



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 LLC, USA, as of March 31, 2023 and for the year then ended on pages 1 to 6 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 LLC, USA, 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 LLC, USA, 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 LLC, USA, 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

Firms Registration No: 0186665

Subba Reddy G



Subba Reddy G
Proprietor
Membership No.: 244907

Date: 25th May 2023
UDIN: 23244907BGYRRI5056

ELGI Rubber Company LLC, USA,

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 LLC, USA, 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 LLC, USA, 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	295.20	514.33
Profit after tax	(90.62)	34.45
Total assets	464.48	503.70
Total liabilities	464.48	503.70

Significant Risks and my Responses: No significant risks identified

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

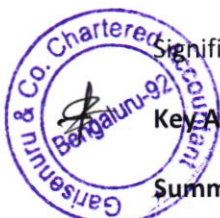
Fraud: No instances of Fraud requiring your attention were noted.

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.

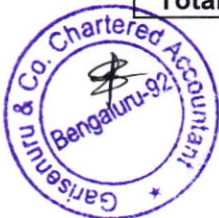
Compliance with Ethical requirements: I confirm that I comply with the code of ethics, issued by the institute of Chartered Accountants of India, in relation to the work carried out on the Component.

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 LLC, USA 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 LLC,USA
Balance Sheet as at 31 MAR 2023
All amounts in Local Currency _ INR Million

Particulars	Notes	As at 31 MAR, 2023	As at 31 MAR, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	49.56	49.46
Intangible assets	4	107.84	111.88
Capital work in progress		-	-
Financial assets		-	-
Investments		-	-
Loans		-	-
Other non-current financial asset		-	-
Deferred tax asset (Net)	5	19.86	18.26
Other non-current assets		-	-
Total non-current assets		177.26	179.60
Current assets			
Inventories	6	191.28	204.69
Financial assets			
Trade receivables	7	49.74	66.12
Cash and cash equivalents	8	0.09	8.34
Bank balances other than above		-	-
Loans	9	2.21	-0.00
Other Financial Assets		-	-
Other current assets	10	43.89	44.96
Total current assets		287.22	324.10
Total Assets		464.48	503.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	287.76	287.76
Reserves & Surplus	12	(360.88)	(262.63)
Total equity		(73.12)	25.13



Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings		-	-
Other financial liabilities		-	-
Provisions		-	-
Deferred tax liabilities (Net)		-	-
Total non-current liabilities		-	-
Current liabilities			
Financial liabilities			
Borrowings	13	367.09	356.97
Trade payables	14	94.48	80.18
Short Term Provisions	15	4.74	-
Other current liabilities	16	71.29	41.42
Total current liabilities		537.61	478.57
Total liabilities		537.61	478.57
Total Equity and Liabilities		464.48	503.70

The accompanying notes form an integral part of the financial statements

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

Subba Reddy G

Subba Reddy G
Proprietor
Membership No.244907
UDIN: 23244907BGYRRI5056
Date:25th May 2023




Elgi Rubber Company LLC, USA
Profit and Loss account period ended 31 Mar 2023
All amounts in Local Currency _ INR Million

Particulars	Notes	For the Period 31 MAR, 2023	For the Period 31 MAR, 2022
Continuing Operations			
A Income			
Revenue from operations	17	295.20	514.33
Other income	18	49.27	115.50
Total income		344.47	629.83
B Expenses			
Cost of materials consumed	19	137.89	232.87
Purchase of stock in trade - Traded goods		-	-
Changes in inventories of finished goods		-	-
Employee Benefits Expense	20	146.46	174.02
Depreciation and amortisation expense	21	9.30	9.43
Other expenses	22	119.06	152.50
Finance costs	23	22.37	26.56
Total expenses		435.09	595.38
C Profit before exceptional items and tax		(90.62)	34.45
Exceptional items		-	-
D Profit before tax from continuing operations		(90.62)	34.45
Income tax expense		-	-
Current tax		-	-
MAT Tax		-	-
Deferred tax charge/ (credit)		-	-
Profit for the year		(90.62)	34.45
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		(90.62)	34.45

The accompanying notes form an integral part of the financial statements

For Garisenuru & Co
Chartered Accountant
ICAI Firms' Registration No.0186668

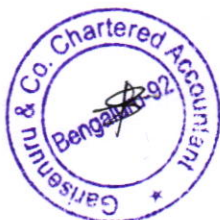
Subba Reddy G



Subba Reddy G
Proprietor
Membership No.244907
UDIN: 23244907BGYRRI5056
Date:25th May 2023

Elgi Rubber Company LLC, USA
Notes to Financial Statements for the year ended Mar 31, 2023
All amounts in Local Currency _ INR Million

	For the Period 31 MAR, 2023	For the Period 31 MAR, 2022
5 Non-current assets- Deferred tax asset (Net)		
Expenses allowable for tax purposes when paid	19.86	18.26
On Property, plant, and equipment	-	-
	<u>19.86</u>	<u>18.26</u>
6 Inventories		
Raw Materials	119.10	33.94
Work-in-progress	26.13	32.02
Finished products	11.19	89.18
Stock-in-trade (acquired for trading)-Retreading Machinery	33.63	44.63
Stores and spares	1.24	4.92
	<u>191.28</u>	<u>204.69</u>
7 Trade receivables		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	49.74	66.12
Unsecured, considered doubtful	-	-
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	<u>49.74</u>	<u>66.12</u>
Less : Allowance for expected credit losses	-	-
	<u>49.74</u>	<u>66.12</u>
8 Cash and cash equivalents		
Cash on hand	0.09	0.10
Balances with banks		
In current accounts	-	8.24
In Collection Account	-	-
	<u>0.09</u>	<u>8.34</u>
9 Other Loans and Receivables (Unsecured, considered good)		
Loans to employees	0.56	(0.00)
Due from subsidiary company	1.65	-
	<u>2.21</u>	<u>-0.00</u>
10 Other current assets (Unsecured, considered good)		
Prepaid expenses	1.34	6.34
Advance recoverable in cash or in kind or for value to be received	42.55	38.62
	<u>43.89</u>	<u>44.96</u>
11 Capital		
Subscribed and fully paid up share capital		
Subscribed and fully paid up share capital	287.76	287.76
	<u>287.76</u>	<u>287.76</u>
12 Other Equity		
General Reserve	120.11	120.11
Foreign Currency Translation Reserve	(241.91)	(234.27)
Retained earnings	(239.08)	(148.47)
	<u>(360.88)</u>	<u>(262.63)</u>



Elgi Rubber Company LLC,USA

Notes to Financial Statements for the year ended Mar 31, 2023

All amounts in Local Currency _ INR Million

	For the Period 31 MAR, 2023	For the Period 31 MAR, 2022
a) General Reserve		
Balance at the beginning of the year	120.11	120.11
Additions/ (deductions) during the year	-	-
Balance at the end of the year	<u>120.11</u>	<u>120.11</u>
b) Foreign Currency Translation Reserve		
Balance at the beginning of the year	(234.27)	-
Additions/ (deductions) during the year	(7.64)	(234.27)
Balance at the end of the year	<u>(241.91)</u>	<u>(234.27)</u>
c) Retained earnings		
Balance at the beginning of the year	(148.47)	(182.92)
Net profit for the period	(90.62)	34.45
Balance at the end of the year	<u>(239.08)</u>	<u>(148.47)</u>
13 Current liabilities - Financial Liabilities: Borrowings		
a) Secured		
Loans repayable on Demand		
From banks		
Working capital demand loan	-	246.37
b) Unsecured		
From banks	140.74	-
Loans from related parties	226.35	110.59
Total	<u>367.09</u>	<u>356.97</u>
14 Trade payables		
Trade payables	94.48	80.18
Total	<u>94.48</u>	<u>80.18</u>
15 Other current liabilities		
Statutory Dues Payable	1.08	3.74
Employee benefits payable	6.85	5.91
Other payables	45.30	30.48
Payable on purchase of fixed assets	18.07	1.29
Total	<u>71.29</u>	<u>41.42</u>
16 Provisions (Current)		
Provision for Income Tax(Net)	4.74	-
Provision - others	-	-
Total	<u>4.74</u>	<u>-</u>



Elgi Rubber Company LLC, USA
Notes to Financial Statements for the year ended Mar 31, 2023
All amounts in Local Currency - INR Million

	Period Ended 31 MAR, 2023	Period Ended 31 MAR, 2022
17 Revenue from Operations		
Sale of Products	293.08	499.46
Sale of Service	2.12	14.87
Other Operating Revenue - Scrap Sales	-	-
	<u>295.20</u>	<u>514.33</u>
18 Other income		
Interest Income	-	-
Other non operating income	49.27	115.50
	<u>49.27</u>	<u>115.50</u>
18(a) Other Non - Operating Income		
Profit on sale of fixed assets (net)	0.02	31.17
Income - Commission	17.27	25.87
Income - Rebates and Discounts	-	2.04
RTP interest written back	15.48	-
SBLC commission write off	5.07	-
Miscellaneous income	11.44	56.42
	<u>49.27</u>	<u>115.50</u>
19 Cost of materials consumed		
Raw material Consumed	137.89	232.87
Opening inventory	-	-
Add: Purchase	-	-
Less: Inventory at the end of the period	-	-
	<u>137.89</u>	<u>232.87</u>
20 Employee benefits expense		
Salaries, wages and bonus	145.03	171.33
Staff welfare expenses	1.43	2.69
	<u>146.46</u>	<u>174.02</u>
21 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	9.30	9.43
Amortisation on intangible assets	-	-
	<u>9.30</u>	<u>9.43</u>
22 Other expenses		
Consumption of stores and spare parts	-	0.04
Packing Materials consumed	0.02	0.39
Power and fuel	9.85	10.60
Rent	4.82	10.47
Labour charges	9.11	5.75
Repairs and Maintenance – Plant and machinery	2.58	6.46
Repairs and Maintenance – Building	4.10	2.36
Repairs and Maintenance – Others	1.13	1.52
Insurance	10.88	8.97
Rates and taxes	10.99	7.90
Exchange fluctuation expenses (Net)	2.03	-
Travelling and conveyance	4.56	3.63
Auditors' Remuneration (see note below)	0.56	1.34
Professional fees	5.99	9.31
Advertisement and other selling expenses	15.69	48.56
Carriage Inward	7.30	11.92
Freight charges	25.44	18.02
Miscellaneous expenses	4.01	5.26
	<u>119.06</u>	<u>152.50</u>
23 Finance Cost		
Interest on Borrowings		
On borrowings from banks	17.26	15.41
Others	5.11	11.15
	<u>22.37</u>	<u>26.56</u>

