



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

To

M/s. Arun & Co  
Chartered Accountants  
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 ELGI Rubber Company Holdings BV, Netherlands, 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 ELGI Rubber Company Holdings BV, Netherlands 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 ELGI Rubber Company Holdings BV, Netherlands 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 ELGI Rubber Company Holdings BV, Netherlands 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 and Co  
Chartered Accountant  
FRN: 018666S

Subba Reddy G  
Proprietor  
Membership No.:244907

Date: 25<sup>th</sup> May 2023  
UDIN: 23244907BGYRRJ2985

**ELGI Rubber Company Holdings BV, Netherlands,**

**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 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, 2023

Financial information: Currency used – INR in million

Particulars	YE – 31.03.2023	YE – 31.03.2022
Turnover	1,279.92	1255.43
Profit after tax	(87.44)	(271.23)
Total assets	1,576.36	1,507.68
Total liabilities	1,576.36	1,507.68

**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.

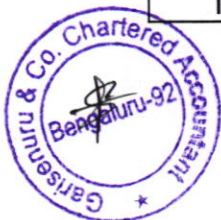
**Compliance with Ethical requirements:** I confirm that I comply with the code of ethics, issued by the institute of Chartered Accountants of India, in relation to the work carried out on the Component.

**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, 2023.



**Elgi Rubber Company Holding BV, Netherlands**  
**Balance Sheet as at 31 MAR 2023**  
**All amounts in Local Currency \_ INR Million**

Particulars	Note No.	As at 31-Mar-23	As at 31-Mar-22
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	986.51	886.06
Intangible assets	4	46.47	43.90
Capital work in progress	5	7.87	2.53
Goodwill on consolidation		-	97.62
Financial assets			
Investments		-	-
Loans		-	-
Other non-current financial asset		-	-
Deferred tax asset (Net)	6	40.99	38.73
Other non-current assets	7	1.95	-
<b>Total non-current assets</b>		<b>1,083.79</b>	<b>1,068.84</b>
<b>Current assets</b>			
Inventories	8	299.30	215.07
Financial assets			
Trade receivables	9	172.70	208.49
Cash and cash equivalents	10	20.57	15.27
Bank balances other than above		-	-
Loans		-	-
Other Financial Assets		-	-
Other current assets		-	-
<b>Total current assets</b>		<b>492.57</b>	<b>438.83</b>
<b>Total Assets</b>		<b>1,576.36</b>	<b>1,507.66</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	11	307.67	307.67
Other equity	12	(1,432.70)	(473.69)
<b>Total equity</b>		<b>(1,125.03)</b>	<b>(166.02)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13	118.47	197.80
Other financial liabilities		-	-
<b>Total non-current liabilities</b>		<b>118.47</b>	<b>197.80</b>




<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	2,038.86	936.80
Trade payables	15	424.01	522.45
Short Term Provisions	16	9.82	-
Other current liabilities	17	110.23	16.63
<b>Total current liabilities</b>		<b>2,582.92</b>	<b>1,474.87</b>
<b>Total liabilities</b>		<b>2,701.39</b>	<b>1,673.67</b>
<b>Total Equity and Liabilities</b>		<b>1,576.36</b>	<b>1,507.66</b>

The accompanying notes form an integral part of the financial statements

For Garisenuru & Co  
Chartered Accountant  
ICAI Firms' Registration No. 618666S

*Subba Reddy G*



Subba Reddy G  
Proprietor  
Membership No.244907  
UDIN: 23244907BGYRRJ2985  
Date: 25th May 2023

Elgi Rubber Company Holding BV, Netherlands  
Statement of Profit and Loss account for the year ended 31st March 2023  
All amounts in Local Currency \_ INR Million

Particulars	Notes	Period ended Mar 31 2023	Period ended Mar 31 2022
<b>Continuing Operations</b>			
<b>A Income</b>			
Revenue from operations	18	1,279.92	1,255.43
Other income	19	22.96	20.47
<b>Total income</b>		<b>1,302.88</b>	<b>1,275.90</b>
<b>B Expenses</b>			
Cost of materials consumed	20	428.36	570.75
Purchase of stock in trade - Traded goods		-	-
Changes in inventories of finished goods		-	-
Employee Benefits Expense	21	287.83	221.03
Depreciation and amortisation expense	22	63.53	79.11
Other expenses	23	557.92	539.39
Finance costs	24	52.69	54.28
<b>Total expenses</b>		<b>1,390.33</b>	<b>1,464.56</b>
<b>C Profit before exceptional items and tax</b>			
Exceptional items	25	(87.44)	(188.65)
<b>D Profit before tax from continuing operations</b>			
Income tax expense	26	(87.44)	(271.23)
Current tax		-	-
MAT Tax		-	-
Deferred tax charge/ (credit)		(4.62)	-
<b>Profit for the year</b>		<b>(82.82)</b>	<b>(271.23)</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>(82.82)</b>	<b>(271.23)</b>

The accompanying notes form an integral part of the financial statements

For Garisenuru & Co  
Chartered Accountant

ICAI Firms' Registration No.0186663

*Subba Reddy G*  


Subba Reddy G

Proprietor

Membership No.244907

UDIN: 23244907BGYRRJ2985

Date: 25th May 2023

**Elgi Rubber Company Holding BV, Netherlands**

**Notes to Accounts**

All amounts in Local Currency \_ INR Million

	As at 31-Mar-23	As at 31-Mar-22
<b>5 Capital Work-in-progress</b>		
Capital work in progress	7.87	2.53
	<b>7.87</b>	<b>2.53</b>
<b>6 Non-current assets- Deferred tax asset (Net)</b>		
Differential Tax on Capital gains	40.99	38.73
On Property, plant, and equipment	-	-
	40.99	38.73
MAT Credit Entitlement	-	-
	<b>40.99</b>	<b>38.73</b>
<b>7 Other Non Current Assets (Unsecured, considered good)</b>		
Statutory Payments	-	-
Advance recoverable in cash or in kind or for value to be received	1.95	-
	<b>1.95</b>	<b>-</b>
<b>8 Inventories</b>		
Raw Materials	30.41	9.55
Finished products	92.65	51.86
Stock-in-trade (acquired for trading)-Retreading Machinery	10.80	11.88
Stores and spares	165.44	141.77
Scrap	-	-
	<b>299.30</b>	<b>215.07</b>
<b>9 Trade receivables</b>		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	172.70	208.49
Unsecured, considered doubtful	-	-
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	172.70	208.49
Less : Allowance for expected credit losses	-	-
	<b>172.70</b>	<b>208.49</b>
<b>10 Cash and cash equivalents</b>		
Cash on hand	0.01	0.02
Balances with banks		
In current accounts	17.22	12.69
In demand deposits with original maturity of less than 3 months	3.34	2.56
	<b>20.57</b>	<b>15.27</b>
<b>11 Capital</b>		
Subscribed and fully paid up share capital	307.67	307.67
	<b>307.67</b>	<b>307.67</b>





**Elgi Rubber Company Holding BV, Netherlands**

**Notes to Accounts**

All amounts in Local Currency \_ INR Million

	As at 31-Mar-23	As at 31-Mar-22
<b>12 Other Equity</b>		
Capital Reserves	140.68	140.68
Foreign Currency Translation Reserve	(69.22)	292.29
Retained earnings	(1,504.16)	(906.65)
	<b>(1,432.70)</b>	<b>(473.69)</b>
<b>a) Capital Reserve</b>		
Balance at the beginning of the year	<b>140.68</b>	<b>140.68</b>
Additions/ (deductions) during the year		
Balance at the end of the year	<b>140.68</b>	<b>140.68</b>
<b>b) Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	292.29	(179.85)
Additions/ (deductions) during the year	(361.51)	472.14
Balance at the end of the year	<b>(69.22)</b>	<b>292.29</b>
<b>c) Retained earnings</b>		
Balance at the beginning of the year	(1,421.34)	(850.59)
Net profit for the period	(82.82)	(570.75)
Balance at the end of the year	<b>(1,504.16)</b>	<b>(1,421.34)</b>
<b>13 Long Term Borrowings</b>		
Term Loans (Secured)		
From Banks	118.47	197.80
	<b>118.47</b>	<b>197.80</b>
<b>14 Current liabilities - Financial Liabilities: Borrowings</b>		
<b>a) Secured</b>		
Loans repayable on Demand		
From banks		
Cash credit facility	980.04	810.18
<b>b) Unsecured</b>		
Loans from related parties	1,058.82	126.61
<b>Total</b>	<b>2,038.86</b>	<b>936.80</b>
<b>15 Trade payables</b>		
Trade payables	424.01	522.45
<b>Total</b>	<b>424.01</b>	<b>522.45</b>
<b>16 Provisions (Current)</b>		
Provision - others	9.82	-
<b>Total</b>	<b>9.82</b>	<b>-</b>
<b>17 Other current liabilities</b>		
Statutory Dues Payable	19.20	-
Employee benefits payable	76.28	16.63
Other payables	14.75	-
<b>Total</b>	<b>110.23</b>	<b>16.63</b>



**Elgi Rubber Company Holding BV, Netherlands**

**Notes to Accounts**

All amounts in Local Currency \_ INR Million

	Period Ended Mar 31 2023	Period Ended Mar 31 2022
<b>18 Revenue from Operations</b>		
Sale of Products	1,279.92	1,255.43
Sale of Service	-	-
	<b>1,279.92</b>	<b>1,255.43</b>
<b>19 Other income</b>		
Interest Income	-	-
Other non operating income	22.96	20.47
	<b>22.96</b>	<b>20.47</b>
<b>Other Non - Operating Income</b>		
Net gain on foreign currency transactions and translations	(0.03)	0.00
Income - Commission	1.34	-
RTP interest written back	16.62	-
SBLC commision write off	12.38	-
Miscellaneous income	(7.35)	20.47
	<b>22.96</b>	<b>20.47</b>
<b>20 Cost of materials consumed</b>		
Raw material Consumed	428.36	570.75
Opening inventory	-	-
Add: Purchase	-	-
Less: Inventory at the end of the period	-	-
	<b>428.36</b>	<b>570.75</b>
<b>21 Employee benefits expense</b>		
Salaries, wages and bonus	263.97	163.47
Contribution to provident and other funds	17.44	52.99
Staff welfare expenses	6.41	4.57
	<b>287.83</b>	<b>221.03</b>
<b>22 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	63.53	79.11
Amortisation on intangible assets	-	-
	<b>63.53</b>	<b>79.11</b>
<b>23 Other expenses</b>		
Consumption of stores and spare parts	1.73	34.05
Packing Materials consumed	-	-
Excise duty	-	-
Power and fuel	177.60	144.21
Rent	0.17	4.19
Labour charges	1.05	16.47
Repairs and Maintenance – Plant and machinery	74.92	101.88
Repairs and Maintenance – Building	2.47	2.75
Repairs and Maintenance – Others	13.34	15.26
Insurance	37.10	41.45
Rates and taxes	2.76	2.01
Exchange fluctuation expenses (Net)	1.68	2.70
Travelling and conveyance	4.05	2.25
Directors' sitting fees	-	-
Auditors' Remuneration (see note below)	3.83	2.75
Professional fees	3.96	2.23
Sales commission	-	-
Advertisement and other selling expenses	3.70	14.59
Carriage Inward	14.82	13.20
Freight charges	133.29	102.84
Miscellaneous expenses	81.45	36.58
	<b>557.92</b>	<b>539.39</b>



**Elgi Rubber Company Holding BV, Netherlands**  
**Notes to Accounts**  
All amounts in Local Currency \_ INR Million

**24 Finance Cost**

Interest on Borrowings		
On borrowings from banks	26.10	15.60
Interest paid to related party	20.14	10.32
Others	3.04	14.60
Financial charges on borrowings	3.41	13.75
	<u>52.69</u>	<u>54.28</u>

**25 Exceptional items**

Exceptional items	-	82.58
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**Total**

	<u>82.58</u>
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