary	Treadsdirect Limited, India	584,162,142	657,642,869	
		Titan Tyrecare Products Limited, India	-	134,168	
		ELGI Rubber Company LLC, USA	18,262,053	13,843,394	
		Treadsdirect Limited, Kenya	12,955,274	6,215,670	
		Treadsdirect Limited, Sri Lanka	3,020,374	6,248,900	
		Treadsdirect LLC, USA	2,536,382	445,929	
		Borrachas e Equipamentos Elgi Ltda, Brasil	1,903,173	2,322,460	
		Rubber Resources B.V., The Netherlands	731,500	-	
		Elgi Rubber Company B.V., The Netherlands	4,497,491	7,122,105	
		Pincott International Pty Limited, Australia	17,358,118	11,324,399	
Purchase of goods	Subsidiary	Treadsdirect Limited, India	23,577,176	21,956,071	
		Titan Tyrecare Products Limited, India	-	2,417,095	
		Elgi Rubber Company LLC, USA	-	141,767	
		Pincott International Pty Limited, Australia	9,081,754	1,121,580	
		Borrachas e Equipamentos Elgi Ltda, Brasil	-	662,087	
		Rubber Resources B.V., The Netherlands	-	4,408,960	
		Rubber Resources LLC, USA	354,482	3,078,152	
		Elgi Rubber Company B.V.,The Netherlands	909,122	-	
		Other related parties	Elgi Ultra Industries Limited	2,407,946	3,614,521
			Festo Controls Private Limited	1,200,500	535,739
Ellargi & Co.,	1,192,219		1,342,223		
Purchase of fixed assets	Subsidiary	Titan Tyrecare Products Limited, India	-	16,565,773	
Reimbursement of expenses (Paid)	Subsidiary	Treadsdirect Limited, India	-	48,205	
		Pincott International Pty Limited, Australia	333,821	-	
		Rubber Resources B.V., The Netherlands	123,945	762,070	
Reimbursement of expenses (Received)	Subsidiary	Treadsdirect Limited, India	540,369	-	
Loss on redemption of Investment	Subsidiary	Treadsdirect Limited Mauritius	3,462,808	-	
		Treadsdirect Limited, Sri Lanka	1,207,166	-	
Rendering of services	Subsidiary	Treadsdirect Limited, India	13,388,000	12,724,846	
	Other related parties	Elgi Equipments Limited	1,110,910	-	
Receiving of services	Subsidiary	Titan Tyrecare Products Limited, India	-	235,127	
		Treadsdirect Limited, India	256,431	1,063,909	
		Elgi Equipments Limited	93,931	93,931	
Managerial remuneration Salary to other Key managerial personnel	Key managerial personnel	Sudarsan Varadaraj	4,032,000	4,032,000	
		T.Ashokanand	-	1,481,261	
Sitting fees	Other related parties	S.R.Venkatachalam	1,771,200	1,518,420	
		C Shankar	1,191,360	-	
		M D Selvaraj	90,000	100,000	
		P Vijay Raghunath	90,000	100,000	
Rent received	Subsidiary	Suresh Jaganathan	70,000	40,000	
		Vidyasankar Bhuvanewari	30,000	-	
		Jai Ram Varadaraj	20,000	10,000	
		Treadsdirect Limited, India	9,022,910	8,595,261	
		Titan Tyrecare Products Limited, India	-	289,410	
Rent paid	Key managerial personnel	Sudarsan Varadaraj	360,000	360,000	
Dividend received	Subsidiary	Treadsdirect Limited, Kenya	1,653,600	42,942,542	
		Treadsdirect Limited, Sri Lanka	4,838,005	1,712,936	
		Treadsdirect Limited India	12,017,500	19,000,000	
		Elgi Equipments Limited	332,080	332,080	
		Treadsdirect LLC, USA	-	1,427,082	
Interest received	Subsidiary	Treadsdirect LLC, USA	-	1,427,082	
Interest paid	Key managerial personnel	Sudarsan Varadaraj	111,184	537,031	
Guarantees given	Subsidiary	Pincott International Pty Limited, Australia	-	AUD 577,771	
		Pincott International Pty Limited, Australia	USD 1,000,000	USD 800,000	
		Elgi Rubber Company B.V.,The Netherlands	EUR 500,000	EUR 300,000	
		Borrachas e Equipamentos Elgi Ltda, Brasil	BRL 9,900,000	BRL 9,900,000	
		Elgi Rubber Company LLC, USA	USD 4,841,579	USD 2,516,579	
		Rubber Resources B.V., The Netherlands	EUR 9,000,000	EUR 2,500,000	



Description of the nature of transaction	Description of relationship	Related party	31.03.2015 Rs.	31.03.2014 Rs.
Loan given	Subsidiary	Borrachas e Equipamentos Elgi Ltda, Brasil	-	14,685,111
		Treadsdirect LLC, USA	-	92,650,680
Investments made	Subsidiary	Rubber Resources B.V., The Netherlands	174,730,162	30,393,900
		Titan Tyrecare Products LLP, India	20,000,000	-
Loan taken	Key managerial personnel	Sudarsan Varadaraj	9,500,000	18,000,000
Loan outstanding	Key managerial personnel	Sudarsan Varadaraj	7,000,000	-
Trade payables	Subsidiary	Treadsdirect Limited, India	1,246,754	585,608
		ELGI Rubber Company LLC, USA	-	68,076
		Rubber Resources B.V., The Netherlands	-	396,367
		Pincott International Pty Limited, Australia	8,704,326	169,301
		Rubber Resources B.V., The Netherlands	123,945	-
		Elgi Rubber Company B.V., The Netherlands	909,122	-
	Other related parties	Elgi Ultra Industries Limited	459,000	400,411
		Ellargi & Co.,	52,265	10,344
		Festo Controls Private Limited	55,282	-
Trade receivables	Subsidiary	Treadsdirect Limited, India	9,535,054	43,988,250
		ELGI Rubber Company LLC, USA	10,197,012	12,793,637
		Treadsdirect Limited, Kenya	3,297,940	81,444
		Treadsdirect Limited, Sri Lanka	977,328	407,623
		Treadsdirect LLC., USA	5,187,738	9,385,660
		Borrachas e Equipamentos Elgi Ltda, Brasil	10,215,651	5,487,087
		Pincott International Pty Limited, Australia	-	12,261,136
		Elgi Rubber Company B.V., The Netherlands	9,180,306	12,124,601
		Rubber Resources B.V., The Netherlands	8,913,668	3,825,683
		Rubber Resources LLC, USA	-	3,867,855
	Other related parties	Elgi Equipments Limited	193,138	-
Security deposit	Other related parties	Ellargi & Co.,	100,000	100,000
Advance paid for purchase of Capital goods	Subsidiary	Parani Steels Private Limited, India	104,192,719	-
Receivable on account of sale of undertaking	Subsidiary	Treadsdirect Limited, India	-	54,601,325
Payable on account of Purchase of undertaking	Subsidiary	Titan Tyrecare Products LLP, India	17,050,063	16,499,523
Dividend receivable	Subsidiary	Treadsdirect Limited, Bangladesh	334,918	334,918
		Treadsdirect Limited, Kenya	1,488,240	-
		Treadsdirect Limited, India	12,017,500	19,000,000
		Treadsdirect Limited, Sri Lanka	4,354,205	1,541,642
Amount receivable	Subsidiary	Borrachas e Equipamentos Elgi Ltda, Brasil	110,785,716	106,376,646
		Rubber Resources LLC, USA	-	41,147,284
		Treadsdirect Limited, India	-	-
		Pincott International Pty Limited, Australia	-	9,533,960
		Treadsdirect LLC, USA	-	90,149,700
	Other related parties	LRG Technologies Limited	237,787	-
Amount payable	Subsidiary	Rubber Resources LLC, USA	20,648	-
		Treadsdirect Limited, India	23,183,879	-
Interest receivable	Subsidiary	Treadsdirect LLC, USA	-	1,427,082

In respect of the above parties, there is no provision for doubtful debts as on 31st March 2015 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  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## Performance and Financial Indicators

### Performance

Particulars	(Rs. In Million)				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Sales and other income	1,447.25	1,627.37	1,598.13	1,240.05	2,018.43
Profit before depreciation and tax	146.53	259.99	265.47	178.59	344.29
Profit before tax	78.71	209.08	229.17	139.22	284.21
Profit after tax	56.55	151.25	177.31	93.87	188.69
Dividend %	21*	37	80	50	85
Net fixed assets	703.12	653.09	507.16	503.35	425.16
Investments	872.64	648.92	623.31	602.13	464.85
Net working capital	968.24	1,210.66	1,243.28	1,127.50	1,276.30
Total capital employed	2,891.77	2,806.27	2,648.39	2,454.96	2,342.06
Share holder's funds	2,544.07	2,506.32	2,373.59	2,236.04	2,171.26
* Subject to approval in the Annual General Meeting					

### Financial Indicators

Particulars	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Earning per share – Rs.	1.13	3.02	3.54	1.88	3.77
Cash earnings per share – Rs.	2.93	5.19	5.30	3.57	6.88
Gross sales per share – Rs.	28.94	31.26	30.50	23.66	41.28
Book value per share – Rs.	50.83	50.08	47.42	44.68	43.38
EBITDA / Sales %	12.22	18.47	19.28	16.47	17.75
Net profit margin %	4.24	10.48	12.60	8.42	9.71
ROCE %	2.22	6.03	7.47	4.20	8.69

**Form AOC-1**  
**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies(Accounts) Rules, 2014)**  
**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**  
**Part "A" : Subsidiaries**

Value in INR

S. No.	Name of the subsidiary company	Reporting period, if different from the holding company's reporting period	Reporting currency	Exchange rate on the last date of the financial year	Share Capital	Reserves & Surplus	Total assets	Total liabilities	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of share holding
1	Treadsdirect Limited, India	-	Rupee	1.00	47,500,000	372,302,294	605,743,928	185,941,634	1,516,585,846	113,103,667	40,347,171	72,756,496	12,017,500	100.00
2	Parani Steals Private Limited, India	-	Rupee	1.00	30,000,000	1,278,888	258,870,149	227,591,261	-	(14,102,902)	-	(14,102,902)	-	100.00
3	Titan TyreCare Products LLP, India	-	Rupee	1.00	20,000,000	(2,807,050)	17,192,950	-	-	-	994,000	(994,000)	-	99.99
4	Elgi Rubber Company LLC, USA	-	USD	61.05	147,990,798	40,009,698	529,292,876	341,292,380	307,056,223	6,685,546	(14,835)	6,700,381	-	100.00
5	Borrachas e Equipamentos Elgi Ltda, Brazil	-	Real	24.86	158,253,445	(142,778,668)	306,446,595	290,971,818	73,918,041	(42,633,556)	-	(42,633,556)	-	99.99
6	Treadsdirect Limited, Kenya	-	Shilling	0.67	2,008,731	26,002,899	32,408,676	4,397,046	46,089,924	5,856,678	1,769,834	4,086,844	1,653,600	99.99
7	Treadsdirect Limited, Sri Lanka	-	Rupee	0.46	6,955,177	29,470,655	45,349,093	8,923,261	47,113,352	11,333,825	1,053,551	10,280,274	4,838,005	99.99
8	Treadsdirect Limited, Bangladesh	-	Taka	0.67	4,417,290	2,060,857	6,970,106	491,959	-	(492,280)	(59,266)	(433,014)	-	100.00
9	Treadsdirect LLC, USA	-	USD	61.05	5,050,878	504,224	370,164,632	364,609,530	156,035,522	(4,851,378)	-	(4,851,378)	-	100.00
10	Rubber Resources B.V., The Netherlands	-	Euro	77.37	297,776,245	(42,906,773)	1,838,092,280	1,583,222,808	1,579,161,980	(255,642,644)	(37,307,727)	(218,334,917)	-	100.00
11	Elgi Rubber Company B.V., The Netherlands	-	Euro	77.37	1,222,650	(14,502,894)	40,319,077	53,599,321	30,156,229	(4,265,739)	(762,476)	(3,503,263)	-	100.00
12	Rubber Resources, USA	-	USD	61.05	-	(3,932,466)	-	3,932,466	51,496,421	(3,932,466)	-	(3,932,466)	-	100.00
13	Pincott International Ply Limited, Australia	-	AUD	53.37	106,634,402	(121,675,485)	41,758,174	56,799,257	78,215,975	(16,062,972)	-	(16,062,972)	-	100.00
14	American Manufacturing & Equipment Inc ,USA	-	USD	61.05	125,233,890	-	241,626,164	116,392,274	-	-	-	-	-	100.00

**Notes**

- Names of subsidiaries which are yet to commence operations: NIL
- Names of subsidiaries which have been liquidated or sold during the year: Treadsdirect Limited, Mauritius has been wound up during the year.

**Part "B" : Associates and Joint Ventures**  
**The Company does not have Associates or Joint Ventures during the year 2014-15**

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

**B Anand**  
Partner  
Membership No. 29146  
Coimbatore  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## **Independent Auditors' Report**

**To the members of Elgi Rubber Company Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Elgi Rubber Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated balance sheet as at 31st March, 2015, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's board of directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the companies and management of a subsidiary Limited Liability Partnership included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant of India. Those standards and pronouncement 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 the 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 financial control relevant to the Holding 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, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2015, their consolidated loss, and their consolidated cash flows for the year ended on that date.

#### **Other matter**

- a. We did not audit the financial statements/financial information of 10 subsidiaries and 2 step down subsidiaries, whose financial statements/financial information reflect total assets of Rs.1,994.58 million as at 31<sup>st</sup> March 2015, total revenues (including other income) of Rs.2,179.74 million, and net cash flows amounting to Rs.70 million (after elimination) for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b. Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company and its subsidiaries incorporated in India, to whom the order applies, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - a. We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated balance sheet, the Consolidated statement of profit and loss, and the Consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the board of directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group—Refer Note 2.19 to the consolidated financial statements.
    - ii. The group did not have any material foreseeable losses in long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

**B Anand**  
Partner  
Membership No. 29146

Coimbatore  
28.05.2015

## **Annexure to the Independent Auditors' Report**

(referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

Re: The Group, comprising Elgi Rubber Company Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as "the Covered entities" in this report)

We report that

- i. a. The management of the holding Company and the covered entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets in respect of the "covered entities".
- b. The management of the Holding Company and the covered entities of the group have a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. a. In our opinion and according to the information and explanations given to us, the management of the Holding Company and the covered entities of the group have conducted the physical verification of inventory at reasonable intervals during the year under review.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management of the Holding Company and the covered entities of the group are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. According to the information and explanations given to us, we are of the opinion that the management of the Company and the covered entities of the group are maintaining proper records of inventory and no material discrepancies were noticed on their physical verification.
- iii. The Holding Company and the covered entities of the group had not granted any loan secured or unsecured to any companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence the provisions of clause (iii) (a) and (b) said order are not applicable.
- iv. In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements / financial information of covered entities of the group, having regard to the explanation that purchases of certain items of inventories and fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Holding Company and the covered entities of the group and the nature of its businesses, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of the business of the covered entities of the group. During the course of our audit and as reported by the other auditors who audited the financial statements / financial information of covered entities of the group, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the covered entities of the group in respect of these areas.
- v. The Holding Company and the covered entities of the group have not accepted any deposits from the public.
- vi. We have broadly reviewed the books of account maintained by the Holding Company and certain covered entities of the group to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the windmill and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. The detailed examination of the same, have not been made by us or such other auditors. To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements / financial information of certain covered entities of the group, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of certain other covered entities of the group.
- vii. a. The Holding Company and covered entities of the group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to the respective covered entities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company and covered entities of the group.
- c. According to the information and explanations given to us and as reported by the other auditor who audited the financial statements / financial information of covered entities of the group, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute in respect of covered entities. According to the records of the holding company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows.

Name of the statute	Nature of dues	Amount (Rs. in million)	Period to which amount relates	Forum where dispute is pending
Elgi Rubber Company Limited				
Income tax	Rejection of certain claims and disallowances and recalculation capital gains	4.68	FY 2011 - 12	CIT appeals, Coimbatore
Income tax	Disallowance of depreciation expense related to exempted income	0.67	FY 2008 - 09	ITAT, Chennai
Service tax	Service tax on windmill	0.09	FY 2004 - 08	CESTAT, Chennai
Service tax	Service tax on knowhow	1.48	FY 2008 - 09	Additional commissioner, Coimbatore
Excise duty	Excise duty on capital goods	0.14	FY 1997 - 99	CESTAT, Chennai
VAT	VAT on movement of hired goods	0.26	FY 2013 - 14	Enquiry officer, Walayar
Stamp duty	Additional stamp duty demand	2.85*	FY 2009 - 10	IG (Stamps) Chennai
Treadsdirect Limited				
Income tax	Disallowance of certain deductions and disallowance of various claims	5.80**	FY 2009 - 10	ITAT, Chennai
Income tax	Disallowance of certain deductions and disallowance of various claims	5.69	FY 2010 - 11	ITAT, Chennai
Income tax	Disallowance of certain deductions and disallowance of various claims	1.34	FY 2011 - 12	CIT appeals, Coimbatore
Sales tax	Dispute on rate of tax	4.17	FY 2008 - 11	Appellate tribunal, Hyderabad, Andhra Pradesh
	Dispute on rate of tax and Penalty	1.05	FY 2008 - 11	Appellate tribunal, Hyderabad, Andhra Pradesh
	Non-submission of documents	33.20	FY 2007 - 08	Deputy commissioner Appeals, Ernakulam
	Non-submission of documents	25.24	FY 2009 - 10	Assistant commissioner, Palakkad
	Levy of tax on labour charges	4.59	FY 2009 - 10	Hon'ble High Court of Madras
	Levy of entry tax	0.08	FY 2004 - 05	Deputy commissioner, Bhopal
Excise duty	Cenvat credit on processing charges	5.27*	FY 2006 - 07	CESTAT, Bangalore
	Valuation dispute	0.45*	FY 2006 - 07	Commissioner appeals, Chennai

(The amounts referred to above are net of payments made against the demand)

- d. According to the information and explanations given to us and as reported by the other auditor who audited the financial statements / financial information of covered entities of the group, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time to the extent applicable to the Holding Company and the covered entities of the group.
- viii. The Holding Company and covered entities (except one) of the group have no accumulated losses at the end of the financial year and have not incurred cash losses in the current and immediately preceding financial year. In respect of one of the entities of the group, it has accumulated losses at the end of the financial year, which is fifty per cent or more of its net worth and has also incurred cash losses in the current financial year. However, such entity was not a part of the covered entities of the group during the previous year.
- ix. Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditor who audited the financial statements / financial information of covered entities, of the group, we are of the opinion that the Holding Company and covered entities of the group have not defaulted in their repayment of dues to banks. However the Holding Company and the covered entities of the group had no debenture holders nor any dues to a financial institution.

- x. According to the information and explanations given to us, the Holding Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Holding Company considering Holding Company's economic interest in such entities. According to the information and explanations given to us, the covered entities of the group have not given any guarantee for loans taken by others from bank or financial institutions.
- xi. Based on the information and explanations given to us by the management and the report of other auditors who audited the financial statements / financial information of covered entities of the group, term loans (representing loans with a repayment period beyond 36 months) were applied for the purpose for which the loans were obtained by the Holding Company and the covered entities of the group.
- xii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements / financial information of other covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company and the covered entities of the group have been noticed or reported during the year.

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

**B Anand**  
Partner  
Membership No. 29146

Coimbatore  
28.05.2015



**Consolidated balance sheet of Elgi Rubber Company Limited and its Subsidiary Companies as on 31st March 2015**

Notes	31.03.2015 Rs.	31.03.2014 Rs.
<b>I. Equity and Liabilities</b>		
<b>Shareholders' funds</b>		
a. Share capital	2.01 50,050,000	50,050,000
b. Reserves and surplus	2.02 2,620,792,721	2,909,406,283
<b>Non-current liabilities</b>		
a. Long term borrowings	2.03 1,076,150,734	728,347,270
b. Deferred tax liabilities (Net)	-	-
c. Other long term liabilities	-	-
d. Long term provisions	2.04 2,711,203	2,711,203
<b>Current liabilities</b>		
a. Short term borrowings	2.05 888,817,892	748,086,084
b. Trade payables	2.06 510,015,992	517,348,522
c. Other current liabilities	2.07 290,987,945	270,078,759
d. Short term provisions	2.08 89,557,675	108,987,777
	<b>5,529,084,162</b>	<b>5,335,015,898</b>
<b>II. Assets</b>		
<b>Non current assets</b>		
<b>a. Fixed assets</b>		
i. Tangible assets	2.09 2,142,106,212	1,644,647,177
ii. Intangible assets	2.09 93,686,448	85,580,178
iii. Capital work in progress	221,709,480	268,697,688
b. Goodwill on consolidation	217,297,862	100,824,077
c. Non current investments	2.10 14,833,656	19,990,853
d. Deferred tax asset (Net)	2.11 171,338,523	133,904,587
e. Long term loans and advances	2.12 108,657,901	77,201,283
f. Other non current assets	2.13 259,397,443	200,112,222
<b>Current assets</b>		
a. Current investments	-	-
b. Inventories	2.14 1,121,441,218	1,259,726,562
c. Trade receivables	2.15 645,043,074	767,889,890
d. Cash and bank balances	2.16 277,729,882	493,580,220
e. Short term loans and advances	2.17 232,695,559	263,747,287
f. Other current assets	2.18 23,146,904	19,113,874
	<b>5,529,084,162</b>	<b>5,335,015,898</b>

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  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## Consolidated statement of profit and loss for the year ended 31st March 2015

Notes	31.03.2015 Rs.	31.03.2014 Rs.
<b>Revenue</b>		
Revenue from operations (Gross)	4,591,980,497	5,104,319,404
Less: Excise duty	194,083,240	216,432,573
Revenue from operations (Net)	4,397,897,257	4,887,886,831
Other Income	110,216,913	146,852,554
	<b>4,508,114,170</b>	<b>5,034,739,385</b>
<b>Expenses</b>		
Cost of materials consumed	1,668,544,052	1,882,905,188
Purchases of stock in trade	614,797,305	869,065,140
Changes in inventories of finished goods and work in process	52,041,157	(136,198,786)
Employee benefits expense	761,742,757	680,646,984
Finance costs	120,581,217	106,348,526
Depreciation and amortisation expense	182,963,292	133,800,959
Other expenses	1,302,785,881	1,293,267,811
	<b>4,703,455,661</b>	<b>4,829,835,822</b>
<b>Profit before exceptional items and tax</b>	<b>(195,341,491)</b>	<b>204,903,563</b>
Add: Exceptional items	(611,232)	-
<b>Profit before tax</b>	<b>(195,952,723)</b>	<b>204,903,563</b>
Less: Tax expense		
a. Current tax	58,563,016	116,513,910
b. Deferred tax	(30,992,935)	(22,073,960)
c. MAT tax credit	-	833,000
<b>Profit after tax</b>	<b>(223,522,804)</b>	<b>109,630,613</b>
Significant accounting policies	1	
Earnings per share (Nominal value per share 2015 Re. 1/- (2014 Re. 1/-) (including extra ordinary item)		
a. Basic	(4.47)	2.19
b. Diluted	(4.47)	2.19
(excluding extraordinary items net of taxes)		
a. Basic	(4.47)	2.19
b. Diluted	(4.47)	2.19

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  
28.05.2015

**MD Selvaraj**  
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Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## Consolidated cash flow statement for the year ended 31st March 2015

	31.03.2015 Rs.	31.03.2014 Rs.
<b>A Cash Flow from Operating activities</b>		
Profit before taxation	(195,341,491)	204,903,563
<b>Adjustments for</b>		
Depreciation	182,963,292	133,800,959
Profit on sales of tangible assets (Net)	(504,603)	(7,991,692)
Profit on sales of Investments(Net)	(22,193)	(1,700,176)
Provision for doubtful debts	4,166,332	6,084,169
Liabilities no longer required written back	(3,678,831)	(19,129,109)
Interest income	(43,459,140)	(47,632,701)
Dividend income	(641,506)	(971,972)
Interest expenses	111,369,488	79,854,999
Other non cash items	(55,374,779)	170,669,633
<b>Operating profit before working capital changes</b>	<b>(523,431)</b>	<b>517,887,673</b>
Increase / (Decrease) in trade payables	(7,332,530)	27,739,902
Increase / (Decrease) in short term provisions	(6,960,701)	31,159,574
Increase / (Decrease) in other long term liabilities	-	(50,071,536)
Increase / (Decrease) in other current liabilities	21,099,344	152,226,239
Increase / (Decrease) in short term borrowings	140,731,808	279,391,332
Increase / (Decrease) in long term borrowings	347,803,464	322,330,910
(Increase) / Decrease in trade receivables	118,680,484	(43,311,075)
(Increase) / Decrease in inventories	138,285,344	(222,345,306)
(Increase) / Decrease in long term loans and advances	(31,456,618)	554,447,719
(Increase) / Decrease in short term loans and advances	31,101,960	(36,849,867)
(Increase) / Decrease in other current assets	(4,033,030)	21,035,113
(Increase) / Decrease in other non-current assets	(59,285,221)	(26,870,352)
(Increase) / Decrease in bank deposit with maturity more than 3 to 12 months	(2,279,205)	66,964,041
<b>Cash generated from Operations</b>	<b>685,831,668</b>	<b>1,593,734,367</b>
Taxes paid (Net of refunds)	(59,224,479)	(70,732,171)
<b>Net cash generated from operating activities (A)</b>	<b>626,607,189</b>	<b>1,523,002,196</b>
<b>B Cash flow from Investing activities</b>		
Purchase of tangible / intangible assets	(921,619,269)	(908,465,064)
Increase in capital work in process	46,988,208	(253,084,793)
Sale of tangible / intangible assets	117,121,490	(2,899,336)
Non current investments	1,979,390	5,078,443
Current investments		4,904,005
Interest income	43,459,140	47,632,701
Dividend Income	641,506	971,972
<b>Net Cash from investing activities (B)</b>	<b>(711,429,535)</b>	<b>(1,105,862,072)</b>
<b>C Cash flow from Financing activities</b>		
Dividend and distribution tax paid	(21,842,629)	(44,021,223)
Interest paid	(111,369,488)	(79,854,999)
<b>Net cash used in Financing Activities (C)</b>	<b>(133,212,117)</b>	<b>(123,876,222)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	<b>(218,034,463)</b>	<b>293,263,902</b>
<b>Cash and Cash equivalents comprise of</b>		
Cash on hand	5,482,145	3,542,196
Balance with banks*	229,007,654	339,200,108
* Including the following balance which are not available for use by the Company		
Unpaid dividend account	3,640,083	3,735,162
Cash and cash equivalents at the beginning of the year	452,524,263	159,260,361
Cash and cash equivalents at the end of the year	234,489,800	452,524,263

### 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, receivables / payables in foreign currency is furnished in 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

Coimbatore

28.05.2015

**MD Selvaraj**

Director

DIN:00001608

**C Shankar**

Company Secretary

**SR Venkatachalam**

Vice President - Finance

**Sudarsan Varadaraj**

Chairman & Managing Director

DIN : 00133533

## 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, which continue to apply under Section 133 of Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 1956, to the extent applicable.

### 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. Unamortised carrying value of the goodwill is tested for impairment as at each balance sheet date,
- vi. Subsidiaries
  - Treadsdirect Limited, India
  - Titan TyreCare Products LLP, India
  - Parani Steels Private Limited, India
  - Borrachas e Equipamentos Elgi Ltda, Brasil
  - Treadsdirect LLC, USA
  - ELGI Rubber Company LLC, USA & its subsidiary
  - Treadsdirect Limited, Kenya
  - Treadsdirect Limited, Sri Lanka
  - Treadsdirect Limited, Bangladesh
  - Rubber Resources B.V., The Netherlands & its subsidiary
  - Pincott International Pty Limited, Australia
  - Elgi Rubber Company B.V., The Netherlands
- vii. 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

Fixed assets are reflected at historical cost (net of cenvat / VAT) less depreciation to date.

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

Till the year ended 31st March 2014, schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets in respect of the Companies located in India. From the current year, schedule XIV has been replaced by schedule II to the Companies Act, 2013. The applicability of schedule II has resulted in the following changes related to depreciation of fixed assets in respect of Companies located in India.

#### Useful lives/ depreciation rates

Till the year ended 31st March 2014, depreciation rates prescribed under schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile schedule XIV. However, schedule II allows Companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under schedule II. Accordingly, the carrying amount as at 1<sup>st</sup> April 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of Rs. 12.63 Million in case of assets with Nil revised remaining useful life as at 1<sup>st</sup> April 2014, is reduced after tax adjustment from the retained earnings as at such date. Further, had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by Rs. 12.64 Million and the profit before tax for the year ended 31<sup>st</sup> March, 2015 would have been higher by such amount, with a corresponding impact on net block of fixed assets as at 31<sup>st</sup> March, 2015.

Depreciation on fixed assets for items other than referred to in item 4(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.

Assets purchased, where the actual cost does not exceed Rs. 5,000/- till year ended 31st March 2014, to comply with the requirements of schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs.5,000/- in the year of purchase. However, schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than Rs.5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1st April 2014.

The change in accounting for depreciation of assets costing less than Rs.5,000/- did not have any material impact on financial statements of the Company for the current year.

- a. 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.
- b. 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.
- c. 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.

Depreciation in respect of the assets of the overseas subsidiaries is provided over the estimated life of asset by using the written down value (WDV) or straightline method (SLM). However, the said rates of the depreciation, in respect of the overseas subsidiaries are higher than the rates prescribed vide schedule II to the Companies Act, 2013.

### 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 effect 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.

### **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. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## **13. Cash and Cash equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## **14. 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.

**15. 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.

**16. 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  
Treadsdirect Limited, Bangladesh  
Pincott International Pty Limited, Australia

**17. 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 2015

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

### 2.01 Share Capital

	31.03.2015 Rs.	31.03.2014 Rs.
<b>Authorised</b>		
300,300,000 (300,300,000) equity shares of Re.1/- each (Re. 1/- each)	300,300,000	300,300,000
<b>Issued and subscribed and fully paid up</b>		
50,050,000 (50,050,000) equity shares of Re.1/- each (Re. 1/- each) fully paid up.	50,050,000	50,050,000
	<b>50,050,000</b>	<b>50,050,000</b>

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

The Company declares and pays dividend in indian rupees. The dividend recommended 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 28<sup>th</sup> May, 2015, recommended a final dividend of Re. 0.21 per share. The recommendation 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, 2015 amounted to Rs.10,510,500/- and corporate dividend tax of Rs.2,446,480/- 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 any of 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	31.03.2015 Rs.	No. of Shares	31.03.2014 Rs.
<b>Equity Shares</b>				
Balance as at the beginning of the year	50,050,000	50,050,000	50,050,000	50,050,000
Add: Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>50,050,000</b>	<b>50,050,000</b>	<b>50,050,000</b>	<b>50,050,000</b>

#### 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	22,343,879	44.64	22,291,000	44.54
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, 2015

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.





## Details of Securities offered

### for the borrowings of the Holding Company

- a. Long term loan secured against exclusive charge by equitable mortgage on the property situated at chamiers road, chennai with office property being constructed on 3<sup>rd</sup> Floor.
- b. Loan against fixed deposits with State Bank of India amounting to Rs. 23,000,000 (Rs. Nil), Bank of India amounting to Rs. Nil (Rs. 13,500,000) and with City Union Bank Limited amounting to Rs. Nil (Rs. 9,000,000) are secured by a lien and pledge of fixed deposit receipts with State Bank of India, Bank of India and City Union Bank Limited respectively and are repayable on demand.
- c. Overdraft facility against fixed deposit with HDFC Bank Ltd., is secured by a lien and pledge of fixed deposit receipts with HDFC Bank Limited which is repayable on demand.
- d. 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.
- e. 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 (d) and (e) above are further secured by first charge over the entire fixed assets of the Company exclusively including equitable mortgage of land and building located at Kanjikode, Chengalpattu, Neelambur, Aralvaimozhi and Tirunelveli. The facilities are further secured by a Second charge of equitable mortgage over Company's landed property and factory building located at Annur and Kurichi, Coimbatore

### for the borrowings of the Subsidiary Companies

#### a. Treadsdirect Limited, India

- i. Cash Credit facility is secured by exclusive first charge over raw materials, stock in process, finished goods, receivables and stores and spares.
- ii. Letter of credit and Bank guarantee facilities extended by State Bank of India are secured by documents of titles to goods and merchandise covered under the Letter of credit and first charge over the current assets of the company.

Both above facilities are collaterally secured by equitable mortgage of the company's factory land and building located at Kottayi-Palakkad and Pondicherry and charge over the entire plant and machinery of the company.

#### b. Parani Steels Private Limited, India

- i. Banking facility availed from ICICI Bank Ltd, Chennai Branch, is secured by way of hypothecation of entire current assets which inter-alia include stock of raw materials, work-in-process, finished goods, consumable stores and spares and such other movable including book-debts, outstanding monies, receivables both present and future.
- ii. Exclusive charge on entire movable fixed assets of the Company both present and future.
- iii. Equitable Mortgage on residential building belonging to one of the erstwhile directors of the Company and personal guarantees of three erstwhile directors of the Company.
- iv. Equitable Mortgage on factory land and building situated at No. 626, Mannur Koot road, Mannur, Sriperumputhur laluk, Chennai 600 105 belonging to Parani Steels Private Limited.

#### c. Borrachas e Equipamentos Elgi Ltda, Brazil

- i. Banking facility availed from ING Bank N.V, Sao Paulo Branch, is secured by way of standby letter of credit issued by ING Vysya Bank Ltd., India
- ii. SBLC facilities granted are secured by deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of ING Vysya Bank Limited, Coimbatore ranking pari-passu with Export Import Bank of India, Mumbai

#### d. Elgi Rubber Company LLC, USA

- i. Banking facility availed from Export-Import bank of India, London is secured by an unconditional and irrevocable standby letter of credit for USD 7.35 Million issued by Export-Import Bank of India, Mumbai and deposit under bank's lien equivalent to 4.5 months interest at all times.
- ii. SBLC facilities granted are secured by deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of Export Import Bank of India, Mumbai ranking pari-passu with ING Vysya Bank Limited, Coimbatore.
- iii. Pledge of entire present and future shareholding of ERCL in Elgi Rubber Company LLC, USA, Treadsdirect LLC, USA.
- iv. Mandate assigning all receivables due to ERCL including inter alia dividends, interest and any other monies from the overseas subsidiaries viz, Elgi Rubber Company LLC, USA, Treadsdirect LLC, USA.

#### e. Rubber Resources B.V., The Netherlands

1. Banking facility availed from ING Bank N.V, the Netherlands is secured by:
  - i. Irrevocable standby letter of credit ("SBLC"), issued by ING Vysya Bank Limited, India, for an amount of EUR 4.5 million

- ii. A mortgage of immovable property (first charge) situated at Schoenerweg 36, Maastricht. Netherlands and first pledge of business equipments owned by the Company.
  - iii. SBLC facilities granted are secured by deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of ING Vysya Bank Limited, Coimbatore ranking pari-passu with Export Import Bank of India, Mumbai
2. Banking facility availed from State Bank of India Antwerpen, Belgium is secured by
- i. a standby letter of credit ("SBLC") for EUR 4.5 million issued by State Bank of India, commercial branch, Coimbatore, India

**f. Treadsdirect Limited, Srilanka**

Banking facility availed from State Bank of India, Colombo Branch, is secured by way of primary mortgage on stock in trade and book debts for LKR 5.00 million and further secured by primary mortgage on freehold land and premises for LKR 20.00 million located at Dankotuwa, Srilanka.

**g. Pincott International Pty. Limited, Australia**

- i. Banking facility availed from Export-Import Bank of India, London is secured by unconditional and irrevocable standby letter of credit for USD 1.00 million issued by Export - Import Bank of India, Mumbai and deposit under bank's lien equivalent to 4.5 months interest at all times
- ii. SBLC facilities granted are secured by deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of Export Import Bank of India, Mumbai ranking pari-passu with ING Vysya Bank Limited, Coimbatore.
- iii. Pledge of entire present and future shareholding of Pincott International Pty Limited, Australia.
- iv. Mandate assigning all receivables due to ERCL including inter alia dividends, interest and any other monies from the overseas subsidiaries viz, Pincott International Pty Limited, Australia.

**h. Elgi Rubber Company B.V., The Netherlands**

Banking facility availed from ING Bank N.V, The Netherlands is secured by way of standby letter of credit issued by ING Vysya Bank Limited India.

Further the facilities relating to the standby letter of credit extended by ING Vysya Bank Limited is secured by marking of lien by the bank on the fixed deposits (grouped under Margin Money deposits) held with them amounting to Rs.188.54 Million, which includes margin money towards the facilities granted to Elgi Rubber Company B.V., The Netherlands amounting to EUR 0.50 million, Rubber Resources B.V., The Netherlands and Borrachas e Equipamentos Elgi Ltda, Brasil.

**Securities offered in connection with standby letter of credit extended by State Bank of India, based on which credit facilities to the following subsidiary Company**

For the credit facilities granted by State Bank of India, Antwerp to Rubber Resources B.V., The Netherlands.

Secured by exclusive first charge over the entire current assets of the Company, equitable mortgage over Company's landed property and factory building located at Annur and Kurichi, Coimbatore

The facilities relating to the standby letter of credit extended by State Bank of India is further secured by marking of lien by the bank on the fixed deposits (grouped under margin money deposits) held with them amounting to Rs.36.90 million, towards the facilities granted to Rubber Resources B.V., The Netherlands for a sum of EUR 3.00 million.

	31.03.2015 Rs.	31.03.2014 Rs.
<b>2.06 Trade payables</b>		
Trade payables	510,015,992	517,348,522
	<b>510,015,992</b>	<b>517,348,522</b>
<b>2.07 Other current liabilities</b>		
Current maturities of Long term debts	47,091,790	38,028,997
Employee benefits payable	2,700,731	2,841,479
Employee recoveries payable	383,170	240,284
Unpaid dividend	3,640,083	3,735,162
Statutory dues (Including provident fund, Withholding and other taxes payable)	59,979,109	119,058,426
Other payables	166,659,187	86,357,566
Advance received from customers	10,533,875	19,816,845
	<b>290,987,945</b>	<b>270,078,759</b>

There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 (1 of 1956) and rules made thereunder, as at the year end

<b>2.08 Short term provisions</b>		
Provision for compensated absence	2,319,154	8,227,865
Other provisions	74,281,541	79,012,362
Provision for proposed dividend on equity shares	10,510,500	18,518,500
Provision for dividend distribution tax on proposed dividend	2,446,480	3,229,050
	<b>89,557,675</b>	<b>108,987,777</b>

#### 2.09 Fixed Assets

Description	Gross Block				Depreciation				Net Block				
	As at 01.04.2014 Rs.	FCTR Rs.	Additions Rs.	Transfer/ Deletions Rs.	As at 31.03.2015 Rs.	As at 01.04.2014 Rs.	FCTR Rs.	For the year Rs.	Additions Rs.	Transfer/ Deletions Rs.	As at 31.03.2015 Rs.	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
Land	499,006,144	(34,433,255)	125,335,793	-	589,908,682	-	-	-	-	-	-	589,908,682	499,006,144
Building Plant & Machinery	718,952,975	(61,616,539)	533,860,042	130,701,910	1,060,494,568	132,876,163	(4,903,818)	28,451,386	40,296,367	20,878,241	175,841,857	884,652,711	586,076,812
Furniture & Fittings	3,611,043,559	(542,579,874)	306,163,463	(53,236,095)	3,427,863,243	3,058,256,900	(454,741,554)	128,102,859	58,237,759	22,334,557	2,767,521,407	660,341,836	552,786,659
Vehicle	16,520,718	25,087	1,494,767	2,499,492	15,541,080	13,186,575	34,124	949,253	211,133	2,872,495	11,508,590	4,032,490	3,334,143
Intangible Assets	28,868,981	(3,852,016)	1,869,093	(595,004)	27,481,062	25,425,562	(3,457,952)	3,183,367	-	840,408	24,310,569	3,170,493	3,443,419
	133,766,039	(5,238,860)	16,703,724	(12,820,341)	158,051,244	48,185,861	(4,344,859)	22,276,427	100,129	1,852,762	64,364,796	93,686,448	85,580,178
	<b>5,008,158,416</b>	<b>(647,695,457)</b>	<b>985,426,882</b>	<b>66,549,962</b>	<b>5,279,339,879</b>	<b>3,277,931,061</b>	<b>(467,414,059)</b>	<b>182,963,292</b>	<b>98,845,388</b>	<b>48,778,463</b>	<b>3,043,547,219</b>	<b>2,235,792,660</b>	<b>1,730,227,355</b>

	31.03.2015 Rs.	31.03.2014 Rs.
<b>2.10 Non current investments</b>		
<b>Other Investments (long term, valued at cost)</b>		
<b>Quoted</b>		
a. Investment in equity instruments	4,928,988	4,928,988
b. Investment under the portfolio management scheme of HDFC	1,707,668	3,153,865
<b>Unquoted</b>		
a. Investment in government securities	5,003,000	5,003,000
b. Investment in mutual fund (Refer note no. 2.35 regarding details of investments)	3,194,000	6,905,000
	<b>14,833,656</b>	<b>19,990,853</b>

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.11 Deferred taxes assets (Net)</b>				
<b>Deferred Tax assets attributable to Expenses allowable for tax purpose when paid</b>				
Elgi Rubber Company Limited, India	1,439,000		2,089,300	
Treadsdirect Limited, India	436,000		1,077,000	
Treadsdirect LLC, USA	10,854,359	12,729,359	8,596,069	11,762,369
<b>Carried forward Losses</b>				
Rubber Resources B.V., The Netherlands	46,834,530		15,362,367	
Elgi Rubber Company B.V., The Netherlands	3,103,656		2,982,498	
Borrachas e Equipamentos Elgi Ltda,Brasil	109,269,526	159,207,712	110,829,630	129,174,495
<b>Provision for doubtful debts</b>				
Elgi Rubber Company Limited, India	1,483,000		1,418,300	
Treadsdirect Limited, India	1,783,000	3,266,000	650,000	2,068,300
<b>Voluntary retirement scheme payment to be allowed</b>				
Elgi Rubber Company Limited, India	2,511,000		3,348,400	
Treadsdirect Limited, India	1,857,000	4,368,000	3,652,000	7,000,400
<b>Total (A)</b>		<b>179,571,071</b>		<b>150,005,564</b>
<b>Deferred tax liabilities attributable to depreciation</b>				
Elgi Rubber Company Limited, India	5,364,000		13,210,000	
Treadsdirect Limited, India	253,000		732,000	
Treadsdirect Limited, Kenya	608,600		724,148	
Treadsdirect Limited, Srilanka	35,426		91,418	
Treadsdirect LLC, USA	572,448		-	
Elgi Rubber Company LLC, USA	1,399,074		1,343,411	
		8,232,548		16,100,977
<b>Total (B)</b>		<b>8,232,548</b>		<b>16,100,977</b>
<b>Deferred tax assets/(liability) Total (A)-(B)</b>		<b>171,338,523</b>		<b>133,904,587</b>
<b>2.12 Long term loans and advances</b> (Unsecured, Considered good)				
Capital Advances		58,173,422		41,636,297
Security Deposits		19,235,995		14,602,801
Disputed payments against sales tax/income tax		28,339,212		17,962,413
Statutory Payments		1,099,272		1,189,772
Advances recoverable in cash or kind or for value to be received		1,810,000		1,810,000
		<b>108,657,901</b>		<b>77,201,283</b>
<b>2.13 Other non current assets</b>				
Long term deposits with maturity period of more than 12 months				
Fixed deposit with banks		27,877,786		1,880,886
Margin Money deposits (Lien marked by banks against bank guarantees)		231,519,657		198,231,336
		<b>259,397,443</b>		<b>200,112,222</b>
<b>2.14 Inventories</b>				
a. Raw materials				
Natural rubber	20,608,114		51,326,015	
Polymers	151,421,416		155,635,218	
Carbon black	21,095,412		26,558,024	
Butyl scrap & rubber dust	31,178,462		112,557,803	
Others	227,873,891	452,177,295	180,960,515	527,037,575
b. Work in progress		61,177,989		41,897,575
c. Finished goods (Reclaimed rubber materials and retreading raw materials)		438,113,914		498,640,176
d. Stock in trade(Traded goods) – retreading materials	30,604,953		42,247,099	
e. Stores and spares		101,188,165		107,434,961
f. Others				
Packing materials		25,957,694		20,712,105
Scrap		1,813,805		966,968
Goods sent for exhibition		-		2,684,316
Material in transit		10,407,403		18,105,787
		<b>1,121,441,218</b>		<b>1,259,726,562</b>

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs
<b>2.15 Trade receivables</b>				
(Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for payment	53,463,662		24,518,001	
Others	<u>591,579,412</u>	645,043,074	<u>743,371,889</u>	767,889,890
Unsecured, considered (doubtful)				
Outstanding for a period exceeding six months from the date they are due for payment	34,399,500		44,730,434	
Others	<u>2,511,673</u>		<u>1,911,106</u>	
	<u>36,911,173</u>		<u>46,641,540</u>	
Less: Provision for doubtful debts	<u>36,911,173</u>	-	<u>46,641,540</u>	-
		<b>645,043,074</b>		<b>767,889,890</b>
<b>2.16 Cash and Bank Balances</b>				
Cash and Cash equivalents				
Cash on hand		5,482,145		3,542,196
Bank balances				
in current account		152,025,315		242,620,790
in demand deposits		69,043,119		72,625,261
(Out of the above, deposits of Rs.26,000,000 (Rs.15,000,000) have been pledged with the Bank for the purpose of availing loan against fixed deposits)				
Demand deposits with maturity of more than 3 months but less than 12 months		39,600,000		37,320,795
(Out of the above, deposits of Rs.25,000,000 (Rs. 35,000,000) have been pledged with the Bank for the purpose of availing over draft against fixed deposit)				
Margin money deposits		-		118,374,058
Unpaid dividend account		3,640,083		3,735,162
Funds in transit		7,939,220		15,361,958
		<b>277,729,882</b>		<b>493,580,220</b>
<b>2.17 Short term loans and advances</b>				
(Unsecured, considered good)				
Advance payment of Income tax (Net)		21,881,091		21,830,859
Balances with Customs, Central Excise, VAT etc.		123,486,299		138,419,658
Receivable from Government-DEPB/Duty draw back etc.		11,974,032		17,467,746
Prepaid expenses		21,222,625		11,973,734
Others		54,131,512		74,055,290
		<b>232,695,559</b>		<b>263,747,287</b>
<b>2.18 Other current assets</b>				
(Unsecured, considered good)				
Income accrued on bank deposits		22,691,456		18,813,874
Income accrued on investments and others		455,448		300,000
		<b>23,146,904</b>		<b>19,113,874</b>

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.19 Contingent liabilities and commitments (to the extent not provided for)</b>				
<b>i. Claims against the Company not acknowledged as debts</b>				
a. Income tax matters		11,711,830		12,161,840
b. Excise and service tax matters		7,418,395		7,418,395
c. Sales tax		68,589,442		68,589,442
d. Stamp duty (Net of Rs. 0.5 million paid towards the demand)		2,848,064		4,368,304
e. Labour cases pending @ Brasil entity		BRL 138,000		-
<b>ii. Capital Commitments</b>				
a. Estimated amount of contracts remaining to be executed on capital account and not provided for		21,641,437		16,359,035
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 210,000
<b>iii. Other commitments</b>				
a. The Company has issued an undertaking to provide need based financial support to its following wholly owned subsidiary companies				
i. Pincott International Pty Limited, Australia		-		AUD 577,771
	USD	1,000,000		USD 800,000
ii. Borrachas e Equipamentos Elgi Ltda, Brasil		BRL 9,900,000		BRL 9,900,000
iii. Elgi Rubber Company B.V., The Netherlands		EUR 500,000		EUR 300,000
iv. Elgi Rubber Company LLC, USA		USD 4,841,579		USD 2,516,579
v. Rubber Resources B.V., The Netherlands		EUR 9,000,000		EUR 2,500,000
b. Guarantee on account of unpaid liability on account of purchase of shares of RR as stated in column (ii) (b) above		-		EUR 720,000
c. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities		8,744,821		10,863,204
d. Letter of credit on account of import of goods	USD	38,940		USD 498,600

**iv. Overseas subsidiaries**

**Securities offered in connection with standby letter of credit extended by ING Vysya Bank Limited and Export-Import Bank of India, in favour of the respective banks, which have granted credit facilities to the following subsidiary Companies**  
**Facilities offered**

- for the credit facilities granted by ING Bank NV, Filial De Sao Paulo, Brasil to Borrachas e Equipamentos Elgi Ltda, Brasil.
- for the credit facilities granted by ING Bank NV, Amsterdam to Rubber Resources B.V., The Netherlands.
- for the credit facilities granted by Export-Import Bank of India, London to Pincott International Pty Limited, Australia.
- for the credit facilities granted by Export-Import Bank of India, London to Elgi Rubber Company LLC, USA.

**Securities offered**

By deposit of title deeds and equitable mortgage of immovable property located at Trichy Road, Coimbatore and Kurichi, Coimbatore, in favour of ING Vysya Bank Limited, Coimbatore ranking pari-passu with Export Import Bank of India, Mumbai

The facilities relating to the standby letter of credit extended by ING Vysya Bank Limited is further secured by marking of lien by the bank on the fixed deposits (grouped under Margin Money deposits) held with them amounting to Rs.188.54 Million, which includes margin money towards the facilities granted to Elgi Rubber Company B.V., The Netherlands amounting to EUR 0.50 million, Rubber Resources B.V., The Netherlands and Borrachas e Equipamentos Elgi Ltda, Brasil.

**Securities offered in connection with standby letter of credit extended by State Bank of India, based on which credit facilities to the following subsidiary Company**

For the credit facilities granted by State Bank of India, Antwerp to M/s Rubber Resources B.V., The Netherlands.

Secured by exclusive first charge over the entire current assets of the Company, equitable mortgage over Company's landed property and factory building located at Annur and Kurichi, Coimbatore

The facilities relating to the standby letter of credit extended by State Bank of India is further secured by marking of lien by the bank on the fixed deposits (grouped under margin money deposits) held with them amounting to Rs.36.90 million, towards the facilities granted to Rubber Resources B.V., The Netherlands for a sum of EUR 3.00 million.

<b>2.20 Proposed dividend</b>				
The final dividend recommended for the year is as follows				
On equity shares of Re. 1/- each				
Amount of recommended dividend per equity share		Re. 0.21		Re. 0.37

	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.21 Revenue from operations</b>				
a. Sale of products				
Finished goods	3,510,359,069		4,131,387,242	
Traded goods	1,065,698,345		967,284,453	
b. Sale of services	14,114,952		219,346	
c. Sale of electricity	-		4,076,875	
d. Other operating revenue - scrap sales	<u>1,808,131</u>	4,591,980,497	<u>1,351,488</u>	5,104,319,404
		<b>4,591,980,497</b>		<b>5,104,319,404</b>
<b>Sales (Traded goods)</b>				
Retreading machinery accessories & others		1,065,698,345		967,284,453
<b>2.22 Other income</b>				
a. Interest Income				
from bank	36,132,539		37,319,179	
from others	<u>7,326,601</u>	43,459,140	<u>10,313,522</u>	47,632,701
b. Dividend Income		641,506		971,972
from Others		22,193		1,700,176
c. Net gain on sale of investments		504,603		7,991,692
d. Net gain on sale of assets		248,600		137,459
e. Rent received		33,984,245		31,338,584
f. Income from electricity generation		3,678,831		19,129,109
g. Liabilities written back to the extent no longer required		3,906,758		26,576,259
h. Net gain on foreign currency transactions and translations		1,376,957		346,285
i. Claims received from insurance company		22,394,080		11,028,317
j. Miscellaneous income		<u>110,216,913</u>		<u>146,852,554</u>
<b>2.23 Cost of material consumed</b>				
<b>Raw material consumed</b>				
Opening inventory	527,037,575		467,351,639	
Add: Purchase	1,580,829,397		1,925,052,208	
Less: Inventory at the end of the year	<u>452,177,295</u>	1,655,689,677	<u>527,037,575</u>	1,865,366,272
<b>Cost of raw material consumed during the year</b>				
<b>Packing material consumed</b>				
Opening inventory	20,712,105		16,020,331	
Add: Purchase	18,099,964		22,230,690	
Less: Inventory at the end of the year	<u>25,957,694</u>	12,854,375	<u>20,712,105</u>	17,538,916
<b>Cost of packing material consumed during the year</b>		<b>1,668,544,052</b>		<b>1,882,905,188</b>
<b>2.24 Changes in inventory of finished goods and work in process</b>				
<b>Stock at the end of the year</b>				
Finished goods	438,113,914		498,640,176	
Work in process	61,177,989		41,897,575	
Stock in trade	30,604,953		42,247,099	
Scrap	<u>1,813,805</u>	(531,710,661)	<u>966,968</u>	(583,751,818)
<b>Less: Stock at the beginning of the year</b>				
Finished goods	498,640,176		364,727,129	
Work-in-process	41,897,575		50,331,882	
Stock in trade	42,247,099		32,091,050	
Scrap	<u>966,968</u>	583,751,818	<u>402,971</u>	447,553,032
<b>(Increase)/Decrease in inventory of finished goods and work in progress</b>		<b>52,041,157</b>		<b>(136,198,786)</b>
<b>2.25 Employee benefit expenses</b>				
Salaries, wages and bonus		660,237,491		568,299,262
Voluntary retirement scheme payments		-		12,841,846
Managerial remuneration		12,119,074		20,865,936
Contribution to provident and other funds		66,521,477		61,431,911
Gratuity paid		6,278,472		3,329,699
Staff welfare expenses		16,586,243		13,878,330
		<b>761,742,757</b>		<b>680,646,984</b>



	Rs.	31.03.2015 Rs.	Rs.	31.03.2014 Rs.
<b>2.26 Finance costs</b>				
<b>Interest on borrowings</b>				
On borrowings from banks		111,226,882		79,306,467
Others		142,606		548,532
Financial charges on borrowings		9,211,729		26,493,527
		<b>120,581,217</b>		<b>106,348,526</b>
<b>2.27 Depreciation and amortisation expenses</b>				
Depreciation on tangible assets		160,686,865		124,771,881
Amortisation of intangible assets		22,276,427		9,029,078
		<b>182,963,292</b>		<b>133,800,959</b>
<b>2.28 Other expenses</b>				
Consumption of stores and spare parts		39,734,313		51,142,318
Excise duty*		(2,636,958)		6,404,491
Power and fuel		283,487,367		301,775,491
Rent		33,486,250		18,963,278
Machinery lease rent		10,881,126		5,702,428
Labour charges		98,898,825		89,997,087
Repairs and maintenance – plant and machinery		158,357,219		133,856,271
Repairs and maintenance – building		17,847,889		10,353,655
Repairs and maintenance – others		29,252,004		40,184,661
Insurance		43,811,471		42,860,069
Rates and taxes		22,734,150		18,822,399
Travelling and conveyance		54,854,450		49,877,011
Directors' sitting fees		300,000		250,000
Statutory Auditors : Audit fees	4,340,838		4,761,447	
Tax audit fee	70,000		70,000	
Other Services	10,000		6,594	
Reimbursement of expenses	204,912	4,625,750	159,347	4,997,388
Professional fees		56,153,557		67,396,138
Sales commission		1,602,396		4,224,913
Advertisement and other selling expenses		139,929,535		146,896,043
Carriage Inward		30,348,067		36,821,397
Freight charges		162,030,947		168,066,005
CSR expenditure		7,500,000		-
Provision for doubtful debts		4,166,332		6,084,169
Loss on sale / redemption of investment		4,669,974		-
Miscellaneous expenses		100,751,217		88,592,599
		<b>1,302,785,881</b>		<b>1,293,267,811</b>

\* represents Excise duty related to the difference between the opening and closing inventory of manufactured finished goods

<b>2.29 Exceptional items</b>				
Income tax relating to previous years		(611,232)		-
		<b>(611,232)</b>		<b>-</b>
<b>2.30 Earnings per share</b>				
	Before extraordinary items	After extraordinary items	Before extraordinary items	After extraordinary items
<b>a. Basic</b>				
Profit after tax	(223,522,804)	(223,522,804)	109,630,613	109,630,613
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Basic EPS	(4.47)	(4.47)	2.19	2.19
<b>b. Diluted</b>				
Profit after tax	(223,522,804)	(223,522,804)	109,630,613	109,630,613
Weighted average number of shares outstanding	50,050,000	50,050,000	50,050,000	50,050,000
Diluted EPS	(4.47)	(4.47)	2.19	2.19

### 2.31 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.

**2.32** Pursuant to accounting standard (AS 28) – impairment of assets, the Company assessed its fixed assets for impairment as at March 31, 2015 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of account.

**2.33** 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	31.03.2015	India	100
Titan Tyrecare Products LLP	31.03.2015	India	100
Parani Steels Private Limited	31.03.2015	India	100
Borrachas e Equipamentos Elgi Ltda,	31.03.2015	Brasil	99.99
Treadsdirect LLC,	31.03.2015	USA	100
Elgi Rubber Company LLC, & its subsidiary	31.03.2015	USA	100
Treadsdirect Limited	31.03.2015	Kenya	99.99
Treadsdirect Limited	31.03.2015	Srilanka	99.99
Treadsdirect Limited	31.03.2015	Bangladesh	100
Rubber Resources B.V., & its subsidiary	31.03.2015	The Netherlands	100
Pincott International Pty Limited	31.03.2015	Australia	100
Elgi Rubber Company B.V.,	31.03.2015	The Netherlands	100

During the year, the subsidiary located in Mauritius viz. Treadsdirect Ltd, Mauritius has been wound up

**2.34** 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, Kenya and Srilanka subsidiaries.

### 2.35 Non current investments

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.

c. Details of Investments

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

No. of units / shares		Description of investment	31.03.2015		31.03.2014	
Current year	Previous year		Rs.	Rs.	Rs.	Rs.
<b>In Equity Investments (Quoted)</b>						
(Face Value of the Unit is Rs.10/- each unless otherwise stated and are fully paid up)						
332,080	332,080	Equity shares of Re.1/- each in Elgi Equipments Limited	4,713,700		400	
		Add : Transferred from current investments (332,040 Equity shares of Re.1/- each)	-	4,713,700	4,713,300	4,713,700
3,225	2,150	Precot Meridian Limited (Transferred from current investments during the previous year)		215,288		215,288
-	1,075	Add : Bonus shares issued during the year		-		-
				<b>4,928,988</b>		<b>4,928,988</b>
<b>In the Portfolio Management Scheme of HDFC Asset Management Company- Real Estate Portfolio – I (PMS) – (Quoted)</b>						
<b>In Debentures</b>						
(Face Value of the Unit is Rs.1,000/- each)						
-	108	Ariisto Realtors Private Limited		-		108,000
-	41	Ariisto Realtors Private Limited – II		-		41,000
14	58	Ariisto Realtors Private Limited – III		14,000		58,000
139	139	Ariisto Realtors Private Limited – IV		139,000		139,000
270	320	Atithi Building Commodities Private Limited		270,000		320,000
44	44	Atithi Building Commodities Private Limited – II		44,000		44,000
<b>(Face Value of the Unit is Rs.100/- each)</b>						
-	1,310	Anand Divine Developers Private Limited – II		-		131,000
-	1,786	Arimas Developers Private Limited Class B – Aug 2011		-		178,600
806	806	BCC Infrastructure Private Limited Class A – III		80,600		80,600
1,152	1,152	BCC Infrastructure Private Limited Class A – IV		115,200		115,200
-	1,310	Dharmesh Constructions Private Limited		-		131,000

No. of units / shares		Description of investment	31.03.2015		31.03.2014	
			Rs	Rs.	Rs.	Rs.
Current year	Previous year					
		<b>(Face Value of the Unit is Rs.100/- each)</b>				
-	1,462	Dharmesh Constructions Private Limited – II	-	-	-	146,200
-	208	Ekta Parksville Homes Private Limited	-	-	-	20,800
-	527	Ekta Parksville Homes Private Limited – II	-	-	-	52,700
-	353	Ekta World Private Limited – Class A – 2	-	-	-	35,300
-	368	Kunal Spaces Private Limited – Class A	-	-	-	36,800
-	800	Kunal Spaces Private Limited – Class A - II	-	-	-	80,000
-	445	Marvel Realtors and Developers – Series 1	-	-	-	44,500
351	1,001	Marvel Realtors and Developers – Series 2	35,100	-	-	100,100
-	115	Nilkanth Tech Park Private Limited – 2011 - II	-	-	-	11,500
-	784	Nilkanth Tech Park Private Limited – 2011 – III	-	-	-	78,400
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
3,440	3,440	Total Environment Habitat Private Limited	344,000	-	-	344,000
298	923	Total Environment Projects – I	29,800	-	-	92,300
55	55	Total Environment Projects – II	5,500	-	-	5,500
212	212	Total Environment Projects – III	21,200	-	-	21,200
			<b>1,304,900</b>			<b>2,622,200</b>
		<b>In Equity / Preference Shares</b>				
1,399	1,399	Ansal Hi-Tech Townships Limited	123,441	-	-	123,441
-	284	Arimas Developers Private Limited (Preference)	-	-	-	284
28	28	BCC Infrastructure Private Limited	280	-	-	280
85	85	BCC Infrastructure Private Limited (Preference)	850	-	-	850
-	256	Ekta World Private Limited (Preference)	-	-	-	256
-	26	Kunal Spaces Private Limited	-	-	-	260
139	139	Nitesh Housing Developers Private Limited	49,545	-	-	49,545
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	Total Environment Projects (India) Private Limited	-	-	-	740
			<b>283,316</b>			<b>284,856</b>
		<b>In Mutual Funds</b>				
		<b>(Face value of the units is Rs.10/- each)</b>				
-	24,534	HDFC Treasury Advantage Plan - WD	-	-	-	246,809
4,094	-	HDFC Cash Management Fund Savings Plan - Growth	119,452	-	-	-
			<b>119,452</b>			<b>246,809</b>
			<b>1,707,668</b>			<b>3,153,865</b>
		<b>In Government Securities (Unquoted)</b>				
		<b>(Face value of the unit is Rs.10/- each unless otherwise stated)</b>				
500	500	Non-Convertible redeemable taxable bonds National Highways Authority of India (Bonds of Rs.10,000/- each)	5,000,000	-	-	10,000,000
		Less : Redeemed during the year	-	5,000,000	-	5,000,000
		National Savings Certificate		3,000	-	3,000
		<b>In Mutual Funds (Unquoted)</b>				
		<b>(Face value of the unit is Rs. 10/- each unless otherwise stated)</b>				
3,194	6,905	IL & FS Milestone Fund - I (Units of Rs.1,000/- each)	6,905,000	-	-	9,149,000
		Less : Return of contribution	3,711,000	3,194,000	-	6,905,000
			<b>14,833,656</b>			<b>19,990,853</b>
<b>Aggregate amount of investments</b>						
Unquoted			8,197,000			11,908,000
Quoted:		Cost	6,636,656			8,082,853
		Market Value	52,570,985			40,235,769

**2.36 Related Party disclosure (as identified by the Company)**

Description of the nature of transaction	Description of relationship	Related party	31.03.2015 Rs.	31.03.2014 Rs.
Purchase of goods	Other related parties	Elgi Ultra Industries Limited	10,323,491	10,695,359
		Festo Controls Private Limited	1,200,500	535,739
		Ellargi & Co.,	1,192,219	1,342,223
Rendering of services	Other related parties	Elgi Equipments Limited	1,110,910	-
Receiving of services	Other related parties	Elgi Equipments Limited	47,191	42,000
Managerial remuneration	Key managerial personnel	Sudarsan Varadaraj	12,119,074	19,443,842
Salary to other key managerial personnel	Key managerial personnel	T Ashokanand	-	1,481,261
		SR Venkatachalam	1,771,200	1,518,420
		C Shankar	1,191,360	-
		R Gopalan	-	1,422,094
Sitting fees	Other related parties	MD Selvaraj	90,000	100,000
		P Vijay Raghunath	90,000	100,000
		Suresh Jaganathan	70,000	40,000
		Vidyasankar Bhuvaneshwari	30,000	-
		Jairam Varadaraj	20,000	10,000
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	111,184	537,031
Loan taken	Key managerial personnel	Sudarsan Varadaraj	9,500,000	18,000,000
Loan outstanding	Key managerial personnel	Sudarsan Varadaraj	7,000,000	-
Trade payables	Other related parties	Elgi Ultra Industries Limited	459,000	400,411
		Ellargi & Co.,	52,265	10,344
		Festo Controls Private Limited	55,282	-
Trade receivables	Other related parties	Elgi Equipments Limited	193,138	-
Security deposit	Other related parties	Ellargi & Co.,	100,000	100,000
Amount receivable	Other related parties	LRG Technologies Limited	237,787	105,827
Amount payable	Key managerial personnel	Sudarsan Varadaraj	487,074	5,172,020

In respect of the above parties, there is no provision for doubtful debts as on 31st March 2015 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  
28.05.2015

**MD Selvaraj**  
Director  
DIN:00001608

**C Shankar**  
Company Secretary

**SR Venkatachalam**  
Vice President - Finance

**Sudarsan Varadaraj**  
Chairman & Managing Director  
DIN : 00133533

## NOTES

**Elgi Rubber Company Limited**

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