



**Independent Auditors report on special purpose financial information prepared for consolidation purposes**

To  
M/s. Arun & Co  
Chartered Accountant  
1/1, MELA KULA PILLIYAR KOVIL STREET,  
MELA KULAVANIGARPURAM,  
OPP TO ST. THOMAS CHURCH  
SOUTH BYE-PASS ROAD  
KURUCHI, TIRUNELVELI - 627005.

As requested in your instructions 'Elgi Rubber Company Limited Group Audit instructions' dated May 4, 2023, I have audited for purposes of your audit of the consolidated financial statements of Elgi Rubber Company Limited, the accompanying special purpose information of Borrachas e Equipmentos Elgi Ltda, Brazil, as of March 31, 2023 and for the year then ended on pages 1 to 7 of the accompanying financial reporting package of Elgi Rubber Company Limited. This special purpose financial statements prepared solely to enable Elgi Rubber Company Limited to prepare its consolidated financial statements.

**Management responsibility for the special purpose financial information:**

Management is responsible for the preparation of this special purpose financial information in accordance with policies and instructions contained in Elgi Rubber Company Limited Accounting Manual / Accounting policies and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility:**

My responsibility is to express an opinion on this special purpose financial information based on my audit. I conducted my audit in accordance with international standards on Auditing required that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of these special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, made by management, as well as evaluating the overall presentations of these special purpose financial information.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion the conclusions reached in forming my opinion as based on the component materiality level specified by you in the context of the audit of the consolidated statements of the group.



## Opinion

In my opinion, in the accompanying special purpose financial information for Borrachas e Equipmentos Elgi Ltda, Brazil, as of March 31, 2023, and for the year ended has been prepared, in all material respects in accordance with the policies and instructions contained in Elgi Rubber Company Limited accounting manual / accounting policies.

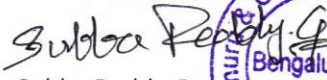
## Restrictions on use

The special purpose financial information has been prepared for purpose of providing information to Elgi Rubber Company Limited to enable it to prepare the consolidated financial statements of the Group as a result, the special purpose financial information is not a complete set of financial statements of Borrachas e Equipmentos Elgi Ltda, Brazil, in accordance with Ind AS (Indian IFRS) and is not intended to the true and fair view of/ present fairly, in all material respects, the financial position of Borrachas e Equipmentos Elgi Ltda, Brazil, as of March 31, 2023 and of its financial performance, for the year then ended in accordance with Ind AS. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for M/s. Arun & Co, Chartered Accountants, and should not be used by other parties.

For Garisenuru & Co  
Chartered Accountant

Firm Registration No: 0186588

  
Subba Reddy G  
Proprietor  
Membership No.244907 \*



Date: 25.05.2023

UDIN: 23244907BGYRRH5512

**Borrachas e Equipmentos Elgi Ltda, Brazil,**

**Memorandum of work performed for the year ended March 31, 2023**

Addressee

To M/s. Arun & Co

**Restrictions of use:**

The memorandum is intended solely for the use of M/s. Arun & Co, Chartered Accountants, in connection with the review of the financial information and results of Elgi Rubber Company Limited, for the quarter ended March 31, 2023 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 Borrachas e Equipmentos Elgi Ltda, Brazil, 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 Borrachas e Equipmentos Elgi Ltda, Brazil, 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, 2023

Financial information: Currency used – INR in million

Particulars	YE – 31.03.2023	YE – 31.03.2022
Turnover	222.75	206.50
Profit after tax	100.73	(28.63)
Total assets	601.53	557.39
Total liabilities	601.53	557.39

**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 Borrachas e Equipmentos Elgi Ltda, Brazil, 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 4<sup>th</sup> May 2023.



**Borrachas e Equipamentos Elgi Ltda, Brazil**

**Balance Sheet as at 31 MAR 2023**

All amounts in Local Currency \_ INR Million

	Notes	As at	As at
		Mar 31, 2023	Mar 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	156.90	167.43
Intangible assets	4	-	-
Capital work in progress		-	-
Financial assets			
Investments		-	-
Loans		-	-
Other non-current financial asset	5	-	10.81
Deferred tax asset (Net)	6	116.19	114.07
Other non-current assets	7	0.43	17.26
<b>Total non-current assets</b>		<b>273.52</b>	<b>309.57</b>
<b>Current assets</b>			
Inventories	8	114.24	80.88
Financial assets			
Trade receivables	9	86.71	52.96
Cash and cash equivalents	10	5.63	2.75
Bank balances other than above		-	-
Loans		-	-
Other Financial Assets		-	-
Other current assets	11	121.43	111.23
<b>Total current assets</b>		<b>328.01</b>	<b>247.82</b>
<b>Total Assets</b>		<b>601.53</b>	<b>557.39</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	260.70	260.70
Share application money pending allotment	12A	58.44	57.37
Reserves & Surplus	13	(285.80)	(529.48)
<b>Total equity</b>		<b>33.33</b>	<b>(211.41)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings		-	-
Other financial liabilities		-	-
Provisions		-	-
Deferred tax liabilities (Net)		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>



<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	491.46	597.63
Trade payables	15	65.42	136.43
Short Term Provisions		-	-
Other current liabilities	16	11.31	34.74
<b>Total current liabilities</b>		<b>568.18</b>	<b>768.80</b>
<b>Total liabilities</b>		<b>568.18</b>	<b>768.80</b>
<b>Total Equity and Liabilities</b>		<b>601.53</b>	<b>557.39</b>

The accompanying notes form an integral part of the financial statements

For Garisenuru & Co  
Chartered Accountant  
ICAI Firms' Registration No. 018066S

*Subba Reddy G*

Subba Reddy G

Proprietor

Membership No.244907

UDIN: 23244907BGYRRH5512

Date: 25th May 2023




**Borrachas e Equipamentos Elgi Ltda, Brazil**  
**Statement of Profit & Loss Account for the year ended 31st March 2023**  
**All amounts in Local Currency \_ INR Million**

	Notes	Period Ended Mar 31, 2023	Period Ended Mar 31, 2022
<b>Continuing Operations</b>			
<b>A Income</b>			
Revenue from operations	17	222.75	206.50
Other income	18	93.29	13.56
<b>Total income</b>		<b>316.04</b>	<b>220.06</b>
<b>B Expenses</b>			
Cost of materials consumed	19	91.58	75.93
Purchase of stock in trade - Traded goods	20	24.80	1.88
Changes in inventories of finished goods	21	(30.98)	0.19
Employee Benefits Expense	22	46.26	60.30
Depreciation and amortisation expense	23	6.08	6.41
Other expenses	24	71.32	65.09
Finance costs	25	6.25	38.91
<b>Total expenses</b>		<b>215.31</b>	<b>248.69</b>
<b>C Profit before exceptional items and tax</b>		<b>100.73</b>	<b>(28.63)</b>
Exceptional items		-	-
<b>D Profit before tax from continuing operations</b>		<b>100.73</b>	<b>(28.63)</b>
Income tax expense			
Current tax		-	-
MAT Tax		-	-
Deferred tax charge/ (credit)		-	-
<b>Profit for the year</b>		<b>100.73</b>	<b>(28.63)</b>
<b>E Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		-	-
Income tax relating to these items		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>100.73</b>	<b>(28.63)</b>

The accompanying notes form an integral part of the financial statements

For Garisenuru & Co  
Chartered Accountant  
ICAI Firms' Registration No.0186665

*Subba Reddy G*



Subba Reddy G  
Proprietor  
Membership No.244907  
UDIN: 23244907BGYRRH5512  
Date: 25th May 2023

**Borrachas e Equipamentos Elgi Ltda, Brazil**

**Notes to Accounts**

All amounts in Local Currency \_ INR Million

	Period Ended Mar 31, 2023	Period Ended Mar 31, 2022
<b>5 Other non-current financial asset (Unsecured, considered good)</b>		
Rent & other advance	-	10.81
	<u>-</u>	<u>10.81</u>
<b>6 Non-current assets- Deferred tax asset (Net)</b>		
Expenses allowable for tax purposes when paid	116.19	114.07
Carried forward losses	-	-
On Property, plant, and equipment	-	-
	<u>116.19</u>	<u>114.07</u>
MAT Credit Entitlement	-	-
	<u>116.19</u>	<u>114.07</u>
<b>7 Other Non Current Assets (Unsecured, considered good)</b>		
Due from related parties	0.43	17.26
Advance recoverable in cash or in kind or for value to be received	-	-
	<u>0.43</u>	<u>17.26</u>
<b>8 Inventories</b>		
Raw Materials	26.19	23.57
Work-in-progress	25.49	6.26
Finished products	30.93	37.84
Stock-in-trade (acquired for trading)-Retreading Machinery	24.85	6.20
Stores and spares	6.76	7.01
	<u>114.24</u>	<u>80.88</u>
<b>9 Trade receivables</b>		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	109.26	52.96
Unsecured, considered doubtful	-	-
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	<u>109.26</u>	<u>52.96</u>
Less : Allowance for expected credit losses	(22.55)	-
	<u>86.71</u>	<u>52.96</u>
<b>10 Cash and cash equivalents</b>		
Cash on hand	0.09	0.16
Balances with banks		
In current accounts	5.54	2.59
	<u>5.63</u>	<u>2.75</u>
<b>11 Other current assets (Unsecured, considered good)</b>		
Prepaid expenses	2.23	33.84
Balance with govt authorities:	36.18	44.35
Advance recoverable in cash or in kind or for value to be received	1.72	13.60
Others	81.21	19.38
Loans to employees	0.09	0.05
	<u>121.43</u>	<u>111.23</u>
<b>12 Capital</b>		
Subscribed and fully paid up share capital	260.70	260.70
	<u>260.70</u>	<u>260.70</u>





**Borrachas e Equipamentos Elgi Ltda, Brazil**

**Notes to Accounts**

All amounts in Local Currency \_ INR Million

	Period Ended Mar 31, 2023	Period Ended Mar 31, 2022
<b>12A Share application money pending allotment</b>		
Share application money pending allotment	58.44	57.37
	<u>58.44</u>	<u>57.37</u>
<b>13 Other Equity</b>		
Capital Reserves	4.24	4.24
General Reserve	(30.03)	(30.03)
Foreign Currency Translation Reserve	135.93	(7.01)
Retained earnings	(395.95)	(496.68)
	<u>(285.80)</u>	<u>(529.48)</u>
<b>a) Capital Reserve</b>		
Balance at the beginning and end of the year	4.24	4.24
Additions/ (deductions) during the year	-	-
Balance at the end of the year	<u>4.24</u>	<u>4.24</u>
<b>b) General Reserve</b>		
Balance at the beginning of the year	(30.03)	(30.03)
Additions/ (deductions) during the year	-	-
Balance at the end of the year	<u>(30.03)</u>	<u>(30.03)</u>
<b>c) Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	(7.01)	208.69
Additions/ (deductions) during the year	142.94	(215.70)
Balance at the end of the year	<u>135.93</u>	<u>(7.01)</u>
<b>d) Retained earnings</b>		
Balance at the beginning of the year	(496.68)	(468.05)
Net profit for the period	100.73	(28.63)
Balance at the end of the year	<u>(395.95)</u>	<u>(496.68)</u>
<b>14 Current liabilities - Financial Liabilities: Borrowings</b>		
<b>a) Secured</b>		
Loans repayable on Demand		
From banks		
Cash credit facility	-	7.93
Working capital demand loan	-	-
<b>b) Unsecured</b>		
From banks	43.89	-
Loans from related parties	447.57	589.71
<b>Total</b>	<u>491.46</u>	<u>597.63</u>
<b>15 Trade payables</b>		
Trade payables	65.42	136.43
<b>Total</b>	<u>65.42</u>	<u>136.43</u>
<b>16 Other current liabilities</b>		
Statutory Dues Payable	5.57	3.70
Employee benefits payable	5.74	7.46
Other Payable to related party	-	12.86
Other payables	-	10.71
<b>Total</b>	<u>11.31</u>	<u>34.74</u>



**Borrachas e Equipamentos Elgi Ltda, Brazil****Notes to Accounts**

All amounts in Local Currency - INR Million

	<b>Period Ended Mar 31, 2023</b>	<b>Period Ended Mar 31, 2022</b>
<b>17 Revenue from Operations</b>		
Sale of Products	218.85	204.40
Sale of Service	1.19	0.99
Other Operating Revenue - Scrap Sales	2.71	1.11
	<b>222.75</b>	<b>206.50</b>
<b>18 Other income</b>		
Interest Income	0.94	0.86
Other non operating income	92.35	12.71
	<b>93.29</b>	<b>13.56</b>
<b>18(a) Interest Income</b>		
Interest from Banks	0.94	0.86
Other interest receipts	-	-
	<b>0.94</b>	<b>0.86</b>
<b>18(b) Other Non - Operating Income</b>		
Miscellaneous income	-	12.71
Income - Commission	2.03	-
RTP interest written back	90.32	-
	<b>92.35</b>	<b>12.71</b>
<b>19 Cost of materials consumed</b>		
Raw material Consumed	91.58	75.93
Opening inventory	-	-
Add: Purchase	-	-
Less: Inventory at the end of the period	-	-
	<b>91.58</b>	<b>75.93</b>
<b>20 Purchase of stock in trade - Traded goods</b>		
Purchase of stock in trade	24.80	1.88
	<b>24.80</b>	<b>1.88</b>
<b>Changes in inventories of work-in-progress, stock in trade and finished goods</b>		
<b>Opening Stock</b>		
Finished goods	37.84	28.50
Work-in-progress	6.26	8.67
Stock in trade	6.20	13.32
Scarp		
	<b>50.30</b>	<b>50.49</b>
<b>Closing Balance</b>		
Finished goods	30.93	37.84
Work-in-progress	25.49	6.26
Stock in trade	24.85	6.20
Scarp		
	<b>81.28</b>	<b>50.30</b>
<b>Total Changes in Work in Progress and finished goods</b>	<b>(30.98)</b>	<b>0.19</b>



**Borrachas e Equipamentos Elgi Ltda, Brazil****Notes to Accounts**

All amounts in Local Currency \_ INR Million

<b>22 Employee benefits expense</b>		
Salaries, wages and bonus	31.19	41.60
Contribution to provident and other funds	10.89	15.61
Staff welfare expenses	4.18	3.10
	<u>46.26</u>	<u>60.30</u>
<b>23 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	6.08	6.41
Amortisation on intangible assets	-	-
	<u>6.08</u>	<u>6.41</u>
<b>24 Other expenses</b>		
Consumption of stores and spare parts	1.76	2.82
Power and fuel	10.30	9.47
Repairs and Maintenance – Plant and machinery	5.66	7.23
Repairs and Maintenance – Building	1.70	1.58
Repairs and Maintenance – Others	0.41	0.19
Insurance	0.93	0.77
Rates and taxes	2.61	1.65
Travelling and conveyance	1.72	1.42
Auditors' Remuneration (see note below)	1.97	2.75
Professional fees	18.10	5.49
Advertisement and other selling expenses	2.73	1.89
Carriage Inward	2.86	1.53
Freight charges	8.58	6.77
Miscellaneous expenses	11.96	21.52
	<u>71.32</u>	<u>65.09</u>
<b>25 Finance Cost</b>		
Interest on Borrowings		
On borrowings from banks	6.25	-
Interest paid to related party	-	37.75
Others	0.00	0.00
Financial charges on borrowings	-	1.16
	<u>6.25</u>	<u>38.91</u>

