



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 13, 2024, 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, 2024 and for the year then ended on pages 1 to 10 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:

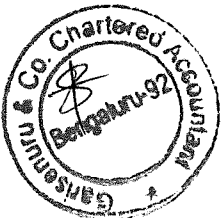
Management is responsible for the preparation of this special purpose financial information in accordance with policies and instructions contained in Elgi Rubber Company Limited Accounting Manual / Accounting policies and for such internal control as management determines is necessary to enable the preparation 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, 2024, 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, 2024 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: 0186065


Subba Reddy G
Proprietor

Membership No.244907



Date: 29.05.2024

UDIN: 24244907BKFTIO8210

Borrachas e Equipmentos Elgi Ltda, Brazil,

Memorandum of work performed for the year ended March 31, 2024

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 audit of the financial information and results of Elgi Rubber Company Limited, for the year ended March 31, 2024 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 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 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, 2024

Financial information: Currency used – INR in million

Particulars	YE – 31.03.2024	YE – 31.03.2023
Turnover	235.49	222.75
Profit after tax	10.93	100.73
Total assets	671.74	601.53
Total liabilities	671.74	601.53

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.

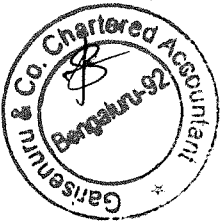
Litigation and claims: No items requiring your attention were noted.

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 Equipamentos 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 13 May 2024.



Borrachas e Equipamentos Elgi Ltda, Brazil

Balance Sheet as at 31 MAR 2024

All amounts in Local Currency _ INR Million

	Notes	As at	
		Mar 31, 2024	Mar 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	1	155.65	156.90
Intangible assets		-	-
Goodwill on consolidation		-	-
Financial assets			
Investments		-	-
Loans		-	-
Other non-current financial asset	2	14.65	-
Deferred tax asset (Net)	3	-	116.19
Other non-current assets	4	36.22	0.43
Total non-current assets		206.52	273.52
Current assets			
Inventories	5	114.62	114.24
Financial assets			
Trade receivables	6	81.17	86.71
Cash and cash equivalents	7	0.01	5.63
Bank balances other than above		-	-
Loans		-	-
Other Financial Assets		-	-
Other current assets	8	269.41	121.43
Total current assets		465.22	328.01
Total Assets		671.74	601.53
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	268.01	260.70
Share application money pending allotment	9A	60.07	58.44
Reserves & Surplus	10	(438.71)	(285.80)
Total equity		(110.62)	33.34

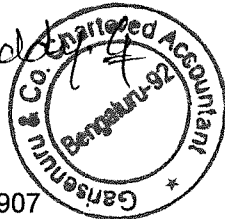


Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11	18.80	28.18
Other financial liabilities		-	-
Provisions		-	-
Deferred tax liabilities (Net)		-	-
Total non-current liabilities		18.80	28.18
Current liabilities			
Financial liabilities			
Borrowings	12	616.83	463.28
Trade payables	13	110.67	65.42
Other current liabilities	14	36.06	11.31
Total current liabilities		763.56	540.01
Total liabilities		782.36	568.19
Total Equity and Liabilities		671.74	601.53

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: 24244907BKFTIO8210
Date: 29th May 2024



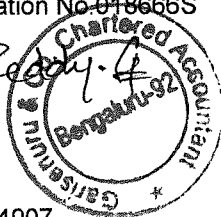
Borrachas e Equipamentos Elgi Ltda, Brazil
Statement of Profit & Loss Account for the year ended 31st March 2024
All amounts in Local Currency _ INR Million

	Notes	Period Ended Mar 31, 2024	Period Ended Mar 31, 2023
Continuing Operations			
A Income			
Revenue from operations	15	235.49	222.75
Other income	16	0.59	93.29
Total income		236.08	316.04
B Expenses			
Cost of materials consumed	17	117.72	91.58
Purchase of stock in trade - Traded goods	18	-	24.80
Changes in inventories of finished goods	19	-22.64	-30.98
Employee Benefits Expense	20	39.46	46.26
Depreciation and amortisation expense	21	6.73	6.08
Other expenses	22	73.70	71.32
Excise Duty on Sales		-	-
Finance costs	23	10.19	6.25
Total expenses		225.16	215.31
C Profit before exceptional items and tax		10.93	100.73
Exceptional items		-	-
D Profit before tax from continuing operations		10.93	100.73
Income tax expense			
Current tax		-	-
MAT Tax		-	-
Deferred tax charge/ (credit)		-	-
Profit for the year		10.93	100.73
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		10.93	100.73

The accompanying notes form an integral part of the financial statements

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

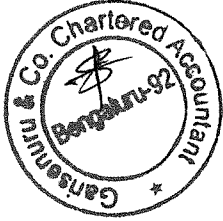
Subba Reddy G
Proprietor
Membership No. 244907
UDIN: 24244907BKFTIO8210
Date: 29th May 2024



Borrachas e Equipamentos Elgi Ltda, Brazil

1. Property, plant and equipment

Particulars	Tangible assets						Intangible assets	Total Assets
	Land	Building	Plant and Equipment	Furniture and Fittings	Vehicles	Total		
Cost at 31st March 2023	29.72	67.19	108.71	2.80	2.32	210.74	-	210.74
Additions			0.97	0.04		1.02	-	1.02
Disposals/Adjustments	-	-			-	-	-	-
Exchange difference(FCTR)	0.83	1.88	3.04	0.08	0.07	5.90	-	5.90
Cost at 31st March 2024	30.55	69.08	112.72	2.92	2.38	217.66	-	217.66
Depreciation&Amortisation								
As at 31st March 2023	-	3.64	46.21	2.19	1.80	53.83		53.83
Charges for the year	-	0.07	6.36	0.16	0.14	6.73		6.73
Disposals						-		-
Exchange difference(FCTR)	-	0.10	1.24	0.06	0.05	1.45		1.45
As at 31st March 2024	-	3.81	53.80	2.40	2.00	62.01	-	62.01
Net Block								
As at 31st March 2023	29.72	63.55	62.50	0.61	0.52	156.90		156.90
As at 31st March 2024	30.55	65.27	58.92	0.52	0.39	155.65	-	155.65

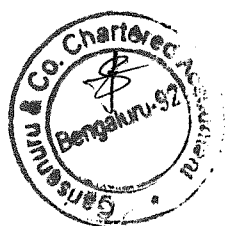


Borrachas e Equipamentos Elgi Ltda, Brazil

Notes to Accounts

All amounts in Local Currency _ INR Million

	Period Ended	Period Ended
	Mar 31, 2024	Mar 31, 2023
2 Other non-current financial asset (Unsecured, considered good)		
Other Advances	14.65	-
	14.65	-
3 Non-current assets- Deferred tax asset (Net)		
Expenses allowable for tax purposes when paid	-	116.19
Voluntary retirement scheme payment to be allowed	-	-
	-	116.19
MAT Credit Entitlement	-	-
	-	116.19
4 Other Non Current Assets (Unsecured, considered good)		
Due from related parties	36.22	0.43
	36.22	0.43
5 Inventories*		
Raw Materials	15.82	26.19
Work-in-progress	-	25.49
Finished products	98.79	30.93
Stock-in-trade (acquired for trading)-Retreading Machinery	-	24.85
Stores and spares	-	6.76
	114.62	114.24
6 Trade receivables		
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	85.96	109.26
Unsecured, considered doubtful	18.40	-
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	104.35	109.26
Less : Allowance for expected credit losses	(23.18)	(22.55)
	81.17	86.71



Borrachas e Equipmentos Elgi Ltda, Brazil

Notes to Accounts

All amounts in Local Currency _ INR Million

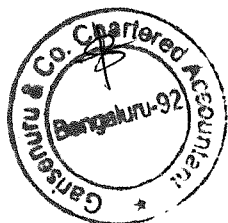
	Period Ended Mar 31, 2024	Period Ended Mar 31, 2023
7 Cash and cash equivalents		
Cash on hand	0.01	0.09
Balances with banks In current accounts	0.00	5.54
	0.01	5.63
8 Other current assets (Unsecured, considered good)		
Income and claims receivable	12.41	-
Prepaid expenses	37.00	2.23
Balance with govt authorities:	39.60	36.18
Advance recoverable in cash or in kind or for value to be received	24.04	1.72
Due from related parties	36.22	81.21
Loans to employees	0.26	0.09
Commission receivable ER UN	0.43	-
Deferred tax Assets (Net)	119.45	-
	269.41	121.43
9 Capital		
Subscribed and fully paid up share capital		
Subscribed and fully paid up share capital	268.01	260.70
	268.01	260.70
9A Share application money pending allotment		
Share application money pending allotment	60.07	58.44
	60.07	58.44



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

All amounts in Local Currency _ INR Million

	Period Ended	Period Ended
	Mar 31, 2024	Mar 31, 2023
10 Other Equity		
Capital Reserves	4.24	4.24
General Reserve	(30.03)	(30.03)
Foreign Currency Translation Reserve	(27.90)	135.93
Retained earnings	(385.02)	(395.95)
	(438.71)	(285.80)
a) Capital Reserve		
Balance at the beginning and end of the year	4.24	4.24
b) General Reserve		
Balance at the beginning of the year	(30.03)	(30.03)
Additions/ (deductions) during the year		
Balance at the end of the year	(30.03)	(30.03)
c) Foreign Currency Translation Reserve		
Balance at the beginning of the year	135.93	(2.26)
Additions/ (deductions) during the year	(163.83)	138.19
Balance at the end of the year	(27.90)	135.93
h) Retained earnings		
Balance at the beginning of the year	(395.95)	(496.68)
Net profit for the period	10.93	100.73
Balance at the end of the year	(385.02)	(395.95)

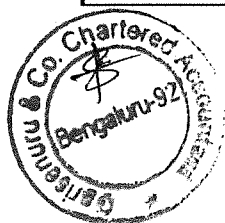


Borrachas e Equipamentos Elgi Ltda, Brazil

Notes to Accounts

All amounts in Local Currency _ INR Million

	Period Ended Mar 31, 2024	Period Ended Mar 31, 2023
11 Long Term Borrowings		
Unsecured		
from Banks	18.80	28.18
	18.80	28.18
23 Current liabilities - Financial Liabilities: Borrowings		
Unsecured		
From banks	-	15.71
Loans from related parties	600.68	447.57
From Others	16.15	-
Total	616.83	463.28
24 Trade payables		
Trade payables	-	65.42
Trade payables - Others	13.84	-
Trade payables related parties - ER IN	87.05	-
Trade Payables - Related parties	9.79	-
Total	110.67	65.42
14 Other current liabilities		
Current maturities of long-term debt	2.75	-
Interest accrued but not due on secured loans	5.08	-
Statutory Dues Payable	4.01	5.57
Employee benefits payable	5.04	5.74
Other payables	19.18	-
Total	36.06	11.31

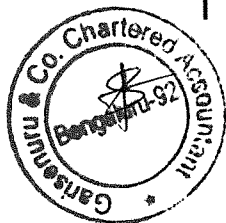


Borrachas e Equipamentos Elgi Ltda, Brazil

Notes to Accounts

All amounts in Local Currency INR Million

	Period Ended Mar 31, 2024	Period Ended Mar 31, 2023
15 Revenue from Operations		
Sale of Products	223.40	218.85
Sale of Service	2.43	1.19
Other Operating Revenue - Scrap Sales	9.66	2.71
	235.49	222.75
16 Other income		
Interest Income	0.59	0.94
Other non operating income	-	92.35
	0.59	93.29
17(a) Interest Income		
Interest from Banks	0.59	0.94
Interest from subsidiary companies	-	-
Other interest receipts	-	-
	0.59	0.94
17(b) Other Non - Operating Income		
Income - Commission	-	2.03
RTP interest written back	-	90.32
	-	92.35
17 Cost of materials consumed		
Raw material Consumed	-	91.58
Opening inventory	32.96	-
Add: Purchase	93.01	-
Less: Inventory at the end of the period	8.25	-
	117.72	91.58
18 Purchase of stock in trade - Traded goods		
Purchase of stock in trade	-	24.80
	-	24.80
Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Stock		
Finished Goods	30.93	37.84
Work in Process	25.49	6.26
Stock in Trade	24.85	6.20
Scrap	81.28	50.30
Closing Balance		
Finished goods	67.61	30.93
Work-in-progress	9.94	25.49
Stock in trade	26.38	24.85
Scarp	103.92	81.28
Total Changes in Work in Progress and finished goods	(22.64)	(30.98)



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

All amounts in Local Currency - INR Million

20 Employee benefits expense		
Salaries, wages and bonus	23.91	31.19
Contribution to provident and other funds	11.59	10.89
Staff welfare expenses	3.96	4.18
	39.46	46.26
21 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	6.73	6.08
Amortisation on intangible assets		
	6.73	6.08
22 Other expenses		
Consumption of stores and spare parts	2.25	1.76
Power and fuel	11.18	10.30
Repairs and Maintenance – Plant and machinery	-	5.66
Repairs and Maintenance – Building	0.51	1.70
Repairs and Maintenance – Others	3.94	0.41
Insurance	1.38	0.93
Rates and taxes	4.36	2.61
Exchange fluctuation expenses (Net)	1.39	-
Travelling and conveyance	1.84	1.72
Auditors' Remuneration (see note below)	0.21	1.97
Professional fees	16.48	18.10
Advertisement and other selling expenses	3.98	2.73
Carriage Inward	-	2.86
Freight charges	7.56	8.58
Miscellaneous expenses	18.61	11.96
	73.70	71.32
23 Finance Cost		
Interest on Borrowings		
Paid to non banking financial institutions	10.19	-
On borrowings from banks	-	6.25
Others	-	0.00
	10.19	6.25

