

ELGI Rubber Company Holdings BV, Netherlands,

Memorandum of work performed for the year ended March 31, 2022

Addressee

To M/s. M.S.Jagannathan & Visvanathan

Restrictions of use:

The memorandum is intended solely for the use of M/s. M.S.Jagannathan & Visvanathan, Chartered Accountants, in connection with the review of the financial information and results of Elgi Rubber Company Limited, for the quarter ended March 31, 2022 and is not to be used for any other purpose. The matters raised in this memorandum are only those that have come to my attention arising from my work on the Interim financial information of ELGI Rubber Company Holdings BV, Netherlands, which was performed in accordance with Group letter of instruction ('Instructions').

Scope of the work performed by me:

The scope of the work performed by me on the interim financial information of ELGI Rubber Company Holdings BV, Netherlands, was in accordance with the instructions received from you.

Identification of financial information Being Reported On

Report identifiers: Financial statements for the period ended March 31, 2022

Financial information: Currency used – INR in million

Particulars	YE – 31.03.2022	YE – 31.03.2021
Turnover	1255.43	1,326.76
Profit after tax	(271.23)	(46.52)
Total assets	1,507.68	1,956.28
Total liabilities	1,507.68	1,956.28

Significant Risks and my Responses: No significant risks identified

Law and Regulations: No instances of Non-compliance requiring your attention were noted.

Fraud: No instances of Fraud requiring your attention were noted.

Indication of Management bias: No indicators of Management bias were detected by me.

Significant Matters - Nil

Key Audit Matters (KAMs): Not applicable

Summary of uncorrected misstatements: No uncorrected misstatements were noted



Compliance with group accounting policies: I performed the procedures as requested. No instances of non-compliance requiring your attention were noted.

Differences in GAAP/ Differences in Group accounting policies: No differences of GAAP were identified

Summary of significant control deficiencies at the component level: No significant control deficiencies were noted

Related parties: No related parties were identified by me in addition to the names by you in your instructions

Subsequent evidence procedures:

1. I performed the procedures as requested.
2. No items requiring your attention were noted.

Matters to be communicated to (Group Management/Those charged with governance): No specific representations to be included

Specific representations from Group management: No Specific representations to be included

Going concern status of Component: No items requiring your attention were noted.

Litigation and claims: No items requiring your attention were noted.

Changes in accounting policies from previous year and its impact on the financial statements: No items requiring your attention were noted.

Financial statement and Statutory Audit Report: Attached is copy of the special purpose financial statement and the audit report on these special purpose financial statements.

Compliance with Ethical requirements: I confirm that I comply with the code of ethics, issued by the institute of Chartered Accountants of India, in relation to the work carried out on the Component.

Other matters: I confirm that apart from matters noted above, I have not become aware of any other matters relating to the financial information of ELGI Rubber Company Holdings BV, Netherlands, or the Group financial statements of Elgi Rubber Company Limited that I need to report to you. I also confirm that I have complied with all your requirements, as set out in your instructions dated May 4, 2022.



ELGI Rubber Company Holdings BV ,Netherlands
Balance Sheet as at 31st MAR 2022
All amounts in Local Currency _ INR million

Particulars		As at	As at
		31-Mar-22	31-Mar-21
ASSETS			
Non-current assets			
Property, plant and equipment	4	886.06	965.61
Intangible assets	4	43.90	44.65
Capital work in progress	5	2.53	203.15
Goodwill on consolidation		97.62	97.62
Financial assets			
Investments	6	-	-
Loans	7	-	-
Other non-current financial asset	8	-	3.97
Deferred tax asset (Net)	9	38.73	39.39
Other non-current assets	10	-	-
Total non-current assets		1,068.84	1,354.38
Current assets			
Inventories			
Financial assets	11	215.07	266.01
Trade receivables	12	208.49	259.26
Cash and cash equivalents	13	15.27	70.83
Bank balances other than above	14	-	-
Loans	15	-	5.81
Other Financial Assets	16	-	-
Other current assets	17	-	-
Total current assets		438.83	601.90
Total Assets		1,507.68	1,956.29
EQUITY AND LIABILITIES			
Equity share capital	18	290.68	295.62
Share application money pending allotment		-	-
Other equity	19	(456.70)	(674.60)
Total equity		(166.01)	(378.97)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	197.80	364.59
Other financial liabilities		-	-
Provisions	21	-	-
Deferred tax liabilities (Net)	22	-	-
Total non-current liabilities		197.80	364.59
Current liabilities			
Financial liabilities			
Borrowings	23	936.80	1,353.93
Trade payables	24	522.45	567.40
Short Term Provisions	25	-	10.33
Other current liabilities	26	16.65	39.00
Total current liabilities		1,475.89	1,969.67
Total liabilities		1,673.69	2,335.26
Total Equity and Liabilities		1,507.68	1,956.29

The Accompanying notes form an integral part of the financial statements

For Garisenuru & Co
Chartered Accountant
Firms Registration No.018666S

Subba Reddy
Subba Reddy G
Proprietor
Membership No.244907



Date: 25.05.2022
UDIN:22244907AJPVIS5740

ELGI Rubber Company Holdings BV ,Netherlands
Statement of Profit and Loss account for the year Ended 31st March 2022
All amounts in Local Currency _ INR million

	Particulars	Notes	Period ended Mar 31 2022	Period ended Mar 31 2021
	Continuing Operations		-	-
A	Income			
	Revenue from operations	27	1,255.43	1,326.76
	Other income	28	20.47	6.67
	Total income		1,275.90	1,333.43
B	Expenses			
	Cost of materials consumed	29	570.75	527.10
	Purchase of stock in trade - Traded goods	30	-	-
	Changes in inventories of finished goods	31	-	-
	Employee Benefits Expense	32	221.03	353.16
	Depreciation and amortisation expense	33	79.11	77.18
	Other expenses	34	539.39	371.80
	Excise Duty on Sales	35	-	-
	Finance costs	36	54.28	49.82
	Total expenses		1,464.56	1,379.06
C	Profit before exceptional items and tax		(188.65)	(45.63)
	Exceptional items	37	(82.58)	-
D	Profit before tax from continuing operations		(271.23)	(45.63)
	Income tax expense	38		
	Current tax		-	-
	MAT Tax		-	-
	Deferred tax charge/ (credit)		-	0.89
	Profit for the year		(271.23)	(46.52)
E	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		-	-
	Income tax relating to these items		-	-
	Other comprehensive income for the year, net of tax		-	-
	Total comprehensive income for the year		(271.23)	(46.52)

The Accompanying notes form an integral part of the financial statements

For Garisenuru & Co
Chartered Accountant
Firms Registration No.018866S

Subba Reddy

Subba Reddy G
Proprietor
Membership No.244907
Date: 25.05.2022
UDIN:22244907AJPVIS5740



ELGI Rubber Company Holdings BV ,Netherlands

Notes to Accounts

All amounts in Local Currency _ INR million

	As at 31-Mar-22	As at 31-Mar-21
5 Capital Work-in-progress	-	-
Capital work in progress	2.53	203.15
	2.53	203.15
6 Non-current assets - Financial Assets: Investments		
Trade - Unquoted at Cost	-	-
Investment in Subsidiaries	-	-
Less: Provision for fall in value of investments	-	-
	-	-
7 Non-current assets - Financial Assets: Loans (Unsecured, considered good)		
Loans to employees	-	-
Loans to Related parties	-	-
	-	-
8 Other non-current financial asset (Unsecured, considered good)		
Security Deposits	-	-
Rent & other advance	-	3.97
	-	3.97
9 Non-current assets- Deferred tax asset (Net)		
Expenses allowable for tax purposes when paid	-	-
Differential Tax on Capital gains	38.73	39.39
On Property, plant, and equipment	-	-
	38.73	39.39
MAT Credit Entitlement	-	-
	38.73	39.39
10 Other Non Current Assets (Unsecured, considered good)		
Security deposits held in the form of fixed deposits	-	-
Advance income-tax	-	-
Statutory Payments	-	-
	-	-
11 Inventories		
Raw Materials	9.55	191.83
Finished products	51.86	74.18
Stock-in-trade (acquired for trading)-Retreading Machinery	11.88	-
Stores and spares	141.77	-
	215.07	266.01
12 Trade receivables		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	208.49	259.26
Unsecured, considered doubtful	-	-
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	208.49	259.26
Less : Allowance for expected credit losses	-	-
	208.49	259.26



ELGI Rubber Company Holdings BV ,Netherlands

Notes to Accounts

All amounts in Local Currency _ INR million

	As at 31-Mar-22	As at 31-Mar-21
13 Cash and cash equivalents		
Cash on hand	0.02	0.03
Balances with banks		
In current accounts	12.69	70.80
In demand deposits with original maturity of less than 3 months	2.56	-
	<u>15.27</u>	<u>70.83</u>
14 Other Bank Balances		
In fixed deposits maturing within next 12 months*	-	-
In margin money deposits *	-	-
In earmarked accounts	-	-
Unpaid dividend account	-	-
	<u>-</u>	<u>-</u>
15 Other Loans and Receivables (Unsecured, considered good)		
Loans to employees	-	-
Due from subsidiary company	-	-
	<u>-</u>	<u>-</u>
16 Other current financial assets (Unsecured, considered good)		
Dividend receivable from related parties	-	-
	<u>-</u>	<u>-</u>
17 Other current assets (Unsecured, considered good)		
Income and claims receivable	-	-
Others	-	5.81
Deferred tax Assets (Net)	-	-
	<u>-</u>	<u>5.81</u>
18 Capital		
Subscribed and fully paid up share capital		
Subscribed and fully paid up share capital	290.68	295.62
	<u>290.68</u>	<u>295.62</u>
19 Other Equity		
Capital Reserves	140.68	140.68
Securities Premium Account	-	-
Foreign Currency Translation Reserve	309.28	(179.85)
Retained earnings	(906.65)	(635.43)
	<u>(456.70)</u>	<u>(674.60)</u>
a) Capital Reserve		
Balance at the beginning and end of the year	<u>140.68</u>	<u>140.68</u>



ELGI Rubber Company Holdings BV ,Netherlands

Notes to Accounts

All amounts in Local Currency _ INR million

	As at 31-Mar-22	As at 31-Mar-21
b) Securities Premium Account		
Balance at the beginning and end of the year	-	-
c) Foreign Currency Translation Reserve		
Balance at the beginning of the year	(179.85)	56.48
Additions/ (deductions) during the year	489.13	(236.33)
Balance at the end of the year	<u>309.28</u>	<u>(179.85)</u>
d) Retained earnings		
Balance at the beginning of the year	(635.43)	(588.91)
Net profit for the period	(271.23)	(46.52)
Transfer from Other Comprehensive Income	-	-
Ind AS adjustments	-	-
Balance at the end of the year	<u>(906.65)</u>	<u>(635.43)</u>
20 Long Term Borrowings		
Term Loans (Secured)		
From Banks	197.80	364.59
	197.80	364.59
Less : Current maturities due within 1 year (refer note 26 below)	-	-
	<u>197.80</u>	<u>364.59</u>
21 Provisions (Non -current)		
Provision for excise disputes	-	-
Total	<u>-</u>	<u>-</u>
22 Deferred tax liabilities (Net)		
Deferred tax liabilities (Net)	-	-
Total	<u>-</u>	<u>-</u>
23 Current liabilities - Financial Liabilities: Borrowings		
a) Secured		
Loans repayable on Demand		
From banks		
Cash credit facility	810.18	688.79
Working capital demand loan	-	-
Loan against fixed deposits	-	-
Overdraft against Fixed Deposit	-	-
b) Unsecured		
From banks	-	-
Loans from related parties	126.61	665.14
Total	<u>936.80</u>	<u>1,353.93</u>



ELGI Rubber Company Holdings BV ,Netherlands

Notes to Accounts

All amounts in Local Currency _ INR million

	As at 31-Mar-22	As at 31-Mar-21
24 Trade payables		
Trade payables	522.45	568.40
Total	522.45	568.40
26 Other current liabilities		
Current maturities of long-term debt	-	142.06
Interest accrued but not due on secured loans	-	-
Interest accrued but not due on Unsecured loans	-	-
Unclaimed dividends	-	-
Unpaid Dividend	-	-
Statutory Dues Payable	-	-
Employee benefits payable	16.65	47.60
Employee recoveries payable	-	-
Other Payable to related party	-	-
Other payables	-	(150.66)
Payable on purchase of fixed assets	-	-
Advance and deposits from customers etc.,	-	-
Total	16.65	39.00
25 Provisions (Current)		
Provision for proposed equity dividend	-	-
Provision for tax on proposed equity dividend	-	-
Provision for compensated absence	-	-
Provision for Income Tax(Net)	-	-
Provision - others	-	10.33
Total	-	10.33



ELGI Rubber Company Holdings BV ,Netherlands
Notes to Accounts

All amounts in Local Currency _ INR million

	Period Ended Mar 31 2022	Period Ended Mar 31 2021
27 Revenue from Operations		
Sale of Products	1,255.43	1,326.76
Sale of Service	-	-
Other Operating Revenue - Scrap Sales	-	-
	1,255.43	1,326.76
Sale of products comprise of		
Finished goods	1,255.43	1,326.76
Traded goods	-	-
	1,255.43	1,326.76
28 Other income		
Interest Income	-	0.01
Other non operating income	20.47	6.65
	20.47	6.67
27(a) Interest Income		
Interest from Banks	-	-
Interest from subsidiary companies	-	-
Other interest receipts	-	0.01
	-	0.01
27(b) Other Non - Operating Income		
Dividend Income from		
Subsidiary Companies	-	-
Others	-	-
Profit on sale of fixed assets (net)	-	-
Rent received	-	-
Net gain on foreign currency transactions and translation	-	-
Claims received from Insurance Company	-	-
Duty drawback/Rebate of excise duty	-	-
Increase in fair valuation of equity instruments	-	6.65
Provisions no longer required written back	-	-
Miscellaneous income	20.47	-
	20.47	6.65



ELGI Rubber Company Holdings BV ,Netherlands
Notes to Accounts

All amounts in Local Currency _ INR million

29 Cost of materials consumed		
Raw material Consumed	560.31	527.10
Opening inventory	-	-
Add: Purchase	-	-
Less: Inventory at the end of the period	-	-
	560.31	527.10
30 Purchase of stock in trade - Traded goods		
Purchase of stock in trade	-	-
	-	-
Stock of traded goods comprise of		
Curing Bags	-	-
Other Traded goods	-	-
	-	-
32 Employee benefits expense		
Salaries, wages and bonus	163.47	285.68
Managerial remuneration	-	-
Contribution to provident and other funds	52.99	58.03
Gratuity paid (net of reversals)	-	-
Staff welfare expenses	4.57	9.45
	221.03	353.16
33 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	79.11	77.80
Amortisation on intangible assets	-	(0.63)
	79.11	77.18



ELGI Rubber Company Holdings BV ,Netherlands

Notes to Accounts

All amounts in Local Currency _ INR million

34 Other expenses		
Consumption of stores and spare parts	34.05	5.33
Packing Materials consumed	-	-
Excise duty	-	-
Power and fuel	144.21	127.10
Rent	4.19	4.30
Labour charges	16.47	-
Repairs and Maintenance – Plant and machinery	101.88	73.19
Repairs and Maintenance – Building	2.75	2.85
Repairs and Maintenance – Others	15.26	15.38
Insurance	41.45	22.10
Rates and taxes	2.01	2.30
Exchange fluctuation expenses (Net)	2.70	-0.91
Travelling and conveyance	2.25	3.55
Directors' sitting fees	-	-
Auditors' Remuneration (see note below)	2.75	3.66
Professional fees	2.23	2.25
Sales commission	-	-
Advertisement and other selling expenses	14.59	6.97
Carriage Inward	13.20	14.05
Freight charges	102.84	77.83
CSR Expenditure	-	-
Bad Debts	-	-
Allowance for expected credit losses	-	-
Loss on account of discarded stock	-	-
Loss on sale/redemption of investment	-	-
Miscellaneous expenses	36.58	11.04
	539.39	371.80
36 Finance Cost		
Interest on Borrowings		
On borrowings from banks	15.60	17.60
Interest paid to related party	10.32	14.15
Others	14.60	7.11
Financial charges on borrowings	13.75	10.96
	54.28	49.82
37 Exceptional items		
Exceptional items	82.58	-
Total	82.58	-

