

Annual Report 2021 - 2022



Elgi Rubber Company Limited

Elgi Rubber Company Limited

CIN : L25119TZ2006PLC013144

Annual Report 2021 - 22

Chairman & Managing Director

Sudarsan Varadaraj

Wholetime Director

Harsha Varadaraj

Non Executive Directors

Jairam Varadaraj

MD Selvaraj

P Vijay Raghunath

V Bhuvaneshwari

Head Office

S F No. 164/2, Pollachi Road

Kurichi

Coimbatore - 641 021 Tamil Nadu

Registered Office

S F No. 164/2, Pollachi Road

Kurichi

Coimbatore - 641 021 Tamil Nadu

Plants

Kanjikode, Palakkad

Kottayi, Palakkad

Annur, Coimbatore

Kurichi, Coimbatore

Kovilpalayam, Coimbatore

Thimmavaram, Chengalpattu

Sriperumbudur, Kancheepuram

Colombo, Sri Lanka

Lorena, SP, Brasil

Luling, Texas, USA

Stoughton, Wisconsin, USA

Fairfield, Ohio, USA

Maastricht, The Netherlands

Registrar & Share Transfer Agent

Link Intime India Private Limited

C-101, 247 Park, L.B.S. Marg

Vikhroli (West)

Mumbai - 400 083

Key Managerial Personnel

Sudarsan Varadaraj

(Chairman & Managing Director)

Harsha Varadaraj

(Whole-time Director)

SR Venkatachalam

(Chief Financial Officer)

G Sasikumar

(Company Secretary)

Bankers

HDFC Bank Limited

Mettupalayam Road Branch

Coimbatore

Statutory Auditors

MS Jagannathan & Visvanathan

Chartered Accountants

Coimbatore

Cost Auditors

P. Mohan Kumar & Co.,

Cost Accountants

Coimbatore

Internal Auditors

Reddy, Goud & Janardhan

Chartered Accountants

Bengaluru

M Ramakrishnan

Chartered Accountant

Coimbatore

Secretarial Auditor

M R L Narasimha

Company Secretary in Practice

Coimbatore

Registrar & Share Transfer Agent - Branch Office

Link Intime India Private Limited

“Surya”, 35, Mayflower Avenue

Behind Senthil Nagar

Sowripalayam Road, Coimbatore - 641 028

Contents

| | |
|-----------------------------------|-----|
| Notice | 3 |
| Directors' Report | 12 |
| Corporate Governance Report | 32 |
| Auditors' Report | 48 |
| Balance Sheet | 58 |
| Statement of Profit and Loss | 59 |
| Cash Flow Statement | 60 |
| Notes to Financial Statements | 63 |
| Consolidated Financial Statements | 107 |

Notice of the 16th Annual General Meeting

MEMBERS

NOTICE is hereby given that the 16th Annual General Meeting of the shareholders of the company will be held on **Friday, the August 26, 2022 at 10:00 AM (IST)** through **Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)** without the in-person presence of members at a common venue to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited standalone financial statements of the company along with consolidated financial statements for the financial year ended March 31, 2022 together with the reports of the board of directors and the auditors thereon.
2. To appoint a Director in the place of Dr Jairam Varadaraj (DIN: 00003361) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint statutory auditors and to fix their remuneration and in this regard, to pass the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Arun & Co, (Firm Registration No.014464S), Chartered Accountants, Tirunelveli, be and is hereby appointed as the statutory auditor of the company, in the place of the retiring auditors M/s M.S.Jagannathan & Visvanathan (FRN 001209S), Chartered Accountants, Coimbatore to hold such office for a period of five consecutive years from the conclusion of this 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting of the company ought to be held in the year 2027, on such remuneration excluding out of pocket expenses and other expenses incurred in connection with the audit, as may be approved by the Board of Directors based on the recommendation of the Audit Committee in consultation with the statutory auditor.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the re-appointment of M/s. P. Mohan Kumar & Co., Cost Accountants, (Membership No.18692 / Firm Registration No.100490) as Cost Auditors by the Board of Directors to conduct the audit of cost records of the company for the financial year 2022-23, on a remuneration of ₹ 75,000/- (Rupees seventy five thousand only) exclusive of taxes as applicable and reimbursement of out of pocket expenses on actual basis as incurred by them in connection with the aforesaid audit be and is hereby ratified and approved.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36(5) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 3

The Members of the Company at their 11th Annual General Meeting (AGM) held on August 26, 2017 had appointed M/s M.S.Jagannathan & Visvanathan (FRN 001209S), Chartered Accountants, Coimbatore as the Statutory Auditors of the Company to hold office from the conclusion of the 11th Annual General Meeting until the conclusion of the 16th Annual General Meeting of the Company. Accordingly, the term of office of M/s M.S.Jagannathan & Visvanathan as Statutory Auditors of the Company expires at the ensuing 16th Annual General Meeting of the Company and the Statutory Auditors did not opt for re-appointment. The retiring statutory auditors were paid an amount of ₹ 1.15 million (excluding applicable taxes and reimbursement of out-of-pocket expenses) for conducting the statutory audit for the financial year ended March 31, 2022 and an amount of ₹ 0.35 million (excluding applicable taxes) were paid to them towards other services rendered by them during the said period, based on the recommendation and approval of the Audit Committee and the Board of Directors.

Pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (as amended) and based on the recommendation of the Audit Committee, the Board of Directors, at their meeting held on May 26, 2022, has recommended the appointment of M/s. Arun & Co (FRN 014464S), Chartered Accountants, Tirunelveli, as the Statutory Auditors of the Company for a term of 5 consecutive years commencing from the conclusion of the 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting of the Company ought to be held in the year 2027 on a remuneration as set out in the Ordinary Resolution under Item No.3 of this notice. The re-appointment is subject to the approval of members of the Company.

M/s. Arun & Co., Chartered Accountants, have their office at 1/1, Mela Kula Pilliyar Street, Mela Kulavinagarapuram, South Bye Pass Road, Kuruchi, Tirunelveli 627005. CA A. Arun, B.Com., F.C.A., CISA (USA), a Fellow Chartered Accountant having a valid Membership No.227831 is the sole proprietor. M/s. Arun & Co., Chartered Accountants also holds a valid Peer Review Certificate issued by The Institute of Chartered Accountants of India. The Appointee Statutory Auditor is primarily engaged in Audit and Assurance Services to Listed Companies and various other clients.

M/s. Arun & Co has given their consent for the proposed appointment and further, confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Act and that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of Sections 139 and 141 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time. The Appointee Statutory Auditor has also furnished a declaration confirming independence as prescribed under the applicable statute.

The remuneration payable to the new Statutory Auditors may be recommended by the Audit Committee and approved by the Board of Directors in consultation with the Auditors after considering various parameters / market standards. In the opinion of the Board, there will not be any material change in the remuneration payable to the new statutory auditor from that paid to the outgoing (retiring) auditors for the conduct of the statutory audit of the Company.

The Board recommends the ordinary resolution set out in Item No. 3 of the Notice for the approval of the members.

None of the directors and key managerial personnel of the company or their relatives are concerned or interested, financially or otherwise, in the ordinary resolution set out in Item No.3 of the Notice.

Item No. 4

The board of directors of the company, on the recommendation of the audit committee, has approved the re-appointment and remuneration of M/s. P. Mohan Kumar & Co., Cost Accountants, (Membership No.18692 / Firm Registration No.100490) to conduct the audit of the cost records of the company for the financial year ending March 31, 2023, at a remuneration of ₹ 75,000/- (Rupees seventy five thousand only), plus taxes as applicable and reimbursement of conveyance at actuals, subject to ratification by the members of the Company.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the company. Accordingly, the approval of the members is sought by way of an ordinary resolution as set out in Item No.4 of the Notice. The board recommends the passing of this resolution.

None of the directors and key managerial personnel of the company or their relatives are concerned or interested, financially or otherwise, in the ordinary resolution set out in Item No.4 of the Notice.

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its Circular No.2/2022 dated 05.05.2022 read with Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No.20/2020 dated 05.05.2020, Circular No. 02/2021 dated 13.01.2021, Circular No.19/2021 dated 08.12.2021 and Circular No. 21/2021 dated 14.12.2021, (collectively referred to as "MCA Circulars") and the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12.05.2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15.01.2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62, dated 13.05.2022 (collectively referred to as "SEBI Circulars") has permitted the conduct of the 16th Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. The deemed venue for the 16th AGM shall be the Registered Office of the Company situated at S F No.164/2, Pollachi Road, Kurichi, Coimbatore - 641021, Tamilnadu.

In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the 16th AGM of the Company is being held through VC / OAVM. Members desirous of participating in the 16th AGM through VC/ OAVM, may refer to the procedures mentioned below.

2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this 16th AGM is being held pursuant to the MCA and SEBI Circulars through VC / OAVM, the physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this 16th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

3. Institutional / Corporate members intending to send their authorized representatives to attend the meeting through VC / OAVM are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting to the Scrutinizer by email at his email address suryaecom@gmail.com with a copy marked to the company's e-mail address info@in.elgirubber.com.
4. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) in respect of the director seeking re-appointment at the 16th Annual General Meeting

are furnished as annexure and forms part of the notice.

5. The register of members and share transfer books of the company will remain closed from Saturday, 20th August, 2022 to Friday, 26th August, 2022 (both days inclusive) as per Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013.
6. Members holding shares in electronic form may note that bank particulars registered against their depository accounts will be used by the company for payment of dividend, if any. The company or its registrar and share transfer agent, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant by the members. Members holding shares in physical form and desirous of registering bank particulars against their respective folios for payment of dividend, are requested to write to the registrar and share transfer agent of the company.
7. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing NECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., www.elgirubber.com and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.
8. **Dividend of prior years:** Pursuant to Section 124 of the Companies Act, 2013, the dividend which remained unpaid / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. The shareholders, whose unclaimed or unpaid amount has been transferred to the Investor Education and Protection Fund (IEPF), may claim the same from IEPF authority by filing form IEPF-5 along with requisite documents. Members who have not encashed their dividend warrant(s) so far since the financial year 2014-15 are requested to send their claim with a cancelled cheque containing name of the claimant shareholder (for their Bank details) immediately but not later than October 25, 2022 to the company/registrar and transfer agent for receiving the amounts through electronic channels such as RTGS/ NEFT in lieu thereof. Details of the shareholders whose shares have been transferred in respect of the unclaimed dividends already transferred to IEPF / are liable to be transferred to IEPF are available on the company website: www.elgirubber.com. G Sasikumar, Company Secretary, is the Nodal Officer (IEPF) of the Company for the purpose of verification of such claims.
9. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.
10. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the company is obliged to print the details on the dividend warrants as furnished by these depositories to the company and the company cannot entertain any request for deletion/change of bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, members should contact their depository participants (DP) and furnish particulars of any changes desired by them.
11. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants in the prescribed form with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details in the prescribed form to the company or to M/s. Link Intime India Private Limited, 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.

Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1st April 2023, failing which the securities held by such shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the payment of dividend will be processed only upon receipt of requisite KYC details to the bank account of the shareholder electronically.

Further, SEBI vide its circular dated 3rd November 2021 has also mandated that the shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked will be frozen by the RTA as per the said circular. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.

13. The Securities and Exchange Board of India (“SEBI”) has mandated that the transfer of securities held in physical form, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from April 1, 2019. Further, the Securities and Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated that the Company or its Registrars and Share Transfer Agents shall issue the securities in dematerialized form only while dealing the requests for issue of duplicate share certificate, transmission or transposition, with effect from 25th January, 2022. As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline. The shareholders/claimants shall submit duly filled up Form ISR-4 (hosted on the website of the Company and the RTA) along with the documents / details specified therein in order to process such requests. Therefore, the members, who are holding share(s) in physical form, are requested to immediately dematerialize their shareholding in the company. Necessary prior intimation in this regard has already been provided to the shareholders.
14. In case of transmission / transposition, the members are requested to forward their requests and other communications directly to the Registrar and Share Transfer Agent (RTA) of the company, M/s. Link Intime India Private Limited, “Surya”, 35, Mayflower Avenue, 2ndFloor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member wishing to avail this facility may submit to the company’s Registrar & Share Transfer Agent in the prescribed Form SH-13 (hosted on the website of the Company and RTA). Should any assistance be desired, members shall get in touch with the company’s Registrar & Share Transfer Agent. Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.
16. **Change of Address:** Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and bank particulars to the company or its registrar & share transfer agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective depository participants and not to the company/ registrar and transfer agent.
17. Non-Resident Indian (“NRI”) Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:
 - a) the change in the residential status on return to India for permanent settlement or
 - b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
18. Members are requested to update their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form with the Company’s Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021.
19. As per the green initiative taken by the Ministry of Corporate Affairs, members are advised to register their email address with the company in respect of shares held in physical form and with the concerned depository participant in respect of shares held in demat form to enable the company to serve documents in electronic form.
20. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the 16th AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/RTA/Depositories. Members may note that the Notice of the 16th Annual General Meeting and the Annual Report for the financial year 2021-22 will also be available on the Company’s website www.elgirubber.com, website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com and on the website of Link Intime India Private Limited <https://instavote.linkintime.co.in>. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
21. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu, by quoting the Folio number or the Client ID number with DP ID number.
22. Members desirous of receiving any information on the accounts or operations of the company are requested to forward his/her queries to the company secretary at least seven working days prior to the date of the 16th Annual General Meeting. The same will be replied by the company suitably.
23. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
24. Members are requested to note that the 16th Annual General Meeting is scheduled to be held **through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)** and hence, the route map of the venue is not annexed to this Notice.

25. Annual financial statements and related details of the wholly owned subsidiary companies are posted on the Company's website and is also kept for inspection at the Registered Office of the Company and at the subsidiary Company. A copy of the same will be provided to the members on request.
26. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members during the AGM.

27. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholders has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- (i) In case of shares held in physical form, kindly log in to the website of our RTA, Link Intime India Private Ltd. at www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. (or)
- (ii) In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

28. Voting through electronic means:

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS - 2), the company is pleased to provide its members the facility to exercise their right to vote at the 16th Annual General Meeting (AGM) by electronic means and all the business as set out in this notice shall be transacted through the remote e-voting services provided by Link Intime India Private Limited (LIPL).
- b) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. Friday, August 19, 2022, may refer to this Notice of the 16th Annual General Meeting, posted on company's website www.elgirubber.com for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- c) The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- d) The instructions for members for voting electronically are as under:-
 - i. The voting period begins on Tuesday, 23rd August, 2022 at 9.00 AM (IST) and ends on Thursday, 25th August 2022 at 5.00 PM (IST).
 - ii. During this period, the shareholders of the company, holding shares either in physical form or in dematerialized form, as on Friday, August 19, 2022 (the cut-off date), may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.

Remote e-Voting Instructions for shareholders:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

- ☞ Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -

A. User ID: Enter your User ID

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
- Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

⇒ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

⇒ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.

4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).

7. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.

8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

If you have forgotten the password:

- o Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- o Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event". Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 -4918 6000.

InstaVote Support Desk
Link Intime India Private Limited

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

⇒ Select the “Company” and ‘Event Date’ and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

⇒ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance i.e. on or before August 23, 2022 with the company on info@in.elgirubber.com.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

InstaMeet Support Desk
Link Intime India Private Limited

Annexure

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- i) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>
- or
- ii) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under

| Step 1 | Enter your First Name, Last Name and Email ID and click on Join Now. |
|---------------|--|
| 1 (A) | If you have already installed the Webex application on your device, join the meeting by clicking on Join Now |
| 1 (B) | If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now |

- e) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of August 19, 2022.
- f) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.
- g) R Jayachandran, Partner, M/s. RJC Associates, Chartered Accountants, Coimbatore has been appointed as the scrutinizer to scrutinize the remote e-voting and e-voting process at the meeting in a fair and transparent manner and for the purpose of ascertaining the majority.
- h) The Chairman shall, at the 16th Annual General Meeting, at the end of discussion on all the resolutions on which voting is to be cast, allow e-voting for all those members who are present at the 16th Annual General Meeting but who have not cast their votes by availing the remote e-voting facility.
- i) The Scrutinizer shall after the conclusion of the e-voting at the Annual General Meeting, will first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- j) The results shall be declared within the time stipulated under the applicable laws. The results declared along with the consolidated scrutinizer's report shall be placed on the company's website www.elgirubber.com and on the website of LIIPL and communicated to the Stock Exchange where the company's shares are listed.

By and on behalf of the Board
For Elgi Rubber Company Limited

Sudarsan Varadaraj
DIN: 00133533
Chairman & Managing Director

Place : Coimbatore
Date : May 26, 2022

Additional information on Directors recommended for re-appointment at the Annual General Meeting as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by ICSI.

| | |
|--|--|
| Name | Dr Jairam Varadaraj |
| DIN | 00003361 |
| Date of Birth / Age | 08.04.1961 / 61 years |
| Nationality | Indian |
| Date of first appointment on the Board | 06.01.2011 |
| Relationship with other directors | Brother of Sudarsan Varadaraj (DIN: 00133533), Chairman & Managing Director |
| Qualification | B.Com, MBA., Phd (USA) |
| Experience / Area of Expertise | Has more than 32 years of experience as an Industrialist |
| Shareholding (including shareholding as a beneficial owner) | 141,750 |
| List of Directorships held in other companies | Elgi Equipments Limited Precot Limited (Formerly known as "Precot Meridian Limited") Thermax Limited Magna Electro Castings Limited Elgi Rubber Company Limited Elgi Ultra Industries Limited ATS Elgi Limited Elgi Sauer Compressors Limited Dark Horse Portfolio Investment Private Limited Elgi Ultra Limited |
| Names of listed entities from which the Director has resigned in the past three years | Nil |
| Other Committee Memberships of the Board of other companies in which he is a Director: | |
| Membership in | Audit Committee: Thermax Limited Precot Limited (Formerly known as "Precot Meridian Limited") Elgi Ultra Industries Limited Elgi Ultra Limited Nomination and Remuneration Committee: Thermax Limited Precot Limited (Formerly known as "Precot Meridian Limited") Elgi Ultra Industries Limited Elgi Ultra Limited Magna Electro Castings Limited Stakeholders Relationship Committee: Elgi Equipments Limited Risk Management Committee: Elgi Equipments Limited Thermax Limited Strategic Business Development Committee: Thermax Limited |
| Chairmanship in | Corporate Social Responsibility Committee: Elgi Equipments Limited Stakeholders Relationship Committee: Elgi Ultra Industries Limited |
| Remuneration sought to be paid (per annum) | Sitting fees only |
| Remuneration last drawn (per annum) | NA |
| Terms & Conditions of Re-appointment | Liable to retire by rotation |
| Number of Meetings of the Board attended during the year | 5 of 5 |

**By and on behalf of the Board
For Elgi Rubber Company Limited**

**Sudarsan Varadaraj
DIN: 00133533**

Chairman & Managing Director

Place : Coimbatore
Date : May 26, 2022

Directors' Report

The Board of Directors have pleasure in presenting the 16th annual report of the company and the audited financial statements for the year ended March 31, 2022

Financial Highlights

(₹ in million)

| | 2021-22 | 2020-21 |
|---|----------|----------|
| Profit before exceptional items, depreciation and tax | 175.64 | 178.01 |
| Less: Depreciation | 85.30 | 70.98 |
| Add : Exceptional items | - | 11.78 |
| Profit before taxation | 90.34 | 118.81 |
| Less: Provision for taxation | 8.00 | 13.74 |
| (Add) / Less: Provision for deferred tax | (0.94) | 4.69 |
| Profit after tax | 83.28 | 100.38 |
| Add : Opening surplus | 1,248.90 | 1,148.52 |
| Profit available for appropriation | 1,332.18 | 1,248.90 |
| Other comprehensive income, net of taxes | (4.09) | 0.42 |
| Total comprehensive income for the year | 79.19 | 100.80 |

Review of Business Operations and Future Outlook

The company recorded a revenue of ₹ 1,983.70 million for the year against ₹ 1,510.49 million in the previous year, an increase of 31%. Additional contributions from Exports and business with the Tamil Nadu State Transport Undertaking (TNSTU) from the 3rd quarter onwards have contributed substantially to the increase in revenues.

The net profit was ₹ 83.28 million against ₹ 100.38 million in the previous year. The company is taking steps to reduce operating costs and bring in higher efficiencies to improve profitability.

During October 2021 the Registered Office of the Company was moved to the factory in Kurichi.

Change in the nature of Business

There was no change in the nature of business of the company during the financial year ended March 31, 2022.

Transfer to Reserves

During the year under review, the company has not transferred any amount to the general reserves and the amount of ₹ 1,332.18 million (including the current profits of ₹ 83.28 million) has been retained under surplus in the Statement of Profit and Loss.

Dividend

To conserve reserves to overcome disruptions expected currently and in the future from unexpected events, the Board of Directors are not recommending any dividend for the financial year 2021-22.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The company had transferred the unclaimed dividend of ₹ 0.35 million relating to FY 2013-14 and 40,729 equity shares to Investor Education and Protection Fund during the financial year 2021-22, in terms of section 124 and 125 of the Companies Act, 2013. As stipulated under the Act, the unclaimed dividend relating to the financial year 2014-15 will be remitted to the Investor Education and Protection Fund established by the Central Government within the due date. The shares in respect of such unclaimed dividend will also be transferred to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs Demat Account within the due date, in accordance with the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Share Capital

The paid-up capital of the company as at March 31, 2022 stood at ₹ 50.05 million. During the year under review, the company had not made any fresh issue of shares.

Copy of Annual Return

As per the requirements of Section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), the copy of the Annual Return in the prescribed Form MGT-7 for the financial year ended March 31, 2022 is placed on the company's website www.elgirubber.com.

Board and Committee meetings conducted during the period under review

During the year under review, 5 meetings of the Board of Directors, 5 meetings of the Audit Committee, 2 meetings of the Nomination and Remuneration Committee, 3 meetings of the Corporate Social Responsibility Committee, 7 meetings of the Stakeholders Relationship Committee and 6 meetings of the Finance and Administrative Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

Statement on Compliance of applicable Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on the meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

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:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures from those standards
- ii. the Directors have selected such accounting policies, 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
- iii. the Directors have 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
- iv. the Directors have prepared the annual accounts for the financial year ended 31st March 2022 on a going concern basis
- v. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- vi. the Directors have 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 were no instances of fraud reported by the auditors during the course of their audit pursuant to section 143(12) of the Companies Act, 2013.

Declaration of Independent Directors

All the Independent directors have given declarations to the effect that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 read with applicable Schedule and Rules issued thereunder and Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 and its corrigendum, effective from 1st January, 2022 and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended).

Statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year

The Board of Directors have evaluated the Independent Directors during the year 2021-22 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

There was no appointment of Independent Directors made during the year under review.

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, on the recommendation of the Nomination and Remuneration Committee, had framed a policy which inter alia provides the criteria for selection and appointment of Directors, Key Managerial Personnel, Senior Management, evaluation of their performance and the remuneration payable to them. The criteria for determining qualifications, positive attributes and independence of Directors have been stated in Annexure I to this report. The salient features of the nomination and remuneration policy of the company is annexed herewith as Annexure II and the full policy can be accessed on the company's website www.elgirubber.com.

Comments on Statutory Audit Report

The report of M.S.Jagannathan & Visvanathan, Statutory Auditors does not contain any reservations, adverse remarks or disclaims. Further, your Directors wish to state that the observations made by the Auditors in their report are self-explanatory and necessary steps has been taken to ensure that the Company complies with all the statutory requirements, as applicable from time to time.

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. The Company has not made any investments during the year under review and the loans / guarantees given during the year were in accordance with Section 186 of the Companies Act, 2013.

Particulars of contracts or arrangements made with related parties

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2021-22 were in the ordinary course of business and on arm's length pricing basis. Since there are no transactions which are material in nature, the Form AOC-2 is not being annexed.

The policy on related party transactions, as approved by the Board of Directors of the company, is available on the company's website 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 these financial statements relate and the date of the report

There have been no material changes and commitments, which affect the financial position of the Company, since the end of the year and till the date of 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 III 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 and has taken all possible steps to overcome such risks. The main concerns are 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

Pursuant to the amended provisions of Section 135 of the Companies Act, 2013 read with the Companies (Amendment) Act, 2020 (effective from 22nd January, 2021) the Corporate Social Responsibility Committee ("CSR Committee") was dissolved with effect from 10th November, 2021 and all the roles, responsibilities and functions of the Corporate Social Responsibility Committee, as provided under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) are being discharged by the Board of Directors of the Company in terms of the said provisions of the Act and its Rules with effect from the said date.

The requisite information has also been provided in the Corporate Governance Report forming part of this Directors' Report. Further, based on the approval of the Board of Directors, the Company has also adopted an amended new set of Corporate Social Responsibility Policy which is available on the website of the Company viz. www.elgirubber.com

As a part of its initiatives under its CSR Policy, the company has undertaken various projects towards CSR initiatives and the said projects are by and large in accordance with Schedule VII of the Companies Act, 2013 and the CSR Policy of the Company. The CSR Policy of the Company is available on the website of the Company viz. www.elgirubber.com.

The annual report on CSR activities is annexed herewith as Annexure IV.

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

The Board has made a formal annual evaluation of its own performance and its Committees and of every Individual Directors including the Independent Directors of the Company. The Board's own performance was evaluated based on the criteria like structure, governance, dynamics and functioning and review of operations, financials, internal controls etc.

The performance of the Individual Directors including Independent Directors were evaluated based on the evaluation criteria laid down under the Nomination and Remuneration Policy and the Code of Conduct as laid down by the Board. Further, the Independent Directors, at their separate meeting held during the year 2021-22, has evaluated the performance of the Board as a whole, its Chairman and Non-Executive Non-Independent Directors and other items as stipulated under Schedule IV of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committees of the Board were evaluated based on the terms of reference specified by the Board to the said Committee, frequency and effectiveness of Committee meetings, quality of relationship of the Committee and the management etc. The Board of Directors were satisfied with the evaluation process which ensured that the performance of the Board, its Committees, Individual Directors including Independent Directors adheres to their applicable criteria.

The results of the performance evaluation have been communicated to the concerned.

Directors and Key Managerial Personnel

As per the provisions of section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Dr Jairam Varadaraj (DIN: 00003361), Director of the company, retires by rotation at this annual general meeting. Being eligible, he offers himself for re-appointment. Your Directors recommend his re-appointment.

The Board has accepted the resignation of V Santhanakrishnan as Company Secretary with effect from June 10, 2021 and it has appointed G Sasikumar as Company Secretary with effect from June 11, 2021 and complied with the provisions of the Act.

During the year under review, there were no changes in the composition of the Board of Directors of the Company. The following are the Key Managerial Personnel of the Company:

- Sudarsan Varadaraj - Chairman and Managing Director
- Harsha Varadaraj - Whole-time Director
- S R Venkatachalam - Chief Financial Officer
- G Sasikumar - Company Secretary (appointed w.e.f. June 11, 2021)

Subsidiaries, Joint Ventures and Associate Companies

The company has 7 wholly-owned subsidiaries, 2 step-down subsidiaries. The statement pursuant to section 129(3) of the Companies Act, 2013 containing the salient features of the financial statements of the said subsidiary companies in the prescribed Form AOC-1 and forms part of this annual report.

The Board has approved a policy for determining material subsidiaries which is available on the company's website www.elgirubber.com.

The annual accounts of the subsidiary companies are also available on the website of the company www.elgirubber.com and kept for inspection by the shareholders at the registered office during normal business hours of the company. The company shall provide the copy of the annual accounts of subsidiary companies to the shareholders upon their request.

The Company does not have any joint ventures or associate companies during the year.

Deposits

The Company had obtained approval to invite, accept and renew deposits from public and / or members within the limits as per the provisions of Sections 73 and 76 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014 (as amended) by special resolution passed in the 14th Annual General Meeting held on August 28, 2020.

Accordingly, the Company has accepted deposits from its members during the year ended March 31, 2022 within the limits prescribed under the Companies Act, 2013 and the rules framed thereunder. The details relating to the deposits accepted from the members of the Company as covered under Chapter V of the 2013 Act are given hereunder:

₹ in millions

| | |
|--|-------|
| Amount of deposits as on 01.04.2021 | 71.25 |
| Deposits accepted during the year | 30.25 |
| Deposits repaid during the year including prematured deposits | 2.00 |
| Amount of deposits as on 31.03.2022 | 99.50 |
| Deposits remaining unpaid or unclaimed as at the end of the year | Nil |
| Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved | |
| a. At the beginning of the year | Nil |
| b. Maximum during the year | Nil |
| c. At the end of the year | Nil |
| The details of deposits which are not in compliance with the requirements of Chapter V of the Act | Nil |

There were no default in the payment of interest to the deposit holders during the year under review. The Company has obtained Credit Rating on the fixed deposits [CARE BB+; Stable] as assigned by CARE Ratings Limited.

In accordance with the Companies (Acceptance of Deposits) Rules, 2014 (as amended), the monies received from the Directors, if any, has been disclosed under relevant notes to the financial statements.

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.

Details of application made or any proceeding pending under the insolvency and bankruptcy code, 2016 during the year

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016 during the year under review.

Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions during the year under review.

Adequacy of internal financial controls with reference to the financial statements

The company has implemented and evaluated the internal financial controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The company has appointed internal auditors with a dedicated internal audit team. The internal audit reports were reviewed periodically by the Board. Further, the Board annually reviews the effectiveness of the company's internal control system.

The Directors and management confirm that the internal financial controls are adequate with respect to the operations of the company. A report of auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of internal financial controls is annexed with the Auditors report.

Statutory Auditors

M.S. Jagannathan & Visvanathan, (FRN:001209S) Chartered Accountants, Coimbatore, who were appointed as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 11th Annual General Meeting, retires at the conclusion of the 16th Annual General Meeting and the retiring auditors did not opt for re-appointment. Accordingly, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors, based on the recommendation of the Audit Committee, has recommended the appointment of M/s. Arun & Co., (having Firm Registration Number 014464S), Chartered Accountants, Tirunelveli as Statutory Auditor of the Company in the place of the retiring Statutory Auditors for a period of five consecutive years from the conclusion of 16th Annual General Meeting till the conclusion of 21st Annual General Meeting ought to be held in the year 2027.

The Company has also obtained necessary consent under Section 139 and eligibility certificate under Section 141 from M/s. Arun & Co., (having Firm Registration Number 014464S) Chartered Accountant, Tirunelveli to the effect that his appointment, if made, would be in conformity with the provisions of the Companies Act, 2013 and the appointee Statutory Auditor is holding a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India. Accordingly, necessary ordinary resolution has been included in the Agenda of the Notice convening the ensuing 16th Annual General Meeting of the Company. Your Directors recommend the appointment of the Statutory Auditor.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M.R.L. Narasimha, (FCS No : 2851, CP No : 799, Peer Review No : 1420/2021), Company Secretary in Practice, was appointed as the Secretarial Auditor of the company to carry out the secretarial audit for the year ended March 31, 2022. Accordingly, the secretarial audit report given in the prescribed Form No. MR-3 is enclosed with this report as Annexure V. With respect to the observations of the Secretarial Auditor of the Company in his report, your Directors wish to state that necessary steps has been initiated to ensure compliance with all applicable statutory requirements.

Cost Auditors

The Company has made and maintained cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. The Board of Directors, at their meeting held on May 26, 2022, had appointed M/s. P. Mohan Kumar & Co. (Membership No.18692 / Firm Registration No.100490), Cost Accountants, Coimbatore as the Cost Auditors of the company for the financial year 2022-23. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable to the Cost Auditors of the company is subject to the ratification by the shareholders at the annual general meeting. Necessary resolution has been included in the notice of the ensuing annual general meeting for the approval of the members. The Board recommends the ratification of their remuneration.

The Cost Audit Report for the financial year 2021-22 will be filed with the Central Government within the period stipulated under the Companies Act, 2013.

Disclosure under section 197(12) and rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc., as stipulated under section 197(12) and rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure-VI to this Report.

In terms of provisions of section 197(12) and rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the statement showing the names of the top ten employees in terms of remuneration drawn forms part of this report. Pursuant to the second proviso to section 136(1) of the Act, the Annual Report excluding the said information is being sent to the members of the company.

Any member interested in obtaining such information may send an email to info@in.elgirubber.com

Further, there were no employees who are in receipt of remuneration in the aggregate at the rate of not less than ₹ 1,02,00,000/- if employed throughout the year or ₹ 8,50,000/-per month if employed for part of the year.

Human Resources and Industrial Relations

The company continues to enjoy a cordial relationship with all its employees. The employee count as on March 31, 2022 is 449.

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

The company has put in place a policy for prevention of 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 complaints committee has been set up to redress complaints received, if any. All employees (permanent, contractual, temporary and trainees) are covered under this policy. However, there were no complaints received from any person or employee during the financial year 2021-22 and there are no unresolved complaints as on 31st March, 2022.

Corporate Governance

A report on corporate governance along with Management Discussion & Analysis Report (M & DA) as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed as Annexure VII and forms part of this report. The company has complied with the conditions relating to corporate governance as stipulated in clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Audit Committee

Audit committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The particulars relating to the composition, meetings and functions of the committee has been disclosed in the Report on Corporate Governance under the head, 'Audit committee'. The Board has accepted the Audit committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit committee by Board.

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 reviews the complaints received, redressed, objected, withdrawn and dismissed, if any, for every quarter in their meeting. The whistle blower policy is available on the company's website 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.

**By and on behalf of the Board
For Elgi Rubber Company Limited**

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

Place : Coimbatore
Date : May 26, 2022

Criteria for selection of Non-Executive Directors

The Non Executive Director shall

- ❖ have adequate skills, background, experience and knowledge
- ❖ possess industry bias, i.e., should be reasonably conversant with and follow the rubber, retreading and automotive industry
- ❖ be a person of intellect and integrity
- ❖ not be discriminated on the basis of age, gender and race
- ❖ believe in and be committed to practice the Elgi values
- ❖ be capable of working in harmony with other board members and contribute effectively in board and shareholder meetings
- ❖ be in alignment with the Company's objectives and goals

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 Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015, 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 or the Committee) and has been approved by the Board of Directors.

OBJECTIVE:

The objective of this Policy are:

- 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.

DEFENITIONS:

- a. "Act" means Companies Act, 2013 (including any statutory modifications or re-enactments or amendments thereof for the time being in force);
- b. "Board" means the Board of Directors of the Company;
- c. "Company" or "ERCL" means Elgi Rubber Company Limited;
- d. "Committee" means Nomination and Remuneration Committee of the Company;
- e. "Director" means a director appointed in the Board of the Company as per the provisions of the Companies Act, 2013 and the Listing Regulations;
- f. "Independent Director" means a Director as defined under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations;
- g. "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.
- h. "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments or modifications or re-enactments thereof.
- i. "Policy" means this Nomination and Remuneration Policy.

- j. “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;
- k. “Senior Managerial Personnel” or “Senior Management” or “SMP” means the officers / personnel of the company who are members of its core management team excluding Board of Directors and comprises of all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the Board, and including Company Secretary, Chief Financial Officer and all functional heads.

Role of the committee:

The role of the NRC will be the following:

- a. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b. To formulate and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other senior management personnel.
- c. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee.
- d. To recommend to the Board the appointment and removal of Directors and senior management personnel.
- e. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management, taking into account the following factors:
 - i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- f. To recommend to the board, all remuneration, in whatever form, payable to senior management.
- g. To formulate the criteria for evaluation of performance of independent directors and the Board of Directors.
- h. To specify the manner for effective evaluation of performance of the Board of Directors, its committees and individual Directors, to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and to review its implementation and compliance.
- i. In every appointment of Independent Director, to evaluate the balance of skills, knowledge and experience on the Board, possessed by the person intended to be appointed as an Independent Director and on the basis of such evaluation, to prepare a description of the role and capabilities required of an independent director.
- j. To ensure that the person recommended to the Board for appointment as an Independent Director have all the capabilities identified by the Committee in the description of the role and capabilities required of an independent director
- k. For the purpose of identifying suitable candidates, the Committee may:
 - (i) use the services of an external agencies, if required.
 - (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) consider the time commitments of the candidates
- l. To recommend, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- m. To devise a policy on diversity of board of directors
- n. To ensure that an orderly succession plan is in place for appointment to the Board and Senior Management
- o. To carry out any other function as may be mandated by the Board from time to time and / or enforced by any statutory notification, amendment, modification or re-enactment thereof for the time being in force, as may be applicable
- p. To perform such other functions as may be necessary or appropriate for the performance of its duties

CRITERIA FOR APPOINTMENT/RE-APPOINTMENT AND REMOVAL OF DIRECTOR INCLUDING INDEPENDENT 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 obtain the approval of its shareholders for appointment of a person on the Board of Directors or as a Manager at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier;
- d) The appointment, re-appointment or removal of an Independent Director of the Company, shall be subject to the approval of shareholders by way of a special resolution.
- e) The Company shall ensure that the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. The statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment;
- f) The Company shall not appoint or continue the employment of any person as Managing Director or 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.
- g) The Company shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person;

TERM / TENURE

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Chairman and Managing Director, Managing Director, Whole-time 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.

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.

The Independent Director, who resigns from the Company, shall be appointed as an Executive / Whole Time Director on the Board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director.

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.

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

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. Subject to the provisions of the Act or the Listing Regulations, the Board shall 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.

CRITERIA FOR DETERMINING REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 1) Remuneration to Executive Chairman / Chairman and Managing Director / Managing Director / Executive Director / Whole-time Director:
 - a) The Remuneration / Commission etc. payable to Executive Chairman / Chairman and Managing Director / Managing Director / Executive Director / Whole-time Director, etc. including the income components, perquisite, benefits, etc., shall be governed as per the provisions of the Companies Act, 2013 and its rules made there under or any other enactment and the Listing Regulations, including amendments or modifications or re-enactments for the time being in force.
 - b) All form of remuneration including its components, perquisites, benefits etc. payable to Executive Chairman / Chairman and Managing Director / Managing Director / Executive Director / Whole-time Director, etc. shall be determined and recommended by the Nomination and Remuneration Committee and the same shall be approved by the Audit Committee, Board of Directors and Shareholders with or without modifications as may be deemed appropriate subject to the provisions of the Companies Act, 2013 and its rules made there under or any other enactment and the Listing Regulations, including amendments or modifications or re-enactments for the time being in force.
 - c) The fees or compensation payable to Executive Chairman / Chairman and Managing Director / Managing Director / Executive Director / Whole-time Director, who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-
 - i. the annual remuneration payable to such Executive Chairman / Chairman and Managing Director / Managing Director / Executive Director / Whole-time Director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or
 - ii. where there is more than one such Director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company;

Provided that the approval of the shareholders, as mentioned above, shall be valid only till the expiry of the term of such director.
- 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) 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:
 - i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
 - d) All fees or compensation, if any, paid to Non-Executive Directors, including Independent Directors shall require approval of the shareholders. The approval of shareholders shall specify the limits for the maximum number of stock options that may be granted to Non-Executive Directors, in any financial year and in aggregate. The requirement of obtaining approval of shareholders shall not apply to payment of sitting fees to Non-Executive Directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government;

- e) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.
- 3) Remuneration to Key Managerial Personnel and Senior Management:
- a) The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay/ commission/ incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
 - b) The Fixed pay may include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund etc. as decided from to time.
 - c) 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.

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 in-house 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 in-house 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 | N.A |
| d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | N.A |

iv) the expenditure incurred on research and development : ₹ 4.27 million**C. Foreign exchange earnings & outgo during the year**

Foreign exchange earned : ₹ 491.37 million

Foreign exchange outgo : ₹ 262.36 million

**By and on behalf of the Board
For Elgi Rubber Company Limited**

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

Place : Coimbatore
Date : May 26, 2022

Annual report on CSR activities of the company

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

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, conservation of natural resources etc. These projects are by and large in accordance with Schedule VII of the Companies Act, 2013. The CSR policy of the company is also uploaded on the website of the company www.elgirubber.com.

2. The composition of the CSR committee

The Company had earlier constituted a Corporate Social Responsibility Committee in compliance with Section 135(1) of the Companies Act, 2013 read with Rule 5 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. However, Pursuant to Section 135(9) read with the Companies (Amendment) 2020 (effective from 22nd January, 2021), the requirement under sub-section (a) for constitution of the Corporate Social Responsibility Committee are not applicable to the Company and the functions of the Corporate Social Responsibility Committee provided under the said Section shall, in such cases, be discharged by the Board of Directors of the Company. Hence Board of Directors, at their meeting held on 10th November, 2021, had approved and dissolved the Corporate Social Responsibility Committee with effect from 10th November, 2021. All the roles, responsibilities and functions of the Corporate Social Responsibility Committee, as provided under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) are being discharged by the Board of Directors of the Company in terms of the said provisions of the Act and its Rules with effect from the said date.

Prior to the dissolution, the composition of the said committee was as follows:

| Sl.No. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|--------------------|-------------------------------------|--|--|
| 1 | Sudarsan Varadaraj | Chairman & Managing Director | 3 | 3 |
| 2 | M.D.Selvaraj | Independent Director | 3 | 3 |
| 3 | Harsha Varadaraj | Whole-time Director | 3 | 3 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

The web-link where the Composition of the CSR Committee, prior to its dissolution on 10th November, 2021, is disclosed on the website of the Company is <http://www.elgirubber.com/>

The web-link where the CSR policy is disclosed on the website of the Company is <http://www.elgirubber.com/>

The web-link where the CSR projects approved by the board are disclosed on the website of the Company is <http://www.elgirubber.com/>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

The Company has not carried out Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 as the same is not applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be setoff for the financial year, if any (in Rs) |
|---------|----------------|---|---|
| 1 | 2021-2022 | 0.04 | 0.04 |
| | Total | 0.04 | 0.04 |

6. Average net profit of the company as per section 135(5) ₹ 13.85 million
7. a) Two percent of average net profit of the Company as per Section 135(5) ₹ 0.27 million

- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil
- c) Amount required to be set off for the financial year, if any ₹ 0.04 million
- d) Total CSR obligation for the financial year (7a+7b- 7c). ₹ 0.23 million
8. a) CSR amount spent for the financial year ₹ 0.28 million

| Total Amount Spent for the Financial Year 2020-21 (₹ in million) | Amount Unspent (in ₹) | | | | |
|--|--|------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 0.28 | NIL | Not applicable | Not applicable | NIL | Not applicable |

b) Details of CSR amount spent against ongoing projects for the financial year: NIL

c) Details of CSR amount spent against other than ongoing projects for the financial year:

| SI No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act | Local area (Yes / No). | Location of the project. | | Amount spent for the project (₹ in million) | Mode of Implementation- Direct (Yes /No). | Mode of implementation - Through implementing agency | |
|--------|--|---|------------------------|--------------------------|------------|---|---|--|-------------------------|
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Contribution toward conducting cancer awareness marathon | Promoting healthcare | Yes | Tamil Nadu | Coimbatore | 0.25 | No | Coimbatore Cancer Foundation | CSR00002518 |
| 2 | Combating COVID-19 (Prime Minister's Citizen Association and Relief in Emergency Situations Fund) | Public welfare | Yes | Whole of India | | 0.03 | Yes | NA | NA |
| Total | | | | | | 0.28 | | | |

- d) Amount spent in Administrative Overheads Nil
- e) Amount spent on Impact Assessment, if applicable Nil
- f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 0.28 million
- g) Excess amount for set off, if any

| SI. No. | Particular | Amount (₹ in million) |
|---------|---|-----------------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 0.27 |
| (ii) | Total amount spent for the Financial Year | 0.28 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.01 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.01 |

Annual Report 2021 - 22

9. (a) Details of Unspent CSR amount for the preceding three financial years:

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise.

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(a) Date of creation or acquisition of the capital asset(s). N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset. N.A.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A.

11. Specify the reason(s) if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company has spent the required amount on CSR activities as per section 135(5) and hence reporting under this clause does not arise.

Place : Coimbatore
Date : May 26, 2022

MD Selvaraj
Director
Member-CSR Committee
DIN: 00001608

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

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Industry Structure and Developments

Globally, the tyre demand is picking up, the reclaimed rubber products requirement has gone up and at the same time, the usage also has increased. Especially, the growth of demand in the European market is expected to be high in the coming years.

The market for replacement tyres will grow along with the growth in the requirement for commercial vehicles. Further, consequent to the stringent norms to reduce carbon dioxide emission, the retreaded tyres are gaining more popularity amongst fleet operators worldwide, which will be an added opportunity to the tyre retreading industry.

The Company is taking all necessary steps, wherever possible, to manage the current market conditions and to ensure the growth and profitability.

Opportunities and threats

India has the largest road network in the world and the Government aims to build more economic corridors, border and coastal roads and expressways to boost the highway network in the country. The Indian commercial vehicle industry is often referred to as the backbone of the country's economy, which has reported a growth rate in sales of automobiles and movement of freight by roads.

The country has experienced more radialisation of tyres which has longer life and provides better ride quality. Retreading these tyres requires a greater degree of sophistication, which is positive for organized players.

The entry of the branded tyre companies into retreading industry has led to higher competition but also it gives improved awareness about the opportunities and growth in the retreading market. The Company is confident of maintaining a strong position in the market as it has developed a robust brand image over the years, best-in-class service capability and wide portfolio of quality products.

Segment-wise or product-wise performance

The company has only one business segment, that is, manufacture of Reclaimed rubber and allied activities, hence segment wise reporting is not required.

Outlook

Globally, the demand for reclaimed rubber products is increasing. At the same time, the increasing preference for branded and quality retreading in the commercial vehicle industry would help the organized retreaders to garner a larger market share and hence, the outlook for the future is bright.

Risks and concerns

Risks and opportunities are inevitable and inseparable components of all businesses. The Company's performance primarily depends on the performance of the tyre replacement market which has several growth levers viz., economic growth rate, infrastructure development, growth in commercial vehicle segment and other trends relating to the transportation sector. However, the Company identifies and periodically reviews the various elements of risk which the company faces and lays out the procedures and measures for mitigating those risks.

The main concerns are 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 will minimise the risk relating to the volatility in raw material prices.

Internal control systems and their adequacy

Periodical reviews are being carried out resulting in identification of deficiencies and formulation of time bound action plans to improve efficiency in the internal control systems. The adequacy and effectiveness of the internal control systems is also being periodically reviewed by the Audit Committee of the company.

The Company has internal control policies and procedures commensurate with its size and the nature of its business. A report of auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of internal financial controls is annexed with the Auditors report.

Discussion on financial performance with respect to operational performance

The financial performance of the company during the financial year 2021-22 has been discussed in the Directors Report and the audited financial statements, which has been prepared in accordance with the requirement of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, discloses a true and fair view of the performance of the company during the said period.

Material developments in Human Resources / Industrial Relations front, including number of people employed

The company maintains cordial and harmonious relationship with its employees and all other stakeholders. The company has implemented all necessary safety measures and standard operating procedures including physical distancing, sanitization, fumigation and other health and

safety norms / guidelines / directives issued by the Central and State Governments from time to time to ensure the well-being of its employees and periodically conducts external audits to identify the deficiencies and to improve the safety measures.

The company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of job responsibility. The company provides job training as well as conducts periodical seminars and managerial programs for capability development and to build technical expertise among its employees at various levels. The employees count as at March 31, 2022 is 449.

Comments on Financial Ratios

| Sl. No. | Description | 31.03.2022 | 31.03.2021 | % of change | Reasons |
|---------|-------------------------|------------|------------|-------------|--|
| 1 | Debtors Turnover | 3.99 | 3.33 | 19.86% | NA |
| 2 | Inventory Turnover | 4.13 | 2.71 | 52.02% | Due to increase in turnover and reduction in inventory |
| 3 | Current ratio | 1.24 | 1.69 | -26.65% | Due to increased current liabilities |
| 4 | Debt Equity ratio | 0.43 | 0.36 | 19.02% | NA |
| 5 | Interest coverage ratio | 2.01 | 2.30 | -12.65% | NA |
| 6 | Operating profit margin | 13.35 | 17.82% | -25.06% | Operations of the company were impacted due to global economic disruptions |
| 7 | Net profit margin | 4.20 | 6.64% | -36.82% | Due to increase in fixed and other cost there is a reduction in Netprofit |
| 8 | Return on Net worth | 2.99 | 3.73% | -19.71% | NA |

Cautionary Statement

Management Discussion and Analysis forming part of the Directors Report is prepared in compliance with Schedule V(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such statements may be “forward looking” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the company’s business operations includes economic conditions affecting demand/supply and price conditions prevailing in the domestic and overseas markets in which the company operates, changes in the Government regulations, policies, fiscal laws and other statutes and other incidental factors.

**By and on behalf of the Board
For Elgi Rubber Company Limited**

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

Place : Coimbatore
Date : May 26, 2022

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2022

[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 and Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,

Elgi Rubber Company Limited

CIN: L25119TZ2006PLC013144

S.F.No164/2, Pollachi Road, SIDCO Industrial Estate,

Kurichi, Coimbatore-641021,

Tamil Nadu

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. 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 **M/s. 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 on **31st March, 2022** 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, 2022 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investments;
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) 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; and
 - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management:-
 - a) The Rubber Act, 1947
 - b) The Petroleum Act, 1934 and the Petroleum Rules, 2002
 - c) The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950
 - d) The Explosives Act, 1884, the Explosives Substances Act, 1908 and the Explosives Rules, 2008

I have also examined compliance with the applicable clause(s) of the following:

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) The Listing Agreement entered into by the Company with the National Stock Exchange of India Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above except that the Company (a) has not filed necessary Form MGT-14 with the Registrar of Companies in respect of the resolutions passed by the Board under Section 179(3)(d) of the Act; and (b) has remitted the unclaimed dividend amount of Rs.3,49,410/- relating to financial year 2013-14 to the Investor Education and Protection Fund (IEPF) on December 8, 2021, whereas the due date of remittance was November 25, 2021.

I further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/Regulations requiring compliance thereof by the Company:

- a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

Annual Report 2021 - 22

- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
f) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;

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 have been subject to review by statutory financial auditor and other designated professionals.

I further report, that the compliance by the Company of the applicable accounting standards in the preparation of financial statements has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

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 (except in respect of one Board meeting which was convened at shorter notice and conducted in the presence of requisite number of Independent Directors), 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 Committees 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.

Other than the above, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

M.R.L. Narasimha

FCS No.: 2851

C P No.: 799

Peer Review No.1420/2021

UDIN: F002851D000391371

Place : Coimbatore

Date : May 26, 2022

This report is to be read with my letter of even date which is annexed as "Annexure-A" and forms an integral part of this report.
'Annexure A'

ANNEXURE TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

To

The Members,

Elgi Rubber Company Limited

CIN: L25119TZ2006PLC013144

S.F.No164/2, Pollachi Road, SIDCO Industrial Estate,

Kurichi, Coimbatore-641021,

Tamil Nadu

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 the 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.

M.R.L. Narasimha

FCS No.: 2851

C P No.: 799

Peer Review No.1420/2021

UDIN: F002851D000391371

Place : Coimbatore

Date : May 26, 2022

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

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

| Name | Ratio |
|--|--------|
| Sudarsan Varadaraj, Chairman & Managing Director | 21 : 1 |
| Harsha Varadaraj, Whole-time Director | 7 : 1 |

2. 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 & Managing Director | : | Nil |
| Harsha Varadaraj | - | Whole-time Director | : | 5.04% |
| SR Venkatachalam | - | Chief Financial Officer | : | 6.63% |
| V Santhanakrishnan | - | Company Secretary (resigned w.e.f 10.06.2021) | : | Nil |
| G Sasikumar | - | Company Secretary (appointed w.e.f 11.06.2021) | : | Nil |

3. Percentage increase in the median remuneration of employees in the financial year : Nil**4. Number of permanent employees on the rolls of the Company** : 449**5. 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**

There were no increase in remuneration of employees.

It is affirmed that the remuneration is as per the remuneration policy of the company.

It is also affirmed that no persons were employed throughout the year and were drawing remuneration as stipulated under the rule 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

**By and on behalf of the Board
For Elgi Rubber Company Limited**

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

Place : Coimbatore
Date : May 26, 2022

(In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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. As on March 31, 2022 the board of directors of the company comprises of an Executive Chairman & Managing Director, a Whole-time Director and four Non - Executive Directors [of which three (3) are Independent Directors including one (1) Woman Director]. The Independent Directors bring independent judgement in the board's deliberations and decisions. Accordingly, the composition of the board of directors meets the requirement of Section 149 of the Companies Act, 2013 read with Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
- ii. The composition of the board of directors and their attendance in the board meetings during the year and at the last annual general meeting held on August 26, 2021, and also the number of the other directorship(s), membership(s), or chairmanship(s) in Committee(s) of other companies as on 31st March, 2022 are as follows

| Name and DIN of the Director | Category of Directorship | Attendance Particulars | | | No. of other Directorship held in Public Companies * | No of committee positions held in all companies # | |
|------------------------------------|---|----------------------------|--------------------------------|-----|--|---|--------|
| | | No. of Board meetings held | No. of Board meetings attended | AGM | | Chairman | Member |
| Sudarsan Varadaraj (DIN: 00133533) | Chairman & Managing Director – Promoter | 5 | 5 | Yes | 4 | - | 2 |
| Jairam Varadaraj (DIN: 00003361) | Non executive – Promoter | 5 | 5 | Yes | 8 | 1 | 5 |
| MD Selvaraj (DIN: 00001608) | Non executive – Independent | 5 | 5 | Yes | - | 2 | - |
| P Vijay Raghunath (DIN: 00002963) | Non executive – Independent | 5 | 5 | Yes | 3 | - | 3 |
| V Bhuvaneshwari (DIN: 01628512) | Non executive – Independent | 5 | 5 | Yes | 2 | - | 3 |
| Harsha Varadaraj (DIN: 06856957) | Executive Director - Promoter | 5 | 5 | No | - | - | - |

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

Only Audit Committee and Stakeholders Relationship committee are considered

Disclosure of Directorships in other Listed Entities:

| Name of the Director | Details of the other listed entities where the Directors hold directorship | |
|---------------------------------------|--|---------------------------------------|
| | Name of the Listed Entity | Designation |
| Sudarsan Varadaraj (DIN: 00133533) | Kovilpatti Lakshmi Roller Flour Mills Limited | Non Executive Independent Director |
| | Super Spinning Mills Limited | Non Executive Independent Director |
| | Elgi Equipments Limited | Non Executive Promoter Director |
| Jairam Varadaraj (DIN: 00003361) | Elgi Equipments Limited | Promoter Managing Director |
| | Precot Limited (Formerly Precot Meridian Limited) | Non Executive Independent Director |
| | Thermax Limited | Non Executive Independent Director |
| | Magna Electro Castings Limited | Non Executive Independent Director |
| MD Selvaraj (DIN: 00001608) | Nil | Not applicable |
| P Vijay Raghunath (DIN: 00002963) | Precot Limited (Formerly Precot Meridian Limited) | Non Executive Independent Director |
| V Bhuvaneshwari (DIN: 01628512) | Precot Limited (Formerly Precot Meridian Limited) | Non Executive Independent Director |
| | Kovai Medical Center and Hospital Limited | Non Executive Independent Director |
| Harsha Varadaraj (DIN: 06856957) | Nil | Not applicable |

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor they are the Chairman / Chairperson of more than 5 committees, as per the requirements of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the Company activities and performances are periodically placed before the Board for effective decision making.

The company has held at least one board meeting in every quarter and the gap between two consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings. Agenda papers were circulated to the directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was placed before the board from time to time. Accordingly, five board meetings were held during the year and the date on which the board meetings were held and the particulars of attendance are as follows:

| SI No | Date of board meeting | No of directors attended |
|-------|-----------------------|--------------------------|
| 1 | 10.06.2021 | 6 |
| 2 | 23.07.2021 | 6 |
| 3 | 12.08.2021 | 6 |
| 4 | 10.11.2021 | 6 |
| 5 | 05.02.2022 | 6 |

Shareholdings of non-executive directors

| Name of director | No. of shares held (as on March 31, 2022) |
|-------------------|---|
| Jairam Varadaraj | 141,750 |
| MD Selvaraj | 116 |
| P Vijay Raghunath | - |
| V Bhuvaneshwari | - |

The Company has not issued any type of Convertible instruments to Non-Executive Directors.

None of the Directors were issued any stock options during the year under review.

Directors inter se relationship:

Sudarsan Varadaraj (DIN: 00133533), Chairman & Managing Director and Jairam Varadaraj (DIN: 00003361), Director are related to each other as brothers. Further, Harsha Varadaraj (DIN: 06856957), Whole-time Director is the son of Sudarsan Varadaraj (DIN: 00133533), Chairman & Managing Director. Other than the above, none of the other directors are related to each other.

Chart/Matrix setting out the skills/expertise/competence of the Board of Directors

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business vertical(s) and those already available with the Board are as follows:

| Core Skill/Expertise/Competencies | Description |
|-----------------------------------|--|
| Industry skills | <ul style="list-style-type: none"> Knowledge / experience in the manufacturing, sale and marketing of Retreaded Tyres and other technical products; Knowledge of the tyre industry and the products, business model and the market; Knowledge / experience in the area of Research and Development, in particular, in the technological fields that are relevant for the business of the Company; Broad range of commercial / business experience; |
| Governance skills | <ul style="list-style-type: none"> Knowledge / experience in the field of finance and accounting and audit and the ability to analyze and assess the key financial statements; Knowledge / experience in the governance, legal and compliance areas and the ability to identify key risks in a wide range of areas including legal and compliance risks; Knowledge / experience of the capital market and its developments; Ability to constructively manage crisis, provide leadership around solutions and contribute to communications strategy with stakeholders |
| Personal attributes / Qualities | <ul style="list-style-type: none"> Ability to understand the role and fulfillment of the duties and responsibilities of a Director while being transparent in disclosing potential conflict of interest, continue to self-educate on legal responsibility and ability to maintain board confidentiality; Ability to constructively contribute to board discussions and communicate effectively with management and other directors; Understand role as director and continue to self-educate on legal responsibility, ability to maintain board confidentiality; |

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

| Name of the Director | Industry skills | Governance skills | Personal attributes / Qualities |
|----------------------|-----------------|-------------------|---------------------------------|
| Sudarsan Varadaraj | ✓ | ✓ | ✓ |
| Jairam Varadaraj | ✓ | ✓ | ✓ |
| MD Selvaraj | ✓ | ✓ | ✓ |
| P Vijay Raghunath | ✓ | ✓ | ✓ |
| V Bhuvaneshwari | ✓ | ✓ | ✓ |
| Harsha Varadaraj | ✓ | ✓ | ✓ |

a. Familiarization program for Independent Directors

In accordance with the provisions of Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time (“Listing Regulations”), the board members including the Independent Directors 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 Chairman & 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 compliances. The details of familiarization programmes imparted to independent directors during the financial year 2021-22 are disclosed on the company’s website at www.elgirubber.com.

b. Separate meeting of independent directors

The meeting of independent directors of the company was held on February 05, 2022 without the presence of Non-Executive Non-Independent Directors, Executive Directors and the management team 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 management and the board in accordance with Schedule IV of the Companies Act, 2013 read with Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Independent Directors had attended the meeting.

Confirmation on the fulfillment of the conditions of independence:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended) and are independent of the management.

Resignation of Independent Directors before expiry of tenure:

None of the Independent Directors have resigned before the expiry of their tenure during the year under review.

3. Audit Committee

The company has constituted an Audit Committee in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this committee are as required under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 / re-appointment and remuneration payable to the statutory auditors, internal auditors and cost auditor of the Company.

During the year under review the committee has met 5 times on June 10, 2021, July 23, 2021, August 12, 2021, November 10, 2021 and February 05, 2022. The audit committee has three Non-Executive Independent Directors as its Members as on March 31, 2022. The necessary quorum was present at these meetings. 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 2021 - 22 | |
|----------------------------|-----------------------------|--|----------|
| | | Held | Attended |
| MD Selvaraj (Chairman) | Independent – Non Executive | 5 | 5 |
| P Vijay Raghunath (Member) | Independent – Non Executive | 5 | 5 |
| V Bhuvaneshwari (Member) | Independent – Non Executive | 5 | 5 |

The chairman of the audit committee has attended the last Annual General Meeting held on August 26, 2021. The representatives of both statutory and internal auditors of the company, the Chairman & Managing Director and the Chief Financial Officer of the company attend the committee meetings to provide inputs on issues relating to accounts, taxation, internal audit findings, internal financial controls etc.

Company Secretary acts 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 annual financial statements (standalone and consolidated) for the financial year 2021-22, at their meeting held on May 26, 2022 before it was placed before the board.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee comprises of 3 Non-Executive Independent Directors.

The role, powers and functions of the nomination and remuneration committee are as per Section 178 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required under Section 178 of the Companies Act, 2013 and Regulation 19 read with part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the committee has met 2 times on June 10, 2021, and February 05, 2022. The nomination and remuneration committee has three Non-Executive Independent Directors as its Members as on March 31, 2022. The necessary quorum was present at these meetings. The composition of the nomination and remuneration committee and particulars of meetings attended by the members are given below:

| Name | Category | No of Meetings during the year 2021 - 22 | |
|----------------------------|-----------------------------|--|----------|
| | | Held | Attended |
| MD Selvaraj (Chairman) | Independent – Non Executive | 2 | 2 |
| P Vijay Raghunath (Member) | Independent – Non Executive | 2 | 2 |
| V Bhuvaneshwari (Member) | Independent – Non Executive | 2 | 2 |

The chairman of the nomination and remuneration committee has attended the last annual general meeting held on August 26, 2021.

The nomination and remuneration committee shall identify the persons, who are qualified to become directors of the company / who may be appointed as key managerial personnel / senior management personnel in accordance with the criteria laid down, recommend to the board their appointment and removal, to recommend to the board all remuneration, in whatever form, payable to the directors, key managerial personnel, senior management, to specify the manner for effective evaluation of performance of board, its committees and individual directors and also, shall carry out evaluation of every director's performance and the performance of the key managerial personnel and the senior management personnel.

The committee has carried out the evaluation of performance of every individual directors, key managerial personnel and the senior management personnel.

While recommending the appointment of the directors, key managerial personnel and senior management personnel, the nomination and remuneration committee considers criteria / attributes like qualification, expertise and experience of them in their respective fields. The nomination and remuneration committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The board of directors have adopted a nomination and remuneration policy based on the recommendation of the Nomination and Remuneration Committee, which, inter alia, deals with the criteria for appointment of the directors, key managerial personnel and senior management personnel and their remuneration. The nomination and remuneration policy is annexed to the board's report and it can also be accessed on company's website at www.elgirubber.com.

Performance evaluation of non-executive and independent directors

The evaluation of the performance of the independent directors is based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity and ability to articulate independent views and judgement. Accordingly, the performance evaluation of independent directors has been conducted and the results have been communicated to the chairman of the board.

Pursuant to the provisions of the Companies Act, 2013 and as per Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees of the board. They also evaluated various aspects of the board such as adequacy of the composition of the board and its committees, board diversity, execution and performance of specific duties, obligations and governance.

The Nomination and Remuneration Committee (“NRC”) has evaluated the performance of every individual directors on the basis of the criteria approved by the Board

5. Remuneration of Directors

Details of remuneration paid to the directors for the year ended March 31, 2022 are as follows:

a) Executive Directors

Remuneration paid to Managing Director during the year is given below

| Name | Service Contract | Salary (₹ in million) | Superannuation (₹ in million) | Perquisites (₹ in million) | Total Remuneration (₹ in million) |
|---|--|--------------------------|----------------------------------|-------------------------------|---|
| Sudarsan Varadaraj, Chairman & Managing Director | For a period of 5 years w.e.f. 01.01.2016 and another 3 years w.e.f. 01.01.2021 | 6.75 | 0.90 | 0.35 | 7.99 |
| Harsha Varadaraj, Whole-time Director | For a period of 3 years w.e.f. 06.11.2020 | 2.02 | 0.14 | 0.23 | 2.39 |

Remuneration includes salary & company’s contribution to provident fund.

All elements of remuneration package has been summarized under major groups viz., salary, superannuation & perquisites and there is no other benefits, bonuses, stock options, pension etc. other than the details disclosed in the above table.

The remuneration of the Key Managerial Personnel comprises of fixed components viz., salary and other perquisites and there are no performance linked incentives.

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 million) |
|-----------------------|----------------------------------|
| Jairam Varadaraj | 0.05 |
| MD Selvaraj | 0.10 |
| P Vijay Raghunath | 0.10 |
| V Bhuvaneshwari | 0.10 |

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

There are no pecuniary relationships or transactions of non-executive directors vis-à-vis the company. No commission has been paid to any Non-Executive Directors during for the year 2021-22.

The Remuneration policy of the company along with the criteria of making payments to Non Executive Directors can be accessed on the Company’s website www.elgirubber.com

c) The company does not have any employee stock option scheme and hence, the disclosure of the details of stock option, if any and whether issued at a discount as well as the period over which accrued and over which exercisable does not arise.

6. Stakeholders Relationship Committee

The Board has constituted Stakeholders Relationship Committee (SRC) pursuant to the applicable provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Stakeholders Relationship 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 role of the Stakeholders’ Relationship Committee covers all the areas specified in Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of the Schedule II of the Listing Regulations.

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 2021 - 22 | |
|-----------------------------|------------------------------------|---|----------|
| | | Held | Attended |
| MD Selvaraj (Chairman) | Non-Executive Independent Director | 7 | 7 |
| Sudarsan Varadaraj (Member) | Chairman & Managing Director | 7 | 7 |
| P Vijay Raghunath (Member) | Non-Executive Independent Director | 7 | 7 |

The chairman of the stakeholders relationship committee has attended the last annual general meeting held on August 26, 2021.

Company secretary acts as compliance officer and secretary of the stakeholders relationship committee. The minutes of the stakeholders relationship committee were placed before the board meeting for due ratification and approval.

The committee had met 7 times during the financial year 2021-22.

The Committee ensures that the investors' grievances and correspondence are attended and resolved expeditiously within the time frames laid down under the Listing Regulations. During the year, the company had not received any complaints from shareholders.

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities has been obtained by the company from a practicing company secretary and the same has been submitted to the stock exchange within the stipulated time.

The company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

Investors' complaints

The company has attended to the investors' grievances and correspondences within a maximum period of 15 days from the date of receipt of the same during the year 2021-22. There were no outstanding complaints as on March 31, 2022.

Number of shares transferred during 2021-22

| | | |
|--|---|---|
| Physical transfers | : | Nil |
| Transmissions | : | 46 nos. constituting 38,153 shares |
| No. of pending share transfers / demat requests as on March 31, 2022 | : | Nil |
| Average turnaround time | : | 15 days for transmission of physical shares |
| Bad deliveries received | : | Nil |

Unclaimed Suspense Account

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had transferred 10,903 unclaimed shares to Elgi Rubber Company Limited Unclaimed Securities Suspense Account, opened with SBICAP Securities Limited.

The details of the Unclaimed Securities Suspense Account are given below :

| Particulars | Number of Shareholders | Number of Equity shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | 19 | 13,090 |
| Shares transferred to IEPF from unclaimed suspense account during the year | 05 | 2,187 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during of the year | - | - |
| Number of shareholders to whom shares were transferred from suspense account during of the year | - | - |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022 | 32 | 10,903 |

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

All corporate benefits on such shares shall be credited to the unclaimed suspense account, as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Section 124(5) and Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules).

7. Corporate Social Responsibility (CSR) Committee

The Company had earlier constituted a Corporate Social Responsibility Committee in compliance with Section 135(1) of the Companies Act, 2013 read with Rule 5 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. However, Pursuant to Section 135(9) read with the Companies (Amendment) 2020 (effective from 22nd January, 2021), the requirement under sub-section (a) for constitution of the Corporate Social Responsibility Committee are not applicable to the Company and the functions of the Corporate Social Responsibility Committee provided under the said Section shall, in such cases, be discharged by the Board of Directors of the Company. Hence Board of Directors, at their meeting held on 10th November, 2021, had approved and dissolved the Corporate Social Responsibility Committee with effect from 10th November, 2021. All the roles, responsibilities and functions of the Corporate Social Responsibility Committee, as provided under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) are being discharged by the Board of Directors of the Company in terms of the said provisions of the Act and its Rules with effect from the said date.

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.

8. 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 |
|--|-----------------|-----------------|--|---|
| 13th Annual General Meeting 2018 - 19 | 12.08.2019 | 04.00 PM (IST) | Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045 | <ol style="list-style-type: none"> 1. Re-appointment of M D Selvaraj (DIN: 00001608) as an Independent Director for a second term of 5 consecutive years 2. Re-appointment of P Vijay Raghunath (DIN: 00002963) as an Independent Director for a second term of 5 consecutive years 3. Re-appointment of V Bhuvaneshwari (DIN: 01628512) as an Independent Director for a second term of 5 consecutive years |
| 14th Annual General Meeting 2019 - 20 | 28.08.2020 | 10.00 AM (IST) | 2000, Trichy Road, Coimbatore - 641 005 ("deemed venue") (held through video conferencing and other audio visual means) | <ol style="list-style-type: none"> 1. Approval for acceptance of fixed deposits from public and members up to an amount not exceeding the permissible limits in accordance with Section 73 and 76 of the Companies Act, 2013 |
| 15th Annual General Meeting 2020-21 | 26.08.2021 | 10.00 AM (IST) | 2000, Trichy Road, Coimbatore - 641 005 ("deemed venue") (held through video conferencing and other audio visual means) | <ol style="list-style-type: none"> 1. Approval for divest by way of sale, transfer or dispose of upto 100% shareholding held in Rubber Resources B.V., the Netherlands, a step-down subsidiary |

No extra ordinary general meeting was held and no resolution was passed through postal ballot process during the financial year 2021-22.

Currently, no resolution is proposed to be passed through postal ballot process. However, if required, the same shall be passed in compliance with the provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

9. Means of Communication

- (1) The quarterly / half yearly unaudited financial and the annual audited financial results are normally published in Business Standard & Malai Murasu. The book closure and dividend declaration notices are published in Business Standard & Malai Murasu. The financial results are also placed on the company's website – www.elgirubber.com
- (2) The copies of the results are forwarded to concerned stock exchange immediately after they are approved by the Board for publication in their website. The company has a dedicated help desk with mail id info@in.elgirubber.com for providing necessary information to investors. Official news releases are made whenever it is considered necessary.
- (3) There were no specific presentations made to institutional investors or to the analysts during the year

10. General Shareholder Information

Annual General Meeting

| | | |
|-------|---|---|
| Date | : | August 26, 2022 |
| Time | : | 10:00 AM (IST) |
| Venue | : | 16th Annual General Meeting will be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for which purpose the Registered Office of the Company situated at S F No.164/2, Pollachi Road, Kurichi, Coimbatore-641021, shall be deemed as the venue for the Meeting. |

Financial Year

| | | |
|-----------------------|---|--|
| Financial year ended | : | April 01, 2021 to March 31, 2022 |
| | | For the quarter and year ended March 31, 2022, the financial results were announced on May 26, 2022. |
| Date of Book Closure | : | August 20, 2022 to August 26, 2022 (both days inclusive) |
| Dividend payment date | : | Not applicable |

Listing on Stock Exchange

The shares are listed in National Stock Exchange of India Limited, Exchange Plaza, C/1, Block G, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. Annual listing fee have been duly paid to National Stock Exchange of India Limited, Mumbai.

| | | |
|---|---|-----------------|
| Type of Security | : | Equity |
| Stock Code at the stock exchange | : | 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 | April 2021 | May 2021 | June 2021 | July 2021 | August 2021 | Sept 2021 | Oct 2021 | Nov 2021 | Dec 2021 | Jan 2022 | Feb 2022 | Mar 2022 |
|--------------|------------|----------|-----------|-----------|-------------|-----------|----------|----------|----------|----------|----------|----------|
| High Price ₹ | 30.75 | 41.50 | 41.75 | 45.95 | 46.50 | 43.80 | 47.60 | 40.25 | 42.40 | 49.80 | 45.95 | 39.60 |
| Low Price ₹ | 24.55 | 27.55 | 34.05 | 36.70 | 33.40 | 36.75 | 36.50 | 35.05 | 35.15 | 38.10 | 29.55 | 26.60 |

Stock performance in comparison to broad-based indices of NSE (NIFTY50)

| 2021-22 Month | ELGIRUBCO SHARE PRICE DATA | | | NIFTY50 INDEX of NSE | |
|---|----------------------------|------------|---------------|----------------------|----------------|
| | High (in ₹) | Low (in ₹) | Volume (Nos.) | High | Low |
| April 2021 | 30.75 | 24.55 | 756192 | 15044.35 | 14151.40 |
| May 2021 | 41.50 | 27.55 | 3978164 | 15606.35 | 14416.25 |
| June 2021 | 41.75 | 34.05 | 4976784 | 15915.65 | 15450.90 |
| July 2021 | 45.95 | 36.70 | 6012086 | 15962.25 | 15513.45 |
| August 2021 | 46.50 | 33.40 | 1972473 | 17153.50 | 15834.65 |
| September 2021 | 43.80 | 36.75 | 2969617 | 17947.65 | 17055.05 |
| October 2021 | 47.60 | 36.50 | 2375380 | 18604.45 | 17452.90 |
| November 2021 | 40.25 | 35.05 | 1575352 | 18210.15 | 16782.40 |
| December 2021 | 42.40 | 35.15 | 1572507 | 17639.50 | 16410.20 |
| January 2022 | 49.80 | 38.10 | 6785612 | 18350.95 | 16836.80 |
| February 2022 | 45.95 | 29.55 | 1235509 | 17794.60 | 16203.25 |
| March 2022 | 39.60 | 26.60 | 2709435 | 17559.80 | 15671.45 |
| Closing price as on March 31, 2022 in ₹ | | | | | 39.55 |
| Market capitalisation as on March 31, 2022 in (₹ In million) | | | | | 1979.48 |

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

M/s Link Intime India Private Limited

Head Office

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.

Ph.: 022 – 49186270, E-Mail: rnt.helpdesk@linkintime.co.in

Branch

Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028.

Ph: 0422 – 2314792 / 2315792, E mail: coimbatore@linkintime.co.in

The shares of the company are regularly traded and in no point of time the shares were suspended for trading in the stock exchange.

Reconciliation of Share Capital Audit

A qualified Company Secretary in whole-time practice has 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 in dematerialized form. With effect from 1st April, 2019, the transfer of shares held in physical form by the listed entity / Registrar and Share Transfer Agent are not permitted in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Further, the Securities and Exchange Board of India ("SEBI") vide its Circular No.SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated that the Company or its Registrars and Share Transfer Agents shall issue the securities in dematerialized form only while dealing the requests for issue of duplicate share certificate, transmission or transposition with effect from 25th January, 2022. Accordingly, our Registrar and Share Transfer Agents, Link Intime India Private Limited has processed the applications / requests received for transmission or transposition within a period of 15 days from the date of receipt of the requisite documents, if the documents are complete in all respects. All request for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL within 15 days. The Stakeholders Relationship Committee generally meets as and when necessary to review investor grievances and other related matters as per their terms of reference.

Annual Report 2021 - 22

Members holding shares in physical form are requested to consider converting their holdings to dematerialized form at the earliest and avail of the various benefits of dealing in securities in electronic/dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

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

Shares under lock – in : Nil

Shareholding Pattern

| Category | No. of Shares | % of Shareholding |
|---------------------------------|-------------------|-------------------|
| Directors and their relatives | 28,235,890 | 56.42 |
| Domestic Companies | 6,979,355 | 13.94 |
| Non Domestic Companies | Nil | Nil |
| Mutual Funds | 675 | 0.00 |
| Commercial Banks | 350 | 0.00 |
| Non Resident Indians | 98790 | 0.20 |
| Public Financial Institutions | 1,907,803 | 3.81 |
| Foreign Institutional Investors | Nil | Nil |
| Resident Individuals | 12,827,137 | 25.63 |
| Total | 50,050,000 | 100.00 |

Distribution of Shareholding

| Range of Shareholding | No. of Shares | % of Shareholders | No. of Shareholders | % of Shareholding |
|-----------------------|-------------------|-------------------|---------------------|-------------------|
| 0001 - 5000 | 6,164,624 | 12.32 | 13,966 | 97.56 |
| 5001 - 10000 | 1,365,190 | 2.73 | 197 | 1.38 |
| 10001 - 20000 | 1,092,180 | 2.18 | 78 | 0.54 |
| 20001 - 30000 | 489,163 | 0.98 | 20 | 0.14 |
| 30001 - 40000 | 412,061 | 0.82 | 12 | 0.08 |
| 40001 - 50000 | 378,291 | 1.76 | 8 | 0.06 |
| 50001 - 100000 | 583,761 | 1.16 | 8 | 0.06 |
| 100001 and above | 39,564,730 | 79.05 | 27 | 0.18 |
| Total | 50,050,000 | 100.00 | 14,316 | 100.00 |

Number of Shareholders as on March 31, 2022 : 14,316

Dematerialization of shares and liquidity : 49,063,545 Equity shares accounting for nearly 98.03% of the paid up capital of the Company have been dematerialised as on March 31, 2022. 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 dematerialize their shares with any one of the two depositories.

Outstanding GDRs / ADRs / Warrants /any Convertible Instruments / conversion date and their likely impact on equity : There are no outstanding warrants or any convertible instruments. The company has not issued GDR/ADR.

Commodity price risk or foreign exchange risk and hedging activities : The company did not engage in hedging activities and has no foreign exchange risk.

Plant Locations : Kanjikode, Annur, Kurichi, Kovilpalayam, Kottayi, Chengalpet, Sriperumbudur, Sri Lanka, Brasil, USA and the Netherlands.

Address for Correspondence:

For annual report, transmission of 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 – 641028, Tamilnadu
 Ph: 91 - 0422 - 2314 792 / 2315 792
 E-Mail: coimbatore@linkintime.co.in
 Contact Person: S. Dhanalakshmi

Contact address for Shareholders

: G.Sasikumar *
 Company Secretary & Compliance Officer
 Regd. Office: Elgi Rubber Company Limited,
 S.F.No164/2, Pollachi Road, SIDCO Industrial Estate,
 Kurichi, Coimbatore-641021,
 Phone: (0422) – 232 1000
 Fax : (0422) – 232 2222
 Email : info@in.elgirubber.com
 (* Appointed w.e.f. 11.06.2021)

11. Disclosures

(1) Disclosures on materially significant related party transactions

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the company with promoters, directors or key managerial personnel etc., which may have potential conflict with the interest of the company at large. The details of the transactions with related party are provided in the company's financial statements in accordance with the Accounting Standards as applicable.

All the related party transactions are presented to the audit committee and the board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the audit committee on a quarterly basis, specifying the nature, value and terms and conditions of the transaction.

The related party transaction policy as approved by the board is uploaded on the company's website viz. www.elgirubber.com.

(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 of the stock exchange as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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) Details of establishment of vigil mechanism, 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 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.

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

The company has complied with all the mandatory requirements of corporate governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has adopted the non-mandatory requirement of reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not adopted any other non- mandatory requirements.

(5) Policy for determining material subsidiaries and policy on Related Party Transactions

Policy for determining material subsidiaries and Policy on dealing with Related Party Transactions has been disclosed on the website of the company at www.elgirubber.com.

Material unlisted subsidiary

As per the provisions of Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the company has appointed P.Vijay Raghunath (DIN: 0002963), Independent Director of the company, as a Director on the Board of Elgi Rubber Company Holdings B.V., The Netherlands, a material subsidiary with effect from November 28, 2019.

Other than the above, the company did not have any material unlisted subsidiary company which is subject to special governance norms in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(6) Commodity price risk and commodity hedging activities

During the financial year ended March 31, 2022, the company did not engage in commodity hedging activities.

(7) Accounting Treatment

In the preparation of the financial statements for the year ended March 31, 2022, the company has followed the applicable Indian accounting standards (Ind AS) as referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the financial statements.

(8) Risk Management

Business risk evaluation and management is an ongoing process within the company. The assessment is periodically examined by the board.

12. There has been no instance of non-compliance of any requirement of corporate governance report as stated above in para 2 to 11 above.

13. The company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

14. Credit Rating:

During the year 2021-22, the Company has accepted fixed deposits for a total amount of ₹ 30.25 million under fixed deposit programme of the company. The Credit Rating on the fixed deposits was CARE BB+; stable as assigned by CARE Ratings Limited.

Other than the above, the Company does not have any Debt instruments or any scheme involving mobilization of funds either in India or abroad that requires Credit Rating as on March 31, 2022.

15. Other disclosures:

- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report
- During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- The Company has paid a sum of ₹ 1.15 million as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.
- As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2021-22, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

16. Certificate from CEO/CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 26, 2022 as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of Conduct

The Company has framed a 'Code of conduct to regulate, monitor and report trading by designated persons' based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors / officers / designated persons. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

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.

Declaration

(Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I hereby affirm and state that all board members and senior management personnel of the company have given a declaration in accordance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2021-22.

**By and on behalf of the Board
For Elgi Rubber Company Limited**

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

Place : Coimbatore
Date : May 26, 2022

Auditors' Certificate on Corporate Governance

To

The Members of **M/s Elgi Rubber Company Limited**

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance (the "Guidance Note") issued by the Institute of the Chartered Accountants of India ("ICAI") and the Standards on Auditing ("SA"s) specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2022.

We 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.

Place : Coimbatore
Date : May 26, 2022

For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S
MV Jeganathan
M No 214178
UDIN : 22214178AJQNZB3521

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members,
Elgi Rubber Company Limited
 CIN: L25119TZ2006PLC013144
 S.F.No164/2, Pollachi Road, SIDCO Industrial Estate,
 Kurichi, Coimbatore-641 021,
 Tamil Nadu

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Elgi Rubber Company Limited** having CIN: L25119TZ2006PLC013144 and having registered office at S.F.No164/2, Pollachi Road, SIDCO Industrial Estate, Kurichi, Coimbatore-641021, Tamil Nadu, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on 31st March, 2022, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sl. No. | Name of the Director | DIN | Date of Appointment in Company |
|---------|---|----------|--------------------------------|
| 1. | Mr. Sudarsan Varadaraj, Chairman & Managing Director | 00133533 | 16-10-2006 |
| 2. | Dr. Jairam Varadaraj | 00003361 | 06-01-2011 |
| 3. | Mr. Muthuswamy Doraiswami Selvaraj | 00001608 | 06-01-2011 |
| 4. | Mr. Panchapakesan Vijay Raghunath | 00002963 | 06-01-2011 |
| 5. | Mrs. Vidyasankar Bhuvaneshwari | 01628512 | 31-07-2014 |
| 6. | Mr. Harsha Varadaraj Whole-time Director | 06856957 | 06-11-2020 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore
 Date : May 26, 2022

M.R.L. Narasimha
FCS No.: 2851
C P No.: 799
Peer Review No.1420/2021
UDIN:F002851D000391360

Independent Auditor's Report

To the Members of M/s. Elgi Rubber Company Limited

Report on the audit of Standalone Financial Statements

Opinion

1. We have audited the standalone financial statements of Elgi Rubber Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (here in after referred to standalone financial statements).
2. 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 Companies Act, 2013 ["the Act"], in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters.

| S.No. | Key Audit Matter | Auditor's Response |
|-------|---|--|
| 1. | <p>Recoverability of Income tax assets and Receivables from Government authorities</p> <p>As at March 31, 2022, non-current and other current assets in respect of Income tax assets to the extent of ₹ 16.44 million and receivable from government authorities to the extent of ₹ 45.16 million are outstanding.</p> | <p>Principal Audit Procedures</p> <p>We analyzed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represent excess taxes paid over the actual expected tax liabilities; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these recoverable are sustainable upon final resolution.</p> |
| 2. | <p>Evaluation of uncertain tax positions</p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes (Refer note 46 to standalone financial statements).</p> | <p>Principal Audit Procedures</p> <p>We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalisation of our report, from management. We analysed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties.</p> |

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the standalone Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate

Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the standalone Financial Statements

6. 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 (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. As required by Section 143 (3) of the Act, based on our audit 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 appears from our examination of those books;
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity 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 Indian Accounting Standards prescribed 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 Company as on March 31, 2022 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B" and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Companies Act 2013. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) With respect to the other matters to be included in the auditors' report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 standalone financial statements – Refer Note No.46 to the standalone financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. In respect of the financial year 2013-14, the Company had remitted ₹ 3,49,410/- to Investor Education and Protection Fund on 08-12-2021, where as the due date of remittance was 25-11-2021.

iv.

(a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

**For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S**

Place : Coimbatore
Date : May 26, 2022

**MV Jeganathan
M No 214178
UDIN: 22214178AJQNDL7382**

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Elgi Rubber Company Limited of even date)

To the best of our information and according to the explanations provided to us and the books of account and records examined by us in the normal course of audit, we state that:

- 1 In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - ii. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of physical verification of Property, Plant and Equipment so to cover all the assets once every three years. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the evidences received from Banks, Immovable properties whose title deeds have been pledged as security for Term Loans and cash credit facilities availed from Banks are held in the name of the Company. In respect of freehold properties these have been confirmed by the management.
- (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.

- 2 (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the companies has maintained proper records of its inventories and no discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (d) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 Crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the differences between quarterly returns and statements comprising (stock statements, book debt statements, and statements on ageing analysis of the debtors) filed by the Company with such banks and unaudited books of account of the Company are as under:

| For the Quarter | Nature of Current assets | Amount as per quarterly returns & statements (Rs in Millions) | Amount as per books of account (Rs in Millions) | Difference (Rs in Millions) | Remarks including subsequent rectification, if any |
|-----------------|--------------------------|---|---|-----------------------------|---|
| Jun-21 | Inventory | 471.00 | 472.68 | -1.68 | Retreading process stock (WIP) is not considered for bank stock statement. |
| Jun-21 | Trade receivable | 395.99 | 413.79 | -17.80 | Exchange gain on reinstatement of Export debtors has not been considered in bank statement. |
| Sep-21 | Inventory | 467.84 | 469.45 | -1.60 | Retreading process stock (WIP) is not considered for bank stock statement. |
| Sep-21 | Trade receivable | 463.18 | 472.03 | -8.84 | Exchange gain on reinstatement of Export debtors has not been considered in bank statement. |
| Dec-21 | Inventory | 472.78 | 473.43 | -0.65 | Retreading process stock (WIP) is not considered for bank stock statement. |
| Dec-21 | Trade receivable | 554.41 | 566.12 | -11.71 | Exchange gain on reinstatement of Export debtors has not been considered in bank statement. |
| Mar-22 | Inventory | 463.25 | 466.52 | -3.26 | Retreading process stock (WIP) is not considered for bank stock statement. |
| Mar-22 | Trade receivable | 539.88 | 545.59 | -5.71 | Exchange gain on reinstatement of Export debtors has not been considered in bank statement. |

- 3 (a) The Company has not made any investments during the year, however provided loans to a subsidiary and guarantees to two subsidiaries, as under: (Rs in Millions)

| Particulars | Guarantees | Loans |
|---|------------|-----------|
| Aggregate amount during the year | | |
| Subsidiaries | Rs 966.67 | Rs 43.27 |
| Associates | - | - |
| Others | - | - |
| Balance outstanding as on the balance sheet date | | |
| Subsidiaries | Rs 1339.86 | Rs 878.99 |
| Associates | - | - |
| Others | - | - |

- (b) The terms and conditions of the grant of all loans and guarantees provided are not, prima facie, prejudicial to the Company's interest.

- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated.
- (d) There are no overdue amounts in respect of loans granted to such companies or other parties.
- (e) The Company had granted loans which have fallen due during the year and were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans.
- (f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.

4 In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

5 In our opinion and according to the information and explanations given to us, Company has complied with provisions of Section 73-76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended with regard to deposit accepted by the Company from the public. According to information and explanations given to us, no order has been passed by the Company law board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

6 We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- 7 (a) According to the information and explanations given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, GST, and any other statutory dues with the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of disputed statutory dues that have not been deposited on account of dispute is as under:

| Name of the statute | Nature of Dues | Amount (₹ in million) | Financial year | Forum where the dispute is pending |
|---|--|--------------------------|--------------------|--|
| Income Tax (Erstwhile Treadsdirect Ltd) | Dispute towards import machinery | 91.17 | 2014-15 | CIT Appeals, NFAC Delhi |
| Excise Duty (Erstwhile Treadsdirect Ltd) | Differential Duty on Own Consumption | 5.27 | 2006-07 | CESTAT, Bangalore |
| Excise Duty ((Erstwhile Treadsdirect Ltd)) | Valuation dispute | 0.41 | 2006-07 to 2009-10 | CESTAT, CHENNAI |
| Excise Duty (Erstwhile Treadsdirect Ltd) | Valuation dispute | 4.20 | 2009-14 | Commissioner (Appeals), Cochin. |
| Excise Duty (Erstwhile Treadsdirect Ltd) | Valuation dispute | 1.28 | 2014-15 | Commissioner (Appeals), Cochin. |
| Excise Duty (Erstwhile Treadsdirect Ltd) | Valuation dispute | 0.56 | 2015-16 | Commissioner (Appeals), Cochin. |
| Excise Duty (Erstwhile Treadsdirect Ltd) | Valuation dispute | 0.15 | 2016-17 | Commissioner (Appeals), Cochin. |
| Legal Metrology (Erstwhile Elgi Rubber Company Limited) | Compounding Fee | 0.15 | 2015-16 | Controllor of Legal Metrology, Kerala. |
| Service tax (Erstwhile Titan Tyre Care Products Ltd) | Service Tax on Know how | 1.47 | 2008-09 | CESTAT – Chennai |
| Vat (Erstwhile Treadsdirect Ltd) | Levy of Entry Tax on Rubber Products | 0.08 | 2004-05 | Deputy Commissioner, Bhopal. |
| Vat (Erstwhile Treadsdirect Ltd) | Dispute on rate of tax | 4.17 | 2008-09 to 2010-11 | Appellate Tribunal , Hyderabad |
| Vat (Erstwhile Treadsdirect Ltd) | Dispute on rate of tax penalty levied | 1.04 | 2008-09 to 2010-11 | Appellate Tribunal , Hyderabad |
| Vat (Erstwhile Treadsdirect Ltd) | Non submission of documents | 25.24 | 2009-10 | Assistant Commissioner, Special Circle, Palakkad |
| Vat (Erstwhile Treadsdirect Ltd) | Levy of Tax on Labor Charges on Works Contract | 12.06 | 2010-11 to 2012-13 | High Court Chennai |

| Name of the statute | Nature of Dues | Amount (₹ in million) | Financial year | Forum where the dispute is pending |
|---|---|--------------------------|----------------|---|
| Vat (Erstwhile Treadsdirect Ltd) | Sales / Purchase effected after RC cancellation | 20.54 | 2010-11 | High Court -Kerala |
| Vat (Erstwhile Treadsdirect Ltd) | ITC Reversal on VAT Dispute | 1.15 | 2011-12 | Assistant Commissioner, Alathur |
| Cst (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 1.74 | 2011-12 | Assistant Commissioner, Alathur |
| Vat (Erstwhile Treadsdirect Ltd) | Non submission of documents | 5.64 | 2010-11 | Applet and Revisional board of Commercial Tax, Kolkatta |
| Vat (Erstwhile Treadsdirect Ltd) | Non submission of documents | 2.34 | 2011-12 | Sales Tax officer (STO) Kolkatta |
| Cst (Erstwhile Treadsdirect Ltd) | Dispute on C-Forms submitted | 0.89 | 2010-11 | Deputy Commissioner Appeals, Palakkad |
| Vat (Erstwhile Treadsdirect Ltd) | ITC Reversal Dispute | 0.34 | 2012-13 | Deputy Commissioner Appeals, Palakkad |
| Cst (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 1.87 | 2012-13 | Deputy Commissioner Appeals, Palakkad |
| Cst (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 5.28 | 2013-14 | Deputy Commissioner Appeals, Palakkad |
| Cst (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 0.90 | 2014-15 | Deputy Commissioner Appeals, Palakkad |
| Cst (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 4.26 | 2015-16 | Deputy Commissioner Appeals, Palakkad |
| Vat (Erstwhile Treadsdirect Ltd) | ITC Reversal Dispute | 0.39 | 2014-15 | Deputy Commissioner Appeals, Palakkad |
| CST (Erstwhile Elgi rubber Company Limited) | Non submission of Forms | 0.16 | 2015-16 | Deputy Commissioner Appeals-Coimbatore |
| CST (Erstwhile Elgi rubber Company Limited) | Non submission of Forms | 0.69 | 2016-17 | Deputy Commissioner Appeals-Coimbatore |
| CST (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 0.14 | 2014-15 | Deputy Commissioner Appeals-Coimbatore |
| CST (Erstwhile Treadsdirect Ltd) | Non submission of Forms | 0.44 | 2015-16 | Deputy Commissioner Appeals-Coimbatore |
| CST (Erstwhile Elgi rubber Company Limited) | Non submission of Forms | 0.22 | 2017-18 | Deputy Commissioner Appeals-Coimbatore |

- 8 According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- 9
- In our opinion and according to the information and explanations given to us during the course of the audit, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 - According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or any lender.
 - In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
 - According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short-term basis to the extent of ₹ 124.69 Millions have been used for long-term purposes by the company.
 - According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that during the year the Company has not taken any funds from an entity or person, on account of or to meet the obligations of its subsidiaries or associate companies.
 - According to the information and explanations given to us and procedures performed by us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or associate companies.

- 10 (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3 (x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3 (x) (b) of the Order is not applicable.
- 11 (a) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.
- (b) To the best of our knowledge and belief and according to the information and explanations given to us during the course of the audit, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- 12 The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- 13 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.
- 15 According to the information and explanations given to us during the course of the audit and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable and accordingly clause 3(xv) of the Order is not applicable.
- 16 (a) According to the information and explanations given to us during the course of the audit and on the basis of our examination of the financial statements of the company in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934 accordingly clause 3(xvi) of the Order is not applicable.
- (b) The Company has not conducted any Non- Banking Financial or Housing Finance activities during the year without a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us during the course of the audit and on the basis of our examination of the financial statements of the company and representations made by the company, in our opinion the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanations given to us during the course of the audit and as represented to us by the company in our opinion, there is no core investment company within Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under this clause is not applicable.
- 17 The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 18 There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- 19 On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- 20 As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable. Refer note 33(b) of the financial statements.

- 21 On the basis of information furnished by the wholly owned subsidiary company viz. Elgi Rubber Company Holdings B.V., The Netherlands and its Auditor and on verification of the relevant records of the relevant wholly owned subsidiary company, repayment of principal amount of Rs 18.13 million towards term loan availed by the respective wholly owned subsidiary company from the bank was remitted on 12-04-2022, while the due date of remittance was 31-03-2022.

For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S

Place : Coimbatore
Date : May 26, 2022

MV Jeganathan
M No 214178
UDIN: 22214178AJQNDL7382

Annexure - B to the Independent Auditor's Report

(Referred to in Paragraph 2(f) under "Report on Other legal and regulatory requirements" section of our report to the members of Elgi Rubber Company Limited of even date).

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Elgi Rubber Company Limited as of 31st March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of

standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S**

Place : Coimbatore
Date : May 26, 2022

**MV Jeganathan
M No 214178
UDIN: 22214178AJQNDL7382**

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Balance Sheet as at March 31, 2022

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|--|-------|-----------------|-----------------|
| I. ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 754.53 | 738.41 |
| Intangible Assets | 5 | 1.04 | 2.04 |
| Capital work in progress | 6 | 164.76 | 6.23 |
| Right of use assets | 7 | 5.55 | 4.31 |
| Financial assets | | | |
| i. Investments | 8 | 649.20 | 589.55 |
| ii. Loans | 9 | 1,108.82 | 1,025.29 |
| iii. Other financial asset | 10 | 16.51 | 16.44 |
| Deferred tax asset (Net) | 11 | 103.73 | 101.42 |
| Other non-current assets | 12 | 186.71 | 159.67 |
| Total non-current assets | | 2,990.85 | 2,643.36 |
| Current assets | | | |
| Inventories | 13 | 466.52 | 495.05 |
| Financial assets | | | |
| i. Trade receivables | 14 | 545.59 | 448.07 |
| ii. Cash and cash equivalents | 15 | 6.55 | 4.84 |
| iii. Bank balances other than (ii) above | 16 | 203.91 | 214.20 |
| iv. Loans | 17 | 2.15 | 2.03 |
| v. Other financial assets | 18 | 0.33 | 0.33 |
| Other current assets | 19 | 110.75 | 68.30 |
| Total current assets | | 1,335.80 | 1,232.82 |
| TOTAL ASSETS | | 4,326.65 | 3,876.18 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 20 | 50.05 | 50.05 |
| Other equity | 21 | 2,773.05 | 2,693.86 |
| Total equity | | 2,823.10 | 2,743.91 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 22 | 361.13 | 400.11 |
| ii. Lease Liability | 23 | 2.54 | 2.16 |
| Total non-current liabilities | | 363.67 | 402.27 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 24 | 832.54 | 574.75 |
| ii. Lease Liability | 25 | 3.65 | 2.84 |
| iii. Trade payables | 26 | | |
| a. Outstanding dues of micro & small enterprises | | 19.84 | 1.92 |
| b. Outstanding dues other than (a) above | | 90.79 | 48.32 |
| Provisions | 27 | 8.45 | 7.23 |
| Other current liabilities | 28 | 184.61 | 94.94 |
| Total current liabilities | | 1,139.88 | 730.00 |
| Total liabilities | | 1,503.55 | 1,132.27 |
| TOTAL EQUITY AND LIABILITIES | | 4,326.65 | 3,876.18 |

The accompanying notes form an integral part of the standalone financial statements.

| | | | |
|--------------------------------|--------------------|--------------------------------|---|
| For and on behalf of the Board | | As per our report of even date | |
| Sudarsan Varadaraj | MD Selvaraj | SR Venkatachalam | For M.S. Jagannathan & Visvanathan |
| Chairman & Managing Director | Director | Chief Financial Officer | Chartered Accountants |
| DIN: 00133533 | DIN: 00001608 | | FRN: 001209S |
| | | | MV Jeganathan |
| Coimbatore | | G Sasikumar | Partner |
| May 26, 2022 | | Company Secretary | Membership No. 214178 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of profit and loss for the year ended March 31, 2022

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|---|-------|-----------------|-----------------|
| Income | | | |
| Revenue from operations | 29 | 1,983.70 | 1,510.49 |
| Other income | 30 | 180.40 | 184.17 |
| TOTAL INCOME | | 2,164.10 | 1,694.66 |
| Expenses | | | |
| Cost of materials consumed | 31 | 1,079.61 | 808.03 |
| Purchase of stock in trade | 32 | 27.19 | 38.00 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 33 | 11.08 | 24.55 |
| Employee benefits expense | 34 | 213.38 | 200.11 |
| Depreciation and amortisation expense | 35 | 85.30 | 70.98 |
| Finance costs | 36 | 89.25 | 91.13 |
| Other expenses | 37 | 567.95 | 354.83 |
| TOTAL EXPENSES | | 2,073.76 | 1,587.63 |
| Profit before exceptional items and tax | | 90.34 | 107.03 |
| Exceptional items | 38 | - | 11.78 |
| Profit before tax from continuing operations | | 90.34 | 118.81 |
| Income tax expense | 39 | | |
| Current tax | | 8.00 | 2.70 |
| Deferred tax | | (0.94) | 4.69 |
| Income tax related to earlier year | | - | 11.04 |
| Profit after tax for the year | | 83.28 | 100.38 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post employment benefit obligations | | (5.46) | 0.56 |
| Income tax relating to these items | | 1.37 | (0.14) |
| Other comprehensive income for the year, net of tax | | (4.09) | 0.42 |
| Total comprehensive income for the year | | 79.19 | 100.80 |
| Earnings per share | 40 | | |
| Basic (in ₹) | | 1.66 | 2.01 |
| Diluted (in ₹) | | 1.66 | 2.01 |

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

G Sasikumar
Company Secretary

As per our report of even date

For M.S. Jagannathan & Visvanathan

Chartered Accountants

FRN: 001209S

MV Jeganathan

Partner

Membership No. 214178

Coimbatore
May 26, 2022

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of cash flows for the year ended March 31, 2022

| Particulars | March 31, 2022 | March 31, 2021 |
|--|-----------------|----------------|
| A. Cash Flow From Operating Activities | | |
| Profit before income tax | 90.34 | 118.81 |
| Adjustments for | | |
| Depreciation and amortisation expense | 85.30 | 70.98 |
| (Profit)/ Loss on sale of fixed asset | (0.24) | (17.48) |
| Provision for doubtful debts and advances | - | 0.24 |
| Provision for doubtful debts and advances written back | (0.09) | (0.19) |
| Fair Value changes of investments considered to profit and loss | (59.65) | (89.76) |
| Net Unrealised Exchange translation differences | (21.38) | 27.36 |
| Irrecoverable advance written off | - | 5.70 |
| Interest received | (71.26) | (74.33) |
| Finance costs | 89.25 | 91.14 |
| Dividend Income | (2.13) | (3.70) |
| Operating profit before working capital changes | 110.14 | 128.77 |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in Current financial assets | (0.12) | 0.84 |
| (Increase)/ decrease in Non current - Other financial assets | (0.06) | 0.05 |
| (Increase)/ decrease in inventories | 28.53 | 122.97 |
| (Increase)/ decrease in trade receivables | (98.00) | (2.63) |
| (Increase)/ decrease in Other Non Current assets | (14.20) | 0.38 |
| (Increase)/ decrease in Other Current assets | (42.06) | (7.70) |
| Increase/ (decrease) in provisions and other liabilities | 84.50 | 104.40 |
| Increase/ (decrease) in trade payables | 59.74 | (70.71) |
| Cash generated from operations | 128.47 | 276.37 |
| Income taxes paid (net of refunds) | (8.86) | 9.10 |
| Net cash from operating activities (A) | 119.61 | 285.47 |
| B. Cash Flows From Investing Activities | | |
| Purchase of Property, Plant and Equipment (including movements in CWIP and capital advances) | (270.24) | 20.92 |
| Sale proceeds of Property, Plant and Equipment | 0.79 | 21.72 |
| (Investments in)/ Maturity of fixed deposits with banks | 10.29 | (8.60) |
| Interest income | 12.63 | 18.59 |
| Dividend Income | 2.13 | 3.70 |
| Net cash used in investing activities (B) | (244.40) | 56.33 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of cash flows for the year ended Mar 31, 2022 (Contd....)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|-----------------|
| C. Cash Flows From Financing Activities | | |
| Proceeds from long term borrowings | 324.16 | 215.49 |
| Repayment of long term borrowings | (230.05) | (192.42) |
| Proceeds from/ (repayment of) short term borrowings | 124.69 | (266.63) |
| Finance costs | (86.96) | (97.19) |
| Dividend paid (Including dividend distribution tax) | - | (0.08) |
| Dividend transferred to Investor Education & Protection Fund | (0.35) | (0.72) |
| Movement of lease liabilities | (4.99) | (3.21) |
| Net cash from/ (used in) financing activities (C) | 126.50 | (344.76) |
| Net Increase / (decrease) in cash and cash equivalents (A+B+C) | 1.71 | (2.96) |
| Cash and cash equivalents at the beginning of the year | 4.84 | 7.80 |
| Cash and cash equivalents at end of the year | 6.55 | 4.84 |

Notes:

- The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
- Components of cash and cash equivalents

| | | |
|--|-------------|-------------|
| Balances with banks | | |
| - in current accounts | 4.93 | 3.43 |
| Cash on hand | 1.62 | 1.41 |
| Total cash and cash equivalents | 6.55 | 4.84 |

The accompanying notes form an integral part of the standalone financial statements.

| | | | |
|--------------------------------|--------------------|-------------------------|---|
| For and on behalf of the Board | | | As per our report of even date |
| Sudarsan Varadaraj | MD Selvaraj | SR Venkatachalam | For M.S. Jagannathan & Visvanathan |
| Chairman & Managing Director | Director | Chief Financial Officer | Chartered Accountants |
| DIN: 00133533 | DIN: 00001608 | | FRN: 001209S |
| | | | MV Jeganathan |
| Coimbatore | | G Sasikumar | Partner |
| May 26, 2022 | | Company Secretary | Membership No. 214178 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of Changes in Equity for the year ended March 31, 2022

(A) Equity Share Capital *

| 1) For the year ended 31st March 2022 | | | | |
|---------------------------------------|--|---------------------------------------|---|-------------------------------|
| Balance as at 1st April 2021 | Changes in equity share capital due to prior period errors | Restated balance as at 1st April 2021 | Changes in equity share capital during the year | Balance as at 31st March 2022 |
| 50.05 | - | 50.05 | - | 50.05 |
| 2) For the year ended 31st March 2021 | | | | |
| Balance as at 1st April 2020 | Changes in equity share capital due to prior period errors | Restated balance as at 1st April 2020 | Changes in equity share capital during the year | Balance as at 31st March 2021 |
| 50.05 | - | 50.05 | - | 50.05 |

* Refer Note 20

(B) Other Equity For the year ended 31st March 2022

| Particulars | Note | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | Other comprehensive income | Total |
|--|------|-----------------|--------------------|-----------------|-------------------|----------------------------|-----------------|
| Balance as at March 31, 2020 | | 173.28 | 1.90 | 1,266.42 | 1,148.52 | 2.94 | 2,593.06 |
| Profit for the year | | - | - | - | 100.38 | - | 100.38 |
| Other Comprehensive income | | | | | | | |
| Remeasurement of post employment defined benefit obligations | | - | - | - | - | 0.42 | 0.42 |
| Appropriations | 21 | - | - | - | - | - | - |
| Balance as at March 31, 2021 | | 173.28 | 1.90 | 1,266.42 | 1,248.90 | 3.36 | 2,693.86 |
| Profit for the year | | - | - | - | 83.28 | - | 83.28 |
| Other Comprehensive income | | | | | | | |
| Remeasurement of post employment defined benefit obligations | | - | - | - | - | (4.09) | (4.09) |
| Appropriations | | - | - | - | - | - | - |
| Balance as at March 31, 2022 | | 173.28 | 1.90 | 1,266.42 | 1,332.18 | (0.73) | 2,773.05 |

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S
MV Jeganathan
Partner
Membership No. 214178

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

1 Company Overview

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16th October 2006. ERCL is leading Company providing solutions to Rubber Industry and engaged in the business of manufacture of Reclaimed rubber, Retreading machinery, and Retread rubber.

2 Basis of preparation of financial statements**Statement of compliance**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements."

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest millions (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on May 26, 2022.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

(All amounts are in Millions in INR, unless otherwise stated)

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

3 Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

(All amounts are in Millions in INR, unless otherwise stated)

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

Sale of goods and services:

Revenue from the sale of goods and services is recognized when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest Income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the Property, Plant and Equipment as the deemed cost as at the date of transition, viz., 1 April 2016.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment 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.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably, the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Impairment of assets

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets under development are tested for impairment annually at each balance sheet date.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount carried, had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on Written Down Value method, over the useful lives specified in Schedule II to the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

- (i) Raw materials, packing materials, stores and spares: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- (ii) Work-in-progress: At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods: At material cost, conversion costs, appropriate share of production overheads.
- (iv) Stock-in-trade and goods in transit: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

g) Financial Instruments

Financial assets

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

| Classification | Name of the financial asset |
|----------------|---|
| Amortised cost | Trade receivables, Loans given, deposits, interest receivable, unbilled revenue and other advances recoverable in cash. |
| FVTPL | Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument). |

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

| Name of the financial asset | Impairment Testing Methodology |
|-----------------------------|---|
| Trade Receivables | Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets. |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| | |
|------------------------|--|
| Other financial assets | When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL. |
|------------------------|--|

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| S.No | Original classification | Revised classification | Accounting treatment |
|------|-------------------------|------------------------|--|
| 1 | Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| 2 | FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| 3 | Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| 4 | FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| 5 | FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| 6 | FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Foreign currency transactions and translations**Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

i) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

k) Taxes**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(All amounts are in Millions in INR, unless otherwise stated)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Business Combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

n) Leases**Arrangements in the nature of lease**

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 – Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 – Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(All amounts are in Millions in INR, unless otherwise stated)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

o) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

p) Provisions, Contingent Liabilities and Contingent Asset

Provisions

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

q) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

r) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

s) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

4 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 16 - Property Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any shall not be recognized in the profit and loss account but shall be deducted from the directly attributable costs considered part of cost of an item of property, plant & equipment. The effective date of this amendment is annual periods beginning on or after April 1, 2022. The company has evaluated the amendment and does not expect it to have any significant impact in its financial statements.

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 103 - Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in ₹, unless otherwise stated)

5 Property, plant and equipment

| Particulars | Tangible Assets | | | | | | Intangible Assets | Total of Tangible and Intangible Assets |
|----------------------------------|-----------------|---------------|---------------------|------------------------|-------------|-----------------|-------------------|---|
| | Land | Buildings | Plant and Equipment | Furniture and Fittings | Vehicle | Total | | |
| Cost as at April 1, 2020 | 228.06 | 257.08 | 442.09 | 1.68 | 6.73 | 935.64 | 20.58 | 956.22 |
| Additions | - | 0.50 | 132.19 | 0.46 | 0.06 | 133.21 | - | 133.21 |
| Disposals/ Adjustments | (4.24) | - | - | - | - | (4.24) | - | (4.24) |
| Cost as at March 31, 2021 | 223.82 | 257.58 | 574.28 | 2.14 | 6.79 | 1,064.61 | 20.58 | 1,085.19 |
| Additions | - | 24.41 | 71.35 | 1.28 | - | 97.04 | - | 97.04 |
| Disposals/ Adjustments | - | - | (3.87) | - | - | (3.87) | - | (3.87) |
| Cost as at March 31, 2022 | 223.82 | 281.99 | 641.76 | 3.42 | 6.79 | 1,157.78 | 20.58 | 1,178.36 |
| Depreciation/Amortisation | | | | | | | | |
| As at April 1, 2020 | - | 66.95 | 190.53 | 0.68 | 3.77 | 261.93 | 15.04 | 276.97 |
| Charge for the year | - | 15.56 | 47.58 | 0.32 | 0.81 | 64.27 | 3.50 | 67.77 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2021 | - | 82.51 | 238.11 | 1.00 | 4.58 | 326.20 | 18.54 | 344.74 |
| Charge for the year | - | 15.11 | 64.41 | 0.28 | 0.57 | 80.37 | 1.00 | 81.37 |
| Disposals | - | - | (3.32) | - | - | (3.32) | - | (3.32) |
| As at March 31, 2022 | - | 97.62 | 299.20 | 1.28 | 5.15 | 403.25 | 19.54 | 422.79 |
| Net Block | | | | | | | | |
| As at March 31, 2021 | 223.82 | 175.07 | 336.17 | 1.14 | 2.21 | 738.41 | 2.04 | 740.45 |
| As at March 31, 2022 | 223.82 | 184.37 | 342.56 | 2.14 | 1.64 | 754.53 | 1.04 | 755.57 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 | | | | |
|--|-------------------------|-------------------|-------------------|--------------------------|-----------------------|-----------------------|
| 6 Capital work-in-progress | | | | | | |
| Opening CWIP at Cost | 6.23 | 109.46 | | | | |
| Additions during the year | 164.76 | 6.23 | | | | |
| Moved to Fixed Assets during the year | (6.23) | (109.46) | | | | |
| Closing CWIP at Cost | 164.76 | 6.23 | | | | |
| Capital Work-in-progress (CWIP) ageing schedule | | | | | | |
| | | | | | | |
| Particulars | Less than 1 year | 1 -2 years | 2 -3 years | More than 3 years | March 31, 2022 | March 31, 2021 |
| For FY 21-22 | | | | | | |
| Projects in progress | 164.76 | - | - | - | 164.76 | - |
| Projects temporarily suspended | - | - | - | - | - | - |
| For FY 20-21 | | | | | | |
| Projects in progress | 6.23 | - | - | - | - | 6.23 |
| Projects temporarily suspended | - | - | - | - | - | - |
| Capital Work-in-progress (CWIP) is overdue or exceeded its original plan cost | | | | | | |
| | | | | | | |
| Particulars | Less than 1 year | 1 -2 years | 2 -3 years | More than 3 years | | |
| For FY 21-22 | | | | | | |
| Projects in progress | - | - | - | - | | |
| Projects temporarily suspended | - | - | - | - | | |
| For FY 20-21 | | | | | | |
| Projects in progress | - | - | - | - | | |
| Projects temporarily suspended | - | - | - | - | | |
| 7 Right of use assets | | | | | | |
| Right of use Lease hold assets | | | | | 5.55 | 4.31 |
| | | | | | 5.55 | 4.31 |
| 8 Non-current financial assets - Investments | | | | | | |
| Unquoted - At Cost | | | | | | |
| Investment in Subsidiaries * | | | | | 859.55 | 859.55 |
| Provision for impairment | | | | | (397.04) | (397.04) |
| | | | | | 462.51 | 462.51 |
| Quoted - At Fair Value Through Profit or Loss | | | | | | |
| Investment in Equity instruments * | | | | | 186.69 | 127.04 |
| Unquoted - At Fair Value Through Profit or Loss | | | | | | |
| Investment in mutual fund * | | | | | 0.58 | 0.58 |
| Provision for impairment | | | | | (0.58) | (0.58) |
| | | | | | 649.20 | 589.55 |
| Aggregate amount of | | | | | | |
| Quoted investments and market value thereof | | | | | 186.69 | 127.04 |
| Unquoted investments | | | | | 860.13 | 860.13 |
| Provision for impairment | | | | | 397.62 | 397.62 |
| *Refer note 50 for information on the above. | | | | | | |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|--|--|
| 9 | Non-current assets - Financial Assets: Loans | | |
| | (Unsecured, considered good) | | |
| | Loans and Advances to Related parties* (Refer Note No. 52.c.10) | 992.70 | 968.55 |
| | Interest accrued (Refer Note No. 52.c.11) | 116.12 | 56.74 |
| | | 1,108.82 | 1,025.29 |
| | * Disclosure required as per section 186 | | |
| | | | |
| | Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
| | For FY 21-22 | | |
| | Promoters | - | - |
| | Directors | - | - |
| | KMPs | - | - |
| | Related Parties | 992.70 | 100% |
| | For FY 20-21 | | |
| | Promoters | - | - |
| | Directors | - | - |
| | KMPs | - | - |
| | Related Parties | 968.55 | 100% |
| 10 | Non-current - Other financial assets | | |
| | (Unsecured, considered good) | | |
| | Security deposits | 14.28 | 14.10 |
| | Unamortised finance cost | - | 0.05 |
| | Rent advance | 2.23 | 2.29 |
| | | 16.51 | 16.44 |
| 11 | Non-current - Deferred tax asset (Net) | | |
| | Expenses allowable for tax purposes when paid | 3.68 | 3.08 |
| | Expenses disallowed on provisions | 11.49 | 11.51 |
| | Voluntary retirement scheme payment to be allowed | - | 1.10 |
| | Carried forward Loss | 5.66 | 5.65 |
| | Differential Tax on Capital gains | 88.49 | 88.49 |
| | On Property, Plant and Equipment | (4.19) | (7.18) |
| | Right of use of asset | (1.40) | (1.09) |
| | Other Comprehensive Income | - | (0.14) |
| | | 103.73 | 101.42 |
| 12 | Other non-current assets | | |
| | (Unsecured, considered good) | | |
| | Capital advances | 42.89 | 30.06 |
| | Disputed income tax payments | 10.27 | 10.27 |
| | Other disputed statutory payments/deposits | 24.28 | 24.38 |
| | Due from related parties | 83.29 | 93.61 |
| | Other Recoverables | 24.65 | - |
| | Advance recoverable in cash or in kind or for value to be received | 1.33 | 1.35 |
| | | 186.71 | 159.67 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|----------------|----------------|
| 13 | Inventories* | | |
| | Raw materials | 163.41 | 165.63 |
| | Work-in-progress | 49.23 | 43.48 |
| | Finished goods | 149.46 | 166.18 |
| | Stock-in-trade | 10.07 | 11.15 |
| | Packing materials | 23.74 | 22.86 |
| | Stores and spares | 67.04 | 83.15 |
| | Scrap | 3.57 | 2.60 |
| | | 466.52 | 495.05 |
| | * Also refer note 31 and 33 for details of inventories | | |
| 14 | Current financial assets - Trade receivables | | |
| | Unsecured | | |
| | Undisputed - considered good | 545.59 | 448.07 |
| | Undisputed - considered doubtful | 28.57 | 28.95 |
| | Disputed - considered good | - | - |
| | Disputed - considered Doubtful | 17.10 | 16.79 |
| | | 591.26 | 493.81 |
| | Allowance for expected credit losses | (45.67) | (45.74) |
| | | 545.59 | 448.07 |

| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | March 31, 2022 | March 31, 2021 |
|--|--------------------|-------------------|--------------|-------------|-------------------|----------------|----------------|
| For FY 21-22 | | | | | | | |
| i) Undisputed Trade receivables – considered good | 437.16 | 8.10 | 96.30 | 4.03 | - | 545.59 | - |
| ii) Undisputed Trade receivables – considered doubtful | - | 1.29 | 2.24 | 21.21 | 3.83 | 28.57 | - |
| iii) Disputed Trade receivables – considered good | - | - | - | - | - | - | - |
| iv) Disputed Trade receivables – considered doubtful | - | 0.31 | 0.05 | 0.24 | 16.50 | 17.10 | - |
| Less: Allowance for expected credit losses | - | (1.60) | (2.29) | (21.45) | (20.33) | (45.67) | - |
| Total | 437.16 | 8.10 | 96.30 | 4.03 | - | 545.59 | - |
| For FY 20-21 | | | | | | | |
| i) Undisputed Trade receivables – considered good | 269.47 | 115.98 | 62.62 | - | - | - | 448.07 |
| ii) Undisputed Trade receivables – considered doubtful | - | 1.81 | 1.57 | 16.35 | 9.22 | - | 28.95 |
| iii) Disputed Trade receivables – considered good | - | - | - | - | - | - | - |
| iv) Disputed Trade receivables – considered doubtful | - | 0.05 | 0.24 | 0.60 | 15.90 | - | 16.79 |
| Less: Allowance for expected credit losses | - | (1.86) | (1.81) | (16.95) | (25.12) | - | (45.74) |
| Total | 269.47 | 115.98 | 62.62 | - | - | - | 448.07 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|---|----------------|----------------|
| 15 | Cash and cash equivalents | | |
| | Cash on hand | 1.62 | 1.41 |
| | Balances with banks | | |
| | In current accounts | 4.93 | 3.43 |
| | | 6.55 | 4.84 |
| 16 | Other Bank balances | | |
| | In margin money deposits* | 191.49 | 195.88 |
| | In deposits accounts ** | 11.50 | 16.85 |
| | In security deposits | - | 0.20 |
| | In earmarked accounts | | |
| | Unpaid Dividend Account | 0.92 | 1.27 |
| | | 203.91 | 214.20 |
| | *lien on bank guarantees and letter of credits | | |
| | ** lien on bank term loan and overdraft | | |
| 17 | Current financial assets - Loans | | |
| | (Unsecured, considered good) | | |
| | Loans to employees | 2.15 | 2.03 |
| | | 2.15 | 2.03 |
| 18 | Current financial assets - Others | | |
| | (Unsecured, considered good) | | |
| | Other receivable | 0.33 | 0.33 |
| | | 0.33 | 0.33 |
| 19 | Other current assets | | |
| | (Unsecured, considered good) | | |
| | Interest accrued | 3.73 | 4.48 |
| | Prepaid expenses | 10.37 | 8.20 |
| | Advance income-tax | 6.17 | 5.31 |
| | Balance with govt authorities: | 14.60 | 2.84 |
| | Export incentives receivable | 6.28 | 20.68 |
| | Others | 69.60 | 26.79 |
| | | 110.75 | 68.30 |
| 20 | Equity share capital | | |
| | Authorised share capital | | |
| | 380,300,000 Equity shares of ₹ 1/- each | 380.30 | 380.30 |
| | | 380.30 | 380.30 |
| | Issued Share Capital | | |
| | 50,050,000 Equity shares of ₹ 1/- each | 50.05 | 50.05 |
| | | 50.05 | 50.05 |
| | Subscribed and fully paid up share capital | | |
| | 50,050,000 Equity shares of ₹ 1/- each | 50.05 | 50.05 |
| | | 50.05 | 50.05 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|--------------------|--------------------|
| Notes: | | |
| 1) Reconciliation of number of equity shares subscribed | | |
| Balance as at the beginning of the year | 5,00,50,000 | 5,00,50,000 |
| Adjustments during the year | - | - |
| Balance at the end of the year | 5,00,50,000 | 5,00,50,000 |

- 2) There are no bonus shares and shares bought back during the period of five years immediately preceding the reporting date.
- 3) 49,550,000 equity shares of ₹ 1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010-11.
- 4) The Company has no holding Company.
- 5) Rights, preferences and restrictions in respect of equity shares issued by the Company.
- a. The company has only one class of equity shares having a par value of ₹ 1/- each. The equity shares of the company having par value of ₹ 1/- rank pari-passu in all respects including voting rights and entitlement to dividend.
- b. The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. During the year the company has not declared any dividend. (Previous year dividend : Nil)
- c. In the event of liquidation, shareholders will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.
- 6) Shareholders holding more than 5% of the total share capital

| Name of the share holder | March 31, 2022 | | March 31, 2021 | |
|--------------------------|----------------|--------------|----------------|--------------|
| | No of shares | % of Holding | No of shares | % of Holding |
| Sudarsan Varadaraj | 23,567,500 | 47.09% | 23,567,500 | 47.09% |
| LRG Technologies Limited | 3,541,475 | 7.08% | 3,541,475 | 7.08% |

- 7) Shares held by promoters at the end of the year

| Promoter name | As at March 31, 2022 | | As at March 31, 2021 | | % change during the year |
|--------------------|----------------------|-------------------|----------------------|-------------------|--------------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Sudarsan Varadaraj | 23,567,500 | 47.09% | 23,567,500 | 47.09% | - |
| Harsha Varadaraj | 2,252,637 | 4.50% | 2,252,637 | 4.50% | - |
| Varshini Varadaraj | 2,252,635 | 4.50% | 2,252,635 | 4.50% | - |
| Jairam Varadaraj | 141,750 | 0.28% | 141,750 | 0.28% | - |

| Particulars | March 31, 2022 | March 31, 2021 |
|--|-----------------|-----------------|
| 21 Other equity | | |
| Capital Reserve | 173.28 | 173.28 |
| Securities Premium Account | 1.90 | 1.90 |
| General Reserve | 1,266.42 | 1,266.42 |
| Other Comprehensive Income | (0.73) | 3.36 |
| Retained earnings | 1,332.18 | 1,248.90 |
| | 2,773.05 | 2,693.86 |
| a) Capital Reserve | | |
| Balance at the beginning and end of the year | 173.28 | 173.28 |
| b) Securities Premium Account | | |
| Balance at the beginning and end of the year | 1.90 | 1.90 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|--------------------------------------|--|-----------------|-----------------|
| c) General Reserve | | | |
| | Balance at the beginning of the year | 1,266.42 | 1,266.42 |
| | Additions/ (deductions) during the year | - | - |
| | Balance at the end of the year | 1,266.42 | 1,266.42 |
| d) Other comprehensive income | | | |
| | Balance at the beginning of the year | 3.36 | 2.94 |
| | Additions during the year | (4.09) | 0.42 |
| | Transfer from Retained earnings | - | - |
| | Balance at the end of the year | (0.73) | 3.36 |
| e) Retained earnings | | | |
| | Balance at the beginning of the year | 1,248.90 | 1,148.52 |
| | Net profit for the period | 83.28 | 100.38 |
| | Balance at the end of the year | 1,332.18 | 1,248.90 |
| 22 | Non current financial liabilities - Borrowings | | |
| | a) Secured * | | |
| | From Banks | 287.52 | 264.05 |
| | From NBFC | 43.36 | 64.81 |
| | b) Unsecured | | |
| | Deposit From Members (including Related party) | 30.25 | 71.25 |
| | | 361.13 | 400.11 |
| | * Secured borrowings and assets pledged as security: | | |
| | a. The Borrowings from banks and others are secured by charges on specific land, building and plant & machinery. | | |
| | b. There are no defaults in repayment of the above borrowings. | | |
| | c. Lien and pledge of fixed deposit. | | |
| 23 | Non current financial liabilities - Lease | | |
| | Lease Liability | 2.54 | 2.16 |
| | | 2.54 | 2.16 |
| 24 | Current liabilities - Financial Liabilities: Borrowings | | |
| | a) Secured * | | |
| | Loan from Banks | 353.81 | 314.28 |
| | Loan from NBFC (includes cash credit, packing credit, demand loan, etc) | 70.00 | 30.00 |
| | b) Unsecured | | |
| | Loan from Banks | 50.00 | - |
| | Loan from related parties | 44.20 | 49.04 |
| | c) Current maturities of long-term debt | 314.53 | 181.43 |
| | | 832.54 | 574.75 |
| | * Secured borrowings and assets pledged as security: | | |
| | The borrowings from Banks and others are secured by | | |
| | a. Charge on entire current assets, both present and future | | |
| | b. Charge on specific land, building and machinery | | |
| | c. Lien and pledge of fixed deposits | | |
| 25 | Current liabilities - Financial Liabilities: Lease | | |
| | Current maturities of lease liability | 3.65 | 2.84 |
| | | 3.65 | 2.84 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|----------------|----------------|
| 26 | Current liabilities - Financial Liabilities: Trade payables | | |
| | a. Outstanding dues of micro & small enterprises | 19.84 | 1.92 |
| | b. Outstanding dues other than (a) above | 90.79 | 48.32 |
| | | 110.63 | 50.24 |

Trade Payables ageing schedule

| Particulars | Less than 1 year | 1 -2 years | 2 -3 years | More than 3 years | March 31, 2022 | March 31, 2021 |
|-----------------------------|------------------|-------------|-------------|-------------------|----------------|----------------|
| For FY 21-22 | | | | | | |
| (i) MSME | 19.84 | - | - | - | 19.84 | - |
| (ii) Others | 79.18 | 6.28 | 0.37 | 4.96 | 90.79 | - |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 99.02 | 6.28 | 0.37 | 4.96 | 110.63 | |
| For FY 20-21 | | | | | | |
| (i) MSME | 1.92 | - | - | - | - | 1.92 |
| (ii) Others | 42.68 | 1.24 | 4.27 | 0.13 | - | 48.32 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 44.60 | 1.24 | 4.27 | 0.13 | - | 50.24 |

| | | | |
|-----------|---|---------------|--------------|
| 27 | Current liabilities - Provisions | | |
| | Provision for compensated absence | 8.45 | 7.23 |
| | | 8.45 | 7.23 |
| 28 | Other current liabilities | | |
| | Interest accrued but not due on secured loans | 4.59 | 3.31 |
| | Unclaimed dividends | 0.92 | 1.27 |
| | Statutory dues payable | 21.31 | 20.44 |
| | Employee benefits payable | 4.77 | 4.95 |
| | Employee recoveries payable | 0.65 | 0.67 |
| | Other Payable to related party | 0.05 | 0.05 |
| | Other payables | 72.59 | 49.71 |
| | Advance and deposits from customers etc., | 79.73 | 14.54 |
| | | 184.61 | 94.94 |

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|-------------------------------------|-----------------|-----------------|
| 29 | Revenue from operations | | |
| | Sale of Products | 1,968.34 | 1,498.34 |
| | Sale of Service | 0.62 | 1.04 |
| | Other Operating Revenue | 14.74 | 11.11 |
| | | 1,983.70 | 1,510.49 |
| | Sale of products comprise of | | |
| | Finished goods | 1,933.84 | 1,470.26 |
| | Traded goods | 34.50 | 28.08 |
| | | 1,968.34 | 1,498.34 |
| | Other operating revenue | | |
| | Scrap sales | 14.74 | 11.11 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|-----------------|----------------|
| 30 | Other income | | |
| | Interest Income | 71.26 | 74.33 |
| | Other non operating income | 109.14 | 109.84 |
| | | 180.40 | 184.17 |
| | Interest Income | | |
| | Banks | 8.98 | 11.38 |
| | Subsidiaries | 57.42 | 57.18 |
| | Others | 4.86 | 5.77 |
| | | 71.26 | 74.33 |
| | Other non operating Income | | |
| | Dividend Income from | | |
| | Subsidiaries | 1.60 | 3.70 |
| | Others | 0.53 | - |
| | Profit on sale of fixed assets (net) | 0.24 | - |
| | Rent received | 5.99 | 1.71 |
| | Increase in Fair Valuation on equity instruments | 59.65 | 89.76 |
| | Net gain on foreign currency transactions and translations | 28.17 | - |
| | Duty drawback/rebate of excise duty | 6.87 | 8.05 |
| | Sundry balances/Advances write back | 0.02 | 4.34 |
| | Provisions no longer required written back | 0.09 | 0.19 |
| | Miscellaneous income | 5.98 | 2.09 |
| | | 109.14 | 109.84 |
| 31 | Cost of materials consumed | | |
| | Opening stock of raw materials | 165.63 | 310.04 |
| | Purchase | 1,077.39 | 663.62 |
| | Closing stock of raw materials | (163.41) | (165.63) |
| | | 1,079.61 | 808.03 |
| 32 | Purchase of stock in trade | | |
| | Curing bag | 23.61 | 20.53 |
| | Butyl Scrap | - | 13.25 |
| | Others | 3.58 | 4.22 |
| | | 27.19 | 38.00 |
| 33 | Changes in inventories of finished goods, work-in-progress and stock in trade | | |
| | Opening balance | | |
| | Work-in-progress | 43.48 | 63.09 |
| | Finished goods | 166.18 | 167.84 |
| | Stock-in-trade | 11.15 | 14.40 |
| | Scrap | 2.60 | 2.63 |
| | | 223.41 | 247.96 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Closing balance | | |
| Work-in-progress | 49.23 | 43.48 |
| Finished goods | 149.46 | 166.18 |
| Stock-in-trade | 10.07 | 11.15 |
| Scrap | 3.57 | 2.60 |
| | 212.33 | 223.41 |
| | 11.08 | 24.55 |
| 34 Employee benefits expense | | |
| Salaries, wages and bonus | 178.16 | 170.25 |
| Managerial remuneration | 10.10 | 8.49 |
| Contribution to provident and other funds | 15.70 | 15.14 |
| Gratuity paid (net of reversals) | 2.46 | 2.25 |
| Staff welfare expenses | 6.96 | 3.98 |
| | 213.38 | 200.11 |
| 35 Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment | 80.37 | 64.27 |
| Amortisation of Intangible assets | 1.00 | 3.50 |
| Depreciation Expenses on Right to use of Assets | 3.93 | 3.21 |
| | 85.30 | 70.98 |
| 36 Finance Cost | | |
| Interest on borrowings | | |
| Banks | 56.17 | 64.35 |
| Non banking financial Institutions | 12.96 | 12.69 |
| Related party | 4.80 | 4.79 |
| Fixed Deposits | 8.87 | 2.91 |
| Others | 1.08 | 1.26 |
| Financial charges on borrowings | 5.37 | 5.13 |
| | 89.25 | 91.13 |
| 37 Other expenses | | |
| Consumption of stores and spare parts | 82.03 | 22.70 |
| Packing materials consumed | 40.56 | 27.98 |
| Power and fuel | 92.46 | 85.91 |
| Rent | 0.13 | 0.84 |
| Labour charges/Processing Charges | 69.12 | 48.96 |
| Repairs and Maintenance – Plant and machinery | 27.56 | 15.10 |
| Repairs and Maintenance – Building | 0.53 | 1.98 |
| Repairs and Maintenance – Others | 14.43 | 9.58 |
| Other Advances Written off | 28.97 | - |
| Net loss on foreign currency transactions and translations | - | 9.60 |
| Insurance | 8.91 | 8.72 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Rates and taxes | 3.69 | 4.87 |
| Travelling and conveyance | 8.75 | 6.18 |
| Directors' sitting fees | 0.35 | 0.32 |
| Auditor Remuneration | 1.53 | 1.44 |
| Professional fees | 9.36 | 16.37 |
| Advertisement and other selling expenses | 31.82 | 17.22 |
| Freight charges | 65.16 | 39.12 |
| Van Hire Charges | 5.62 | 4.25 |
| CSR Expenditure | 0.28 | 0.20 |
| Bad Debts | 50.47 | 4.53 |
| Allowance for expected credit losses | - | 0.24 |
| Miscellaneous expenses | 26.22 | 28.72 |
| | 567.95 | 354.83 |
| Auditors' remuneration | | |
| Audit fees | 1.15 | 1.15 |
| Other services | 0.35 | 0.23 |
| Reimbursement of expenses | 0.03 | 0.06 |
| | 1.53 | 1.44 |
| 38 Exceptional items | | |
| Gain on sale of Land & Building | - | 17.48 |
| Irrecoverable Land advance write off | - | (5.70) |
| | - | 11.78 |
| 39 Income tax expense | | |
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | 8.00 | 2.70 |
| Total current tax expense | 8.00 | 2.70 |
| Deferred tax | | |
| Deferred tax adjustments | (0.94) | 4.69 |
| Total deferred tax expense/(benefit) | (0.94) | 4.69 |
| Income tax related to earlier year | - | 11.04 |
| Income tax expense | 7.06 | 18.43 |
| b) The income tax expense for the year can be reconciled to the accounting profit as follows: | | |
| Profit before tax from continuing operations | 90.34 | 118.81 |
| Income tax expense | 22.74 | 29.90 |
| Effect of expenses that are not deductible in determining taxable profit | (14.74) | (27.20) |
| Income tax expense | 8.00 | 2.70 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------|----------------|----------------|
|-------------|----------------|----------------|

Changes in Income Tax Rate

For the purpose of calculating the tax expense from the financial year 2019-20, the company has considered the tax rate prescribed under the section 115BAA of the Income Tax Act, 1962, i.e., effective rate of 25.17%.

c) Income tax recognised in other comprehensive income

| | | |
|--|-------------|---------------|
| Remeasurement of defined benefit obligation | 1.37 | (0.14) |
| Total Income tax recognised in other comprehensive income | 1.37 | (0.14) |

d) Movement of deferred tax expense during the year ended March 31, 2022

| Deferred tax (liabilities)/ assets in relation to: | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Property, plant, and equipment and Intangible Assets | (16.97) | 2.99 | - | (13.98) |
| Expenses allowable on payment basis under the Income Tax Act | 107.58 | (1.73) | 1.37 | 107.22 |
| Other temporary differences | 10.81 | 0.01 | - | 10.82 |
| Lease Liability | - | (0.31) | - | (0.31) |
| | 101.42 | 0.96 | 1.37 | 103.75 |

e) Movement of deferred tax expense during the year ended March 31, 2021

| Deferred tax (liabilities)/ assets in relation to: | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Property, plant, and equipment and Intangible Assets | (3.12) | (13.85) | - | (16.97) |
| Expenses allowable on payment basis under the Income Tax Act | 100.69 | 7.03 | (0.14) | 107.58 |
| Other temporary differences | 10.75 | 0.06 | - | 10.81 |
| Lease Liability | (2.07) | 2.07 | - | - |
| | 106.25 | (4.69) | (0.14) | 101.42 |

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| 40 Earnings per share | | |
| Profit for the year attributable to owners of the company | 83.28 | 100.38 |
| Weighted average number of ordinary shares outstanding | 5,00,50,000 | 5,00,50,000 |
| Basic earnings per share (in ₹) | 1.66 | 2.01 |
| Diluted earnings per share (in ₹) | 1.66 | 2.01 |
| 41 Earnings in foreign currency | | |
| Revenue from exports on FOB basis | 408.76 | 316.19 |
| Interest | 57.42 | 57.18 |
| Dividend | 1.60 | 3.70 |
| Other income | 23.59 | 14.47 |
| | 491.37 | 391.54 |
| 42 Expenditure in foreign currency | | |
| Professional and consultation fees | 2.66 | 4.59 |
| Interest / bank charges | 12.04 | 15.53 |
| Travelling expenses | 0.47 | 1.08 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|----------------|----------------|
| | Membership fee, books and periodicals | - | 0.05 |
| | Advertisement | 0.50 | 0.67 |
| | Others | 27.34 | 17.00 |
| | | 43.01 | 38.92 |
| 43 | Value of Imports (on C.I.F basis) | | |
| | Raw materials | 78.25 | 75.32 |
| | Components and spare parts | 3.02 | 10.49 |
| | Capital goods | 138.08 | 9.04 |
| | | 219.35 | 94.85 |

44 Value of imported and indigenous Raw materials, Packing materials consumed and Consumable Spares during the financial year and the percentage of each to the total consumption

| Particulars | March 31, 2022 | | March 31, 2021 | |
|-----------------------------------|-----------------|---------------|----------------|---------------|
| | Amount | (%) | Amount | (%) |
| Raw Materials | | | | |
| Imported | 59.26 | 5.49 | 85.87 | 10.63 |
| Indigenous | 1,020.35 | 94.51 | 722.16 | 89.37 |
| | 1,079.61 | 100.00 | 808.03 | 100.00 |
| Packing Materials | | | | |
| Imported | - | - | - | - |
| Indigenous | 40.56 | 100.00 | 27.97 | 100.00 |
| | 40.56 | 100.00 | 27.97 | 100.00 |
| Stores and Spares consumed | | | | |
| Imported | 3.02 | 3.69 | 10.49 | 46.21 |
| Indigenous | 79.01 | 96.31 | 12.21 | 53.79 |
| | 82.03 | 100.00 | 22.70 | 100.00 |

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|---|----------------|----------------|
| 45 | Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under | | |
| | (a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year* | 19.84 | 1.92 |
| | (b) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | - | - |
| | (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| | (d) The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| | (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | - | - |

* This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 | |
|---|-----------------|--------------------------|--------------------------|
| 46 Contingent liability | | | |
| Contingent Liability | | | |
| Claims against the Company not acknowledged as debts | | | |
| a. Income tax matters | 91.17 | - | |
| b. Excise and service tax matters | 13.33 | 13.65 | |
| c. Sales tax | 89.59 | 106.18 | |
| d. Legal metrology | 0.15 | 0.15 | |
| Capital Commitments | | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 178.00 | 203.95 | |
| <p>In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability amounting to ₹ 1.38 million as on March 31, 2022.</p> | | | |
| Other commitments | | | |
| A. Standby letter of credit (guarantee) and Corporate Guarantee | | | |
| <p>SBLC facilities were extended by Indian banks to their foreign counterparts based on the counter guarantee given by the company. These counterpart banks who in turn had granted credit facilities to the following subsidiary companies. During the year, the Company has also extended the Corporate Guarantees against the credit facilities granted to its subsidiary companies including step-subidiaries.</p> | | | |
| Outstanding amounts against credit facilities granted to | Currency | Amount in million | Amount in million |
| 1. Rubber Resources B.V., The Netherlands | EUR | 2.28 | 0.87 |
| 2. Elgi Rubber Company Holdings B.V., The Netherlands | EUR | 9.63 | 10.25 |
| 3. Elgi Rubber Company LLC, USA | USD | 3.25 | 3.36 |
| Secured borrowings and assets pledged as security: | | | |
| The borrowings from Banks are secured by | | | |
| a. Charge on extension of current assets | | | |
| b. Charge on specific land, building and plant & machinery | | | |
| c. Cash margin | | | |
| B. Others | | | |
| a. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities | | ₹ 11.39 | ₹ 13.25 |
| 47 Operating Segments | | | |
| <p>The Company's business operation comprises of single operating segment viz., "Rubber Industry". Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.</p> | | | |
| (a) Revenue from external customers | | | |
| India | | 1,536.60 | 1,167.69 |
| Other Countries | | 447.10 | 342.80 |
| Total | | 1,983.70 | 1,510.49 |
| (b) Non current assets | | | |
| <p>The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India.</p> | | | |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| (c) Information about major customers | | |
| Number of external customers each contributing more than 10% of total revenue | - | 1 |
| Total revenue from the above customers | - | 156.29 |
| 48 Operating lease arrangements | | |
| As Lessor | | |
| The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. | | |
| Lease income recognised in the Statement of Profit and Loss | 5.99 | 1.71 |
| As Lessee | | |
| The Company has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. | | |
| Lease payments recognised in the Statement of Profit and Loss | 0.13 | 0.84 |
| 49 Disclosure on R&D expenditure | | |
| Salaries & wages | 1.64 | 1.43 |
| R&D materials | 0.71 | 0.85 |
| Maintenance | 1.02 | 1.12 |
| Other expenses | 0.90 | 0.72 |
| | 4.27 | 4.12 |

The details of R&D expenses incurred in the prior periods for the financial year 2019-20 - ₹ 10.08 million 2018-19 - ₹ 4.90 million 2017-18 - ₹ 4.01 million, 2016-17 - ₹ 3.62 million, 2015-16 - ₹ 3.74 million.

50 Non-current financial assets - Investments

| Particulars | No. of shares / units (as on March 31, 2022) | Face value per share / units (in respective currency) | March 31, 2022 | March 31, 2021 |
|--|--|---|----------------|----------------|
| Investment in equity instruments (fully paidup) (Unquoted) At cost* | | | | |
| Investment in subsidiaries | | | | |
| Elgi Rubber Company LLC, USA (Share 100%) | - | - | 171.24 | 171.24 |
| Less : Provision for impairment | | | (87.17) | (87.17) |
| | | | 84.07 | 84.07 |
| Elgi Rubber Company Limited, Kenya (Share 99.99%) | 23,999 | KES 100 | 2.01 | 2.01 |
| Elgi Rubber Company Limited, Sri Lanka (Share 99.99%) | 1,000,000 | LKR 10 | 6.95 | 6.95 |
| Treadsdirect Limited, Bangladesh (Share 100%) | 51,700 | BDT 100 | 4.42 | 4.42 |
| Pincott International Pty. Limited, Australia (Share 100%) | 100 | AUD 1 | 34.29 | 34.29 |
| Less : Provision for impairment | | | (34.29) | (34.29) |
| | | | - | - |
| Borrachas e Equipamentos Elgi Ltda., Brazil (Share 99.99%) | 16,133,738 | BRL 1 | 272.58 | 272.58 |
| Less : Provision for impairment | | | (272.58) | (272.58) |
| | | | - | - |
| Elgi Rubber Company Holdings B.V., The Netherlands (Share 100%) | 3,433,541 | EUR 1 | 365.06 | 365.06 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | No. of shares / units (as on March 31, 2022) | Face value per share / units (in respective currency) | March 31, 2022 | March 31, 2021 |
|--|--|---|----------------|----------------|
| Investment in Limited Liability Partnership | | | | |
| Titan Tyrecare Products LLP | - | - | 3.00 | 3.00 |
| Less: Provision for impairment | | | (3.00) | (3.00) |
| | | | - | - |
| | | | 462.51 | 462.51 |
| Investment in Equity Investments (Fully paid up) (Quoted) | | | | |
| Fair value through profit or loss | | | | |
| Elgi Equipments Limited | 664,160 | ₹ 1 | 185.67 | 126.69 |
| Precot Limited | 3,225 | ₹ 10 | 1.02 | 0.35 |
| | | | 186.69 | 127.04 |
| In Mutual Funds (Unquoted) | | | | |
| IL & FS Milestone Fund – I | 578 | ₹ 1,000 | 0.58 | 0.58 |
| Less : provision for impairment | | | (0.58) | (0.58) |
| | | | - | - |
| | | | 649.20 | 589.55 |

51 Financial Instruments**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Gearing Ratio : | | |
| Debt | 606.41 | 581.54 |
| Less: Cash and bank balances | 210.46 | 219.04 |
| Net debt | 395.95 | 362.50 |
| Total equity | 2,823.10 | 2,743.91 |
| Net debt to equity ratio (%) | 14.03% | 13.21% |
| Categories of Financial Instruments | | |
| Financial assets | | |
| a. Measured at amortised cost | | |
| Non-current financial assets - Loans | 992.70 | 968.55 |
| Non-current - Other financial assets | 16.51 | 16.44 |
| Current financial assets - Trade receivables | 545.59 | 448.07 |
| Current financial assets - Cash and cash equivalents | 6.55 | 4.84 |
| Current financial assets - Bank balances other than above | 203.91 | 214.20 |
| Current financial assets - Loans | 2.15 | 2.03 |
| Current - Other financial assets | 0.33 | 0.33 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Non-current financial assets - Investments | 649.20 | 589.55 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Non-current financials liabilities - Borrowings | 606.41 | 581.54 |
| Current financials liabilities - Borrowings | 832.54 | 574.75 |
| Current financials liabilities - Trade payables | 110.63 | 50.24 |

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets / (net liabilities) |
|-----------------------------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
| | Gross exposure | Exposure hedged using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged using derivatives | Net asset exposure on the currency | |
| As on March 31, 2022 | | | | | | | |
| USD | 4.54 | - | 4.54 | 15.36 | - | 15.36 | 10.82 |
| EUR | - | - | - | 2.49 | - | 2.49 | 2.49 |
| in ₹ | 344.13 | - | 344.13 | 1,375.49 | - | 1,375.49 | 1,031.36 |
| As on March 31, 2021 | | | | | | | |
| USD | 4.68 | - | 4.68 | 14.81 | - | 14.81 | 10.13 |
| EUR | - | - | - | 2.53 | - | 2.53 | 2.53 |
| in ₹ | 344.01 | - | 344.01 | 1,306.76 | - | 1,306.76 | 962.75 |

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by ₹ 2.71 million for the year (Previous ₹ 2.63 million)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the derivative contracts with the reputed Banks.

There is no major Investments made by the Company and accordingly is not prone to any major investment risk.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|---|-----------------|------------------------|--------------------|-----------------|
| March 31, 2022 | | | | |
| Trade payables | 110.63 | - | - | 110.63 |
| Borrowings (including interest accrued thereon upto the reporting date) | 319.12 | 358.25 | 2.88 | 680.25 |
| | 429.75 | 358.25 | 2.88 | 790.88 |
| March 31, 2021 | | | | |
| Trade payables | 52.24 | - | - | 52.24 |
| Borrowings (including interest accrued thereon upto the reporting date) | 184.73 | 400.12 | - | 584.85 |
| | 236.97 | 400.12 | - | 637.09 |

52 Related party disclosure

a) Name of related party and nature of relationship

Subsidiaries

Elgi Rubber Company LLC, USA
 Elgi Rubber Company Limited, Kenya
 Elgi Rubber Company Limited, Sri Lanka
 Treadsdirect Limited, Bangladesh
 Borrachas e Equipamentos Elgi Ltda, Brasil
 Elgi Rubber Company Holdings B.V., The Netherlands
 - Rubber Resources B.V., The Netherlands
 - Elgi Rubber Company B.V., The Netherlands
 Pincott International Pty Limited, Australia

Other related parties

Elgi Equipments Limited
 LRG Technologies Limited
 Elgi Ultra Industries Limited
 Elgi Ultra Limited
 ATS Elgi Limited
 Festo India Private Limited
 Cape Flour Mills Private Limited
 Tyre Point Private Limited
 Industrial Air Solutions LLP
 Ellargi & Co.

Key management personnel

Sudarsan Varadaraj Chairman and Managing Director
 Harsha Varadaraj Wholetime Director
 Jairam Varadaraj Non Executive Director
 MD Selvaraj Non Executive Director

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| | |
|--------------------|---|
| P.Vijay Raghunath | Non Executive Director |
| V Bhuvaneshwari | Non Executive Director |
| Suresh Jagannathan | Non Executive Director (resigned w.e.f. 06.11.2020) |
| SR Venkatachalam | Chief Financial Officer |
| G Sasikumar | Company Secretary (appointed w.e.f. 11.06.2021) |
| V Santhanakrishnan | Company Secretary (resigned w.e.f. 10.06.2021) |

Relative of Key management personnel

Bharathi Varadaraj
Varshini Varadaraj

b) Transactions during the year

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|----------|--|---------|---------|
| 1 | Income from sale of goods | | |
| | Elgi Rubber Company LLC, USA | 22.20 | 25.90 |
| | Elgi Rubber Company Limited, Sri Lanka | 5.72 | 2.70 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 55.08 | 50.36 |
| | Rubber Resources B.V., The Netherlands | 1.54 | 13.61 |
| | Elgi Rubber Company B.V., The Netherlands | 15.34 | 13.15 |
| | Elgi Equipments Limited | 13.13 | 2.14 |
| | ATS Elgi Limited | 1.61 | 2.30 |
| 2 | Purchase of goods | | |
| | Rubber Resources B.V., The Netherlands | 116.74 | - |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | - | 9.36 |
| | Elgi Equipments Limited | 0.98 | |
| | Elgi Ultra Limited | 11.81 | 8.67 |
| | ATS Elgi Limited | 0.12 | - |
| | LRG Technologies Limited | 1.67 | |
| | Festo India Private Limited | 0.32 | 0.67 |
| | Industrial Air Solutions LLP | 1.38 | 0.82 |
| | Ellargi & Co., | 0.12 | 0.62 |
| 3 | Reimbursement of expenses (Paid) | | |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | - | 0.56 |
| 4 | Rendering of services | | |
| | Elgi Equipments Limited | 0.51 | 0.54 |
| | LRG Technologies Limited | 0.14 | 0.15 |
| | ATS Elgi Limited | - | 0.22 |
| | Cape Flour Mills Private Limited | - | 0.29 |
| 5 | Receiving of services | | |
| | LRG Technologies Limited | 2.02 | 0.30 |
| | Industrial Air Solutions LLP | 0.01 | 0.26 |
| | P.Vijay Raghunath | 0.60 | 0.28 |
| 6 | Commission paid | | |
| | Elgi Rubber Company LLC, USA | 25.20 | 13.09 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 2.00 | 3.01 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|-----------|--|------------|------------|
| 7 | Managerial remuneration | | |
| | Sudarsan Varadaraj | 7.99 | 7.64 |
| | Harsha Varadaraj (November 2020 to March 2021) | 2.39 | 0.85 |
| 8 | Salary to other key managerial personnel | | |
| | Harsha Varadaraj (April 2020 to October 2020) | - | 1.14 |
| | SR Venkatachalam | 4.18 | 3.74 |
| | G Sasikumar (w.e.f. 11.06.2021) | 0.78 | - |
| | V Santhanakrishnan (Upto 10.06.2021) | 0.24 | 0.76 |
| 9 | Sitting fee paid | | |
| | Jairam Varadaraj | 0.05 | 0.03 |
| | M D Selvaraj | 0.10 | 0.09 |
| | P.Vijay Raghunath | 0.10 | 0.09 |
| | Vidyasankar Bhuvaneswari | 0.10 | 0.09 |
| | Suresh Jagannathan (upto 06.11.2020) | - | 0.02 |
| 10 | Dividend received | | |
| | Elgi Rubber Company Limited, Sri Lanka | - | 3.70 |
| | Elgi Rubber Company Limited, Kenya | 1.60 | - |
| | Elgi Equipments Limited | 0.53 | - |
| 11 | Interest income | | |
| | Elgi Rubber Company LLC, USA | 7.17 | 7.13 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 37.75 | 37.57 |
| | Elgi Rubber Company Holding B.V., The Netherlands | 8.67 | 8.66 |
| | Pincott International Pty Limited, Australia | 3.83 | 3.82 |
| 12 | Interest paid | | |
| | Sudarsan Varadaraj | 4.80 | 4.79 |
| | Harsha Varadaraj | 0.88 | 0.22 |
| | Bharathi Varadaraj | 4.61 | 1.90 |
| | Varshini Varadaraj | 2.99 | 0.79 |
| 13 | Loan given | | |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 43.27 | 21.51 |
| 14 | Loan repaid | | |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 43.27 | 21.51 |
| 15 | Guarantees extended (+) / Reduced (-) | | |
| | Elgi Rubber Company LLC, USA | USD (0.11) | USD (0.32) |
| | Elgi Rubber Company Holdings B.V., The Netherlands | EUR (0.82) | EUR (0.62) |
| | Rubber Resources B.V., The Netherlands | EUR 2.29 | EUR (0.26) |
| 16 | Sudarsan Varadaraj | | |
| | Loans taken | 7.80 | 33.50 |
| | Loans repaid | 12.64 | 22.01 |
| 17 | Deposit taken | | |
| | Bharathi Varadaraj | 4.00 | 46.50 |
| | Harsha Varadaraj | 5.00 | 5.00 |
| | Varshini Varadaraj | 15.75 | 21.75 |
| 18 | Deposit repaid | | |
| | Bharathi Varadaraj | 2.00 | 2.00 |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|-----------|--|----------|-----------|
| 19 | Bad debts & other write off | | |
| | Elgi Rubber Company LLC, USA | 48.56 | - |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 10.69 | - |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 13.31 | - |
| | c) Balances at the end of the year | | |
| 1 | Guarantees outstanding | | |
| | Elgi Rubber Company LLC, USA | USD 3.25 | USD 3.36 |
| | Elgi Rubber Company Holdings B.V., The Netherlands | EUR 9.64 | EUR 10.46 |
| | Rubber Resources B.V., The Netherlands | EUR 3.28 | EUR 0.99 |
| 2 | Loan payables | | |
| | Sudarsan Varadaraj | 44.20 | 49.04 |
| 3 | Trade receivables | | |
| | Elgi Rubber Company LLC, USA | 10.59 | 45.75 |
| | Elgi Rubber Company Limited, Sri Lanka | 3.58 | 2.33 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 52.59 | 67.89 |
| | Rubber Resources B.V., The Netherlands | 68.33 | 84.96 |
| | Elgi Rubber Company B.V., The Netherlands | 22.34 | 19.10 |
| | Elgi Equipments Limited | 2.12 | 0.86 |
| | ATS Elgi Limited | 0.62 | 1.23 |
| 4 | Other receivables | | |
| | Elgi Rubber Company LLC, USA | 19.74 | 31.39 |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 48.97 | 44.54 |
| | Rubber Resources B.V., The Netherlands | 12.32 | 9.12 |
| | LRG Technologies Limited | 0.01 | 0.10 |
| | Tyre Point Private Limited | 0.05 | 0.05 |
| 5 | Security Deposit paid | | |
| | Ellargi & Co. | - | 0.10 |
| 6 | Security Deposit received | | |
| | LRG Technologies Limited | 0.05 | 0.05 |
| 7 | Advance paid for purchase of Capital Goods | | |
| | Rubber Resources B.V., The Netherlands | - | 16.44 |
| 8 | Trade and other Payables | | |
| | Elgi Rubber Company LLC, USA | 0.82 | 0.82 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 0.11 | 0.11 |
| | Elgi Rubber Company B.V., The Netherlands | 0.02 | 0.02 |
| | Pincott International Pty Limited, Australia | 5.35 | 5.35 |
| | Elgi Rubber Company Limited, Kenya | 4.92 | 4.92 |
| | LRG Technologies Limited | 0.05 | 3.18 |
| | ATS Elgi Limited | 0.07 | 0.65 |
| | Elgi Ultra Industries Limited | | - |
| | Elgi Ultra Limited | 1.66 | 0.96 |
| | Festo India Private Limited | 0.05 | 0.08 |
| | Ellargi & Co. | - | 0.02 |
| | Industrial Air Solutions LLP | 0.01 | 0.04 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|-------|--|---------|---------|
| 9 | Dividend receivable | | |
| | Treadsdirect Limited, Bangladesh | 0.34 | 0.34 |
| 10 | Amount receivable | | |
| | Elgi Rubber Company LLC, USA | 110.59 | 107.23 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 696.33 | 675.17 |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 126.61 | 128.77 |
| | Pincott International Pty Limited, Australia | 59.17 | 57.38 |
| 11 | Interest receivable | | |
| | Elgi Rubber Company LLC, USA | 14.60 | 7.08 |
| | Borrachas e Equipamentos Elgi Ltda, Brasil | 76.90 | 37.28 |
| | Elgi Rubber Company Holdings B.V., The Netherlands | 16.81 | 8.59 |
| | Pincott International Pty Limited, Australia | 7.81 | 3.79 |
| 12 | Deposit from members | | |
| | Harsha Varadaraj | 10.00 | 5.00 |
| | Bharathi Varadaraj | 46.50 | 44.50 |
| | Varshini Varadaraj | 37.50 | 21.75 |

53 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total (income) / expense recognised in profit or loss of ₹ 7.92 million (for the year ended March 31, 2021: ₹ 1.69 million) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Leave obligations

The leave obligations cover the company's liability for earned leave.

(b) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

| | |
|-----------------|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

The principal assumptions used in the valuation are shown in the table below :

| Particulars | March 31, 2022 | March 31, 2021 |
|---------------------------|----------------|----------------|
| Discount Rate (per annum) | 7.10% | 6.80% |

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--------------------------------|-------------------------|-------------------------|
| Salary Growth Rate (per annum) | 4.68% | 4.00% |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yield / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Expenses Recognised in the Income Statement :

| | | |
|--|-------------|-------------|
| Current Service Cost | 3.34 | 3.21 |
| Interest Expense or Cost | 3.34 | 3.34 |
| Investment Income | (4.22) | (4.30) |
| Expenses Recognised in the Income Statement | 2.46 | 2.25 |

Other Comprehensive Income :

| | | |
|---|-------------|---------------|
| Actuarial (gains)/losses | | |
| - change in demographic assumptions | 1.88 | - |
| - change in financial assumptions | 1.64 | - |
| - experience variance (i.e.Actual experience vs assumptions) | 1.50 | (0.95) |
| Return on plan assets, excluding amount recognised in net interest expense | 0.44 | 0.39 |
| Components of defined benefit costs recognised in other comprehensive income | 5.46 | (0.56) |

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The principal assumptions used in the valuation are shown in the table below :

| | | |
|--|-------------|--------------|
| Present value of defined benefit obligation | (55.24) | (49.24) |
| Fair value of plan assets | 63.06 | 62.14 |
| Net (liability) / asset arising from defined benefit obligation | 7.82 | 12.90 |

Excess of fair value of plan assets over present value of obligation is reflected under 'Others' (other current assets) [Refer note 19].

Changes in the Present Value of Obligation :

| | | |
|--|--------------|--------------|
| Present Value of Obligation as at the beginning | 49.24 | 49.10 |
| Current Service Cost | 3.34 | 3.21 |
| Interest Expense or Cost | 3.34 | 3.34 |
| Re-measurement (or Actuarial) (Gain)/Loss arising from : | | |
| - change in demographic assumptions | 1.88 | - |
| - change in financial assumptions | 1.64 | - |
| - experience variance (i.e.Actual experience vs assumptions) | 1.50 | (0.95) |
| Benefits paid | (5.70) | (5.46) |
| Present Value of Obligation as at the end | 55.24 | 49.24 |

Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013 :

| | | |
|------------------------------------|--------------|--------------|
| Current Liability (Short Term) | 12.24 | 9.99 |
| Non-current Liability (Long Term) | 43.00 | 39.25 |
| Present Value of Obligation | 55.24 | 49.24 |

Annual Report 2021-22

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Changes in the Fair Value of Plan Assets : | | |
| Fair Value of Plan Assets as at the beginning | 62.14 | 63.28 |
| Investment Income | 4.22 | 4.30 |
| Employer's Contribution | 2.84 | 0.41 |
| Benefits paid | (5.70) | (5.46) |
| Return on plan assets, excluding amount recognised in net interest expense | (0.44) | (0.39) |
| Fair Value of Plan Assets as at the end | 63.06 | 62.14 |

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| | | |
|-----------------------------------|-------|-------|
| Defined Benefit Obligation (Base) | 55.24 | 49.24 |
|-----------------------------------|-------|-------|

| Particulars | March 31, 2022 | | March 31, 2021 | |
|--|----------------|----------|----------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 59.17 | 51.80 | 53.49 | 45.59 |
| (% change compared to base due to sensitivity) | 7.1% | (6.2)% | 8.6% | (7.4)% |
| Salary Growth Rate (- / + 1%) | 51.71 | 59.21 | 45.49 | 53.55 |
| (% change compared to base due to sensitivity) | (6.4)% | 7.2% | (7.6)% | 8.7% |
| Attrition Rate (- / + 50% of attrition rates) | 53.93 | 56.29 | 48.66 | 49.79 |
| (% change compared to base due to sensitivity) | (2.4)% | 1.9% | (1.2)% | 1.1% |
| Mortality Rate (- / + 10% of mortality rates) | 55.23 | 55.27 | 49.22 | 49.27 |
| (% change compared to base due to sensitivity) | 0.0% | 0.0% | (0.1)% | 0.1% |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

54 Disclosure of ratios as per Schedule III of the Companies Act, 2013

| Ratio | Numerator | Demominator | FY 2021-22 | FY 2020-21 | % of variance | Reasons for variance |
|--------------------------------------|--|-----------------------------------|------------|------------|---------------|--|
| | | | Ratio | Ratio | | |
| (a) Current Ratio | Current Assets | Current Liabilities | 1.239 | 1.689 | (26.65)% | Due to increased current liabilities |
| (b) Debt-Equity Ratio | Total Debt (Including lease liabilities) | Shareholders Equity | 0.425 | 0.357 | 19.02% | - |
| (c) Debt Service Coverage Ratio | Earnings available for debt service | Debt Service | 0.34 | 0.24 | 40.60% | Increase in current maturities of long term debt |
| (d) Return on Equity Ratio | Net Profit after taxes - Preference dividend | Average Shareholder's equity | 2.99% | 3.73% | (19.72)% | - |
| (e) Inventory turnover ratio | Sales of goods | Average Inventory | 4.13 | 2.71 | 52.02% | Increase in Turnover and reduction in inventory |
| (f) Trade Receivables turnover ratio | Credit Sales | Average Trade Receivables | 3.99 | 3.33 | 19.86% | - |
| (g) Trade payables turnover ratio | Credit Purchases | Average Trade Payables | 13.73 | 8.00 | 71.76% | Increase in purchases |
| (h) Net capital turnover ratio | Net Sales | Working Capital | 7.71 | 3.00 | 156.52% | Due to increased current liabilities |
| (i) Net profit ratio | Net Profit after taxes | Net Sales | 4.20% | 6.65% | (36.83)% | Increase in Turnover and reduction in net profit |
| (j) Return on Capital employed | Earnings before Interest & Tax | Capital Employed | 4.47% | 5.34% | (16.45)% | - |
| (k) Return on investment. | Income generated from investments | Time Weighted average investments | 0.34% | 0.68% | (49.38)% | Increase in Fair Market Value of Investments |

(All amounts are in Millions in INR, unless otherwise stated)

55. OTHER STATUTORY INFORMATION

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company has not traded or invested in Crypto currency or virtual currency during the financial year
3. The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
4. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
5. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
6. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
7. The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
8. The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

56. Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Performance and financial indicators

(₹ In million)

Performance

| Sl. No. | Particulars | 31.03.2022 | 31.03.2021 | 31.03.2020 | 31.03.2019 | 31.03.2018 |
|---------|------------------------------------|------------|------------|------------|------------|------------|
| 1 | Sales and other income | 2,164.10 | 1,694.66 | 2,037.56 | 2,134.13 | 2,003.25 |
| 2 | Profit before depreciation and tax | 175.64 | 178.01 | 59.84 | 80.19 | 106.17 |
| 3 | Profit before tax | 90.34 | 118.81 | 61.39 | 1.61 | 33.14 |
| 4 | Profit after tax | 83.28 | 100.38 | 57.96 | 4.56 | 19.30 |
| 5 | Dividend % | - | - | 16 | - | - |
| 6 | Net fixed assets | 925.88 | 750.99 | 796.23 | 862.29 | 916.55 |
| 7 | Investments | 649.20 | 589.55 | 499.79 | 544.18 | 567.87 |
| 8 | Net working capital | 195.92 | 502.82 | 590.29 | 833.02 | 595.16 |
| 9 | Total Capital employed | 4,326.65 | 3,876.18 | 4,000.21 | 4,071.77 | 3,991.14 |
| 10 | Share holders funds | 2,823.10 | 2,743.91 | 2,643.11 | 2,590.06 | 2,585.34 |

Financial indicators

| Sl. No. | Particulars | 31.03.2022 | 31.03.2021 | 31.03.2020 | 31.03.2019 | 31.03.2018 |
|---------|-------------------------|------------|------------|------------|------------|------------|
| 1 | Earning per share | 1.66 | 2.01 | 1.16 | 0.09 | 0.39 |
| 2 | Cash earnings per share | 3.51 | 3.56 | 1.20 | 1.60 | 2.12 |
| 3 | Book value per share | 56.41 | 54.82 | 52.81 | 51.75 | 51.66 |
| 4 | EBITDA/SALES% | 13.35 | 18.60 | 13.31 | 9.66 | 10.95 |
| 5 | Net profit margin % | 4.20 | 6.65 | 3.12 | 0.22 | 1.03 |
| 6 | ROCE% | 9.38 | 10.24 | 9.36 | 7.57 | 7.87 |

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

As per our report of even date

For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan

Partner
Membership No. 214178

(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

| 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 | Borrachas e Equipamentos Elgi Ltda, Brazil | 1st Jan 21 to 31 Dec 21 | Real | 15.86 | 272.57 | (483.98) | 614.75 | 826.16 | 206.50 | (28.63) | 0.00 | (28.63) | - | 99.99 |
| 2 | Pincott International Pty Limited, Australia | 1st Jan 21 to 31 Dec 21 | AUD | 56.56 | 106.63 | (165.48) | 8.60 | 67.45 | 0.00 | (4.21) | 0.00 | (4.21) | - | 100.00 |
| 3 | Elgi Rubber Company Limited, Kenya | 1st Jan 21 to 31 Dec 21 | Shilling | 0.65 | 2.01 | 4.54 | 6.85 | 0.30 | 0.00 | (2.18) | 0.00 | (2.18) | - | 99.99 |
| 4 | Elgi Rubber Company Limited, Sri Lanka | 1st Jan 21 to 31 Dec 21 | Sri Lankan Rupee | 0.25 | 6.96 | 37.16 | 55.85 | 11.73 | 41.76 | 18.20 | 0.56 | 17.64 | - | 99.99 |
| 5 | Treaddirect Limited, Bangladesh | 1st Jan 21 to 31 Dec 21 | Taka | 0.88 | 4.42 | 3.74 | 8.82 | 0.66 | 0.00 | 0.00 | 0.00 | 0.00 | - | 100.00 |
| 6 | Elgi Rubber Company LLC, USA | 1st Jan 21 to 31 Dec 21 | USD | 75.81 | 171.25 | (146.13) | 503.70 | 478.58 | 514.33 | 34.44 | 0.00 | 34.44 | - | 100.00 |
| 7 | Elgi Rubber Company Holdings B.V., The Netherlands | 1st Jan 21 to 31 Dec 21 | Euro | 84.66 | 365.06 | (531.08) | 1,507.66 | 1,673.68 | 1,255.43 | (271.23) | 0.00 | (271.23) | - | 100.00 |

* Dividend paid during the year.

Notes

- Names of subsidiaries which are yet to commence operations: NIL
- Names of subsidiaries which have been liquidated or sold during the year: NIL

Part "B" : Associates and Joint Ventures

The Company does not have Associates or Joint Ventures during the year 2021-22.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

G Sasikumar
Company Secretary

For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S
MV Jeganathan

Coimbatore
May 26, 2022

Partner
Membership No. 214178

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Independent Auditor's Report**To the Members of M/s. Elgi Rubber Company Limited****Report on the audit of the Consolidated IND AS Financial Statements****Opinion**

- We have audited the 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 March 31, 2022, the consolidated Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").
- 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2022, the consolidated Loss and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their reports referred to in paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated financial statements section of our report, including in relation to these matters.

| S.No. | Key Audit Matter | Auditor's Response |
|-------|--|--|
| 1. | Recoverability of Income tax assets and Receivables from Government authorities As at March 31, 2022, non-current assets and other current asset in respect of Income tax assets to the extent of ₹ 16.44 million and Receivable from government authorities to the extent of ₹ 89.58 million are outstanding. | Principal Audit Procedures We analyzed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represent excess taxes paid over the actual expected tax liabilities; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these recoverable are sustainable upon final resolution. |
| 2. | Evaluation of uncertain tax positions The Company has no material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. (Refer note 39) | Principal Audit Procedures We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalization of our report, from management. We analyzed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties |

We have determined that there are no other key audit matters to communicate in our report.

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Information Other than the Standalone Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility and those charged with governance for the Consolidated Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

8. We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets of INR 2,648.88 million as at March 31, 2022, total revenue of INR 2,181.72 million, net loss of INR 254.16 million and net cash out flows amounting to INR 58.88 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of INR 254.16 for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of one subsidiary whose financial statements have not been audited by us. 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 in so far 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.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid Consolidated Financial Statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Company so far as it appears from our examination of those books.
 - c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Cash Flow statement dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS 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 March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

- h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 Consolidated financial statements - Refer note no.39 to the Consolidated Financial Statements.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. In respect of the financial year 2013-14, the Company had remitted ₹ 3,49,410/- to Investor Education and Protection Fund on 08-12-2021, whereas the due date of remittance was 25-11-2021.
 - iv.
 - a. The respective Management of the company and its subsidiaries which are companies incorporated outside India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The respective Management of the company and its subsidiaries which are companies incorporated outside India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or its subsidiaries from any other person or entity, including foreign entity ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, performed by us on the Holding company and its subsidiaries which are companies incorporated outside India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. On the basis of information furnished by the wholly owned subsidiary company viz. Elgi Rubber Company Holdings B.V., The Netherlands and its Auditor and on verification of the relevant records of the relevant wholly owned subsidiary company, repayment of principal amount of Rs 18.13 million towards term loan availed by the respective wholly owned subsidiary company from the bank was remitted on 12-04-2022, while the due date of remittance was 31-03-2022.

For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S

Place : Coimbatore

Date : May 26, 2022

MV Jeganathan
M No 214178
UDIN:2214178AJQNMJ9243

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to Elgi Rubber Company Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Elgi Rubber Company Limited (hereinafter referred to as "the Holding Company"). The Holding company does not have any subsidiary company which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the parent's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
 - i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M S Jagannathan and Visvanathan
Chartered Accountants
FRN : 001209S

Place : Coimbatore
 Date : May 26, 2022

MV Jeganathan
M No 214178
UDIN:2214178AJQNMJ9243

Annual Report 2021-22

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2022

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|--|-------|-----------------|-----------------|
| I. ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 4 | 1,901.27 | 1,948.88 |
| Intangible assets | 4 | 12.18 | 6.68 |
| Capital work in progress | 5 | 167.28 | 209.37 |
| Goodwill on consolidation | | 130.35 | 130.35 |
| Right of use assets | 6 | 5.55 | 4.31 |
| Financial assets | | | |
| i. Investments | 7 | 186.69 | 127.04 |
| ii Other financial asset | 8 | 27.32 | 28.92 |
| Deferred tax asset (Net) | 9 | 289.96 | 289.02 |
| Other non-current assets | 10 | 103.51 | 35.28 |
| Total non-current assets | | 2,824.12 | 2,779.85 |
| Current assets | | | |
| Inventories | 11 | 995.50 | 1,098.06 |
| Financial assets | | | |
| i Trade receivables | 12 | 734.11 | 538.86 |
| ii Cash and cash equivalents | 13 | 43.60 | 100.77 |
| iii Bank balances other than (ii) above | 14 | 203.99 | 215.27 |
| iv Loans | 15 | 2.20 | 2.21 |
| Other current assets | 16 | 197.77 | 209.78 |
| Total current assets | | 2,177.18 | 2,164.96 |
| TOTAL ASSETS | | 5,001.30 | 4,944.81 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 17 | 50.05 | 50.05 |
| Other equity | 18 | 1,664.52 | 1,782.29 |
| Total equity | | 1,714.57 | 1,832.34 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i Borrowings | 19 | 566.02 | 769.17 |
| ii Lease liability | 20 | 2.54 | 2.16 |
| Total non-current liabilities | | 568.56 | 771.33 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i Borrowings | 21 | 1,901.53 | 1,659.76 |
| ii Lease liability | 22 | 3.65 | 2.84 |
| iii Trade payables | 23 | | |
| a. Outstanding dues of micro & small enterprises | | 19.84 | 1.92 |
| b. Outstanding dues other than (a) above | | 545.49 | 440.03 |
| Provisions | 24 | 9.64 | 23.06 |
| Other current liabilities | 25 | 238.02 | 213.53 |
| Total current liabilities | | 2,718.17 | 2,341.14 |
| Total liabilities | | 3,286.73 | 3,112.47 |
| TOTAL EQUITY AND LIABILITIES | | 5,001.30 | 4,944.81 |

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

As per our report of even date

For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

Partner
Membership No. 214178

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Consolidated Statement of profit and loss for the year ended March 31, 2022

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|---|-------|-----------------|-----------------|
| Income | | | |
| Revenue from operations | 26 | 3,895.79 | 3,431.40 |
| Other income | 27 | 209.01 | 144.08 |
| TOTAL INCOME | | 4,104.80 | 3,575.48 |
| Expenses | | | |
| Cost of materials consumed | 28 | 1,866.01 | 1,529.06 |
| Purchase of stock in trade | 29 | 55.28 | 59.56 |
| Changes in inventories of finished goods, work in progress and stock in trade | 30 | 31.41 | 41.77 |
| Employee benefits expense | 31 | 672.08 | 735.55 |
| Depreciation and amortisation expense | 32 | 180.60 | 165.71 |
| Finance costs | 33 | 156.26 | 155.38 |
| Other expenses | 34 | 1,216.48 | 868.42 |
| TOTAL EXPENSES | | 4,178.12 | 3,555.45 |
| Profit before exceptional items and tax | | (73.32) | 20.03 |
| Exceptional items | 35 | (82.58) | 11.78 |
| Profit before tax from continuing operations | | (155.90) | 31.81 |
| Income tax expense | 36 | | |
| Current tax | | 8.56 | 4.40 |
| Deferred tax charge | | (0.94) | 5.58 |
| Income tax related to earlier year | | - | 11.04 |
| Profit after tax for the year | | (163.53) | 10.79 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post employment benefit obligations | | (5.46) | 0.56 |
| Income tax relating to these items | | 1.37 | (0.14) |
| Other comprehensive income for the year, net of tax | | (4.09) | 0.42 |
| Total comprehensive income for the year | | (167.61) | 11.21 |
| Earnings per share | 37 | | |
| Basic (in ₹) | | (3.27) | 0.22 |
| Diluted (in ₹) | | (3.27) | 0.22 |

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

As per our report of even date

For M.S. Jagannathan & Visvanathan

Chartered Accountants

FRN: 001209S

MV Jeganathan

Partner

Membership No. 214178

Annual Report 2021-22

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of cash flows for the year ended March 31, 2022

| Particulars | March 31, 2022 | March 31, 2021 |
|---|-----------------|----------------|
| Cash Flow from Operating Activities | | |
| Profit before income tax | (155.90) | 31.81 |
| Adjustments for | | |
| Depreciation and amortisation expense | 180.60 | 165.71 |
| (Profit)/ Loss on sale of fixed asset | (0.24) | (17.48) |
| Provision for doubtful debts and advances | - | 0.24 |
| Provision for doubtful debts and advances written back | (0.09) | (0.27) |
| Fair Value changes of investments considered to profit and loss | (59.65) | (89.76) |
| Net Unrealised Exchange translation differences | (21.38) | 11.03 |
| Irrecoverable Land advance write off | - | 5.70 |
| Interest received | (14.70) | (17.45) |
| Finance costs | 156.26 | 155.38 |
| Dividend Income | (0.53) | - |
| Operating profit before working capital changes | 84.37 | 244.91 |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in Current financial assets | 0.02 | 2.09 |
| (Increase)/ decrease in Non current - Other financial assets | 1.60 | (1.77) |
| (Increase)/ decrease in inventories | 102.57 | 259.06 |
| (Increase)/ decrease in trade receivables | (194.59) | (52.79) |
| (Increase)/ decrease in Other Non Current assets | (39.07) | (1.20) |
| (Increase)/ decrease in Other Current assets | 12.16 | 50.82 |
| Increase/ (decrease) in provisions and other liabilities | 10.13 | 64.37 |
| Increase/ (decrease) in trade payables | 122.74 | (85.34) |
| Cash generated from operations | 99.93 | 480.15 |
| Income taxes paid (net of refunds) | (5.08) | 12.17 |
| Net cash from operating activities (A) | 94.85 | 492.32 |
| Cash Flows From Investing Activities | | |
| Purchase of Property, Plant and Equipment (including movements in CWIP, including capital advances) | (122.51) | (23.25) |
| Sale proceeds of Property, Plant and Equipment | 0.80 | 35.39 |
| (Investments in)/ Maturity of fixed deposits with banks | 11.28 | (8.67) |
| Interest income | 15.44 | 18.46 |
| Dividend Income | 0.53 | - |
| Net cash used in investing activities (B) | (94.46) | 21.93 |
| Cash Flows From Financing Activities | | |
| Changes in reserves | 63.12 | (45.98) |
| Proceeds from/ (repayment of) long term borrowings | (203.15) | (230.04) |
| Proceeds from/ (repayment of) short term borrowings | 241.78 | (27.32) |

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of cash flows for the year ended March 31, 2022 (Contd....)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|-----------------|
| Finance costs | (153.97) | (161.42) |
| Unpaid Dividend | - | (0.08) |
| Dividend transferred to Investor Education & Protection Fund | (0.35) | (0.72) |
| Payment of lease liabilities | (4.99) | (3.21) |
| Net cash from/ (used in) financing activities (C) | (57.56) | (468.77) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (57.17) | 45.48 |
| Cash and cash equivalents at the beginning of the year | 100.77 | 55.29 |
| Cash and cash equivalents at end of the year | 43.60 | 100.77 |
| Notes: | | |
| 1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements". | | |
| 2. Components of cash and cash equivalents | | |
| Balances with banks | | |
| - in current accounts | 41.59 | 99.04 |
| Cash on hand | 2.01 | 1.73 |
| Total cash and cash equivalents | 43.60 | 100.77 |

The accompanying notes form an integral part of the consolidated financial statements.

| For and on behalf of the Board | | | As per our report of even date |
|--------------------------------|--------------------|-------------------------|---|
| Sudarsan Varadaraj | MD Selvaraj | SR Venkatachalam | For M.S. Jagannathan & Visvanathan |
| Chairman & Managing Director | Director | Chief Financial Officer | Chartered Accountants |
| DIN: 00133533 | DIN: 00001608 | | FRN: 001209S |
| Coimbatore | | G Sasikumar | MV Jeganathan |
| May 26, 2022 | | Company Secretary | Partner |
| | | | Membership No. 214178 |

Annual Report 2021-22

Consolidated Financial Statements for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Statement of Changes in Equity for the year ended March 31, 2022

(A) Equity Share Capital *

| 1) For the year ended 31st March 2022 | | | | |
|---------------------------------------|--|---------------------------------------|---|-------------------------------|
| Balance as at 1st April 2021 | Changes in equity share capital due to prior period errors | Restated balance as at 1st April 2021 | Changes in equity share capital during the year | Balance as at 31st March 2022 |
| 50.05 | - | 50.05 | - | 50.05 |
| 2) For the year ended 31st March 2021 | | | | |
| Balance as at 1st April 2020 | Changes in equity share capital due to prior period errors | Restated balance as at 1st April 2020 | Changes in equity share capital during the year | Balance as at 31st March 2021 |
| 50.05 | - | 50.05 | - | 50.05 |

* Refer Note 17

(B) Other Equity for the year ended 31st March 2022

| Particulars | Capital Reserve | Securities Premium | General Reserve | Foreign Currency Translation Reserve | Investment Reserve | Retained Earnings | Other comprehensive income | Total |
|--|-----------------|--------------------|-----------------|--------------------------------------|--------------------|-------------------|----------------------------|-----------------|
| Balance as at March 31, 2020 | 318.20 | 1.90 | 1,254.67 | 66.05 | 394.05 | (232.43) | 2.94 | 1,805.38 |
| Profit for the year | - | - | - | - | - | 10.79 | - | 10.79 |
| Other Comprehensive income | | | | | | | | |
| Remeasurement of post employment defined benefit obligations | - | - | - | - | - | - | 0.42 | 0.42 |
| Foreign Currency Translation Reserve | - | - | - | (34.30) | - | - | - | (34.30) |
| Appropriations | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2021 | 318.20 | 1.90 | 1,254.67 | 31.75 | 394.05 | (221.64) | 3.36 | 1,782.29 |
| Profit for the year | - | - | - | - | - | (163.53) | - | (163.53) |
| Other Comprehensive income | | | | | | | | |
| Remeasurement of post employment defined benefit obligations | - | - | - | - | - | - | (4.09) | (4.09) |
| Foreign Currency Translation Reserve | - | - | - | 49.84 | - | - | - | 49.84 |
| Appropriations | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2022 | 318.20 | 1.90 | 1,254.67 | 81.59 | 394.05 | (385.17) | (0.73) | 1,664.51 |

Refer Note 18

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

As per our report of even date

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

MV Jeganathan
Partner
Membership No. 214178

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

1 Company Overview

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16th October 2006. ERCL is leading Company providing solutions to Rubber Industry and engaged in the business of manufacture of Reclaimed rubber, Retreading machinery, and Retread rubber.

2 Basis of preparation of financial statements**Statement of compliance**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Basis of Consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries. The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from

those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in ₹ has been rounded to the nearest millions (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on May 26, 2022.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

3 Significant Accounting Policies**a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

Sale of goods and services:

Revenue from the sale of goods and services is recognized when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest Income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress**Deemed cost option for first time adopter of Ind AS**

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the Property, Plant and Equipment as the deemed cost as at the date of transition, viz., 1 April 2016.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment 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.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

- the ability to measure reliably, the attributable expenditure during the development stage.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Impairment of assets

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets under development are tested for impairment annually at each balance sheet date.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount carried, had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on Written Down Value method, over the useful lives specified in Schedule II to the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

- (i) Raw materials, packing materials, stores and spares: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- (ii) Work-in-progress: At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods: At material cost, conversion costs, appropriate share of production overheads.
- (iv) Stock-in-trade and goods in transit: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

g) Financial Instruments**Financial assets**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

| Classification | Name of the financial asset |
|----------------|---|
| Amortised cost | Trade receivables, Loans given, deposits, interest receivable, unbilled revenue and other advances recoverable in cash. |
| FVTPL | Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument). |

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

| Name of the financial asset | Impairment Testing Methodology |
|-----------------------------|--|
| Trade Receivables | Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets. |
| Other financial assets | When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL. |

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| S.No | Original classification | Revised classification | Accounting treatment |
|------|-------------------------|------------------------|--|
| 1 | Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| 2 | FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| 3 | Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| S.No | Original classification | Revised classification | Accounting treatment |
|------|-------------------------|------------------------|--|
| 4 | FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| 5 | FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| 6 | FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Foreign currency transactions and translations**Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

i) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

(All amounts are in Millions in INR, unless otherwise stated)

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Business Combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising

(All amounts are in Millions in INR, unless otherwise stated)

from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

n) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and an appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

o) Leases

Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Company applies the requirements of Ind AS 116 – Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 – Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

p) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

q) Provisions, Contingent Liabilities and Contingent Asset**Provisions**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

r) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

s) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

t) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate."

RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 16 - Property Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any shall not be recognized in the profit and loss account but shall be deducted from the directly attributable costs considered part of cost of an item of property, plant & equipment. The effective date of this amendment is annual periods beginning on or after April 1, 2022. The company has evaluated the amendment and does not expect it to have any significant impact in its financial statements.

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 103 - Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 - Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

4 Property, plant and equipment

| Particulars | Tangible Assets | | | | | | Intangible Assets | Total Assets |
|----------------------------------|-----------------|-----------------|---------------------|------------------------|-------------|-----------------|-------------------|-----------------|
| | Land | Buildings | Plant and Equipment | Furniture and Fittings | Vehicle | Total | | |
| Cost as at March 31, 2020 | 522.31 | 1,065.44 | 1,193.09 | 4.67 | 8.23 | 2,813.74 | 81.97 | 2,895.71 |
| Additions | - | 10.17 | 171.02 | 0.46 | 0.06 | 181.71 | 2.70 | 184.41 |
| Disposals/ Adjustments | (4.24) | - | (13.42) | (0.20) | (0.44) | (18.30) | (11.84) | (30.14) |
| Exchange difference (FCTR) | 3.01 | 20.96 | 90.41 | (0.43) | 0.34 | 114.29 | 0.36 | 114.65 |
| Cost as at March 31, 2021 | 521.08 | 1,116.57 | 1,441.10 | 4.50 | 8.19 | 3,091.44 | 73.19 | 3,164.63 |
| Additions | - | 24.41 | 88.84 | 1.44 | - | 114.68 | - | 114.68 |
| Disposals/ Adjustments | - | - | (3.87) | - | (0.50) | (4.37) | - | (4.37) |
| Exchange difference (FCTR) | (79.32) | 89.73 | (44.93) | (2.46) | 1.00 | (35.98) | 13.35 | (22.63) |
| Cost as at March 31, 2022 | 441.76 | 1,230.71 | 1,481.14 | 3.48 | 8.69 | 3,165.77 | 86.54 | 3,252.31 |
| Depreciation/Amortisation | | | | | | | | |
| As at March 31, 2020 | - | 198.46 | 692.28 | 1.83 | 5.50 | 898.07 | 55.09 | 953.16 |
| Charge for the year | - | 46.73 | 103.20 | 0.62 | 0.97 | 151.52 | 10.98 | 162.50 |
| Disposals | - | - | (11.77) | (0.08) | (0.39) | (12.24) | - | (12.24) |
| Exchange difference (FCTR) | - | 4.73 | 100.41 | (0.33) | 0.40 | 105.21 | 0.44 | 105.65 |
| As at March 31, 2021 | - | 249.92 | 884.12 | 2.04 | 6.48 | 1,142.56 | 66.51 | 1,209.07 |
| Charge for the year | - | 46.52 | 121.79 | 0.58 | 1.01 | 169.89 | 7.12 | 177.01 |
| Disposals | - | - | (3.32) | - | (0.50) | (3.82) | - | (3.82) |
| Exchange difference (FCTR) | - | (3.53) | (41.15) | 0.52 | 0.03 | (44.13) | 0.73 | (43.40) |
| As at March 31, 2022 | - | 292.91 | 961.44 | 3.14 | 7.02 | 1,264.50 | 74.36 | 1,338.86 |
| Net Block | | | | | | | | |
| As at March 31, 2021 | 521.08 | 866.65 | 556.98 | 2.46 | 1.71 | 1,948.88 | 6.68 | 1,955.56 |
| As at March 31, 2022 | 441.76 | 937.80 | 519.70 | 0.34 | 1.67 | 1,901.27 | 12.18 | 1,913.45 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|-----------------|
| Expenses disallowed on provisions | 11.49 | 11.51 |
| Differential Tax on Capital gains | 127.22 | 127.88 |
| Carried forward losses | 5.66 | 5.65 |
| On Property, Plant and Equipment | (4.19) | (7.18) |
| Other Comprehensive Income | - | (0.14) |
| Right of use of asset | (1.40) | (1.09) |
| | 289.96 | 289.02 |
| 10 Other Non Current Assets | | |
| (Unsecured, considered good) | | |
| Capital advance | 42.89 | 13.72 |
| Disputed income tax Payments | 10.27 | 10.27 |
| Due from related parties | 0.05 | 1.59 |
| Other receivable | 24.65 | - |
| Other disputed statutory payments/deposits | 24.28 | 8.30 |
| Advance recoverable in cash or in kind or for value to be received | 1.37 | 1.40 |
| | 103.51 | 35.28 |
| 11 Inventories | | |
| Raw Materials | 238.97 | 452.05 |
| Work-in-progress | 88.11 | 73.09 |
| Finished products | 333.05 | 406.69 |
| Stock-in-trade | 73.14 | 46.90 |
| Stock in Transit | 12.73 | 9.94 |
| Packing materials | 23.74 | 22.86 |
| Stores and spares | 222.19 | 83.93 |
| Scrap | 3.57 | 2.60 |
| | 995.50 | 1,098.06 |
| 12 Current financial assets - Trade receivables | | |
| Unsecured | | |
| Undisputed - considered good | 734.11 | 538.86 |
| Undisputed - considered doubtful | 50.70 | 57.38 |
| Disputed - considered Doubtful | 17.10 | 16.79 |
| | 801.91 | 613.03 |
| Allowance for expected credit losses | (67.80) | (74.17) |
| | 734.11 | 538.86 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | | | | March 31, 2021 | |
|--|--------------------|-------------------|--------------|--------------|-------------------|----------------|----------------|
| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | March 31, 2022 | March 31, 2021 |
| For FY 21-22 | | | | | | | |
| i) Undisputed Trade receivables – considered good | 684.77 | - | 13.20 | - | 36.14 | 734.11 | - |
| ii) Undisputed Trade receivables – considered doubtful | - | 6.82 | 9.98 | 30.07 | 3.83 | 50.70 | - |
| iii) Disputed Trade receivables – considered good | - | - | - | - | - | - | - |
| iv) Disputed Trade receivables – considered doubtful | - | 0.31 | 0.05 | 0.24 | 16.50 | 17.10 | - |
| Less: Allowance for expected credit losses | | (7.13) | (10.03) | (30.31) | (20.33) | (67.80) | - |
| Total | 684.77 | - | 13.20 | - | 36.14 | 734.11 | - |
| For FY 20-21 | | | | | | | |
| i) Undisputed Trade receivables – considered good | 432.77 | 16.42 | 23.13 | 39.82 | 26.72 | | 538.86 |
| ii) Undisputed Trade receivables – considered doubtful | - | 6.49 | 8.17 | 22.78 | 19.94 | | 57.38 |
| iii) Disputed Trade receivables – considered good | - | - | - | - | - | - | - |
| iv) Disputed Trade receivables – considered doubtful | - | 0.05 | 0.24 | 0.60 | 15.90 | | 16.79 |
| Less: Allowance for expected credit losses | | (6.54) | (8.41) | (23.38) | (35.84) | | (74.17) |
| Total | 432.77 | 16.42 | 23.13 | 39.82 | 26.72 | - | 538.86 |
| 13 Cash and cash equivalents | | | | | | | |
| Cash on hand | | | | | 2.01 | | 1.73 |
| Balances with banks | | | | | - | | |
| In current accounts | | | | | 41.59 | | 99.04 |
| | | | | | 43.60 | | 100.77 |
| 14 Other Bank Balances | | | | | | | |
| In margin money deposits* | | | | | 191.49 | | 196.84 |
| In deposits accounts ** | | | | | 11.58 | | 16.96 |
| In security deposits | | | | | - | | 0.20 |
| In earmarked accounts | | | | | | | |
| Unpaid Dividend Account | | | | | 0.92 | | 1.27 |
| | | | | | 203.99 | | 215.27 |
| *lien on bank guarantees and letter of credits | | | | | | | |
| ** lien on bank term loan and overdraft | | | | | | | |
| 15 Current financial asset - Loans | | | | | | | |
| (Unsecured, considered good) | | | | | | | |
| Loans to employees | | | | | 2.20 | | 2.21 |
| | | | | | 2.20 | | 2.21 |
| 16 Other current assets | | | | | | | |
| (Unsecured, considered good) | | | | | | | |
| Interest accrued | | | | | 3.73 | | 4.48 |
| Prepaid expenses | | | | | 50.87 | | 39.54 |
| Advance income-tax | | | | | 8.35 | | 7.43 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|---------------|---|-------------------|-------------------|
| | Balance with govt authorities | 59.02 | 59.60 |
| | Vat credit receivable | 6.82 | - |
| | Export incentives receivable | 13.61 | 20.68 |
| | Others | 55.37 | 78.05 |
| | | 197.77 | 209.78 |
| 17 | Equity Capital | | |
| | Authorised Share Capital | | |
| | 380,300,000 Equity shares of ₹ 1 each | 380.30 | 380.30 |
| | | 380.30 | 380.30 |
| | Issued Share Capital | | |
| | 50,050,000 Equity shares of ₹ 1 each | 50.05 | 50.05 |
| | | 50.05 | 50.05 |
| | Subscribed and fully paid up share capital | | |
| | 50,050,000 Equity shares of ₹ 1 each | 50.05 | 50.05 |
| | | 50.05 | 50.05 |
| Notes: | | | |
| 1) | Reconciliation of number of equity shares subscribed | | |
| | Balance at the beginning of the year | 50,050,000 | 50,050,000 |
| | Adjustment during the year | - | - |
| | Balance at the end of the year | 50,050,000 | 50,050,000 |

- 2) There are no bonus shares and shares bought back during the period of five years immediately preceding the reporting date.
- 3) 49,550,000 equity shares of ₹ 1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010-11
- 4) The Company has no holding company
- 5) Rights, preferences and restrictions in respect of equity shares issued by the Company
- The Company has only one class of equity shares having a par value of ₹ 1 each. The equity shares of the Company having par value of ₹ 1/- rank pari-passu in all respects including voting rights and entitlement to dividend.
 - The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. During the year the company has not declared any dividend. (Previous year dividend : Nil)
 - In the event of liquidation, shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.
- 6) Shareholders holding more than 5% of the total share capital

| Name of the share holder | March 31, 2022 | | March 31, 2021 | |
|--------------------------|----------------|--------------|----------------|--------------|
| | No of shares | % of Holding | No of shares | % of Holding |
| Sudarsan Varadaraj | 23,567,500 | 47.09% | 23,567,500 | 47.09% |
| LRG Technologies Limited | 3,541,475 | 7.08% | 3,541,475 | 7.08% |

- 7) Shares held by promoters at the end of the year

| Promoter name | As at March 31, 2022 | | As at March 31, 2021 | | % change during the year |
|--------------------|----------------------|-------------------|----------------------|-------------------|--------------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Sudarsan Varadaraj | 23,567,500 | 47.09% | 23,567,500 | 47.09% | - |
| Harsha Varadaraj | 2,252,637 | 4.50% | 2,252,637 | 4.50% | - |
| Varshini Varadaraj | 2,252,635 | 4.50% | 2,252,635 | 4.50% | - |
| Jairam Varadaraj | 141,750 | 0.28% | 141,750 | 0.28% | - |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|---|-----------------|-----------------|
| 18 | Other Equity | | |
| | Capital Reserve | 318.20 | 318.20 |
| | Securities Premium Account | 1.90 | 1.90 |
| | General Reserve | 1,254.67 | 1,254.67 |
| | Other Comprehensive Income | (0.73) | 3.36 |
| | Foreign Currency Translation Reserve | 81.59 | 31.75 |
| | Investment Reserve | 394.05 | 394.05 |
| | Retained earnings | (385.17) | (221.64) |
| | | 1,664.51 | 1,782.29 |
| | a) Capital reserve | | |
| | Balance at the beginning and end of the year | 318.20 | 318.20 |
| | b) Securities premium account | | |
| | Balance at the beginning and end of the year | 1.90 | 1.90 |
| | c) General reserve | | |
| | Balance at the beginning of the year | 1,254.67 | 1,254.67 |
| | Additions/ (deductions) during the year | - | - |
| | Balance at the end of the year | 1,254.67 | 1,254.67 |
| | d) Other comprehensive income | | |
| | Balance at the beginning of the year | 3.36 | 2.94 |
| | Additions during the year | (4.09) | 0.42 |
| | Transfer to retained earnings | - | - |
| | Balance at the end of the year | (0.73) | 3.36 |
| | e) Foreign currency translation reserve | | |
| | Balance at the beginning of the year | 31.75 | 66.05 |
| | Additions/ (deductions) during the year | 49.84 | (34.30) |
| | Balance at the end of the year | 81.59 | 31.75 |
| | f) Investment reserve | | |
| | Balance at the beginning of the year | 394.05 | 394.05 |
| | Additions/ (deductions) during the year | - | - |
| | Balance at the end of the year | 394.05 | 394.05 |
| | g) Retained earnings | | |
| | Balance at the beginning of the year | (221.64) | (232.43) |
| | Net profit/(loss) for the period | (163.53) | 10.79 |
| | Balance at the end of the year | (385.17) | (221.64) |
| 19 | Non-current financial liabilities - Borrowings | | |
| | Secured * | | |
| | From Banks | 492.41 | 633.11 |
| | From NBFC | 43.36 | 64.81 |
| | Unsecured | | |
| | Deposit From Members (including Related party) | 30.25 | 71.25 |
| | | 566.02 | 769.17 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|--|-----------------|-----------------|
| *Secured borrowings and assets pledged as security: | | |
| <ul style="list-style-type: none"> ● The Borrowings from banks and others are secured by charges on specific land, building and plant & machinery. ● There are no defaults in repayment of the above borrowings. ● Lien and pledge of fixed deposit | | |
| 20 Non-current financial liabilities - Lease | | |
| Lease liability | 2.54 | 2.16 |
| | 2.54 | 2.16 |
| 21 Current liabilities - Financial Liabilities: Borrowings | | |
| a) Secured * | | |
| Loans repayable on Demand | | |
| Loan from Banks | 1,280.97 | 1,244.89 |
| Loan from NBFC (includes cash credit, packing credit, demand loan, etc) | 70.00 | 30.00 |
| b) Unsecured | | |
| Loan from Banks | 50.00 | - |
| Loan from related parties | 44.20 | 49.04 |
| c) Current maturities of long-term debt | 456.36 | 335.83 |
| | 1,901.53 | 1,659.76 |
| * Secured borrowings and assets pledged as security: | | |
| The borrowings from Banks and others are secured by | | |
| <ul style="list-style-type: none"> ● Charge on entire current assets, both present and future ● Charge on specific Land, Building and Machinery ● Lien and pledge of fixed deposit | | |
| 22 Current liabilities - Financial Liabilities: Lease | | |
| Current maturities of lease liability | 3.65 | 2.84 |
| | 3.65 | 2.84 |
| 23 Current liabilities - Financial Liabilities: Trade payables | | |
| a. Outstanding dues of micro & small enterprises | 19.84 | 1.92 |
| b. Outstanding dues other than (a) above | 545.49 | 440.03 |
| | 565.33 | 441.95 |

Trade Payables ageing schedule

| Particulars | Less than 1 year | 1 -2 years | 2 -3 years | More than 3 years | March 31, 2022 | March 31, 2021 |
|-----------------------------|------------------|--------------|--------------|-------------------|----------------|----------------|
| For FY 21-22 | | | | | | |
| (i) MSME | 19.84 | - | - | - | 19.84 | - |
| (ii) Others | 526.57 | 10.15 | 3.37 | 5.40 | 545.49 | - |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 546.41 | 10.15 | 3.37 | 5.40 | 565.33 | - |
| For FY 20-21 | | | | | | |
| (i) MSME | 1.92 | - | - | - | - | 1.92 |
| (ii) Others | 396.23 | 6.00 | 17.48 | 20.32 | - | 440.03 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 398.15 | 6.00 | 17.48 | 20.32 | - | 441.95 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|-----------------|-----------------|
| 24 | Current liabilities - Provisions | | |
| | Provision for compensated absence | 8.45 | 7.23 |
| | Provision - others | 1.19 | 15.83 |
| | | 9.64 | 23.06 |
| 25 | Other current liabilities | | |
| | Interest accrued but not due on secured loans | 4.59 | 3.31 |
| | Unpaid Dividend | 0.92 | 1.27 |
| | Statutory Dues Payable | 40.14 | 46.71 |
| | Employee benefits payable | 37.69 | 22.29 |
| | Employee recoveries payable | 0.66 | 0.67 |
| | Other Payable to related party | 0.05 | 0.05 |
| | Other payables | 72.84 | 79.32 |
| | Advance and deposits from customers etc., | 81.13 | 59.91 |
| | | 238.02 | 213.53 |
| Particulars | | March 31, 2022 | March 31, 2021 |
| 26 | Revenue from operations | | |
| | Sale of products | 3,855.06 | 3,389.04 |
| | Sale of service | 16.48 | 21.05 |
| | Other operating revenue | 24.25 | 21.31 |
| | | 3,895.79 | 3,431.40 |
| | Sale of products comprise of | | |
| | Finished goods | 3,748.48 | 3,321.63 |
| | Traded goods | 106.58 | 67.41 |
| | | 3,855.06 | 3,389.04 |
| | Other operating revenue | | |
| | Scrap sales | 24.25 | 21.31 |
| 27 | Other income | | |
| | Interest Income | 14.69 | 17.45 |
| | Other non-operating income | 194.32 | 126.63 |
| | | 209.01 | 144.08 |
| | Interest Income from | | |
| | Banks | 9.83 | 11.68 |
| | Others | 4.86 | 5.77 |
| | | 14.69 | 17.45 |
| | Other non - operating income | | |
| | Dividend Income | 0.53 | - |
| | Profit on sale of fixed assets (net) | 0.24 | - |
| | Rent received | 5.99 | 1.71 |
| | Net gain on foreign currency transactions and translations | 39.46 | - |
| | Duty drawback/Rebate of excise duty | 6.87 | 8.05 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|-----------------|-----------------|
| Increase in fair valuation of equity instruments | 59.65 | 89.76 |
| Sundry balances/Advances write back | 0.02 | 4.34 |
| Provisions no longer required written back | 0.09 | 0.27 |
| Income - Rebates and Discounts | 2.04 | - |
| Miscellaneous income | 79.43 | 22.50 |
| | 194.32 | 126.63 |
| 28 Cost of materials consumed | | |
| Opening stock of raw materials | 452.05 | 588.82 |
| Purchase | 1,652.93 | 1,392.29 |
| Closing stock of raw materials | (238.97) | (452.05) |
| | 1,866.01 | 1,529.06 |
| 29 Purchase of stock in trade | | |
| Purchase of stock in trade | 55.28 | 59.56 |
| | 55.28 | 59.56 |
| 30 Changes in inventories of finished goods, work-in-progress and stock in trade | | |
| Opening Balance | | |
| Work-in-Progress | 73.09 | 102.78 |
| Finished goods | 406.69 | 360.57 |
| Stock-in-trade | 46.90 | 105.06 |
| Scrap | 2.60 | 2.64 |
| | 529.28 | 571.05 |
| Closing Balance | | |
| Work-in-Progress | 88.11 | 73.09 |
| Finished goods | 333.05 | 406.69 |
| Stock-in-trade | 73.14 | 46.90 |
| Scrap | 3.57 | 2.60 |
| | 497.87 | 529.28 |
| | 31.41 | 41.77 |
| 31 Employee benefits expense | | |
| Salaries, wages and bonus | 557.45 | 625.57 |
| Managerial remuneration | 10.10 | 8.49 |
| Contribution to provident and other funds | 84.52 | 82.03 |
| Gratuity paid (net of reversals) | 2.60 | 2.31 |
| Staff welfare expenses | 17.41 | 17.15 |
| | 672.08 | 735.55 |
| 32 Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment | 175.54 | 158.83 |
| Amortisation on intangible assets | 1.13 | 3.67 |
| Depreciation Expenses on Right to use of Assets | 3.93 | 3.21 |
| | 180.60 | 165.71 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|---|-----------------|----------------|
| 33 | Finance Cost | | |
| | Interest on Borrowings | | |
| | Banks | 97.74 | 110.27 |
| | Non banking financial Institutions | 12.96 | 12.69 |
| | Related party | 4.80 | 4.79 |
| | Fixed Deposits | 8.87 | 2.91 |
| | Others | 21.76 | 11.13 |
| | Financial charges on borrowings | 10.13 | 13.59 |
| | | 156.26 | 155.38 |
| 34 | Other expenses | | |
| | Consumption of stores and spare parts | 118.96 | 29.78 |
| | Packing Materials consumed | 40.95 | 28.43 |
| | Power and fuel | 258.40 | 231.71 |
| | Rent | 14.83 | 19.33 |
| | Labour charges | 91.34 | 51.15 |
| | Repairs and Maintenance – Plant and machinery | 143.46 | 102.70 |
| | Repairs and Maintenance – Building | 7.24 | 7.05 |
| | Repairs and Maintenance – Others | 31.78 | 26.80 |
| | Insurance | 60.25 | 41.87 |
| | Rates and taxes | 15.37 | 16.65 |
| | Exchange fluctuation expenses (Net) | - | 0.69 |
| | Travelling and conveyance | 16.11 | 11.04 |
| | Directors' sitting fees | 0.35 | 0.32 |
| | Auditors' Remuneration (see note below) | 8.72 | 8.67 |
| | Professional fees | 26.53 | 33.04 |
| | Advertisement and other selling expenses | 56.95 | 32.53 |
| | Carriage Inward | 27.30 | - |
| | Freight charges | 198.75 | 167.74 |
| | CSR Expenditure | 0.28 | 0.20 |
| | Bad Debts | 6.86 | - |
| | Allowances for expected credit losses | - | 0.24 |
| | Miscellaneous expenses | 92.05 | 58.48 |
| | | 1,216.48 | 868.42 |
| | Auditors' Remuneration | | |
| | Audit fees | 8.34 | 8.38 |
| | Other services | 0.35 | 0.23 |
| | Reimbursement of expenses | 0.03 | 0.06 |
| | | 8.72 | 8.67 |
| 35 | Exceptional items | | |
| | Gain on sale of Land & Building | - | 17.48 |
| | Impairment of assets | (82.58) | |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Irrecoverable Land advance write off | - | (5.70) |
| | (82.58) | 11.78 |
| 36 Income tax expense | | |
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | 8.56 | 4.40 |
| Tax for earlier years based on assessment | - | 11.04 |
| Total current tax expense | 8.56 | 15.44 |
| Deferred tax | | |
| Deferred tax adjustments | (0.94) | 5.58 |
| Total deferred tax expense/(benefit) | (0.94) | 5.58 |
| Income tax expense | 7.62 | 21.02 |
| b) Income tax recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | 1.37 | (0.14) |
| Total income tax recognised in other comprehensive income | 1.37 | (0.14) |

c) Movement of deferred tax expense during the year ended March 31, 2022

| Deferred tax (liabilities)/ assets in relation to: | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|--|-----------------|------------------------------|--|-----------------|
| Property, plant, and equipment and Intangible Assets | (7.18) | 2.99 | | (4.19) |
| Expenses allowable on payment basis under the Income Tax Act | 151.15 | (2.76) | 1.37 | 149.76 |
| Lease liability | - | - | | - |
| Other temporary differences | 145.05 | (0.66) | - | 144.39 |
| Total | 289.02 | (0.43) | 1.37 | 289.96 |

d) Movement of deferred tax expense during the year ended March 31, 2021

| Deferred tax (liabilities)/ assets in relation to: | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|--|-----------------|------------------------------|--|-----------------|
| Property, plant, and equipment and Intangible Assets | (3.10) | (4.08) | - | (7.18) |
| Expenses allowable on payment basis under the Income Tax Act | 250.32 | (99.03) | (0.14) | 151.15 |
| Lease liability | (2.07) | 2.07 | - | - |
| Other temporary differences | 49.45 | 95.60 | - | 145.05 |
| Total | 294.60 | (5.44) | (0.14) | 289.02 |

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| 37 Earnings per share | | |
| Profit for the year attributable to owners of the Company | (163.53) | 10.79 |
| Weighted average number of ordinary shares outstanding | 5,00,50,000 | 5,00,50,000 |
| Basic earnings per share (₹) | (3.27) | 0.22 |
| Diluted earnings per share (₹) | (3.27) | 0.22 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | March 31, 2022 | March 31, 2021 |
|-------------|--|-----------------|--------------------------|
| 38 | Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under | | |
| | (a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year* | 19.84 | 1.92 |
| | (b) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | - | - |
| | (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| | (d) The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| | (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | - | - |
| | * This information has been determined to the extent such parties have been identified on the basis of information available with the Company. | | |
| 39 | Contingent liability | | |
| | Claims against the Company not acknowledged as debts | | |
| | a. Income tax matters | 91.17 | - |
| | b. Excise and service tax matters | 13.33 | 13.65 |
| | c. Sales tax | 89.59 | 106.18 |
| | d. Legal metrology | 0.15 | 0.15 |
| | Capital Commitments | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | 178.00 | 203.95 |
| | In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability amounting to ₹ 1.38 million as on March 31, 2022. | | |
| | Other commitments | | |
| | A. Standby letter of credit (guarantee) and Corporate Guarantee | | |
| | SBLC facilities were extended by Indian banks to their foreign counterparts based on the counter guarantee given by the company. These counterpart banks who in turn had granted credit facilities to the following subsidiary companies. During the year, the Company has also extended the Corporate Guarantees against the credit facilities granted to its subsidiary companies including step - subsidiaries. | | |
| | Outstanding amounts against credit facilities granted to | Currency | Amount in million |
| | 1. Rubber Resources B.V., The Netherlands | EUR | 2.28 |
| | 2. Elgi Rubber Company Holdings B.V., The Netherlands | EUR | 9.63 |
| | 3. Elgi Rubber Company LLC, USA | USD | 3.25 |
| | Secured borrowings and assets pledged as security: | | |
| | The borrowings from Banks are secured by | | |
| | a. Charge on extension of current assets | | |
| | b. Charge on specific land, building and plant & machinery | | |
| | c. Cash margin | | |
| | B. Others | | |
| | a. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities | ₹ 11.39 | ₹ 13.25 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | | | March 31, 2022 | March 31, 2021 |
|--|--|---|----------------|----------------|
| 40 Operating Segments | | | | |
| The Company's business operation comprises of single operating segment viz., "Rubber Industry". Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker. | | | | |
| 41 Non-current financial assets - Investments | | | | |
| Particulars | No. of shares / units (as on March 31, 2022) | Face value per share / units (in respective currency) | March 31, 2022 | March 31, 2021 |
| Investment in Equity Investments (Fully paid up) (Quoted) | | | | |
| Fair value through profit or loss | | | | |
| Elgi Equipments Limited | 664,160 | ₹ 1 | 185.67 | 126.69 |
| Precot Limited | 3,225 | ₹ 10 | 1.02 | 0.35 |
| | | | 186.69 | 127.04 |
| In Mutual Funds (Unquoted) | | | | |
| IL & FS Milestone Fund – I | 578 | ₹ 1,000 | 0.58 | 0.58 |
| Less : provision for impairment | | | (0.58) | (0.58) |
| | | | - | - |
| | | | 186.69 | 127.04 |

42 Basis of Consolidation

The Consolidated Financial Statements relate to Elgi Rubber Company Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute the Group).

Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS110) "Consolidated Financial Statements", Indian Accounting Standard 28 (IND AS 28) "Investments in Associates and Joint Ventures prescribed under Section 133 of the Companies Act, 2013.

The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.

The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.

Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

43 Financial Instruments**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Gearing Ratio | | |
| Debt | 566.02 | 769.17 |
| Less: Cash and bank balances | 247.59 | 316.04 |
| Net debt | 318.43 | 453.13 |
| Total equity | 1,714.57 | 1,832.34 |
| Net debt to equity ratio (%) | 18.57% | 24.73% |
| Categories of Financial Instruments | | |
| Financial assets | | |
| a. Measured at amortised cost | | |
| Non-current - Other financial assets | 27.32 | 28.92 |
| Current financial assets - Trade receivables | 734.11 | 538.86 |
| Current financial assets - Cash and cash equivalents | 43.60 | 100.77 |
| Current financial assets - Bank balances other than above | 203.99 | 215.27 |
| Current financial assets - Loans | 2.20 | 2.21 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Non-current financial assets - Investments | 186.69 | 127.04 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Non-current financial liabilities - Borrowings | 566.02 | 769.17 |
| Current financial liabilities - Borrowings | 1,901.53 | 1,659.75 |
| Current financial liabilities - Trade payables | 565.33 | 441.95 |

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by ₹ 6.12 million for the year (Previous ₹ 6.39 million)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the derivative contracts with the reputed Banks.

There is no major Investments made by the Company and accordingly is not prone to any major investment risk.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|---|-----------------|------------------------|--------------------|-----------------|
| March 31, 2022 | | | | |
| Trade payables | 565.33 | - | - | 565.33 |
| Borrowings (including interest accrued thereon upto the reporting date) | 460.95 | 563.14 | 2.88 | 1,026.97 |
| | 1,026.28 | 563.14 | 2.88 | 1,592.30 |
| March 31, 2021 | | | | |
| Trade payables | 441.95 | - | - | 441.95 |
| Borrowings (including interest accrued thereon upto the reporting date) | 339.13 | 769.18 | - | 1,108.31 |
| | 781.08 | 769.18 | - | 1,550.26 |

44 Related party disclosure

a) Name of related party and nature of relationship

Other related parties

Elgi Equipments Limited
LRG Technologies Limited
Elgi Ultra Industries Limited
Elgi Ultra Limited
ATS Elgi Limited
Festo India Private Limited
Cape Flour Mills Private Limited
Tyre Point Private Limited
Industrial Air Solutions LLP
Ellargi & Co.

Key management personnel

Sudarsan Varadaraj Chairman and Managing Director
Harsha Varadaraj Wholetime Dorector
Jairam Varadaraj Non Executive Director
MD Selvaraj Non Executive Director
P.Vijay Raghunath Non Executive Director
V Bhuvaneshwari Non Executive Director
Suresh Jagannathan Non Executive Director (resigned w.e.f. 06.11.2020)
SR Venkatachalam Chief Financial Officer
G Sasikumar Company Secretary (appointed w.e.f. 11.06.2021)
V Santhanakrishnan Company Secretary (resigned w.e.f. 10.06.2021)

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

Relative of Key management personnel

Bharathi Varadaraj

Varshini Varadaraj

b) Transactions during the year

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|----------|---|---------|---------|
| 1 | Income from sale of goods | | |
| | Elgi Equipments Limited | 13.13 | 2.14 |
| | ATS Elgi Limited | 1.61 | 2.30 |
| 2 | Purchase of goods | | |
| | Elgi Equipments Limited | 0.98 | - |
| | Elgi Ultra Industries Limited | 11.81 | 8.67 |
| | ATS Elgi Limited | 0.12 | - |
| | LRG Technologies Limited | 1.67 | - |
| | Festo India Private Limited | 0.32 | 0.67 |
| | Industrial Air Solutions LLP | 1.38 | 0.82 |
| | Ellargi & Co., | 0.12 | 0.62 |
| 3 | Rendering of services | | |
| | Elgi Equipments Limited | 0.51 | 0.54 |
| | LRG Technologies Limited | 0.14 | 0.15 |
| | ATS Elgi Limited | - | 0.22 |
| | Cape Flour Mills Private Limited | - | 0.29 |
| 4 | Receiving of services | | |
| | LRG Technologies Limited | 2.02 | 0.30 |
| | Industrial Air Solutions LLP | 0.01 | 0.26 |
| | P.Vijay Raghunath | 0.60 | 0.28 |
| 5 | Managerial remuneration | | |
| | Sudarsan Varadaraj | 7.99 | 7.64 |
| | Harsha Varadaraj (November 2020 to March 2021) | 2.39 | 0.85 |
| 6 | Salary to other key managerial personnel | | |
| | Harsha Varadaraj (April 2020 to October 2020) | - | 1.14 |
| | SR Venkatachalam | 4.18 | 3.39 |
| | G Sasikumar (w.e.f. 11.06.2021) | 0.78 | 0.76 |
| | V Santhanakrishnan (Upto 10.06.2021) | 0.24 | 0.76 |
| 7 | Sitting fee paid | | |
| | Jairam Varadaraj | 0.05 | 0.03 |
| | M D Selvaraj | 0.10 | 0.09 |
| | P.Vijay Raghunath | 0.10 | 0.09 |
| | Vidyasankar Bhuvaneshwari | 0.10 | 0.09 |
| | Suresh Jagannathan (upto 06.11.2020) | - | 0.02 |
| 8 | Dividend received | | |
| | Elgi Equipments Limited | 0.53 | - |
| 9 | Interest paid | | |
| | Sudarsan Varadaraj | 4.80 | 4.79 |
| | Harsha Varadaraj | 0.88 | 0.22 |
| | Bharathi Varadaraj | 4.61 | 1.90 |
| | Varshini Varadaraj | 2.99 | 0.79 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| S.No. | Nature of transactions | 2021-22 | 2020-21 |
|-----------|--|---------|---------|
| 10 | Sudarsan Varadaraj | | |
| | Loans taken | 7.80 | 33.50 |
| | Loans repaid | 12.64 | 22.01 |
| 11 | Deposit taken | | |
| | Bharathi Varadaraj | 4.00 | 46.50 |
| | Harsha Varadaraj | 5.00 | 5.00 |
| | Varshini Varadaraj | 15.75 | 21.75 |
| 12 | Deposit repaid | | |
| | Bharathi Varadaraj | 2.00 | 2.00 |
| c) | Balances at the end of the year | | |
| 1 | Loan payables | | |
| | Sudarsan Varadaraj | 44.20 | 49.04 |
| 2 | Trade receivables | | |
| | Elgi Equipments Limited | 2.12 | 0.86 |
| | ATS Elgi Limited | 0.62 | 1.23 |
| | Tyre Point Private Limited | 0.05 | - |
| 3 | Other receivables | | |
| | LRG Technologies Limited | 0.01 | 0.10 |
| | Tyre Point Private Limited | 0.05 | 0.05 |
| 4 | Security Deposit Paid | | |
| | Ellargi & Co. | - | 0.10 |
| 5 | Security Deposit Received | | |
| | LRG Technologies Limited | 0.05 | 0.05 |
| 6 | Trade and other Payables | | |
| | LRG Technologies Limited | 0.05 | 3.18 |
| | ATS Elgi Limited | 0.07 | 0.65 |
| | Elgi Ultra Limited | 1.66 | 0.96 |
| | Festo India Private Limited | 0.05 | 0.08 |
| | Ellargi & Co. | - | 0.02 |
| | Industrial Air Solutions LLP | 0.01 | 0.04 |
| 7 | Deposit from members | | |
| | Harsha Varadaraj | 10.00 | 5.00 |
| | Bharathi Varadaraj | 46.50 | 44.50 |
| | Varshini Varadaraj | 37.50 | 21.75 |

45 Information relating to Subsidiaries

Details of the Group's subsidiaries are as follows

| Sl. No. | Name of the subsidiary | Principal activity | Place of incorporation | % of shares held |
|---------|------------------------------------|---|------------------------|------------------|
| 1 | Borrachas e Equipamentos Elgi Ltda | Manufacturing and trading of Tyre Retreading goods | Brasil | 99.99 |
| 2 | Pincott International Pty Limited | Trading of Tyre Retreading goods | Australia | 100.00 |
| 3 | Elgi Rubber Company Limited | Manufacturing and trading of Tyre Retreading goods | Kenya | 99.99 |
| 4 | Elgi Rubber Company Limited | Manufacturing and trading of Tyre Retreading goods | Sri Lanka | 99.99 |
| 5 | Treadsdirect Limited | Trading of Tyre Retreading goods | Bangladesh | 100.00 |
| 6 | Elgi Rubber Company LLC | Manufacturing and trading of Tyre Retreading goods | USA | 100.00 |
| 7 | Elgi Rubber Company Holdings B.V. | Manufacturing and trading of Reclaim rubber, and trading of tyre retreading goods | The Netherlands | 100.00 |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

46 Retirement benefit plans**Defined contribution plans**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total (income) / expense recognised in profit or loss of ₹ 7.92 million (for the year ended March 31, 2021: ₹ 1.69 million) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans**(a) Leave obligations**

The leave obligations cover the company's liability for earned leave.

(b) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

| | |
|-----------------|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

The principal assumptions used in the valuation are shown in the table below :

| Particulars | March 31, 2022 | March 31, 2021 |
|--------------------------------|-------------------------|-------------------------|
| Discount Rate (per annum) | 7.10% | 6.80% |
| Salary Growth Rate (per annum) | 4.68% | 4.00% |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yield / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Expenses Recognised in the Income Statement :

| | | |
|--|-------------|-------------|
| Current Service Cost | 3.34 | 3.21 |
| Interest Expense or Cost | 3.34 | 3.34 |
| Investment Income | (4.22) | (4.30) |
| Expenses Recognised in the Income Statement | 2.46 | 2.25 |

Other Comprehensive Income :

| | | |
|-------------------------------------|------|---|
| Actuarial (gains)/losses | | |
| - change in demographic assumptions | 1.88 | - |
| - change in financial assumptions | 1.64 | - |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| - experience variance (i.e.Actual experience vs assumptions) | 1.50 | (0.95) |
| Return on plan assets, excluding amount recognised in net interest expense | 0.44 | 0.39 |
| Components of defined benefit costs recognised in other comprehensive income | 5.46 | (0.56) |

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The principal assumptions used in the valuation are shown in the table below :

| | | |
|--|-------------|--------------|
| Present value of defined benefit obligation | (55.24) | (49.24) |
| Fair value of plan assets | 63.06 | 62.14 |
| Net (liability) / asset arising from defined benefit obligation | 7.82 | 12.90 |

Excess of fair value of plan assets over present value of obligation is reflected under 'Others' (other current assets) [Refer note 19].

Changes in the Present Value of Obligation :

| | | |
|--|--------------|--------------|
| Present Value of Obligation as at the beginning | 49.24 | 49.10 |
| Current Service Cost | 3.34 | 3.21 |
| Interest Expense or Cost | 3.34 | 3.34 |
| Re-measurement (or Actuarial) (Gain)/Loss arising from : | | |
| - change in demographic assumptions | 1.88 | - |
| - change in financial assumptions | 1.64 | - |
| - experience variance (i.e.Actual experience vs assumptions) | 1.50 | (0.95) |
| Benefits paid | (5.70) | (5.46) |
| Present Value of Obligation as at the end | 55.24 | 49.24 |

Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013 :

| | | |
|------------------------------------|--------------|--------------|
| Current Liability (Short Term) | 12.24 | 9.99 |
| Non-current Liability (Long Term) | 43.00 | 39.25 |
| Present Value of Obligation | 55.24 | 49.24 |

Changes in the Fair Value of Plan Assets :

| | | |
|--|--------------|--------------|
| Fair Value of Plan Assets as at the beginning | 62.14 | 63.28 |
| Investment Income | 4.22 | 4.30 |
| Employer's Contribution | 2.84 | 0.41 |
| Benefits paid | (5.70) | (5.46) |
| Return on plan assets, excluding amount recognised in net interest expense | (0.44) | (0.39) |
| Fair Value of Plan Assets as at the end | 63.06 | 62.14 |

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| | | |
|-----------------------------------|-------|-------|
| Defined Benefit Obligation (Base) | 55.24 | 49.24 |
|-----------------------------------|-------|-------|

| Particulars | March 31, 2022 | | March 31, 2021 | |
|--|----------------|----------|----------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 59.17 | 51.80 | 53.49 | 45.59 |
| (% change compared to base due to sensitivity) | 7.1% | (6.2)% | 8.6% | (7.4)% |
| Salary Growth Rate (- / + 1%) | 51.71 | 59.21 | 45.49 | 53.55 |
| (% change compared to base due to sensitivity) | (6.4)% | 7.2% | (7.6)% | 8.7% |
| Attrition Rate (- / + 50% of attrition rates) | 53.93 | 56.29 | 48.66 | 49.79 |
| (% change compared to base due to sensitivity) | (2.4)% | 1.9% | (1.2)% | 1.1% |

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

| Particulars | March 31, 2022 | | March 31, 2021 | |
|--|----------------|----------|----------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Mortality Rate (- / + 10% of mortality rates) | 55.23 | 55.27 | 49.22 | 49.27 |
| (% change compared to base due to sensitivity) | 0.0% | 0.0% | (0.1)% | 0.1% |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period.

47. Disclosure of ratios as per Schedule III of the Companies Act, 2013

| Ratio | Numerator | Demominator | FY 2021-22 | FY 2020-21 | % of variance | Reasons for variance |
|--------------------------------------|--|-----------------------------------|------------|------------|---------------|---|
| | | | Ratio | Ratio | | |
| (a) Current Ratio | Current Assets | Current Liabilities | 0.80 | 0.92 | (13.38)% | - |
| (b) Debt-Equity Ratio | Total Debt (Including lease liabilities) | Shareholders Equity | 1.44 | 1.33 | 8.62% | - |
| (c) Debt Service Coverage Ratio | Earnings available for debt service | Debt Service | 0.00 | 0.58 | (100.23)% | Increase in current maturities of debt |
| (d) Return on Equity Ratio | Net Profit after taxes - Preference dividend | Average Shareholder's equity | (9.22)% | 0.59% | (1675.78)% | Overall business impact due to economic reasons. |
| (e) Inventory turnover ratio | Sales of goods | Average Inventory | 3.72 | 4.00 | (6.94)% | - |
| (f) Trade Receivables turnover ratio | Credit Sales | Average Trade Receivables | 6.12 | 6.88 | (11.02)% | - |
| (g) Trade payables turnover ratio | Credit Purchases | Average Trade Payables | 3.39 | 5.12 | (33.74)% | Improved sales, but overall credit period extended due to business recession. |
| (h) Net capital turnover ratio | Net Sales | Working Capital | (7.20) | (19.48) | (63.03)% | Due to increase in current liabilities |
| (i) Net profit ratio | Net Profit after taxes | Net Sales | (4.20)% | 0.31% | (1434.93)% | Increase in turnover and reduction in net profit |
| (j) Return on Capital employed | Earnings before Interest & Tax | Capital Employed | 0.01% | 4.39% | (99.81)% | Overall business impact due to economic issues. |
| (k) Return on investment. | Income generated from investments | Time Weighted average investments | 0.34% | - | 100% | Dividend received during 2021-22 |

Annual Report 2021-22

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

(All amounts are in Millions in INR, unless otherwise stated)

48. OTHER STATUTORY INFORMATION

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company has not traded or invested in Crypto currency or virtual currency during the financial year
3. The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
4. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
5. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
6. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
7. The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
8. The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

49. Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 26, 2022

G Sasikumar
Company Secretary

As per our report of even date

For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan

Partner
Membership No. 214178

Elgi Rubber Company Limited

S.F.No164/2, Pollachi Road, SIDCO Industrial Estate,
Kurichi, Coimbatore - 641021 India

Tel : +91 (422) 232 1000 Fax : +91 (422) 232 2222
e-mail : info@in.elgirubber.com www.elgirubber.com
CIN : L25119TZ2006PLC013144