



Elgi Rubber Company Limited

2000 Trichy Road • Coimbatore 641 005 • India • CIN : L25119TZ2006PLC013144
+91 (422) 232 1000 • info@in.elgirubber.com • www.elgirubber.com

Date: 16th July, 2019

To
Listing Compliance
National Stock Exchange India Limited,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (East),
Mumbai-400051

Dear Sir / Madam,

Sub: Submission of Annual Report 2018-19 of the company

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby attached the Annual Report for the financial year 2018-19 of the company for your reference and records. The same is also available on the website of the company, viz., www.elgirubber.com.

Kindly disseminate the same on the website of Stock Exchange and acknowledge.

For Elgi Rubber Company Limited

A handwritten signature in black ink, appearing to read "V Santhanakrishnan", written over a horizontal line.

V Santhanakrishnan
Company Secretary & Compliance Officer

Annual Report 2018 - 2019



Elgi Rubber Company Limited

Elgi Rubber Company Limited

CIN : L25119TZ2006PLC013144

Annual Report 2018 - 2019

Chairman & Managing Director

Sudarsan Varadaraj

Non Executive Directors

Jairam Varadaraj
Suresh Jagannathan
MD Selvaraj
P Vijay Raghunath
V Bhuvaneshwari

Head Office

2000, Trichy Road
Coimbatore - 641 005
Tamil Nadu

Registered Office

2000, Trichy Road
Coimbatore - 641 005
Tamil Nadu

Plants

Kanjikode, Palakkad
Kottayi, Palakkad
Annur, Coimbatore
Kurichi, Coimbatore
Kovilpalayam, Coimbatore
Vellalore, Coimbatore
Thimmavaram, Chengalpattu
Sriperumbudur, Kancheepuram
Colombo, Sri Lanka
Nairobi, Kenya
Lorena, SP, Brasil
Luling, Texas, USA
Stoughton, Wisconsin, USA
Fairfield, Ohio, USA
Maastricht, The Netherlands
Nijkerkerveen, The Netherlands

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg
Vikhroli (West)
Mumbai - 400 083

Key Managerial Personnel

Sudarsan Varadaraj
(Chairman & Managing Director)
SR Venkatachalam
(Chief Financial Officer)
V Santhanakrishnan
(Company Secretary) (from August 9, 2018)

Bankers

State Bank of India
Commercial Branch
Coimbatore

Statutory Auditors

MS Jagannathan & Visvanathan
Chartered Accountants
Coimbatore

Cost Auditors

P. Mohan Kumar & Co.,
Cost Accountants
Coimbatore

Internal Auditors

Reddy, Goud & Janardhan
Chartered Accountants
Bengaluru

M Ramakrishnan
Chartered Accountant
Coimbatore

Secretarial Auditors

C.N. Paramasivam
Company Secretaries
Coimbatore

Registrar & Share Transfer Agent - Branch Office

Link Intime India Private Limited
"Surya", 35, Mayflower Avenue
Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028

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Notice of the 13th Annual General Meeting

NOTICE TO MEMBERS

NOTICE is hereby given that the 13th Annual General Meeting of the shareholders of the company will be held on Monday, the August 12, 2019 at 04:00 PM at "Siruthuli", Noyyal Life Centre, Sungam Bye pass Road, South of Railway Bridge, Coimbatore - 641045, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the company along with consolidated financial statements for the financial year ended March 31, 2019 together with the reports of the board of directors and the auditors thereon.
2. To appoint a Director in the place of Suresh Jagannathan (holding DIN: 00011326) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of section 149(10), 150(2), 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing regulations"), **MD Selvaraj (DIN: 00001608)** whose present term as an Independent Director expires on September 26, 2019, who has given his consent for re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI listing regulations and is eligible for re-appointment, and whose reappointment has been recommended by Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the company, for a second term of five consecutive years with effect from September 27, 2019 and is not liable to retire by rotation.

4. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of section 149(10), 150(2), 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing regulations"), **P Vijay Raghunath (DIN: 00002963)** whose present term as an Independent Director expires on September 26, 2019, who has given his consent for re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI listing regulations and is eligible for re-appointment, and whose reappointment has been recommended by Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the company, for a second term of five consecutive years with effect from September 27, 2019 and is not liable to retire by rotation.

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of section 149(10), 150(2), 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing regulations"), **V Bhuvaneshwari (DIN: 01628512)** whose present term as an Independent Director expires on September 26, 2019, who has given her consent for re-appointment and has submitted a declaration that she meets the criteria for independence under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI listing regulations and is eligible for re-appointment, whose reappointment has been recommended by Nomination and Remuneration Committee and by the Board of Directors, be and is hereby re-appointed as an Independent Director of the company, for a second term of five consecutive years with effect from September 27, 2019 and is not liable to retire by rotation.

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s. P. Mohan Kumar & Co, Cost Accountants, (Firm Registration No.100490) by the board of directors of the company to conduct the audit of cost records of the company for the financial year 2019-20, on a remuneration of ₹ 75,000/- (Rupees seventy five thousand only) exclusive of taxes as applicable and reimbursement of conveyance on actual basis as incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No 3, 4 & 5

M D Selvaraj (DIN: 00001608), P Vijay Raghunath (DIN: 00002963) and V Bhuvaneshwari (DIN: 01628512) were appointed as Independent Directors of the Company, at the Annual General Meeting held on September 27, 2014, for a period of 5 consecutive years with effect from September 27, 2014 in accordance with the provisions of Section 149, 150(2), 152, 160 and other applicable provisions, if any, read with Schedule IV of the Companies Act, 2013. Accordingly, the first term of office of M D Selvaraj (DIN: 00001608), P Vijay Raghunath (DIN: 00002963) and V Bhuvaneshwari (DIN: 01628512) as the Independent Directors of the Company expires on September 26, 2019 and they are eligible for re-appointment for another term of five consecutive years, subject to the approval of the members by way of passing a special resolution.

Based on the recommendations of the Nomination and Remuneration Committee and considering the qualifications, skills, experience and expertise knowledge, the performance evaluation and the eligibility criteria stipulated under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has recommended the re-appointment of M D Selvaraj (DIN: 00001608), P Vijay Raghunath (DIN: 00002963) and V Bhuvaneshwari (DIN: 01628512) as the Independent Directors of the Company for a second term of five consecutive years with effect from September 27, 2019. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

Further, all the Appointee Independent Directors have expressed their consent to act as the Independent Directors of the Company for the second term of five consecutive years. The Company has also received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act and as per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and confirmation that they do not suffer from any disqualifications barring their re-appointment as the Independent Directors.

In the opinion of the Board of Directors, they fulfill the conditions for re-appointment as Independent Directors and they are independent of the Management. The brief profile of all the Appointee Independent Directors is annexed and forms part of this Notice and details of the sitting fees paid to them are provided in the Corporate Governance Report forming part of the annual report for the year 2018-2019. The Board considers that the continued association of the Appointee Independent Directors would be of immense benefit to the Company and it is desirable to continue to avail their services as the Independent Directors.

The Company has also received notices from a Member under Section 160 of the Companies Act, 2013 (the Act) proposing their re-appointment as Independent Directors for the second term of 5 consecutive years.

Pursuant to Section 149(10) of the Companies Act, 2013, the re-appointment of Independent Directors for the second term of five consecutive years shall require the approval of the members by way of a special resolution. Accordingly, the Board recommends the Special Resolutions as set out in Item Nos.3, 4 and 5 of the Notice for the approval of the Members.

A copy of the draft letter for re-appointment of the Independent Directors setting out the terms and conditions of their re-appointment would be available for inspection by the Members at the Registered Office of the Company during the normal business hours of the Company, other than Saturdays and Sundays, till the date of the ensuing Annual General Meeting.

Except the Appointee Independent Directors, none of the other Directors or Key Managerial Personnel of the Company and their relatives are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item Nos.3, 4 and 5 of the Notice.

Item No. 6

The board of directors of the company, on the recommendation of the audit committee, has approved the appointment and remuneration of M/ s. P. Mohan Kumar & Co, Cost Accountants, (Firm Registration No.100490) to conduct the audit of the cost records of the company for the financial year ending March 31, 2020, at a remuneration of Rs.75,000/- (Rupees seventy five thousand only), plus taxes as applicable and reimbursement of conveyance at actuals, subject to ratification by shareholders.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors during the year 2019-20 as set out in the Item No.6 for the aforesaid services to be rendered by them. The board recommends the resolution set out in Item No.6 of the notice for the approval of the members.

None of the directors and key managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6 of the Notice.

Notes:

1. **A member entitled to attend and vote at the annual general meeting ("the meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company.**

The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. A proxy form for the annual general meeting is enclosed.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Members / proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Members may note that M/s M. S. Jagannathan & Visvanathan (FRN 001209S), Chartered Accountants, were appointed as statutory auditors of the Company, at the 11th Annual General Meeting (AGM) held on August 26, 2017, to hold office for a period of five years till the conclusion of 16th Annual General Meeting to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the members, at their 12th Annual General Meeting held on August 9, 2018 has approved to continue the appointment of M/s M. S. Jagannathan & Visvanathan (FRN 001209S), Chartered Accountants, as the statutory auditors without ratification till the conclusion of the 16th Annual General Meeting to be held in the year 2022. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this 13th Annual General Meeting.
5. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) on General Meetings, in respect of the directors seeking re-appointment at the Annual General Meeting are furnished and forms part of the notice.
6. The register of members and share transfer books of the company will remain closed from August 6, 2019 to August 12, 2019 (both days inclusive).
7. Members holding shares in electronic form may note that bank particulars registered against their depository accounts will be used by the company for payment of dividend. The company or its registrar and share transfer agent, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant by the members. Members holding shares in physical form and desirous of registering bank particulars against their respective folios for payment of dividend, are requested to write to the registrar and share transfer agent of the company.
8. **Change of Address:** Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and bank particulars to the company or its registrar & share transfer agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective depository participants and not to the company/ registrar and transfer agent.
9. As per the green initiative taken by the Ministry of Corporate Affairs, members are advised to register their email address with the company in respect of shares held in physical form and with the concerned depository participant / M/s. Link Intime India Private Limited in respect of shares held in demat form to enable the company to serve documents in electronic form.
10. Members desirous of receiving any information on the accounts or operations of the company are requested to forward his/her queries to the company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
11. **Dividend of prior years:** Pursuant to Section 124 of the Companies Act, 2013, the dividend which remained un-encashed / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. The shareholders, whose unclaimed or unpaid amount has been transferred to the "Investor Education and Protection Fund (IEPF)", may claim the same from IEPF authority by filing form IEPF-5 along with requisite documents. Members who have not encashed the dividend warrant(s) so far, since the financial year 2010-11, are requested to send their claim with a cancelled cheque containing name of the shareholder (for their Bank details) immediately to the company/ registrar and transfer agent for receiving the amounts through electronic channels such as RTGS/NEFT in lieu thereof.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the company or to M/s. Link Intime India Private Limited, 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
14. The members are requested to forward all their communications directly to the Registrar and Share Transfer Agent of the company, M/s. Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, 2nd Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
15. Electronic copy of the Annual Report for 2018-19, the notice of the 13th Annual General Meeting of the company and instructions for e-voting, along with the attendance slip and proxy form, are being sent to all the members whose email IDs are registered with the company/ depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018-19 is being sent in the permitted mode.
16. Members may also note that the notice of the 13th Annual General Meeting and the Annual Report 2018-19 will be available on the company's website, www.elgirubber.com. The physical copies of the aforesaid documents will also be available at the company's registered office for inspection during normal business hours on any working day.
17. Members holding shares in electronic form are requested to promptly intimate all the changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers, etc., to their concerned depository participant (DP). The changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agents to provide efficient and better services.
18. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member wishing to avail this facility may submit to the company's Registrar & Share Transfer Agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the company's Registrar & Share Transfer Agent.
19. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
20. Members are requested to note that the venue of the 13th Annual General Meeting at **"Siruthuli", Noyyal Life Centre, Sungam Bye pass road, South of Railway Bridge, Coimbatore - 641045**, and the route map containing the complete particulars of the venue is attached to this notice.
21. **Voting through electronic means:**
 - a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide its members the facility to exercise their right to vote at the 13th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Link Intime India Private Limited (LI IPL).
 - b) The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their vote through polling paper at the meeting.
 - c) The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for members for voting electronically are as under:-

 - i. The voting period begins on Friday, August 9, 2019 at 9:00 AM and ends on Sunday, August 11, 2019 at 5:00 PM.
 - ii. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, August 5, 2019, may cast their vote electronically. The e-voting module shall be disabled by LI IPL for voting thereafter.
 - iii. The shareholders should log on to the e-voting website <https://instavote.linkintime.co.in>
 - iv. Click on "Login" tab, available under 'Shareholders' section
 - v. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

- a) **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID,
- b) **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID,
- c) **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
- vi) Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form

<p>PAN</p> <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.</p>
<p>DOB / DOI</p> <p>Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.</p>
<p>Dividend Bank Details</p> <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number.</p> <p>Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (v-c).</p>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

- vii) After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No." of the company, you choose to vote.
- viii) On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting. Cast your vote by selecting appropriate option i.e., Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

- ix) If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- x) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- xi) Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- xii) You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.
- xiii) **Note for Non-individual Shareholders and Custodians:**
 - (a) Institutional shareholders (i.e., other than Individuals, HUF, NRI, etc.,) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.
 - (b) They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
 - (c) During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- xiv) Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- xv) In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us:- Tel : 022 – 49186000.
- d) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of August 5, 2019.
- e) R Jayachandran, Partner, M/s. RJC Associates, Chartered Accountants, Coimbatore has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- f) The scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the company.
- g) The results shall be declared within 2 days of the conclusion of the 13th Annual General Meeting. The results declared along with the consolidated scrutinizer's report shall be placed on the company's website www.elgirubber.com and on the website of LIPL and communicated to the Stock Exchange where the company's shares are listed.

**By and on behalf of the Board
For Elgi Rubber Company Limited**

**Sudarsan Varadaraj
DIN: 00133533
Chairman & Managing Director**

Place : Coimbatore
Date : May 20, 2019

Details of director seeking re-appointment in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) on General Meetings

Name	Suresh Jagannathan	M D Selvaraj	P Vijay Raghunath	V Bhuvaneshwari
DIN	00011326	00001608	00002963	01628512
Date of Birth / Age	01.05.1957 / 62 years	08.12.1953 / 66 years	31.05.1967 / 52 years	05.02.1962 / 57 years
Nationality	Indian	Indian	Indian	Indian
Date of Induction on the Board	06.01.2011	06.01.2011	06.01.2011	31.07.2014
Relationship with other director	Not related to any director	Not related to any director	Not related to any director	Not related to any director
Qualification	Bachelor of Science from Rensselaer Polytechnic Institute, New York	M Com MBA FCS	B Com BL MA (Hons)	B Com BL
Experience	39 years of experience in food, textiles and engineering industries	34 years of experience in Corporate laws, Secretarial, Financial and other allied functions	17 Years of Practice in Legal Profession	20 Years of Practice in Legal Profession
Shareholding	Nil	116	Nil	Nil
List of Directorships held in other companies	1.Kovilpatti Lakshmi Roller Flour Mills Limited 2. Priool Limited 3. Chempaka General Finance Private Limited 4. Eltex Precision Dies and Tools Private Limited 5. McKinnon India Private Limited 6. Cape Power Private Limited 7. Cape Flour Mills Private Limited	1.Suryavaradh Securities Private Limited	1. Precot Meridian Limited 2. Elgi Ultra Industries Limited 3. Elgi Ultra Limited 4. Space Ventures India Private Limited	1. Precot Meridian Limited 2. Chansuba Pumps Private Limited
Other Committee Memberships	1. Elgi Rubber Company Limited -Audit committee, Nomination and Remuneration Committee, CSR Committee 2.Kovilpatti Lakshmi Roller Flour Mills Limited Remuneration Committee Finance & Administrative Committee	1. Elgi Rubber Company Limited -CSR Committee and Finance and Administrative Committee	1. Elgi Rubber Company Limited - Audit committee, Nomination and Remuneration Committee 2.Elgi Ultra Industries Limited -Nomination and Remuneration	1. Elgi Rubber Company Limited -Audit committee and Nomination and Remuneration Committee 2. Precot Meridian Limited Audit committee,Nomination and Stakeholders relationship Committee
Other Committee Chairmanships	Nil	1. Elgi Rubber Company Limited Audit committee, Nomination and Remuneration committee, Stakeholders relationship committee	1. Elgi Ultra Industries Limited Audit Committee	Nil
Remuneration sought to be paid (per annum)	₹ 10,000/- as Sitting fee for each Board meeting and Audit committee meeting attended	₹ 10,000/- as Sitting fee for each Board meeting and Audit committee meeting attended	₹ 10,000/- as Sitting fee for each Board meeting and Audit committee meeting attended	₹ 10,000/- as Sitting fee for each Board meeting and Audit committee meeting attended
Remuneration last drawn (per annum)	₹ 40,000 (sitting fees)	₹ 110,000/- (sitting fees)	₹ 110,000/- (sitting fees)	₹ 60,000/- (sitting fees)
Terms & Conditions of Re-appointment	Liable to retire by rotation	As per Special Resolution set out under Item No. 3 of the Notice	As per Special Resolution set out under Item No. 4 of the Notice	As per Special Resolution set out under Item No. 5 of the Notice
Number of Meetings of the Board attended during the year	2 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	4 out of 7 meetings

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Directors' Report

The Board of Directors have pleasure in presenting the 13th annual report of the company and the audited financial statements for the year ended March 31, 2019 covering 12 months of operation. The Management Discussion and Analysis (MD&A) Report have been included at the appropriate places in this report.

Financial Highlights

	(₹ in million)	
	2018-2019	2017-2018
Profit before exceptional items, depreciation and tax	80.19	110.67
Less: Depreciation	78.58	73.03
Less: Exceptional items	-	4.50
Profit before taxation	1.61	33.14
Less: Provision for taxation	2.32	5.80
(Add) / Less: Provision for deferred tax	(5.27)	8.04
Profit after tax	4.56	19.30
Add : Opening surplus	1093.69	1084.59
Less: Dividend & Dividend distribution tax paid during the year	-	(7.84)
Add : Transfer from Other Comprehensive Income	0.16	(2.36)
Profit available for appropriation	1098.41	1093.69

Review of Business Operations and Future Outlook

During the year under review, in its Indian operations, your company recorded a sale of INR 2,028.81 million as against INR 1,885.08 million in the previous year. The company had made a net profit of INR 4.56 million as against the net profit of INR 19.30 million in the previous year. The company has recorded a sales growth of 7.62 % during the year.

However, your company's Brazil and USA operations continue to face problem, where the homologation of products that started two years back is not giving expected results.

The Netherlands operation is facing cost pressure; the additional cost of raw material during the third and fourth quarter, energy and labour costs could not be passed on to the customer due to stiff competition.

The company is taking steps to re engineer it's products with a view to reduce operating costs and to bring in higher efficiencies to improve the bottom line.

The company has switched over from ORACLE system to SAP ERP system from October 2018.

Change in the nature of Business

There was no change in the nature of business of the company during the financial year ended March 31, 2019.

Transfer to Reserves

During the year under review, an amount of INR 1,098.41 million (including the previous year closing balance of INR 1,093.69 million) has been retained under surplus in the Statement of Profit and Loss.

Dividend

The Directors have not recommended any Dividend for the year ended March 31, 2019. As mentioned in last year's report, the Reclaimed Rubber project at Mambattu is under progress. The company has spent considerable amount towards this project for land and machinery. The company has to spend a sizeable amount on building, machinery and other infrastructures on this project and is conserving the reserves for investing in the project.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The company had transferred the unclaimed dividend of INR 0.63 million and 4,08,686 equity shares to Investor Education and Protection Fund during the financial year 2018-19, as per the terms of section 124 and 125 of the Companies Act, 2013. As stipulated under the Act, unclaimed or unpaid dividend relating to the financial year 2011-12 will be remitted on or before October 17, 2019 to the Investor Education and Protection Fund established by the Central Government. The shares in respect of such unclaimed or unpaid dividend will

also be transferred to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs Demat Account on or before October 17, 2019, in accordance with the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Share Capital

The paid-up capital of the company as at March 31, 2019 stood at INR 50.05 million. During the year under review, your company had not made any fresh issue of shares.

Extract of Annual Return

The extract of annual return pursuant to the provisions of section 92 of the Companies Act, 2013 read with rule 12 of the Companies (Management and Administration) Rules, 2014, is available on the company's website www.elgirubber.com.

Board and Committee meetings conducted during the period under review

During the year under review, 7 meetings of the Board of Directors, 4 meetings of the Audit Committee, 2 meetings of the Nomination and Remuneration Committee, 4 meetings of the Corporate Social Responsibility Committee, 27 meetings of the Stakeholders' Relationship Committee and 1 meeting of the Finance and Administrative Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

Statement on Compliance of applicable Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on the meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

Directors' Responsibility Statement

Pursuant to the requirement of section 134(3)(c) of the Companies Act, 2013 with respect to Directors Responsibility Statement, the Board hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures from those standards
- b. the Directors had selected such accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis
- e. the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by Auditors under Section 143(12) of the Companies Act, 2013 other than those which are reportable to the Central Government

There had been no frauds reported by the auditors pursuant to section 143(12) of the Companies Act, 2013.

Declaration of Independent Directors

The company has received declarations from all the Independent Directors of the company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Company's policy relating to Directors' appointment, payment of remuneration and other matters provided under Section 178(3) of the Companies Act, 2013

The Board, on the recommendation of the Nomination and Remuneration Committee, had framed a policy for fixing and revising remuneration of Directors, key managerial personnel and senior management personnel of the company. The criteria for determining qualifications, positive attributes and independence of Directors has been stated in **Annexure II** to this report. The nomination and remuneration policy of the company is annexed herewith as **Annexure III** and can also be accessed on the company's website www.elgirubber.com.

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Comments on Audit Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M.S.Jagannathan & Visvanathan, Statutory Auditors and by CN Paramasivam, Secretarial Auditor, in their reports.

Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013

Details of loans given, investments made, guarantees given and securities provided pursuant to the provisions of section 186 of the Companies Act, 2013 have been given in the notes to the financial statements.

Particulars of contracts or arrangements made with related parties

All transactions entered into with related parties as defined under the Companies Act, 2013 and regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2018-19 were in the ordinary course of business and on arm's length pricing basis. Since there are no transactions which are not on arm's length basis and material in nature, Form AOC-2 is not being annexed.

The policy on related party transactions, as approved by the Board of Directors of the company, is available on the company's website www.elgirubber.com.

Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of this report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure IV** of this report.

Statement on Risk Management

The Board identifies and reviews the various elements of risk which the company has to face and laid out the procedures and measures for mitigating those risks. The elements of risk threatening the company's existence are very minimal.

The company does not face any risks other than those that are prevalent in the industry and has taken all possible steps to overcome such risks. The main concerns are volatility in raw material prices and fluctuations in foreign exchange rates. Effective planning in raw material purchasing and the ability to pass on raw material price increases have minimised the risk relating to the volatility in raw material prices. Foreign exchange fluctuation risk is minimised through proper planning and natural hedging. As a part of the overall risk management strategy, all assets are appropriately insured.

As a matter of abundant caution, the Company proposes to commence hedging of some of its key inputs like natural rubber with a view to containing risk further and necessary processes and approvals are in place.

Details about the policy developed and implemented by the company on Corporate Social Responsibility initiatives

The Board has formed a Corporate Social Responsibility (CSR) Committee comprising Sudarsan Varadaraj, MD Selvaraj and Suresh Jagannathan. The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting mechanisms for CSR activities.

As part of its initiatives under CSR, the company has undertaken projects in the areas of education including support to the education of differently abled children. The said projects are by and large in accordance with Schedule VII of the Companies Act, 2013 and the CSR Policy of the Company.

The CSR spend is predominantly directed through registered trust(s). The trust(s) expends the sums contributed by the company towards educational and related activities. The trust also expends the funds towards educational scholarships, medical relief, to help the upliftment of rural people by way of building infrastructure like, schools, street lights, roads etc., to support special children's school and also for the building corpus. The annual report on CSR activities is annexed herewith as **Annexure V**.

Annual evaluation of the Board on its own performance and of the individual directors

On the advice of the Board of Directors, the Nomination and Remuneration Committee formulated the criteria for evaluating the performance of the Board of Directors & its committees, Independent Directors, Non-Independent Directors and the Chairman & Managing Director. Based on that, performance evaluation has been undertaken. The independent Directors of the company have also convened a separate meeting for this purpose. The results and evaluation has been communicated to all concerned.

Directors and Key Managerial Personnel

Suresh Jagannathan (DIN: 00011326), Independent Director, has become Non-Executive Non-Independent Director w.e.f October 1, 2018 due to the amendment made in Regulation 16(1)(b)(viii) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

As per the provisions of section 152 of the Companies Act, 2013, Suresh Jagannathan (DIN : 00011326), Non-Executive Director of the company, retires by rotation at this annual general meeting. Being eligible, he offers himself for re-appointment. Your Directors recommend his re-appointment.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at their meeting held on May 20, 2019, has recommend the re-appointment of M D Selvaraj (DIN: 00001608), P Vijay Raghunath (DIN: 00002963) and V Bhuvaneshwari (DIN: 01628512) as Independent Directors for a second term of 5 consecutive years from the ensuing Annual General Meeting by way of passing necessary Special Resolutions in accordance with the provisions of Section 149 of the Companies Act, 2013.

The Company has also received declaration from the appointee Independent Directors that they fulfil the criteria of independence as prescribed under the provisions of Section 149(6) of the Companies Act, 2013 read Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory re-enactment thereof for the time being in force).

Your Directors recommend the re-appointment of Independent Directors.

V Santhanakrishnan has been appointed as the Company Secretary & Compliance Officer of the Company with effect from August 9, 2018.

Other than the above, there were no changes in the composition of the Board of Directors and the Key Managerial Personnel of the Company.

Subsidiaries, Joint Ventures and Associate Companies

The company has 7 wholly-owned subsidiaries, 3 step-down subsidiaries and one wholly-owned LLP. The statement pursuant to section 129(3) of the Companies Act, 2013 containing the salient features of the financial statements of subsidiary companies forms part of this annual report.

Titan Tyrecare Products LLP, a wholly owned LLP of the company is in the process of striking off its name as it has suffered lack of growth in the business for past 3 years. Necessary application has been submitted with Registrar of Companies.

The Board has approved a policy for determining material subsidiaries which is available on the company's website www.elgirubber.com.

The annual accounts of the subsidiary companies are available on the website of the company www.elgirubber.com and kept for inspection by the shareholders at the registered office during normal business hours of the company. The company shall provide the copy of the annual accounts of subsidiary companies to the shareholders upon their request.

Deposits

The company has not accepted or renewed any fixed deposit and hence there are no unclaimed deposits as on March 31, 2019.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future

There were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Adequacy of internal financial controls with reference to the financial statements

The company has implemented and evaluated the internal financial controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The company has appointed internal auditors with a dedicated internal audit team. The internal audit reports were reviewed periodically by the Board. Further, the Board annually reviews the effectiveness of the company's internal control system.

The Directors and management confirm that the internal financial controls are adequate with respect to the operations of the company. A report of auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of internal financial controls is annexed with the Auditors report.

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Statutory Auditors

M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore were appointed as statutory auditors for a period of 5 consecutive years at the 11th annual general meeting of the Company held on August 26, 2017 subject to ratification by the shareholders at every annual general meeting. Consequent to the amendments made in the provisions of Section 139 of the Companies Act, 2013, the members, at their 12th Annual General Meeting, has approved to continue the appointment of M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore as statutory auditors for a period of 5 consecutive years till the conclusion of the 16th Annual General Meeting to be held in the year 2022 without ratification. Hence, no resolution for ratification of appointment of statutory auditors is included in the Notice convening the 13th Annual General Meeting. The Company has received a certificate from the statutory auditors to the effect that their appointment would be in accordance with the provisions of section 141 of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with corresponding rules framed thereunder, CN Paramasivam, Company Secretary in Practice, was appointed as the secretarial auditor of the company to carry out the secretarial audit for the year ended March 31, 2019. A secretarial audit report given by the secretarial auditor in Form No. MR-3 is enclosed with this report as **Annexure VI**.

Cost Auditors

The Company has made and maintained cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. The Board of Directors, at their meeting held on May 20, 2019, have appointed M/s. P. Mohan Kumar & Co. (Firm Registration No.100490), Cost Accountants, as the Cost Auditors of the company for the financial year 2019-20. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable to the Cost Auditors of the company is subject to the ratification by the shareholders at the annual general meeting. The Board recommends the ratification of their remuneration.

Particulars of employees

There are no employees who are in receipt of remuneration in excess of the prescribed limits for the whole financial year 2018-19 or a part thereof during the year. Particulars pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial personal) Rules, 2014, is enclosed as **Annexure VII**.

Human Resources and Industrial Relations

The company continues to enjoy a cordial relationship with all its employees. The employee count as on March 31, 2019 is 530.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The company has in place a policy for prevention of sexual harassment of women at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal complaints committee has been set up to redress complaints received. All employees (permanent, contractual, temporary and trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2018-19.

Corporate Governance

A report on corporate governance, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed as **Annexure VIII** and forms part of this report. The company has complied with the conditions relating to corporate governance as stipulated in clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Audit Committee

Audit committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. The particulars relating to the composition, meetings and functions of the committee has been disclosed in the Report on Corporate Governance under the head, 'Audit committee'. The Board has accepted the Audit committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit committee by Board.

Whistle Blower Policy

The company has a whistle blower policy to deal with unethical or improper practice or violation of company's code of business conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the company. The policy gives a platform to the whistle blower to report the complaints on the above mentioned practices to the chairman of the audit committee. Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for concern and is not done as a malicious act against an individual. The audit committee of the Board reviews the complaints received,

redressed, objected, withdrawn and dismissed for, every quarter in their meeting. The whistle blower policy is available on the company's website www.elgirubber.com.

Cautionary Statement

Statements in this report, especially those relating to MD&A giving details of company's objectives, projections, estimates and expectations may be construed as "forward looking statements" within the realm of applicable laws and regulations. Actual results are liable to differ materially from those either expressed or implied.

Acknowledgement

The Directors thank the company's customers, vendors, investors, business associates and bankers for their support to the company. The Directors also wish to place on record their appreciation of the contributions made by all the employees towards the growth of the Company.

Coimbatore
May 20, 2019

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

FORM No. MGT – 9

Extract of annual return as on the financial year ended March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i	CIN	L25119TZ2006PLC013144
ii	Registration Date	16/10/2006
iii	Name of the Company	Elgi Rubber Company Limited
iv	Category / Sub-Category of the company	Public Limited Company having Share Capital
v	Address of the Registered office and contact details	2000, Trichy Road, Singanallur, Coimbatore - 641005, Tamil Nadu, India. Telephone No.: 0422-2321000 Fax No.: 0422-2322222 E-mail Id: info@in.elgirubber.com
vi	Whether listed Company	Yes
vii	Name, Address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited (Coimbatore Branch) CIN : U67190MH1999PTC118368 "Surya" 35, Mayflower Avenue, Senthil Nagar, Coimbatore - 641028, Tamil Nadu. Telephone No.: 0422-2314792 Fax No.: 0422-2314792 E-mail Id: coimbatore@linkintime.co.in

II. Principal business activities of the company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No	Name and description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Manufacture of rubber products, tread rubber; retreading and rebuilding of rubber tyres	22119	100.00

III. Particulars of holding, subsidiary and associate companies

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	Borrachas e Equipamentos Elgi Ltda Estrada Chiquito De Aquino, 150 - Bairro Mondesir, CEP 12612 - 550 Lorena, SP - Brazil	Not applicable	Subsidiary	99.99	Section 2 (87)
2	Pincott International Pty Limited No.11, Precision Place, Mulgrave - NSW 2756 - Australia	Not applicable	Subsidiary	100.00	Section 2 (87)
3	Elgi Rubber Company Limited (Formerly Known as Treadsdirect Limited) P.O.Box 39521 - 00623, Commercial Street, Industrial Area Nairobi - Kenya	Not applicable	Subsidiary	99.99	Section 2 (87)
4	Elgi Rubber Company Limited (Formerly Known as Treadsdirect Limited) No.9, Industrial Estate Dankotuwa - Sri Lanka	Not applicable	Subsidiary	99.99	Section 2 (87)
5	Treadsdirect Limited C/o G. Biswas & Co, 45, Bangabandu Avenue, Dhaka - 1000 - Bangladesh	Not applicable	Subsidiary	100.00	Section 2 (87)

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
6	Elgi Rubber Company LLC P.O. Box 1025 600 North Magnolia Ave. Luling, TX 78648 - USA	Not applicable	Subsidiary	100.00	Section 2 (87)
7	Elgi Rubber Company Holdings B.V. Schoenerweg 36, 6222 NX Maastricht, P O Box 437 - 6200 AK Maastricht - The Netherlands	Not applicable	Subsidiary	100.00	Section 2 (87)
8	Titan Tyrecare Products LLP 2000, Trichy Road, Coimbatore – 641005	LLPIN: AAC-9643	Subsidiary	99.99	Section 2 (87)

IV. Shareholding pattern (Equity share capital breakup as percentage of total equity)

i. Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year (As on April 1, 2018)				No. of shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	27,699,078	-	27,699,078	55.34	27,699,078	-	27,699,078	55.34	-
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies corporate	4,305,175	-	4,305,175	8.60	4,305,175	-	4,305,175	8.60	-
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
Sub - Total (A)(1)	32,004,253	-	32,004,253	63.94	32,004,253	-	32,004,253	63.94	-
2. Foreign									
a. NRIs - Individuals	-	-	-	-	-	-	-	-	-
b. Others - Individual	-	-	-	-	-	-	-	-	-
c. Bodies corporate	-	-	-	-	-	-	-	-	-
d. Banks / FI	-	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-	-
Sub - Total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1)+(A)(2)	32,004,253	-	32,004,253	63.94	32,004,253	-	32,004,253	63.94	-
B. Public shareholding									
1. Institutions									
a. Mutual funds	675	140	815	0.00	675	-	675	0.00	0.00
b. Banks / FI	890	-	890	0.00	350	-	350	0.00	0.00
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt(s)	1,179,696	-	1,179,696	2.36	1,179,696	-	1,179,696	2.36	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance companies	1,111,700	-	1,111,700	2.22	1,111,700	-	1,111,700	2.22	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
Sub - Total (B)(1)	2,292,961	140	2,293,101	4.58	2,292,421	-	2,292,421	4.58	-

Category of Shareholders	No. of shares held at the beginning of the year (As on April 1, 2018)				No. of shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
2. Non-Institutions									
a. Bodies corporate									
i. Indian	2,912,890	2,234	2,915,124	5.82	2,602,642	1,359	2,604,001	5.20	(0.62)
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	7,992,694	1,674,075	9,666,769	19.31	7,999,241	1,314,010	9,313,251	18.61	(0.71)
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,946,464	185,850	2,132,314	4.26	2,471,774	185,850	2,657,624	5.31	1.05
iii. NBFCs registered with RBI	-	-	-	-	498	-	498	0.00	0.00
c. Others (specify)									
i. Individual directors	116	-	116	0.00	116	-	116	0.00	-
ii. Hindu Undivided Family	673,051	-	673,051	1.34	652,204	-	652,204	1.30	(0.04)
iii. NRI (Repatriate)	39,699	3,150	42,849	0.09	40,290	1,050	41,340	0.08	0.01
iv. NRI (Non-Repatriate)	59,805	-	59,805	0.12	34,718	-	34,718	0.07	(0.05)
v. Unclaimed shares	262,618	-	262,618	0.52	40,888	-	40,888	0.08	(0.44)
vi. IEPF	-	-	-	-	408,686	-	408,686	0.82	0.82
Sub - Total (B)(2)	13,887,337	1,865,309	15,752,646	31.47	14,251,057	1,502,269	15,753,326	31.47	0.00
Total shareholding of public (B) = (B)(1)+ (B)(2)	16,180,298	1,865,449	18,045,747	36.06	16,543,478	1,502,269	18,045,747	36.06	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	48,184,551	1,865,449	50,050,000	100.00	48,547,731	1,502,269	50,050,000	100.00	0.00

ii. Shareholding of promoters

Sl. No.	Name of Promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Sudarsan Varadaraj	23,022,014	46.00	-	23,022,014	46.00	-	-
2	LRG Technologies Limited	3,541,475	7.08	-	3,541,475	7.08	-	-
3	Harsha Varadaraj	2,252,635	4.50	-	2,252,635	4.50	-	-
4	Varshini Varadaraj	2,252,635	4.50	-	2,252,635	4.50	-	-
5	Elgi Equipments Limited	763,700	1.53	-	763,700	1.53	-	-
6	Jairam Varadaraj	141,750	0.28	-	141,750	0.28	-	-
7	Sumanth R	8,792	0.02	-	8,792	0.02	-	-
8	Anvar Jay Varadaraj	7,084	0.01	-	7,084	0.01	-	-
9	Maya Jay Varadaraj	7,084	0.01	-	7,084	0.01	-	-
10	Varun Jay Varadaraj	7,084	0.01	-	7,084	0.01	-	-
	TOTAL	32,004,253	63.94	-	32,004,253	63.94	-	-

iii. Change in promoters' shareholding

S.No.	Name of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Sudarsan Varadaraj				
	At the beginning of the year	23,022,014	46.00	23,022,014	46.00
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	23,022,014	46.00	23,022,014	46.00
2	LRG Technologies Limited				
	At the beginning of the year	3,541,475	7.08	3,541,475	7.08
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	3,541,475	7.08	3,541,475	7.08
3	Harsha Varadaraj				
	At the beginning of the year	2,252,635	4.50	2,252,635	4.50
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	2,252,635	4.50	2,252,635	4.50
4	Varshini Varadaraj				
	At the beginning of the year	2,252,635	4.50	2,252,635	4.50
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	2,252,635	4.50	2,252,635	4.50
5	Elgi Equipments Limited				
	At the beginning of the year	763,700	1.53	763,700	1.53
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	763,700	1.53	763,700	1.53
6	Jairam Varadaraj				
	At the beginning of the year	141,750	0.28	141,750	0.28
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	141,750	0.28	141,750	0.28
7	Sumanth R				
	At the beginning of the year	8,792	0.02	8,792	0.02
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	8,792	0.02	8,792	0.02
8	Anvar Jay Varadaraj				
	At the beginning of the year	7,084	0.01	7,084	0.01
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	7,084	0.01	7,084	0.01
9	Maya Jay Varadaraj				
	At the beginning of the year	7,084	0.01	7,084	0.01
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	7,084	0.01	7,084	0.01
10	Varun Jay Varadaraj				
	At the beginning of the year	7,084	0.01	7,084	0.01
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	7,084	0.01	7,084	0.01

iv. Shareholding pattern of top ten shareholders: (other than directors, promoters and holders of GDRs and ADRs)

S.No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	The Tamilnadu Industrial Investment Corporation Limited				
	At the beginning of the year	1,179,696	2.36	1,179,696	2.36
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	1,179,696	2.36	1,179,696	2.36
2	Shamyak Investment Private Limited				
	At the beginning of the year	999,223	2.00	999,223	2.00
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	999,223	2.00	999,223	2.00
3	The Oriental Insurance Company Limited				
	At the beginning of the year	763,127	1.52	763,127	1.52
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	763,127	1.52	763,127	1.52
4	Prescient Securities Private Limited				
	At the beginning of the year	581,000	1.16	581,000	1.16
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	581,000	1.16	581,000	1.16
5	Harsha Hitesh Javeri				
	At the beginning of the year	304,802	0.61	304,802	0.61
	Increase on 06.04.2018 - Transfer	49,537	0.10	354,339	0.71
	Increase on 25.05.2018 - Transfer	95,661	0.19	450,000	0.90
	Increase on 12.10.2018 - Transfer	29,689	0.06	479,689	0.96
	At the end of the year	479,689	0.96	479,689	0.96
6	National Insurance Company Limited				
	At the beginning of the year	348,573	0.70	348,573	0.70
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	348,573	0.70	348,573	0.70
7	Nemish S Shah				
	At the beginning of the year	280,000	0.56	280,000	0.56
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	280,000	0.56	280,000	0.56
8	Urmila D Shah				
	At the beginning of the year	273,000	0.55	273,000	0.55
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	273,000	0.55	273,000	0.55
9	Hitesh Ramji Javeri				
	At the beginning of the year	251,998	0.50	251,998	0.50
	Decrease on 22.02.2019 - Transfer	(2,000)	0.00	249,998	0.50
	Increase on 01.03.2019 - Transfer	2,000	0.00	251,998	0.50
	At the end of the year	251,998	0.50	251,998	0.50
10	Gagandeep Credit Capital Private Limited				
	At the beginning of the year	241,500	0.48	241,500	0.48
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	241,500	0.48	241,500	0.48

v. Shareholding of Directors and Key Managerial Personnel

S. No.	Name of the Director & Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Sudarsan Varadaraj				
	At the beginning of the year	23,022,014	46.00	23,022,014	46.00
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	23,022,014	46.00	23,022,014	46.00
2	Jairam Varadaraj				
	At the beginning of the year	141,750	0.28	141,750	0.28
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	141,750	0.28	141,750	0.28
3	MD Selvaraj				
	At the beginning of the year	116	0.00	116	0.00
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	116	0.00	116	0.00
4.	SR Venkatachalam				
	At the beginning of the year	100	0.00	100	0.00
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	100	0.00	100	0.00

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	866.75	324.70	-	1,191.45
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	3.22	0.62	-	3.84
Total (i+ii+iii)	869.97	325.32	-	1,195.29
Change in Indebtedness during the financial year				
Addition	343.26	0.27	-	343.53
Reduction	127.27	141.16	-	268.43
Net Change	215.99	(140.89)	-	75.10
Indebtedness at the end of the financial year				
i. Principal Amount	1,080.71	184.15	-	1,264.86
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	5.25	0.28	-	5.53
Total (i+ii+iii)	1,085.96	184.43	-	1,270.39

VI. Remuneration of directors and key managerial personnel

A. Remuneration to managing director, whole-time directors and/or manager

(₹ in million)

S.No.	Particulars of Remuneration	Name of MD/WTM/Manager
		Sudarsan Varadaraj (Chairman & Managing Director)
1	Gross salary	
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	6.72
	b. Value of perquisites under section 17(2) of the Income Tax Act, 1961	-
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	6.72
	Ceiling as per the Act	As per section 197 of the Companies Act, 2013

B. Remuneration to other directors

(₹ in million)

Sl.No.	Name of directors	Particulars of remuneration			Total Amount
		Fee for attending board / committee meetings	Commission	Others, please specify	
1	Independent directors				
	P Vijay Raghunath	0.11	-	-	0.11
	MD Selvaraj	0.11	-	-	0.11
	V Bhuvaneshwari	0.06	-	-	0.06
	Total (1)	0.28	-	-	0.28
2	Other non executive directors				
	Jairam Varadaraj	0.02	-	-	0.02
	Suresh Jagannathan #	0.04	-	-	0.04
	Total (2)	0.06	-	-	0.06
	Total (B) = (1+2)	0.34	-	-	0.34
	Total managerial remuneration (A+B)				7.06
	Overall ceiling as per the Act	-	-	-	₹ 100,000 per meeting

Suresh Jagannathan (DIN:00011326) has become Non-Independent Director w.e.f. October 1, 2018 by virtue of Regulation 16(1)(b)(viii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C. Remuneration to key managerial personnel other than MD/Manager/WT

(₹ in million)

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		SR Venkatachalam, Chief Financial Officer	V Santhanakrishnan Company Secretary (from August 09, 2018)	
1	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3.12	0.44	3.56
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.33	0.02	0.35
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	3.45	0.46	3.91

VII. Penalties / Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A. Company Penalty Punishment Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors Penalty Punishment Compounding					
C. Other officers in default Penalty Punishment Compounding					

For and on behalf of the Board

Coimbatore
May 20, 2019Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

Criteria for selection of Non-Executive Directors

The Non Executive Director shall:-

- ❖ have adequate skills, background, experience and knowledge
- ❖ possess industry bias, i.e., should be reasonably conversant with and follow the rubber, retreading and automotive industry
- ❖ be a person of intellect and integrity
- ❖ not be discriminated on the basis of age, gender and race
- ❖ believe in and be committed to practice the Elgi values
- ❖ be capable of working in harmony with other board members and contribute effectively in board and shareholder meetings
- ❖ be in alignment with the Company's objectives and goals

ANNEXURE-III

Nomination and remuneration policy

This nomination and remuneration policy is being formulated in compliance with section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as specified in Regulation 19 read with Part D of Schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of directors, key managerial personnel and senior management has been formulated by the nomination and remuneration committee (NRC or the committee) and has been approved by the board of directors.

Definitions

"**Remuneration**" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961;

"**Key managerial personnel**" means

- i. the chief executive officer or the managing director or the manager
- ii. the company secretary
- iii. the whole-time director
- iv. the chief financial officer, and
- v. such other officer as may be prescribed

"**Senior managerial personnel**" or "**Senior Management**" means the officers / personnel of the company who are members of its core management team excluding board of directors and comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager including Chief Executive Officer / Manager, in case they are not part of the Board and including all functional heads.

Objective

- a. To guide the board in relation to appointment and removal of directors, key managerial personnel and senior management.
- b. To evaluate the performance of the members of the board and provide necessary report to the board for further evaluation of the board.
- c. To recommend to the board on remuneration payable to the directors, key managerial personnel and senior management.

Role of the committee:

The role of the NRC will be the following

- ❖ To formulate criteria for determining qualifications, positive attributes and independence of a director
- ❖ To formulate criteria for evaluation of independent directors and the board
- ❖ To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy
- ❖ To carry out evaluation of director's performance
- ❖ To recommend to the board the appointment and removal of directors and senior management
- ❖ To recommend to the board policy relating to remuneration for directors, key managerial personnel and senior management
- ❖ To recommend to the Board, all remuneration, in whatever form, payable to Senior Management
- ❖ To devise a policy on board diversity, composition and size
- ❖ Succession planning for replacing key executives and overseeing
- ❖ To carry out any other function as is mandated by the board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable
- ❖ To perform such other functions as may be necessary or appropriate for the performance of its duties

Appointment and removal of director, key managerial personnel and senior management

- ❖ The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or at senior management level and recommend his / her appointment, as per company's policy.
- ❖ A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- ❖ The company shall not appoint or continue the employment of any person as whole-time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

Term / tenure

Managing Director/Whole-time director:

The company shall appoint or re-appoint any person as its executive chairman, managing director or executive director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

Independent Director:

An independent director shall hold office for a term up to five consecutive years on the board of the company and will be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the board's report.

No independent director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such independent director shall be eligible for appointment after expiry of three years of ceasing to become an independent director.

Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

At the time of appointment of independent director it should be ensured that number of boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time director of a listed Company or such other number as may be prescribed under the Act.

Evaluation

The committee shall carry out evaluation of performance of director, KMP and senior management personnel yearly or at such intervals as may be considered necessary.

Removal

The committee may recommend with reasons recorded in writing, removal of a director, KMP or senior management personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the company.

Retirement

The director, KMP and senior management personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the company. The board will have the discretion to retain the director, KMP, senior management personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the company.

Policy for remuneration to directors / KMP / senior management personnel

1. Remuneration to managing director / whole-time directors:
 - a. The remuneration / commission etc. to be paid to managing director / whole-time directors, etc. shall be governed as per the provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the members of the company.
 - b. The nomination and remuneration committee shall make such recommendations to the board of directors, as it may consider appropriate with regard to remuneration to managing director / whole-time directors.
2. Remuneration to non-executive / independent directors:
 - a. The non-executive / independent directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the nomination and remuneration committee and approved by the board of directors.
 - b. All the remuneration of the non-executive / independent directors (excluding remuneration for attending meetings as prescribed under section 197 (5) of the Companies Act, 2013) shall be subject to ceiling / limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the nomination and remuneration committee and approved by the board of directors or shareholders, as the case may be.
 - c. An independent director shall not be eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the company.
 - d. Any remuneration paid to non-executive / independent directors for services rendered which are of professional in nature shall

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not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- i. The services are rendered by such director in his capacity as the professional; and
- ii. In the opinion of the committee, the director possesses the requisite qualification for the practice of that profession;

3. Remuneration to key managerial personnel and senior management :

- a. The remuneration to key managerial personnel and senior management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the company's policy.
- b. The compensation committee of the company, constituted for the purpose of administering the employee stock option / purchase schemes, shall determine the stock options and other share based payments to be made to key managerial personnel and senior management.
- c. The fixed pay shall include monthly remuneration, employer's contribution to provident fund, contribution to pension fund, pension schemes, etc. as decided time to time.
- d. The incentive pay shall be decided based on the balance between performance of the company and performance of the key managerial personnel and senior management, to be decided annually or at such intervals as may be considered appropriate.

Implementation

- ❖ The committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- ❖ The committee may delegate any of its powers to one or more of its members.

ANNEXURE - IV

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

Energy conservation is one of the primary objectives of the company and measures are taken on an ongoing process.

ii. Steps taken by the company for utilising alternate sources of energy

Through the arrangement with the State Electricity Board, wind energy generated by the company's windmills is supplied to the grid, thereby indirectly using alternate source of energy.

iii. Capital investment on energy conservation equipments : Nil

B. Technology absorption

i. Efforts made towards technology absorption

Steps are being taken for in-house development of technology and consequent absorption.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution

It is expected that proposed in-house technology development would result in product development.

iii. In case of imported technology

- a. the details of technology imported Nil
 - b. the year of import Nil
 - c. whether the technology have been fully absorbed N.A
 - d. if not fully absorbed, areas where absorption has not taken place and the reasons thereof N.A
- iv. the expenditure incurred on research and development : ₹ 4.90 million

C. Foreign exchange earnings & outgo during the year

Foreign exchange earned : ₹ 658.43 million

Foreign exchange outgo : ₹ 169.98 million

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

Coimbatore
May 20, 2019

Annual Report on CSR Activities of the Company

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting mechanisms for CSR activities. As part of its initiatives under CSR, the company has undertaken projects in the areas of education, social development, medical relief, sports, women empowerment, animal welfare, cultural protection, etc. These projects are by and large in accordance with Schedule VII of the Companies Act, 2013. The CSR spend is predominantly directed through registered trust(s). The trust(s) expends the sums contributed by the company towards educational and related activities only and also for having a corpus for undertaking construction of new school building within the next 5-10 years. The CSR policy of the company is also uploaded on the website of the company www.elgirubber.com.

2. The composition of the CSR committee

The company has constituted a corporate social responsibility committee comprising of Sudarsan Varadaraj, Suresh Jagannathan and MD Selvaraj as members of the committee.

3. Average profit of the company for the last three financial years : ₹ 69.83 million

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above) : ₹ 1.40 million

5. Details of CSR spent during the year

- a. Total amount to be spent for the financial year : ₹ 1.50 million

- b. Amount unspent, if any : Nil

- c. Manner in which the amount spent during the financial year

(₹ in million)

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Project or programmes: Local area or other Specify the state and district where projects or programmes were undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or program wise	Cumulative expenditures up to the reporting period	Amount spent direct or through implementing agencies
1.	Promoting Education & Rural Development	Education	Coimbatore, Tamil Nadu	1.50	1.50	1.50	Through Registered Trust(s)
			Total	1.50	1.50	1.50	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, reasons for the same

The company has spent the required two percent of the average net profit of the last three financial years.

7. Responsibility statement of the CSR committee

The CSR committee confirms that the implementation and governance of CSR programmes have been elaborated in the company's CSR policy. The CSR committee further confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.

Coimbatore
May 20, 2019

MD Selvaraj
Director
Member, CSR Committee
DIN: 00001608

Sudarsan Varadaraj
Chairman & Managing Director
Chairman, CSR Committee
DIN: 00133533

FORM No. MR-3
Secretarial Audit Report

for the Financial Year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to
Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members,
Elgi Rubber Company Limited
CIN: L25119TZ2006PLC013144
2000, Trichy Road, Singanallur
Coimbatore - 641005
Tamil Nadu, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Elgi Rubber Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. Elgi Rubber Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investments;
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management:-
 - a) The Rubber Act, 1947
 - b) The Petroleum Act, 1934 and the Petroleum Rules, 2002
 - c) The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950
 - d) The Explosives Act, 1884, the Explosives Substances Act, 1908 and the Explosives Rules, 2008

I have also examined compliance with the applicable clause(s) of the following:

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the National Stock Exchange of India Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/Regulations requiring compliance thereof by the Company:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour laws and environmental laws as applicable to the Company.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. During the period under review, an Independent Director has become as a Non-Executive Non-Independent Director with effect from 1st October, 2018 consequent upon the amendment made under Regulation 16(1)(b)(viii) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Other than the above, there were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period covered under the Audit, the Company has obtained necessary approval of the shareholders at the Annual General Meeting held on 9th August, 2018 and has amended the main object clause of the Memorandum of Association and adopted new set of Articles of Association and complied with the provisions of the Companies Act, 2013 read with relevant Rules made thereunder and Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that during the period, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity
- Redemption / buy-back of securities
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations

Place : Coimbatore

Date : 20th May, 2019

C N PARAMASIVAM

FCS No.: 4654

C P No.: 3687

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To

The Members

Elgi Rubber Company Limited

(CIN: L25119TZ2006PLC013144)

2000 Trichy Road, Singanallur

Coimbatore - 641005

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable standards, laws, rules and regulation is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore

Date : 20th May, 2019

C N PARAMASIVAM

FCS No.: 4654

C P No.: 3687

**Statement pursuant to Section 197(12) of the Companies Act, 2013
read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The ratio of the remuneration of each director to the employee's median remuneration for the financial year 2018-19

Name	Ratio
Sudarsan Varadaraj, Chairman & Managing Director	23 : 1

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Sudarsan Varadaraj	-	Chairman & Managing Director	:	Nil
SR Venkatachalam	-	Chief Financial Officer	:	4.46%
V Santhanakrishnan	-	Company Secretary (from August 09, 2018)	:	Nil

3. Percentage increase in the median remuneration of employees in the financial year : 9.77%

4. Number of permanent employees on the rolls of the company : 530

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration

Average increase in remuneration is 4.44% for employees.

It is affirmed that the remuneration is as per the remuneration policy of the company.

It is also affirmed that no persons were employed through out the year and were drawing remuneration as stipulated under the rule 5(2) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

Coimbatore
May 20, 2019

Report on Corporate Governance – Annexure to Directors' Report

(In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. The Company's Philosophy on Corporate Governance

The company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value to all its stakeholders through sound and professional governance. The company has adopted a code of conduct for its Directors and Senior Management Personnel.

2. The Board of Directors

- The Board of Directors of the company comprises of an Executive Chairman & Managing Director and five Non - Executive Directors [of which three (3) are Independent Directors including one (1) Woman Director].
- The composition of the Directors and their attendance in the Board meetings during the year and at the last Annual General Meeting, and also the number of the other directorships are as follows

Name of the Director	Category of Directorship	Attendance Particulars		No. of other Directorship held in Public Companies*	No. of Committee positions held in all Companies #	
		Board	AGM		Chairman	Member
Sudarsan Varadaraj (DIN: 00133533)	Chairman & Managing Director - Promoter	7	Yes	5	-	2
Jairam Varadaraj (DIN: 00058056)	Non Executive - Promoter	2	No	8	1	4
MD Selvaraj (DIN: 00001608)	Non Executive - Independent	7	Yes	-	2	-
Suresh Jagannathan (DIN: 00011326) @	Non Executive - Non Independent	2	Yes	3	-	2
P Vijay Raghunath (DIN: 00002963)	Non Executive - Independent	7	No	3	1	2
V Bhuvaneshwari (DIN: 01628512)	Non Executive - Independent	5	No	1	-	2

* Directorships in foreign companies and private companies have not been considered.

Only Audit Committee and Stakeholders Relationship committee are considered.

@ Suresh Jagannathan has become Non-Executive Non-Independent Director w.e.f October 1, 2018 due to the amendment made in Regulation 16(1)(b)(viii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Disclosure of Directorships in other Listed Entities:

Name of the Director	Details of the other listed entities where the Directors hold directorship	
	Name of the Listed Entity	Designation
Sudarsan Varadaraj (DIN: 00133533)	Kovilpatti Lakshmi Roller Flour Mills Limited (formerly "KLRF Limited")	Non Executive Non Independent Director
	Super Spinning Mills Limited	Non Executive Independent Director
	Elgi Equipments Limited	Non Executive Promoter Director
Jairam Varadaraj (DIN: 00058056)	Elgi Equipments Limited	Promoter Managing Director
	Precot Meridian Limited	Non Executive Independent Director
	Thermax Limited	Non Executive Independent Director
	Magna Electro Castings Limited	Non Executive Independent Director
MD Selvaraj (DIN: 00001608)	Nil	Not applicable
Suresh Jagannathan (DIN: 00011326)	Kovilpatti Lakshmi Roller Flour Mills Limited (formerly "KLRF Limited")	Promoter Managing Director
	Pricol Limited	Non Executive Independent Director
P Vijay Raghunath (DIN: 00002963)	Precot Meridian Limited	Non Executive Independent Director
V Bhuvaneshwari (DIN: 01628512)	Precot Meridian Limited	Non Executive Independent Director

Sudarsan Varadaraj, Chairman & Managing Director and Jairam Varadaraj, Director, are brothers and accordingly, both of them are related to each other. None of the other directors are related to each other.

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor they are the Chairman / Chairperson of more than 5 committees, as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Seven board meetings were held during the year and the date on which the board meetings were held and the particulars of attendance are as follows:

SI No	Date of Board Meeting	No. of Directors attended	SI No	Date of Board Meeting	No. of Directors attended
1	24.05.2018	6	5	08.11.2018	4
2	20.06.2018	4	6	07.02.2019	3
3	09.08.2018	5	7	26.03.2019	3
4	23.08.2018	5			

Shareholdings of Non-Executive Directors

The details of shares held by the Non-Executive Directors are given in the below table. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

Name of director	No. of shares held (as on March 31, 2019)
Jairam Varadaraj	141,750
MD Selvaraj	116
Suresh Jagannathan	-
P Vijay Raghunath	-
V Bhuvaneshwari	-

Key Board qualifications, expertise and attributes:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business vertical(s) and those already available with the Board are as follows:

Core Skill/Expertise/ Competencies	Description
Industry Skills	<ul style="list-style-type: none"> Knowledge / experience in the manufacturing, sale and marketing of Retreaded Tyres and other technical products; Knowledge of the tyre industry and the products, business model and the market; Knowledge / experience in the area of Research and Development, in particular, in the technological fields that are relevant for the business of the Company; Broad range of commercial / business experience;
Governance Skills	<ul style="list-style-type: none"> Knowledge / experience in the field of finance and accounting and audit and the ability to analyze and assess the key financial statements; Knowledge / experience in the governance, legal and compliance areas and the ability to identify key risks in a wide range of areas including legal and compliance risks; Knowledge / experience of the capital market and its developments; Ability to constructively manage crisis, provide leadership around solutions and contribute to communications strategy with stakeholders
Personal Attributes / Qualities	<ul style="list-style-type: none"> Ability to understand the role and fulfillment of the duties and responsibilities of a Director while being transparent in disclosing potential conflict of interest, continue to self-educate on legal responsibility and ability to maintain board confidentiality; Ability to constructively contribute to board discussions and communicate effectively with management and other directors; Understand role as director and continue to self-educate on legal responsibility, ability to maintain board confidentiality;

a. Familiarization Program for Independent Directors

The board members are regularly provided with documents / brochures, report, and other internal policies of the company to familiarize them with the company's policies, procedures and practices. Periodic presentations are made at the board/committee meetings on the company's business and developments. The Independent directors of the company are regularly briefed by the Managing Director of the company about the foreign subsidiaries, processes followed by them and the results made. The directors are also updated about the various statutory compliances. The details of familiarization programmes imparted to independent directors during the financial year 2018-19 are disclosed on the company's website at www.elgirubber.com.

b. Separate meeting of independent directors

The meeting of independent directors of the company was held on February 7, 2019 and they inter-alia, reviewed the performance of the non-independent directors and the board as a whole, reviewed the performance of the Chairman and assessed the quality, quantity and timeliness of flow of information between the company management and the board.

Confirmation on the fulfillment of the conditions of independence:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

Change in status of independence / Resignation of Independent Directors before expiry of tenure:

Suresh Jagannathan (DIN: 00011326), Independent Director, has become Non-Executive Non-Independent Director w.e.f 01.10.2018 due to the amendment made in Regulation 16(1)(b)(viii) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Subject to the above, none of the Independent Directors have resigned before the expiry of the tenure during the year under review.

3. Audit Committee

The Company has constituted an Audit Committee in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The audit committee comprises of three non-executive independent directors and one non-executive non independent director and all such members of the committee possess knowledge in the fields of accounts, finance and allied areas.

The role, powers and functions of the committee are as per section 177 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Besides having access to all the required information from within the company, the committee can obtain external professional advice whenever required.

The committee acts as a link between the statutory and internal auditors and the board of directors of the company. It is authorised to select and establish accounting policies, review reports of the statutory and the internal auditors and meet them to discuss their findings, suggestions and other related matters. The committee is empowered to recommend the appointment and remuneration payable to the statutory auditors.

During the year under review, the committee met 4 times on May 24, 2018, August 9, 2018, November 8, 2018 and February 7, 2019. The Chairman of the Audit Committee has attended the Annual General Meeting held on August 9, 2018.

The audit committee was reconstituted by the Board on August 9, 2018 with MD Selvaraj as Chairman, Suresh Jagannathan, P Vijay Raghunath, and V Bhuvaneshwari as its Members. The composition of the audit committee and particulars of meetings attended by the members of the audit committee are given below

Name	Category	No. of Meetings during the year 2018 - 2019	
		Held	Attended
MD Selvaraj (Chairman)	Independent – Non Executive	4	4
Suresh Jagannathan (Member)	Non Independent – Non Executive	4	2
P Vijay Raghunath (Member)	Independent – Non Executive	4	4
V Bhuvaneshwari (Member) *	Independent - Non Executive	4	1

*Appointed as a Member of the Audit Committee w.e.f. August 9, 2018

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The Chairman of the Audit Committee has attended the Annual General Meeting held on August 9, 2018. The representatives of both statutory and internal auditors of the company, the Chairman & Managing Director and the Chief Financial Officer of the company attended the committee meetings.

Company Secretary acts as Secretary of the audit committee.

The minutes of the audit committee meetings are circulated to the board, where it is discussed and duly recorded. The committee considered and reviewed the annual financial statements for the financial year 2018-19, at their meeting held on May 20, 2019 before it was placed before the board.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee comprises of 3 Non-Executive Independent Directors and 1 Non-Executive Non Independent Director.

The role, powers and functions of the nomination and remuneration committee are as per Section 178 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration committee was reconstituted by the board on August 9, 2018 with MD Selvaraj as Chairman, Suresh Jagannathan, P Vijay Raghunath, and V Bhuvaneshwari as its Members. The composition of the nomination and remuneration committee and particulars of meetings attended by the members are given below:

Name	Category	No. of Meetings during the year 2018 - 2019	
		Held	Attended
MD Selvaraj (Chairman)	Independent – Non Executive	2	2
Suresh Jagannathan (Member)	Non Independent – Non Executive	2	1
P Vijay Raghunath (Member)	Independent – Non Executive	2	2
V Bhuvaneshwari (Member)*	Independent - Non Executive	2	-

*Appointed as a Member of the Nomination & Remuneration Committee w.e.f. August 9, 2018

The Chairman of the nomination and remuneration Committee has attended the Annual General Meeting held on August 9, 2018.

The Nomination and Remuneration Committee shall identify the persons, who are qualified to become directors of the company / who may be appointed as key managerial personnel / senior management personnel in accordance with the criteria laid down, recommend to the board their appointment and removal, to recommend to the Board all remuneration, in whatever form, payable to senior management, to specify the manner for effective evaluation of performance of Board, its committees and individual directors and also, shall carry out evaluation of every director's performance and the performance of the Key Managerial Personnel and the Senior Management Personnel.

The committee has carried out the evaluation of performance of every individual directors, key managerial personnel and the senior management personnel.

While recommending the appointment of the directors, key managerial personnel and senior management personnel, the Nomination and Remuneration Committee considers criteria / attributes like qualification, expertise, experience of them in their respective fields. The Nomination and Remuneration Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The board of directors have adopted a nomination and remuneration policy, which, inter alia, deals with the criteria for appointment of the directors, key managerial personnel and senior management personnel and their remuneration. The nomination and remuneration policy is annexed to the Board's Report and it can also be accessed on company's website at www.elgirubber.com.

Performance evaluation of non-executive and independent directors

The evaluation of the performance of the independent directors is based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity and ability to articulate independent views and judgement. Accordingly, the performance evaluation of Independent Directors has been conducted and the results have been communicated to the Chairman of the Board.

Pursuant to the provisions of the Companies Act, 2013 and as per Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees of the board. They also evaluated various aspects of the board such as adequacy of the composition of the board and its committees, board diversity, execution and performance of specific duties, obligations and governance.

5. Remuneration of Directors

Details of remuneration paid to the Directors for the year ended March 31, 2019 are as follows:

a. Executive Directors

Remuneration paid to Managing Director during the year is given below

Name	Service Contract	Salary (₹ in million)	Allowances	Commission	Total Remuneration (₹ in million)
Sudarsan Varadaraj, Chairman & Managing Director	For a period of 5 years w.e.f. 01.01.2016	6.72	-	-	6.72

Remuneration includes salary & company's contribution to provident fund.

b. Non Executive Directors

Sitting fees for attending Board / committee meetings paid to Non Executive Directors are given below:

Name of the Directors	Sitting Fees Paid (₹ in million)
Jairam Varadaraj	0.02
MD Selvaraj	0.11
Suresh Jagannathan	0.04
P Vijay Raghunath	0.11
V Bhuvaneshwari	0.06

The company does not pay any remuneration to its non-executive directors barring sitting fees for attendance of the meetings during the year.

There are no pecuniary relationships or transactions of Non Executive Directors vis-a-vis the company.

c. The company does not have any employee stock option scheme.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at www.elgirubber.com

6. Stakeholders Relationship Committee

The Board has constituted Stakeholders Relationship Committee (SRC) pursuant to the applicable provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Stakeholders Relationship Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfer and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The composition of Stakeholders Relationship Committee and the attendance of the members in the meetings are given below:

Name	Category	No. of Meetings during the year 2018 - 2019	
		Held	Attended
MD Selvaraj (Chairman)	Non-Executive Independent Director	27	27
Sudarsan Varadaraj (Member)	Chairman & Managing Director	27	17
P Vijay Raghunath (Member)	Non-Executive Independent Director	27	27

The Chairman of the Stakeholders Relationship Committee has attended the Annual General Meeting held on August 9, 2018.

SR Venkatachalam, Chief Financial Officer of the company was the Compliance Officer with effect from January 26, 2018 and subsequently, V Santhanakrishnan was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 9, 2018. The minutes of the Stakeholders Relationship Committee were placed before the Board Meeting for due ratification and approval.

The committee had met 27 times during the financial year 2018-19.

During the year, the company had received two complaints from shareholders and the said complaints were resolved satisfactorily by furnishing the requisite information / documents to the shareholder.

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Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities has been obtained by the company from a Company Secretary in whole-time practice and the same has been submitted to the Stock Exchange within the stipulated time.

Investors' complaints

The Company has attended to the investors' grievances and correspondences within a maximum period of 5 days from the date of receipt of the same during the year 2018-19. There were no outstanding complaints as on March 31, 2019.

Number of shares transferred during 2018-19:

Physical transfers	: 21 nos. constituting 46,673 shares
Transmission	: 166 nos. constituting 202,589 shares
No. of pending share transfers / demat requests as on March 31, 2019	: Nil
Average turn around time	: 15 days for transfer / transmission of physical shares
Bad deliveries received	: Nil

Unclaimed Suspense Account

Pursuant to Regulation 39(4) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company had transferred 273,958 unclaimed shares to Elgi Rubber Company Limited Unclaimed Securities Suspense Account, opened with SBICAP Securities Limited.

The claimed details of the Unclaimed Securities Suspense Account are given below:

Particulars	Number of Shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	212	262,618
Shares transferred to IEPF from unclaimed suspense account during the year	180	210,530
Number of shareholders who approached the company for transfer of shares from suspense account during of the year	2	11,200
Number of shareholders to whom shares were transferred from suspense account during of the year	2	11,200
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	30	40,888

The voting rights of the shares lying in the Unclaimed Securities Suspense Account will remain frozen till the rightful owner claims the shares.

7. Corporate Social Responsibility (CSR) Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the company has constituted the corporate social responsibility committee.

The committee comprises of Sudarsan Varadaraj, MD Selvaraj and Suresh Jagannathan as its members.

The CSR committee met four times during the year on May 24, 2018, August 9, 2018, November 8, 2018 and February 7, 2019. The attendance of the members at the meeting were as follows:

Name	Category	No. of Meetings during the year 2018 - 2019	
		Held	Attended
Sudarsan Varadaraj (Chairman)	Chairman & Managing Director	4	4
MD Selvaraj (Member)	Non Executive Director	4	4
Suresh Jagannathan (Member)	Non Executive Director	4	2

The committee evaluates and recommends the CSR projects/programmes to the Board for approval. The company formulated CSR Policy, which is available on the website of the company viz. www.elgirubber.com.

Management Discussion and Analysis Report

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the Annual Report.

8. Annual General Meetings

Location and time where the last three Annual General Meetings were held and details of the special resolutions passed

Details of meeting	Date of meeting	Time of meeting	Venue of meeting	Special Resolutions
Annual General Meeting 2015 - 2016	12.09.2016	04.00 PM	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Nil
Annual General Meeting 2016 - 2017	26.08.2017	11.30 AM	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	Nil
Annual General Meeting 2017 - 2018	09.08.2018	11.00 AM	Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045	1. Approval of the alteration of Main objects clause of the Memorandum of Association 2. Approval of the adoption of new set of Articles of Association in line with the Companies Act, 2013

No extra ordinary general meeting was held during the financial year 2018-19.

Postal ballots

No resolution was put through Postal Ballot last year. No special resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the company.

9. Means of Communication

1. The quarterly / half yearly unaudited financial and the annual audited financial results are normally published in Business Standard & Malai Murasu. The book closure and dividend declaration notices are published in Business Standard & Malai Murasu. The financial results are also placed on the company's website - www.elgirubber.com.
2. The copies of the results are forwarded to concerned stock exchange immediately after they are approved by the Board for publication in their website. The company has a dedicated help desk with mail id info@in.elgirubber.com for providing necessary information to investors.
3. There were no specific presentations made to institutional investors or to the analysts during the year.

10. General Shareholder Information

i. Annual General Meeting

Date : August 12, 2019
Time : 04.00 PM
Venue : Siruthuli, Noyyal Life Centre, Sungam Bye Pass Road, Coimbatore - 641 045.

ii. Financial year

Year ending : April 1, 2018 to March 31, 2019
Date of Book Closure : August 6, 2019 to August 12, 2019 (both days inclusive)

Listing on Stock Exchange

The equity shares of the company are listed in National Stock Exchange of India Limited, Exchange Plaza, C/1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Annual listing fee have been duly paid to National Stock Exchange of India Limited, Mumbai.

Type of Security : Equity
Trading group in stock exchange : B1
Stock Code at the stock exchange : ELGIRUBCO (NSE)

International Securities Identification Number
(ISIN) under depository system : INE819L01012

Share Price Movements (Monthly High & Low)

The high and low prices during each month in the last financial year on National Stock Exchange of India Limited are given below:

Month	Apr'18	May'18	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19
High Price ₹	44.90	44.70	41.00	38.00	38.00	36.40	29.90	29.65	31.00	28.65	26.45	26.00
Low Price ₹	40.00	35.60	31.75	30.90	31.50	29.00	25.55	26.30	25.10	21.05	20.70	22.50

Stock performance in comparison to broad-based indices of NSE(NIFTY50)

2018-19	ELGIRUBCO share price data			NIFTY50 index of NSE	
Month	High (in ₹)	Low (in ₹)	Volume (Nos.)	High	Low
April	40.90	40.00	460,202	10759.00	10111.30
May	44.70	35.60	517,298	10929.20	10417.80
June	41.00	31.75	306,083	10893.25	10550.90
July	38.00	30.90	200,465	11366.00	10604.65
August	38.00	31.50	290,556	11760.20	11234.95
September	36.40	29.00	142,800	11751.80	10850.30
October	29.90	25.55	149,428	11035.65	10004.55
November	29.65	26.30	67,764	10922.45	10341.90
December	31.00	25.10	119,066	10985.15	10333.85
January	28.65	21.05	153,990	10987.45	10583.65
February	26.45	20.70	167,486	11118.10	10585.65
March	26.00	22.50	115,150	11630.35	10817.00
Closing price as on March 31, 2019 in Rs.				23.90	
Market capitalisation as on March 31, 2019 (₹ In million)				1,196.20	

Registrar & Share Transfer Agent: (For both physical & demat segments)

M/s Link Intime India Private Limited

Head Office

C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Ph.: 022 - 49186270, E-Mail: rnt.helpdesk@linkintime.co.in

Branch

Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Ph: 0422 - 2314792/ 2315792, E mail: coimbatore@linkintime.co.in

Reconciliation of Share Capital Audit

A qualified Company Secretary in whole-time practice has carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.

Share Transfer System

The company's shares are transferable through the depository system. Shares in physical form are processed by M/s. Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets once in fortnight or in such other frequency as necessary for approving share transfers and other related activities.

With effect from April 1, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity /

Registrar and Share Transfer Agent, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Legal proceeding / disputes on share transfer against the company : Nil

Shares under lock - in : Nil

Share Holding Pattern

Category	No of Shares	% of Share Holding
Directors and their relatives	27,690,402	55.33
Domestic Companies	6,909,176	13.80
Non Domestic Companies	-	-
Mutual Funds	675	0.00
Commercial Banks	848	0.00
Non Resident Indians	76,058	0.15
Public Financial Institutions	2,291,396	4.58
Foreign Institutional Investors	-	-
Resident Individuals	13,081,445	26.14
Total	50,050,000	100.00

Distribution of Shareholding

Range of Shareholding	No of Shares	% of Share	No. of Shareholders	% of Shareholders
0001 - 5000	5,737,415	11.46	9,777	96.24
5001 - 10000	1,517,866	3.03	217	2.13
10001 - 20000	1,103,250	2.20	79	0.78
20001 - 30000	554,004	1.11	23	0.23
30001 - 40000	471,446	0.94	14	0.14
40001 - 50000	442,136	0.89	10	0.10
50001 - 100000	685,245	1.37	10	0.10
100000 and above	39,538,638	79.00	29	0.28
Total	50,050,000	100.00	10,159	100.00

Number of Shareholders as on March 31, 2019 : 10,159

Dematerialisation of shares and liquidity : 48,547,731 equity shares accounting for nearly 97.00% of the paid up capital of the company have been dematerialised as on March 31, 2019. The company has entered into agreements with both NSDL (National Securities Depository Limited, Mumbai) & CDSL (Central Depository Services (India) Limited, Mumbai) whereby shareholders have an option to dematerialize their shares with any one of the two depositories.

Outstanding GDRs / ADRs / Warrants /any Convertible Instruments/conversion date and their likely impact on equity : There are no outstanding warrants or any convertible instruments. The company has not issued any GDR/ADR.

Commodity price risk or foreign exchange risk and hedging : The company did not engage in hedging activities and has no foreign exchange risk.

Plant Locations : Kanjikode, Annur, Kurichi, Kovilpalayam, Vellalore, Kottayi, Chengalpet, Sriperumbudur, Sri Lanka, Kenya, Brasil, USA and The Netherlands.

Address for Correspondence

For annual report, transfer of shares, dividend on shares change of address & other query relating to shares of the company and investors correspondence may be addressed to : Link Intime India Private Limited
"Surya", 35, Mayflower Avenue,
Behind Senthil Nagar, Sowripalayam Road,
Coimbatore - 641028, Tamil Nadu.
Ph: 0422 - 2314 792 / 2315 792
E-mail: coimbatore@linkintime.co.in
Contact Person : S. Dhanalakshmi

Contact address for Shareholders

: V Santhanakrishnan
Company Secretary & Compliance Officer
Elgi Rubber Company Limited,
Regd. Office: 2000, Trichy Road, Coimbatore - 641005, Tamil Nadu
Phone: (0422) - 232 1000 Fax : (0422) - 232 2222
Email : info@in.elgirubber.com

11. Disclosures

a. Disclosures on materially significant related party transactions

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc., which may have potential conflict with the interest of the company at large. The details of the transactions with related party are provided in the company's financial statements in accordance with the Accounting Standards.

All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the audit committee on a quarterly basis, specifying the nature, value and terms and conditions of the transaction.

The related party transaction policy as approved by the board is uploaded on the company's website viz. www.elgirubber.com.

b. Details of non compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authorities, on any matter relating to capital markets, during the last three years

The company has complied with all the requirements of the Listing Agreement of the stock exchange as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, stock exchange or any other statutory authority on matters relating to capital markets during the last three years.

c. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee

The company has adopted a whistle blower policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the chairman of the Audit Committee. It is affirmed that no personnel of the company has been denied access to the Audit Committee.

Your company hereby affirms that no complaints were received during the year under review.

d. Details of compliance with mandatory requirements and adoption of the non mandatory requirements

The company has complied with all the mandatory requirements of corporate governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has adopted the non-mandatory requirement of reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not adopted any other non-mandatory requirements.

e. Policy for determining material subsidiaries and policy on Related Party Transactions

Policy for determining material subsidiaries and Policy on dealing with Related Party Transactions has been disclosed on the website of the company at www.elgirubber.com.

Material unlisted subsidiary

During the year, the company did not have any material unlisted subsidiary company which is subject to special governance norms in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f. Commodity price risk and commodity hedging activities

During the financial year ended March 31, 2019, the company did not engage in commodity hedging activities.

g. Accounting Treatment

In the preparation of the financial statements for the year ended March 31, 2019 the company has followed the applicable Indian (Ind AS) Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the financial statements.

h. Risk Management

Business risk evaluation and management is an ongoing process within the company. The assessment is periodically examined by the Board.

12. There has been no instance of non-compliance of any requirement of corporate governance report as stated above in para 2 to 11 above.

13. The company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

14. Credit Rating:

The Company does not have any Debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating.

15. Other disclosures:

- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- A certificate from a Company Secretary in whole-time practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report
- During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- The Company has paid a sum of ₹ 1.31 million as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.
- As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

16. Certificate from Chief Executive Officer (CEO) / Chief Financial Officer (CFO)

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 20, 2019 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

17. Code of Conduct

The company has framed a Code of Conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated employees. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

The company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Board of Directors have laid down a code of conduct for all Board members and Senior Management of the Company. The same has been posted on the website of the company. All Board members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

The Company's Chairman & Managing Director's declaration to this effect forms part of this report.

Declaration

(Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I hereby affirm and state that all Board members and Senior Management Personnel of the company have given a declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2018-19.

For Elgi Rubber Company Limited

Coimbatore
May 20, 2019

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

Auditor's Certificate on Corporate Governance

To the Members of **M/s Elgi Rubber Company Limited**

We have examined the compliance of conditions of Corporate Governance by ELGI RUBBER COMPANY LIMITED ('the Company') for the year ended March 31, 2019 as per relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, the standards on Auditing specified under section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India, which requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in the relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as applicable during the year ended 31st March 2019.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M.S.Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

Coimbatore
May 20, 2019

M.V.Jeganathan
Partner
Membership No. 214178

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members,

Elgi Rubber Company Limited

CIN: L25119TZ2006PLC013144

2000 Trichy Road, Singanallur,

Coimbatore - 641005

Tamil Nadu, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Elgi Rubber Company Limited** having **CIN: L25119TZ2006PLC013144** and having registered office at 2000, Trichy Road, Singanallur, Coimbatore-641 005, Tamil Nadu, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on 31st March, 2019, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Date of Appointment in Company
1.	Mr. Sudarsan Varadaraj, Chairman & Managing Director	00133533	16-10-2006
2.	Dr. Jairam Varadaraj	00003361	06-01-2011
3.	Mr. M D Selvaraj	00001608	06-01-2011
4.	Mr. Suresh Jagannathan	00011326	06-01-2011
5.	Mr. P Vijay Raghunath	00002963	06-01-2011
6.	Mrs. V Bhuvaneshwari	01628512	31-07-2014

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore

Date : 20th May, 2019

C N PARAMASIVAM

FCS No.: 4654

C P No.: 3687

Independent Auditor's Report

To the Members of M/s. Elgi Rubber Company Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the Standalone Financial Statements of Elgi Rubber Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income and changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone financial statements section of our report, including in relation to these matters.

S.No.	Key Audit Matters	Auditor's Response
1	<p>Evaluation of uncertain tax positions</p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes (Refer note 43)</p>	<p>Principal Audit Procedures</p> <p>We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalisation of our report, from management. We analysed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties.</p>
2	<p>Recoverability of Income tax assets and Receivables from Government authorities</p> <p>As at March 31, 2019, non-current assets in respect of Income tax assets to the extent of ₹ 44.05 million and Receivable from government authorities to the extent of ₹ 36.76 million (net) are outstanding.</p>	<p>Principal Audit Procedures</p> <p>We analysed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represents tax deducted at sources; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these recoverables are sustainable upon final resolution.</p>

S.No.	Key Audit Matters	Auditor's Response
3	<p>Revenue from contracts with Customers</p> <p>Ind AS 115 on Revenue from Contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period, etc.</p> <p>Accordingly, revenue recognition relating to the above was determined as a key audit matter in our audit of the standalone financial statements.</p>	<p>Principal Audit Procedures</p> <p>We assessed the company's revenue recognition policy as per Ind AS 115 and the design and operating effectiveness of internal controls related to revenue recognition. Our audit procedure included making sample tests of individual transactions relating to revenue and whether such revenue was recognized as per the stated accounting policy adopted pursuant to Ind AS 115. It was concluded that Ind AS 115 had no impact on the revenue.</p>

We have determined that there are no other key audit matters to communicate in our report

Information Other than the Standalone Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility and those charged with governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer note no.43 to the standalone Financial Statements

ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **M.S. Jagannathan and Visvanathan**
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner

Membership Number: 214178

Coimbatore
May 20, 2019

Annexure - A to the Independent Auditor's Report

Referred to in para 9 of the independent auditors' report of even date to the members of Elgi Rubber Company Limited on the Standalone Financial Statements for the year ended March 31, 2019.

1. a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- c. According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties which are freehold, are held in the name of the company as at the balance sheet date. Immovable properties of whose title deeds have been pledged as security for Borrowings taken from Banks are held in the name of the company based on Memorandum of deposit of title deeds as produced to us except for certain land and buildings acquired pursuant to scheme of merger which are in the process of getting transferred in the name of the company.
2. The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
3. The Company has granted unsecured loans to 4 companies covered in the register maintained under Section 189 of the Act. There are no firms /LLPs/ other parties covered in the register maintained under Section 189 of the Act to whom the company has granted any unsecured loans.
 - a. In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

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- b. In respect of the aforesaid loans, the schedule of repayment of principal and interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- c. In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
4. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
5. The Company has not accepted any deposits from the public and accordingly paragraph 3(v) of the order is not applicable.
6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7.
 - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Employees Provident Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues, as applicable, with the appropriate authorities.
 - b. According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, Goods and Services Tax and Customs Duty which have not been deposited on account of any dispute other than the following as at March 31, 2019

Name of the statute	Nature of dues	Amount (₹ in million)	Period to which amount relates	Forum where dispute is pending
Income tax	Non deduction of tax deducted at source on foreign payments	2.19	FY 2011 - 12	CIT Appeals, Coimbatore
Income tax	Non deduction of tax deducted at source on foreign payments and rejection of certain claims	6.98	FY 2013 - 14	CIT Appeals, Coimbatore
Excise Duty (Erstwhile Treads direct Ltd)	Differential duty on own consumption	5.27	FY 2006-07	CESTAT, Bengaluru
Excise Duty (Erstwhile Treads direct Ltd)	Valuation dispute	0.40	FY 2006-07 to 2009-10	CESTAT, Chennai
Excise Duty (Erstwhile Treads direct Ltd)	Valuation dispute	4.20	FY 2009-14	Commissioner (Appeals) Cochin
Excise Duty (Erstwhile Treads direct Ltd)	Valuation dispute	1.28	FY 2014-15	Commissioner (Appeals) Cochin
Excise Duty (Erstwhile Treads direct Ltd)	Valuation dispute	0.56	FY 2015-16	Commissioner (Appeals) Cochin
Excise Duty (Erstwhile Treads direct Ltd)	Valuation dispute	0.15	FY 2016-17	Commissioner (Appeals) Cochin
Legal Metrology (Elgi Rubber Company Ltd)	Compounding Fee	0.15	FY 2015-16	Hon'ble High Court Kerala
Service tax (Erst while Titan Tyre Care Products Ltd)	Service Tax on Know how	1.47	FY 2008-09	CESTAT, Chennai

Name of the statute	Nature of dues	Amount (₹ in million)	Period to which amount relates	Forum where dispute is pending
VAT (Erstwhile Treadsdirect Ltd)	Levy of Entry Tax on Rubber Products	0.08	FY 2004-05	Deputy Commissioner, Bhopal.
VAT (Erstwhile Treadsdirect Ltd)	Dispute on rate of tax	4.17	FY 2008-09 to 2010-11	Appellate Tribunal, Hyderabad
VAT (Erstwhile Treadsdirect Ltd)	Dispute on rate of tax	1.04	FY 2008-09 to 2010-11	Appellate Tribunal, Hyderabad
VAT (Erstwhile Treadsdirect Ltd)	Non Submission of documents	25.24	FY 2009-10	Assistant Commissioner, Special Circle, Palakkad
VAT (Erstwhile Treadsdirect Ltd)	Levy of Tax on labour charges on Works Contract	4.59	FY 2010-11 to 2012-13	Hon'ble High Court of Chennai
VAT (Erstwhile Treadsdirect Ltd)	Sale / Purchase effected after RC cancellation	20.54	FY 2010-11	Hon'ble High Court of Kerala
VAT (Erstwhile Treadsdirect Ltd)	ITC Reversal on VAT Dispute	1.20	FY 2011-12	Deputy Commissioner Appeals, Palakkad
VAT (Erstwhile Treadsdirect Ltd)	Non-submission of documents	5.64	FY 2010-11	Appellate and Revisional board of Commercial Taxes, Kolkatta
VAT (Erstwhile Treadsdirect Ltd)	Non-submission of documents	2.34	FY 2011-12	Sales Tax Officer (STO) Kolkatta
VAT (Elgi Rubber Company Ltd)	Goods detained by Roving sward at Villupuram check post	0.07	FY 2016-17	Hon'ble High Court of Chennai
VAT (Elgi Rubber Company Ltd)	ITC Reversal on VAT Dispute	1.14	FY 2011.12 to 2012-13	Deputy Commissioner, Appeals-Palakkad
CST (Elgi Rubber Company Ltd)	Non-submission of documents	0.43	FY 2015-16	Deputy Commissioner Appeals - Palakkad
CST(Erstwhile Treadsdirect Ltd)	Non-submission of documents	4.26	FY 2015-16	Deputy Commissioner Appeals - Palakkad
CST (Elgi Rubber Company Ltd)	Non-submission of documents	0.82	FY 2016-17	Deputy Commissioner Appeals - Palakkad
CST (Erstwhile Treadsdirect Ltd)	Non-submission of documents	1.51	FY 2011-12	Deputy Commissioner Appeals, Palakkad
CST (Erstwhile Treadsdirect Ltd)	Non-submission of documents	0.87	FY 2010-11	Deputy Commissioner Appeals, Palakkad
VAT (Erstwhile Treadsdirect Ltd)	ITC Reversal	2.67	FY 2012-13	Deputy Commissioner Appeals, Palakkad
CST (Erstwhile Treadsdirect Ltd)	Non-submission of documents	2.32	FY 2012-13	Deputy Commissioner Appeals, Palakkad
CST (Erstwhile Treadsdirect Ltd)	Non-submission of documents	4.62	FY 2013-14	Deputy Commissioner Appeals, Palakkad
CST (Erstwhile Treadsdirect Ltd)	Non-submission of documents	2.98	FY 2014-15	Deputy Commissioner Appeals, Palakkad
VAT (Erstwhile Treadsdirect Ltd)	Non-submission of documents	1.06	FY 2015-16	Deputy Commissioner Appeals, Palakkad
CST (Elgi Rubber Company Ltd)	Non-submission of documents	0.89	FY 2012-13	Deputy Commissioner Appeals, Palakkad

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Name of the statute	Nature of dues	Amount (₹ in million)	Period to which amount relates	Forum where dispute is pending
CST (Elgi Rubber Company Ltd)	Non-submission of documents	0.52	FY 2013-14	Deputy Commissioner Appeals, Palakkad
CST (Elgi Rubber Company Ltd)	Non-submission of documents	0.13	FY 2014-15	Deputy Commissioner Appeals, Palakkad
VAT (Erstwhile Treadsdirect Ltd)	ITC Reversal	2.59	FY 2014-15	Deputy Commissioner Appeals, Palakkad

8. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
9. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **M.S.Jagannathan and Visvanathan**
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner

Coimbatore
May 20, 2019

Membership Number: 214178

Annexure - B to the Independent Auditor's Report

The annexure referred to the Independent Auditors' Report of even date to the members of Elgi Rubber Company Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Elgi Rubber Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of

India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and
 - iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M.S.Jagannathan and Visvanathan**
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner

Coimbatore
May 20, 2019

Membership Number: 214178

Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Balance Sheet as at March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
I. ASSETS			
Non-current assets			
Property, Plant and Equipment	4	752.53	842.04
Intangible Assets	4	13.80	-
Capital work-in-progress	5	95.96	74.51
Financial assets			
i. Investments	6	544.18	567.87
ii. Loans	7	598.06	530.15
iii. Other financial asset	8	17.23	19.12
Deferred tax asset (Net)	9	109.64	104.43
Other non-current assets	10	133.29	143.25
Total non-current assets		2,264.69	2,281.37
Current assets			
Inventories	11	627.80	682.60
Financial assets			
i. Trade receivables	12	682.24	530.96
ii. Cash and cash equivalents	13	10.92	12.31
iii. Bank balances other than (ii) above	14	243.01	240.84
iv. Loans	15	2.83	2.41
v. Other financial assets	16	0.34	0.34
Other current assets	17	239.94	240.31
Total current assets		1,807.08	1,709.77
TOTAL ASSETS		4,071.77	3,991.14
II. EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	50.05	50.05
Other equity	19	2,540.01	2,535.29
Total equity		2,590.06	2,585.34
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	507.50	291.04
Provisions	21	0.15	0.15
Total non current liabilities		507.65	291.19
Current liabilities			
Financial liabilities			
i. Borrowings	22	672.92	872.34
ii. Trade payables	23		
a. Outstanding dues of micro & small enterprises		2.85	1.07
b. Outstanding dues other than (a) above		131.18	126.44
Provisions	24	4.23	3.33
Other current liabilities	25	162.88	111.43
Total current liabilities		974.06	1,114.61
Total liabilities		1,481.71	1,405.80
TOTAL EQUITY AND LIABILITIES		4,071.77	3,991.14

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 20, 2019

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

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Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	26	2,028.81	1,885.08
Other income	27	105.32	118.17
TOTAL INCOME		2,134.13	2,003.25
Expenses			
Cost of materials consumed	28	969.29	966.81
Purchase of stock-in-trade	29	284.45	252.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	30.17	(70.46)
Employee benefits expense	31	235.87	220.78
Depreciation and amortisation expense	32	78.58	73.03
Excise duty on sales		-	26.23
Finance costs	33	115.80	97.42
Other expenses	34	418.36	399.42
TOTAL EXPENSES		2,132.52	1,965.61
Profit before exceptional items and tax		1.61	37.64
Exceptional items	35	-	(4.50)
Profit before tax from continuing operations		1.61	33.14
Income tax expense	36		
Current tax (MAT)		2.01	5.80
Deferred tax		(5.27)	8.04
Income Tax related to earlier year		0.31	-
Profit after tax for the year		4.56	19.30
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		0.22	(3.63)
Income tax relating to these items		(0.06)	1.27
Other comprehensive income for the year, net of tax		0.16	(2.36)
Total comprehensive income for the year		4.72	16.94
Earnings per share	37		
Basic (in ₹)		0.09	0.39
Diluted (in ₹)		0.09	0.39

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 20, 2019

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Cash Flow Statement for the year ended March 31, 2019

Particulars	March 31, 2019	March 31, 2018
A. Cash Flow from Operating activities		
Profit before taxation	1.61	33.14
Adjustments for		
Depreciation and amortisation expense	78.58	73.03
(Profit)/ Loss on sale of fixed asset	(8.81)	(24.74)
Provision for fall in value of Investments	3.58	-
Fair Value changes of investments considered to profit and loss	3.12	(13.25)
Interest received	(59.40)	(50.66)
Finance costs	115.80	97.42
Dividend Income	(4.70)	(0.33)
Operating profit before working capital changes	129.78	114.61
Change in operating assets and liabilities		
(Increase)/ decrease in loans	(0.42)	0.09
(Increase)/ decrease in Other financial assets	1.89	14.13
(Increase)/ decrease in inventories	54.80	(115.59)
(Increase)/ decrease in trade receivables	(151.28)	36.82
(Increase)/ decrease in Other assets	43.96	(15.41)
Increase/ (decrease) in provisions and other liabilities	50.88	0.32
Increase/ (decrease) in trade payables	6.52	22.60
Cash generated from operations	136.13	57.57
Income taxes paid (net of refunds)	4.98	(7.56)
Net cash flow from operating activities (A)	141.11	50.01
B. Cash Flow from Investing activities		
Purchase of Property, Plant and Equipment (including movements in CWIP)	(82.63)	(60.12)
Sale proceeds of Property, Plant and Equipment	67.12	30.31
(Purchase)/ disposal proceeds of Investments	17.00	-
(Investments in)/ Maturity of fixed deposits with banks	(1.49)	19.28
Loans to subsidiaries (net)	(67.91)	(43.46)
Interest income	18.47	23.77
Dividend Income	4.70	0.33
Net cash used in investing activities (B)	(44.74)	(29.89)
C. Cash Flow from Financing activities		
Proceeds from/ (repayment of) long term borrowings	216.46	(27.23)
Proceeds from/ (repayment of) short term borrowings	(199.42)	91.87
Finance costs	(114.11)	(97.66)
Dividend paid	(0.06)	(6.37)
Dividend transferred to Investor Education and Protection Fund	(0.63)	(0.58)
Net cash from / (used in) financing activities (C)	(97.76)	(39.97)
Net decrease in cash and cash equivalents (A+B+C)	(1.39)	(19.85)
Cash and cash equivalents at the beginning of the year	12.31	32.16
Cash and cash equivalents at the end of the year	10.92	12.31
Notes :		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
Current accounts	9.46	10.64
Cash on hand	1.46	1.67
Total cash and cash equivalents	10.92	12.31

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 20, 2019

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

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Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Statement of Changes in Equity for the year ended March 31, 2019

(A) Equity Share Capital

Balance at the beginning of April 1, 2017	50.05
Changes in equity share capital during the year	—
Balance at the end of March 31, 2018	50.05
Changes in equity share capital during the year	—
Balance at the end of March 31, 2019	50.05

(B) Other Equity

Particulars	Capital Reserve	Securities Premium	Other Comprehensive Income	General Reserve	Retained Earnings	Total
Balance as at April 1, 2017	173.28	1.90	-	1,266.42	1,084.59	2,526.19
Additions/ (deductions) during the year	-	-	(2.36)	-	11.46	9.10
Total Comprehensive Income for the year	-	-	2.36	-	(2.36)	-
Balance as at March 31, 2018	173.28	1.90	-	1,266.42	1,093.69	2,535.29
Additions/ (deductions) during the year	-	-	0.16	-	4.56	4.72
Total Comprehensive Income for the year	-	-	(0.16)	-	0.16	-
Balance as at March 31, 2019	173.28	1.90	-	1,266.42	1,098.41	2,540.01

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Coimbatore
May 20, 2019

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

1 Company Overview

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16th October 2006. ERCL is leading Company providing solutions to Rubber Industry and engaged in the business of manufacture of Reclaimed rubber, Retreading machinery, and Retread rubber.

2 Basis of preparation of financial statements

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 were the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest millions (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on May 20, 2019.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred tax assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Minimum Alternate Tax (MAT)

MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that a future economic benefit associated with it will flow to the Company.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of trade receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE/Intangible assets/Investment properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined benefit plans and other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements**Standards issued but not yet effective**

The following standards have been notified by Ministry of Corporate Affairs

1. **Ind AS 116 Leases** : On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace

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the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

2. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments** : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profits (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
 - Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e., April 1, 2019 without adjusting comparatives.

3. **Amendment to Ind AS 12 - Income Taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in statement of profit and loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

4. **Amendment to Ind AS 19 - plan amendment, curtailment or settlement** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

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Sale of goods and services

Revenue from the sale of goods and services is recognized when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, Plant and Equipment and Capital work-in-progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the Property, Plant and Equipment as the deemed cost as at the date of transition, viz., 1 April 2016.

Presentation

Property, Plant and Equipment and capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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e) Depreciation on Property, Plant and Equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on Written Down Value method, over the useful lives specified in Schedule II to the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

- (i) Raw materials, packing materials, stores and spares: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- (ii) Work-in-progress: At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods: At material cost, conversion costs, appropriate share of production overheads and Excise Duty. Post implementation of GST from July 1, 2017 no excise duty is included in the closing stock of finished goods as at March 31, 2018.
- (iv) Stock-in-trade and goods in transit: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

g) Financial instruments**Financial assets**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised

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cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an

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associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

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Name of the financial asset	Impairment Testing Methodology
Trade receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

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Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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h) Foreign currency transactions and translations

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

i) Borrowing costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

I) Retirement and other employee benefits**Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Business Combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

o) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

p) Provisions, contingent liabilities and contingent asset**Provisions**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

q) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

r) Cash flow statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of cash flow statement.

s) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

4 Property, Plant and Equipment

Particulars	Tangible Assets						Intangible Assets	Total of Tangible assets and Intangible assets
	Land	Buildings	Plant and Equipment	Furniture and Fittings	Vehicle	Total		
Cost as at April 1, 2017	320.52	230.45	321.93	1.50	5.79	880.19	-	880.19
Additions	7.50	41.66	61.58	0.10	-	110.84	-	110.84
Disposals/adjustments	(4.21)	-	(4.95)	-	-	(9.16)	-	(9.16)
Cost as at March 31, 2018	323.81	272.11	378.56	1.60	5.79	981.87	-	981.87
Additions	-	4.19	35.62	-	1.80	41.61	19.56	61.17
Disposals/adjustments	(55.68)	-	(6.55)	-	-	(62.23)	-	(62.23)
Cost as at March 31, 2019	268.13	276.30	407.63	1.60	7.59	961.25	19.56	980.81
Depreciation/amortisation								
As at April 1, 2017	-	15.67	53.29	0.12	1.31	70.39	-	70.39
Charge for the year	-	19.08	52.34	0.21	1.40	73.03	-	73.03
Disposals	-	-	(3.59)	-	-	(3.59)	-	(3.59)
As at March 31, 2018	-	34.75	102.04	0.33	2.71	139.83	-	139.83
Charge for the year	-	19.39	52.23	0.19	1.01	72.82	5.76	78.58
Disposals	-	-	(3.93)	-	-	(3.93)	-	(3.93)
As at March 31, 2019	-	54.14	150.34	0.52	3.72	208.72	5.76	214.48
Net Block								
As at March 31, 2018	323.81	237.36	276.52	1.27	3.08	842.04	-	842.04
As at March 31, 2019	268.13	222.16	257.29	1.08	3.87	752.53	13.80	766.33

5 Capital work-in-progress

Capital work-in-progress mainly comprises of building, machinery and others.

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
6 Non-current financial assets - Investments		
Unquoted - At Cost		
Investment in Subsidiaries *	859.55	876.55
Provision for impairment	(397.04)	(394.04)
	462.51	482.51
Quoted - At Fair Value Through Profit or Loss		
Investments in Equity instruments *	81.67	84.78
Unquoted - At Fair Value Through Profit or Loss		
Investment in mutual fund *	0.58	0.58
Provision for impairment	(0.58)	-
	544.18	567.87
Aggregate amount of		
Quoted investments and market value thereof	81.67	84.78
Unquoted investments	860.13	877.13
Provision for impairment	397.62	394.04
* Refer Note 47 for information on the above.		
7 Non-current financial assets - Loans		
(Unsecured, considered good)		
Loans and Advances to Related parties* (Refer Note No.49.c.9)	598.06	530.15
	598.06	530.15
* Disclosure required as per section 186		
The company has advanced loans to its subsidiaries to meet their working capital and capital projects requirements. The loans carry interest rates which are at par with the prevailing market rates.		
8 Non-current - Other financial assets		
(Unsecured, considered good)		
Security Deposits	14.19	15.68
Unamortised finance cost	0.55	0.86
Rent advance	2.49	2.58
	17.23	19.12
9 Non-current - Deferred tax asset (Net)		
Expenses allowable for tax purposes when paid	94.91	86.95
Voluntary retirement scheme payment to be allowed	3.29	5.67
Allowance for expected credit losses	10.02	8.64
Differential tax on capital gains	3.59	2.05
Carried forward losses	-	2.73
On Property, Plant, and Equipment	(4.80)	(2.23)
MAT credit Entitlement	2.63	0.62
	109.64	104.43
10 Other non-current assets		
(Unsecured, considered good)		
Capital advances	78.95	94.82
Advance income tax	12.91	20.21
Disputed income tax payments	31.14	19.36
Other disputed statutory payments/deposits	8.48	6.95
Advance recoverable in cash or in kind or for value to be received	1.81	1.91
	133.29	143.25
11 Inventories *		
Raw materials	388.30	417.02
Work-in-progress	62.39	109.84
Finished goods	133.00	118.23
Stock-in-trade	14.76	12.74
Packing materials	12.22	8.97
Stores and spares	14.88	14.04
Scrap	2.25	1.76
	627.80	682.60

* Also refer note 28 and 30 for details of inventories.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
12 Current financial assets - Trade receivables		
Unsecured		
Considered good	682.24	530.96
Considered doubtful	36.01	31.06
	718.25	562.02
Allowance for expected credit losses	(36.01)	(31.06)
	682.24	530.96
13 Cash and cash equivalents		
Cash on hand	1.46	1.67
Balances with banks		
In current accounts	9.46	10.64
	10.92	12.31
14 Other Bank balances		
In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	15.35	15.00
Security deposits	0.17	0.15
In margin money deposits **	225.26	222.77
Unpaid dividend account (earmarked for payment of dividend)	2.23	2.92
	243.01	240.84
* lien on bank overdraft		
** lien on bank guarantees		
15 Current financial assets - Loans		
(Unsecured, considered good)		
Loans to employees	2.83	2.41
	2.83	2.41
16 Current financial assets - Others		
(Unsecured, considered good)		
Other receivable	0.34	0.34
	0.34	0.34
17 Other current assets		
(Unsecured, considered good)		
Prepaid expenses	10.49	13.51
Balance with Government authorities	38.29	76.35
Export incentives receivable	13.06	9.55
Interest accrued	104.22	63.29
Others	73.88	77.61
	239.94	240.31
18 Equity share capital		
Authorised share capital		
380,300,000 Equity shares of ₹ 1/- each	380.30	380.30
	380.30	380.30
Issued share capital		
50,050,000 Equity shares of ₹ 1/- each	50.05	50.05
	50.05	50.05
Subscribed and fully paid up share capital		
50,050,000 Equity shares of ₹ 1/- each	50.05	50.05
	50.05	50.05

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Notes:		
1) Reconciliation of number of equity shares subscribed		
Balance at the beginning of the year	50,050,000	50,050,000
Issued during the year	-	-
Balance at the end of the year	50,050,000	50,050,000

- 2) There are no bonus shares and shares bought back during the period of five years immediately preceding the reporting date.
- 3) 49,550,000 equity shares of ₹1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010-11.
- 4) The Company has no holding company.
- 5) Rights, preferences and restrictions in respect of equity shares issued by the Company.
 - a. The company has only one class of equity shares having a par value of ₹1/- each. The equity shares of the company having par value of ₹1/- ranking pari-passu in all respects including voting rights and entitlement to dividend.
 - b. The Company has one class of equity shares having a par value of ₹1/- per share. Each shareholder is eligible for one vote per share held. During the year the company has not declared any dividend. (Previous year dividend : Nil)
 - c. In the event of liquidation, shareholders will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.
- 6) Shareholders holding more than 5% of the total share capital

Name of the shareholder	March 31, 2019		March 31, 2018	
	No of shares	% of Holding	No of shares	% of Holding
Sudarsan Varadaraj	23,022,014	46.00%	23,022,014	46.00%
LRG Technologies Limited	3,541,475	7.08%	3,541,475	7.08%

19 Other equity

Capital Reserves	173.28	173.28
Securities Premium Account	1.90	1.90
General Reserve	1,266.42	1,266.42
Other Comprehensive Income	-	-
Retained Earnings	1,098.41	1,093.69
	2,540.01	2,535.29
a) Capital reserve		
Balance at the beginning and end of the year	173.28	173.28
b) Securities premium account		
Balance at the beginning and end of the year	1.90	1.90
c) General reserve		
Balance at the beginning of the year	1,266.42	1,266.42
Additions/ (deductions) during the year	-	-
Balance at the end of the year	1,266.42	1,266.42
d) Other comprehensive income		
Balance at the beginning of the year	-	-
Additions during the year	0.16	(2.36)
Transfer to retained earnings	(0.16)	2.36
Balance at the end of the year	-	-

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
e) Retained earnings		
Balance at the beginning of the year	1,093.69	1,084.59
Net profit for the period	4.56	19.30
Transfer from Other Comprehensive Income	0.16	(2.36)
Dividends paid	-	(6.52)
Taxes on Dividends paid	-	(1.32)
Balance at the end of the year	1,098.41	1,093.69
20 Non-current financial liabilities - Borrowings		
Term Loans (Secured)		
From Banks	439.17	291.04
Others	68.33	-
	507.50	291.04
Secured borrowings and assets pledged as security:		
The borrowings from banks and others are secured by charges on specific land and building.		
There are no defaults in repayment of the above borrowings.		
21 Non-current liabilities - Provisions		
Provision for excise disputes*	0.15	0.15
	0.15	0.15
* Provision in respect of disputes represents claims against the Company on account of rejection of certain claims by the Company before the statutory authorities.		
22 Current financial liabilities - Borrowings		
a) Secured		
Loans from Banks	488.77	547.64
(includes cash credit, packing credit, etc)		
b) Unsecured		
Loans from Banks	150.00	250.00
Loan from Related parties	34.15	74.70
	672.92	872.34
Secured borrowings and assets pledged as security:		
The borrowings from Banks are secured by:		
a. Charge on entire Current Assets, both present and future		
b. Charge on specific Land, Building and Machinery		
c. Lien and Pledge of fixed deposit		
23 Current liabilities - financial liabilities - Trades payables		
a. Outstanding dues of micro & small enterprises	2.85	1.07
b. Outstanding dues other than (a) above	131.18	126.44
24 Current liabilities - Provisions		
Provision for compensated absence	4.23	3.33
	4.23	3.33
25 Other current liabilities		
Current maturities of long-term debt	84.44	28.07
Interest accrued but not due on secured loans	5.25	3.22
Interest accrued but not due on unsecured loans	0.28	0.62
Unclaimed dividends	2.23	2.92
Statutory dues payable	20.41	14.06
Employee benefits payable	4.16	7.28
Employee recoveries payable	0.46	0.60
Other payables	28.54	33.49
Advance and deposits from customers etc.,	17.11	21.17
	162.88	111.43

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
26 Revenue from operations		
Sale of products	2,026.80	1,883.57
Sale of services	0.99	0.84
Other operating revenue	1.02	0.67
	2,028.81	1,885.08
Sale of products comprise of		
Finished goods	1,971.14	1,826.91
Traded goods	55.66	56.66
	2026.80	1883.57
Other operating revenue		
Scrap sales	1.02	0.67
27 Other income		
Interest income	59.40	50.66
Other non operating income	45.92	67.51
	105.32	118.17
Interest income		
Banks	16.25	15.62
Subsidiaries	37.07	31.09
Others	6.08	3.95
	59.40	50.66
Other non operating income		
Dividend income from		
Subsidiaries	4.30	-
Others	0.40	0.33
Profit on sale of fixed assets (net)	8.81	24.74
Rent received	0.98	0.57
Net gain on foreign currency transactions and translations	21.05	19.21
Claims received from Insurance Company	0.53	0.96
Duty drawback/rebate of excise duty	6.48	2.26
Increase in fair valuation of equity instruments	-	13.25
Provisions no longer required written back	3.10	4.38
Miscellaneous income	0.27	1.81
	45.92	67.51
28 Cost of materials consumed		
Opening stock of raw materials	417.02	317.04
Purchase	940.57	1066.79
Closing stock of raw materials	(388.30)	(417.02)
	969.29	966.81
Stock of raw materials comprise of		
Natural rubber	34.75	27.93
Polymers	33.33	135.90
Carbon black	30.25	24.83
Others	289.97	228.36
	388.30	417.02
29 Purchase of stock-in-trade		
Curing bag	26.89	26.58
Butyl Scrap	243.54	217.16
Others	14.02	8.64
	284.45	252.38

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
30 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening balance		
Work-in-progress	109.84	34.47
Finished goods	118.23	121.68
Stock-in-trade	12.74	13.20
Scrap	1.76	2.76
	242.57	172.11
Closing balance		
Work-in-progress	62.39	109.84
Finished goods	133.00	118.23
Stock-in-trade	14.76	12.74
Scrap	2.25	1.76
	212.40	242.57
	30.17	(70.46)
Stock of work-in-progress comprise of		
Repair units & Envelopes	17.36	12.12
Rasp Blades & Carbides	1.67	3.77
Reclaimed Rubber	1.88	5.38
Engineering	21.76	85.10
Tread Rubber & Bonding Gum	19.72	3.47
	62.39	109.84
Stock of finished goods comprise of		
Engineering	16.42	8.00
Liquids	0.68	1.98
Rasp Blades & Carbides	10.71	8.97
Reclaimed Rubber	3.21	3.12
Repair units & Envelopes	23.39	11.96
Tread Rubber & Bonding Gum	78.59	84.20
	133.00	118.23
Stock of traded goods comprise of		
Curing Bags	5.87	4.89
Other traded goods	8.89	7.85
	14.76	12.74
31 Employee benefits expense		
Salaries, wages and bonus	202.34	185.18
Managerial remuneration	6.72	6.72
Contribution to provident and other funds	19.51	21.02
Gratuity paid(net of reversals)	3.08	2.53
Staff welfare expenses	4.22	5.33
	235.87	220.78
32 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	72.82	73.03
Amortisation of Intangible Assets	5.76	-
	78.58	73.03

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
33 Finance costs		
Interest on Borrowings		
Banks	91.98	82.32
Related party	4.61	6.77
Others	11.46	2.02
Financial charges on borrowings	7.75	6.31
	115.80	97.42
34 Other expenses		
Consumption of stores and spare parts	13.61	15.90
Packing materials consumed	10.48	6.67
Excise duty	-	(7.98)
Decrease in fair valuation of equity instruments	3.12	-
Power and fuel	94.50	81.27
Rent	5.64	5.32
Labour charges	50.18	41.64
Repairs and maintenance – plant and machinery	25.98	30.94
Repairs and maintenance – building	4.02	12.83
Repairs and maintenance – others	19.35	24.02
Insurance	5.08	5.34
Rates and taxes	4.93	5.19
Travelling and conveyance	26.68	26.20
Directors' sitting fees	0.34	0.28
Auditors' remuneration (see note below)	1.31	1.03
Professional fees	34.38	43.05
Advertisement and other selling expenses	23.47	18.26
Freight charges	39.40	30.42
Van Hire Charges	5.41	5.31
CSR expenditure	1.50	2.00
Bad Debts	0.17	16.02
Allowance for expected credit losses	4.95	-
Impairment of investments	3.58	-
Miscellaneous expenses	40.28	35.71
	418.36	399.42
Auditors' remuneration		
Audit fees	1.10	1.00
Other services	0.16	-
Reimbursement of expenses	0.05	0.03
	1.31	1.03
35 Exceptional items		
Compensation towards Voluntary retirement scheme	-	4.50
	-	4.50
36 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	2.01	5.80
Total current tax expense	2.01	5.80
Deferred tax		
Deferred tax adjustments	(5.27)	8.04
Total deferred tax expense/(benefit)	(5.27)	8.04
Income tax expenses related to earlier year	0.31	-
Income tax expense	(2.95)	13.84

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars		March 31, 2019	March 31, 2018		
b) The income tax expense for the year can be reconciled to the accounting profit as follows:					
Profit before tax from continuing operations		1.61			33.14
Income tax expense calculated at 27.82%		0.45			9.22
Tax rate changes (2018-19: 27.82% - 27.82%) (2017-18: 27.82% - 34.608%)*		-			(2.25)
Effect of expenses that are not deductible in determining taxable profit		1.56			(1.17)
Income tax expense		2.01			5.80
*The Impact is due to the difference in tax rate adopted for the current year deferred tax and previous year deferred tax					
c) Income tax recognised in other comprehensive income					
Remeasurement of defined benefit obligation		(0.06)			1.27
Total income tax recognised in other comprehensive income		(0.06)			1.27
d) Movement of deferred tax expense during the year ended March 31, 2019					
Deferred tax (liabilities) / assets in relation to:		Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant, and equipment and Intangible assets		(2.23)	(2.57)	-	(4.80)
Expenses allowable on payment basis under the Income Tax Act		92.62	5.64	(0.06)	98.20
Other temporary differences		13.42	0.19	-	13.61
		103.81	3.26	(0.06)	107.01
MAT credit entitlement		0.62	2.01	-	2.63
Total		104.43	5.27	(0.06)	109.64
e) Movement of deferred tax expense during the year ended March 31, 2018					
Property, plant, and equipment and Intangible assets		1.85	(4.08)	-	(2.23)
Expenses allowable on payment basis under the Income Tax Act		97.01	(5.66)	1.27	92.62
Other temporary differences		12.34	1.08	-	13.42
		111.20	(8.66)	1.27	103.81
MAT credit entitlement		-	0.62	-	0.62
Total		111.20	(8.04)	1.27	104.43

Particulars		March 31, 2019	March 31, 2018
37	Earnings per share		
	Profit for the year attributable to owners of the Company	4.56	19.30
	Weighted average number of ordinary shares outstanding	50,050,000	50,050,000
	Basic earnings per share (in ₹)	0.09	0.39
	Diluted earnings per share (in ₹)	0.09	0.39
38	Earnings in foreign currency		
	Revenue from exports on FOB basis	599.60	520.16
	Interest	37.07	31.09
	Dividend	4.30	-
	Other income	17.46	9.90
		658.43	561.15
39	Expenditure in foreign currency		
	Professional and consultation fees	18.61	22.03
	Interest / bank charges	20.97	18.75
	Travelling expenses	3.40	1.56
	Membership fee, books and periodicals	0.22	0.41
	Advertisement	17.04	2.95
	Others	11.43	12.25
		71.67	57.95

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019		March 31, 2018	
40 Value of Imports (on C.I.F basis)				
Raw materials	69.26		69.52	
Components and spare parts	2.87		4.46	
Capital goods	26.18		35.74	
	98.31		109.72	
41 Value of imported and indigenous raw materials, packing materials consumed and consumable spares during the financial year and the percentage of each to the total consumption				
	Amount	(%)	Amount	(%)
Raw materials				
Imported	71.77	7.40	73.88	7.64
Indigenous	897.52	92.60	892.93	92.36
	969.29	100.00	966.81	100.00
Packing materials				
Imported	-	-	-	-
Indigenous	10.48	100.00	6.67	100.00
	10.48	100.00	6.67	100.00
Stores and spares consumed				
Imported	2.87	21.09	4.46	28.05
Indigenous	10.74	78.91	11.44	71.95
	13.61	100.00	15.90	100.00
42 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under				
Particulars	March 31, 2019		March 31, 2018	
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	2.85		1.07	
(b) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-		-	
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-		-	
(d) The amount of interest accrued and remaining unpaid at the end of the year	-		-	
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-		-	
43 Contingent Liability				
Claims against the Company not acknowledged as debts				
a. Income tax matters	9.17		14.76	
b. Excise and service tax matters	13.33		13.23	
c. Sales tax	91.72		89.83	
d. Legal metrology	0.15		0.15	
Capital commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for	408.11		531.32	

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Other commitments		
A. Standby letter of credit (guarantee)		
SBLC facilities were extended by Indian banks to their foreign counterparts based on the counter guarantee given by the company. These counterpart banks who in turn had granted credit facilities to the following subsidiary companies.		
Outstanding amounts against credit facilities granted to	Currency	
1. Rubber Resources B.V. The Netherlands.	EUR	1.63
2. Elgi Rubber Company Holdings BV, The Netherlands	EUR	11.69
3. Pincott International Pty Limited, Australia	USD	-
4. Elgi Rubber Company LLC, USA	USD	4.10
Secured borrowings and assets pledged as security:		
The borrowings from banks are secured by:		
a. Charge on extension of current assets		
b. Charge on specific land and building		
c. Cash margin		
B. Others		
a. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities	INR 9.88	INR 13.62
b. Letter of credit on account of import of goods	-	EUR 0.08
	USD 0.03	USD 0.20
44 Operating Segments		
The Company's business operation comprises of single operating segment viz., "Rubber Industry". Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.		
(a) Revenue from external customers		
India	1,408.29	1,332.04
Other countries	620.52	553.04
	2,028.81	1,885.08
(b) Non current assets		
The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India		
(c) Information about major customers		
Number of external customers each contributing more than 10% of total revenue	NA	NA
Total revenue from the above customers	NA	NA
45 Operating lease arrangements		
As Lessor		
The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease income recognised in the statement of Profit and Loss	0.98	0.57
As Lessee		
The Company has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease payments recognised in the statement of Profit and Loss	5.64	5.32

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

46 Disclosure on R&D expenditure

Particulars	March 31, 2019	March 31, 2018
Salaries & wages	3.91	3.43
R&D materials	0.07	0.03
Maintenace	0.66	0.46
Other expenses	0.26	0.09
	4.90	4.01

The details of R&D expenses incurred in the prior periods for the financial year 2016-17 - ₹ 3.62 million, 2015-16 - ₹ 3.74 million, 2014-15 - ₹ 3.68 million and 2013-14 - ₹ 5.63 million.

47 Non-current financial assets - Investments

Particulars	No. of shares/Units (as on March 31, 2019)	Face value per share / units (in Respective Currency)	March 31, 2019	March 31, 2018
Investment in equity instruments (Fully paid up) (Unquoted) At cost*				
Investment in subsidiaries				
Elgi Rubber Company LLC, USA (Share 100%)	-	-	171.24	171.24
Less : Provision for impairment			(87.17)	(87.17)
			84.07	84.07
Elgi Rubber Company Limited, Kenya (Share 99.99%)	23,999	KES 100	2.01	2.01
Elgi Rubber Company Limited, Sri Lanka (Share 99.99%)	1,000,000	LKR 10	6.95	6.95
Treadsdirect Limited, Bangladesh (Share 100%)	51,700	BDT 100	4.42	4.42
Pincott International Pty. Limited, Australia (Share 100%)	100	AUD 1	34.29	34.29
Less : Provision for impairment			(34.29)	(34.29)
			-	-
Borrachas e Equipamentos Elgi Ltda., Brasil (Share 99.99%)	16,133,738	R\$ 1	272.58	272.58
Less : Provision for impairment			(272.58)	(272.58)
			-	-
Elgi Rubber Company Holdings B.V., The Netherlands (Share 100%)	3,433,541	EUR 1	365.06	365.06
Investment in Limited Liability Partnership Firm				
Titan Tyrecare Products LLP, India (Share 99.99%)	-	-	20.00	20.00
Less: Capital Reduction (Partial)			(17.00)	-
Less: Provision for impairment			(3.00)	-
			-	20.00
			462.51	482.51
Investment in Equity Instruments (Fully paid up) (Quoted)				
Fair Value Through Profit or Loss				
Elgi Equipments Limited	332,080	INR 1	81.53	84.59
Precot Meridian Limited	3,225	INR 10	0.14	0.19
			81.67	84.78
In Mutual Funds (Unquoted)				
IL & FS Milestone Fund – I	578	INR 1,000	0.58	0.58
Less : Provision for impairment			(0.58)	-
			-	0.58
			544.18	567.87

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

48 Financial instruments**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Particulars	March 31, 2019	March 31, 2018
Gearing Ratio:		
Debt	591.94	319.11
Less: Cash and bank balances	253.93	253.15
Net debt	338.01	65.96
Total equity	2,590.06	2,585.34
Net debt to equity ratio (%)	13.05%	2.55%
Categories of Financial instruments		
Financial assets		
a. Measured at amortised cost		
Non-current financial assets - Loans	598.06	530.15
Non-current - Other financial assets	17.23	19.12
Current financial assets - Trade receivables	682.24	530.96
Current financial assets - Cash and cash equivalents	10.92	12.31
Current financial assets - Bank balances other than above	243.01	240.84
Current financial assets - Loans	2.83	2.41
Current - Other financial assets	0.34	0.34
b. Mandatorily measured at fair value through profit or loss		
Non-current financial assets - Investments	544.18	567.87
Financial liabilities		
Measured at amortised cost		
Non-current financial liabilities - Borrowings	591.94	319.11
Current financial liabilities - Borrowings	672.92	872.34
Current financial liabilities - Trade payables	134.03	127.51

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency-net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
As on March 31, 2019							
USD	5.02	-	5.02	13.84	-	13.84	8.82
EUR	0.03	-	0.03	1.67	-	1.67	1.64
AUD	-	-	-	0.02	-	0.02	0.02
in INR	349.73	-	349.73	1,088.28	-	1,088.28	738.55
As on March 31, 2018							
USD	6.20	-	6.20	11.56	-	11.56	5.36
EUR	0.08	-	0.08	1.63	-	1.63	1.55
AUD	-	-	-	0.03	-	0.03	0.03
in INR	409.23	-	409.23	885.48	-	885.48	476.25

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 3.13 Million for the year (Previous INR 2.95 Million)

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative instruments, Cash and cash equivalents and Bank deposits

Credit risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit risk on Derivative instruments is generally low as the Company enters into the derivative contracts with the reputed Banks.

There is no major Investments made by the Company and accordingly is not prone to any major investment risk.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. The Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2019				
Trade payables	134.03	-	-	134.03
Borrowings (including interest accrued thereon upto the reporting date)	89.69	447.50	60.00	597.19
	223.72	447.50	60.00	731.22
March 31, 2018				
Trade payables	127.51	-	-	127.51
Borrowings (including interest accrued thereon upto the reporting date)	31.29	287.64	3.40	322.33
	158.80	287.64	3.40	449.84

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

49 Related party disclosure

a) Name of related party and nature of relationship

Subsidiaries

Elgi Rubber Company LLC, USA
Elgi Rubber Company Limited, Kenya
Elgi Rubber Company Limited, Sri Lanka
Treadsdirect Limited, Bangladesh
Borrachas e Equipamentos Elgi Ltda, Brasil
Elgi Rubber Company Holdings B.V., The Netherlands
- Rubber Resources B.V., The Netherlands
- Rubber Compounding Holland B.V., The Netherlands
- Elgi Rubber Company B.V., The Netherlands
Pincott International Pty Limited, Australia
Titan Tyrecare Products LLP, India

Other Related Parties

Elgi Equipments Limited
LRG Technologies Limited
Elgi Ultra Industries Limited
Pricol Properties Limited
ATS Elgi Limited
Festo India Private Limited
Cape Flour Mills Private Limited
Industrial Air Solutions LLP
Ellargi & Co

Key management personnel

Sudarsan Varadaraj
SR Venkatachalam

Chairman and Managing Director
Chief Financial Officer & Compliance Officer (upto August 8, 2018)
Chief Financial Officer (from August 9, 2018)
Company Secretary (upto January 25, 2018)
Company Secretary (from August 9, 2018)

D Selvakumar
V Santhanakrishnan

Relative of key management personnel

Harsha Varadaraj Son of Sudarsan Varadaraj

b) Transactions during the year

S.No.	Nature of transactions	2018-19	2017-18
1	Income from sale of goods		
	Elgi Rubber Company LLC, USA	40.94	30.16
	Elgi Rubber Company Limited, Kenya	14.62	3.80
	Elgi Rubber Company Limited, Sri Lanka	4.32	4.01
	Borrachas e Equipamentos Elgi Ltda, Brasil	66.42	42.81
	Rubber Resources B.V., The Netherlands	199.80	228.29
	Rubber Compounding Holland B.V., The Netherlands	-	0.05
	Elgi Rubber Company B.V., The Netherlands	21.15	17.03
	LRG Technolgies Limited	0.05	0.10
2	Purchase of goods		
	Elgi Rubber Company LLC, USA	0.47	0.82
	Borrachas e Equipamentos Elgi Ltda, Brasil	17.44	-
	Rubber Resources B.V., The Netherlands	0.02	-
	Pincott International Pty Limited, Australia	2.97	-
	LRG Technologies Limited	20.35	1.04
	Elgi Ultra Industries Limited	10.12	7.47
	ATS Elgi Limited	0.09	-
	Festo India Private Limited	0.44	3.39
	Industrial Air Solutions LLP	0.31	-
	Ellargi & Co.	0.89	0.83

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

S.No.	Nature of transactions	2018-19	2017-18
3	Purchase of asset		
	Pricol Properties Limited	-	29.40
4	Reimbursement of expenses (Paid)		
	Borrachas e Equipamentos Elgi Ltda, Brasil	-	3.04
	Elgi Rubber Company LLC, USA	6.63	0.12
	LRG Technologies Limited	6.83	5.66
5	Rendering of services		
	Elgi Equipments Limited	0.41	0.62
	LRG Technologies Limited	0.09	0.04
	Cape Flour Mills Private Limited	0.42	0.42
	ATS Elgi Limited	0.32	-
6	Receiving of services		
	Elgi Equipments Limited	0.10	0.19
	LRG Technologies Limited	0.28	0.10
	Elgi Ultra Industries Limited	0.02	-
7	Managerial remuneration		
	Sudarsan Varadaraj	6.72	6.72
8	Salary to other key managerial personal		
	SR Venkatachalam	3.45	2.57
	D Selvakumar (upto January 25, 2018)	-	1.41
	V Santhanakrishnan (from August 9, 2018)	0.46	-
	Harsha Varadaraj	1.57	1.45
9	Rent paid		
	Sudarsan Varadaraj	0.36	0.36
10	Dividend received		
	Elgi Rubber Company Limited, Sri Lanka	4.30	-
	Elgi Equipments Limited	0.40	0.33
11	Interest received		
	Elgi Rubber Company LLC, USA	1.81	1.19
	Borrachas e Equipamentos Elgi Ltda, Brasil	24.98	22.08
	Elgi Rubber Company Holdings B.V., The Netherlands	7.54	7.06
	Pincott International Pty Limited, Australia	2.74	0.76
12	Interest paid		
	Sudarsan Varadaraj	4.61	6.77
13	Loan given		
	Elgi Rubber Company LLC, USA	6.90	9.75
	Borrachas e Equipamentos Elgi Ltda, Brasil	-	24.55
	Elgi Rubber Company Holdings B.V., The Netherlands	42.29	19.96
	Pincott International Pty Limited, Australia	33.40	-
14	Loan repaid		
	Elgi Rubber Company Holdings B.V., The Netherlands	42.29	19.96
15	Guarantees extended (+) / Reduced (-)		
	Elgi Rubber Company LLC, USA	USD (0.43)	USD (0.43)
	Elgi Rubber Company Holdings B.V., The Netherlands	EUR (0.41)	EUR 6.10
	Rubber Resources B.V., The Netherlands	EUR (0.50)	EUR (4.69)
	Pincott International Pty Limited, Australia	USD (0.50)	-
16	Sudarsan Varadaraj		
	Loans taken	32.30	11.99
	Loans repaid	72.85	6.89

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

S.No.	Nature of transactions	2018-19	2017-18
c)	Balances at the end of the year		
1	Guarantees outstanding		
	Elgi Rubber Company LLC, USA	USD 4.10	USD 4.53
	Elgi Rubber Company Holdings B.V., The Netherlands	EUR 11.69	EUR 12.10
	Rubber Resources B.V., The Netherlands	EUR 1.75	EUR 2.37
	Pincott International Pty Limited, Australia	-	USD 0.50
2	Loan payable		
	Sudarsan Varadaraj	34.15	74.70
3	Trade receivables		
	Elgi Rubber Company LLC, USA	118.34	82.97
	Elgi Rubber Company Limited, Kenya	14.22	3.80
	Borrachas e Equipamentos Elgi Ltda, Brasil	127.08	64.82
	Rubber Resources B.V., The Netherlands	113.01	66.69
	Elgi Rubber Company B.V., The Netherlands	19.51	21.42
	Elgi Equipments Limited	0.23	0.28
	ATS Elgi Limited	0.14	-
4	Other receivables		
	Elgi Rubber Company LLC, USA	23.38	17.72
	Borrachas e Equipamentos Elgi Ltda, Brasil	-	2.95
	Elgi Rubber Company Holdings B.V., The Netherlands	26.76	18.91
	Rubber Resources B.V., The Netherlands	-	22.54
	LRG Technologies Limited	1.57	3.12
	Cape Flour Mills Private Limited	0.04	-
5	Security deposit		
	Ellargi & Co.,	0.10	0.10
	LRG Technologies Limited	0.05	0.05
	Cape Flour Mills Private Limited	0.07	0.07
6	Advance paid for purchase of capital goods		
	Borrachas e Equipamentos Elgi Ltda, Brasil	0.02	15.63
7	Trade and other payables		
	Elgi Rubber Company LLC, USA	0.51	0.77
	Borrachas e Equipamentos Elgi Ltda, Brasil	0.02	0.02
	Elgi Rubber Company B.V., The Netherlands	0.02	-
	Rubber Compounding Holland B.V., The Netherlands	0.01	0.01
	Pincott International Pty Limited, Australia	5.35	0.06
	Titan Tyrecare Products LLP, India	-	17.02
	Elgi Ultra Industries Limited	1.22	0.35
	Festo India Private Limited	-	0.23
	Ellargi & Co.	0.03	0.08
	Industrial Air Solutions LLP	0.09	-
8	Dividend receivable		
	Treadsdirect Limited, Bangladesh	0.34	0.34
9	Amount receivables		
	Elgi Rubber Company LLC, USA	24.21	16.26
	Borrachas e Equipamentos Elgi Ltda, Brasil	456.54	429.29
	Elgi Rubber Company Holdings B.V., The Netherlands	69.93	72.56
	Pincott International Pty Limited, Australia	47.38	12.04
10	Amount payable		
	Pincott International Pty Limited, Australia	2.97	2.39
11	Interest receivable		
	Elgi Rubber Company LLC, USA	3.25	1.37
	Borrachas e Equipamentos Elgi Ltda, Brasil	69.53	42.16
	Elgi Rubber Company Holdings B.V., The Netherlands	20.91	14.19
	Pincott International Pty Limited, Australia	3.76	0.99

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

50 Retirement benefit plans**Defined contribution plans**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of ₹ 2.86 Million (for the year ended March 31, 2018: ₹ 6.16 Million) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans**(a) Leave obligations**

The Leave obligations cover the Company's liability for earned leave.

(b) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.50%	8.00%
Rate of increase in compensation level	4.00%	4.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	3.73	3.31
Net interest expense	3.96	3.87
Return on plan assets (excluding amounts included in net interest expense)	(4.61)	(4.65)
Components of defined benefit costs recognised in profit or loss	3.08	2.53
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period		
Actuarial (gains)/losses	(0.22)	3.63
Components of defined benefit costs recognised in other comprehensive income	(0.22)	3.63
	2.86	6.16

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

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Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Particulars	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	57.61	52.75
Fair value of plan assets	(65.48)	(63.48)
Net liability/(asset) arising from defined benefit obligation	(7.87)	(10.73)
Funded	(7.87)	(10.73)
Unfunded	-	-
	(7.87)	(10.73)

Excess of fair value of plan assets over present value of obligation is reflected under 'Others' (other current assets) [Refer note 17].

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	52.75	48.47
Current service cost	3.73	3.31
Interest cost	3.96	3.87
Actuarial (gains)/losses	(0.22)	3.63
Benefits paid	(2.61)	(6.53)
Closing defined benefit obligation	57.61	52.75

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	63.48	60.34
Return on plan assets	4.61	4.65
Contributions	-	5.02
Benefits paid	(2.61)	(6.53)
Closing fair value of plan assets	65.48	63.48

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

Coimbatore
May 20, 2019

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Performance and Financial Indicators**Performance**

	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Sales and other income	2,134.13	2,003.25	2,232.04	2,099.93	1,447.25
Profit before depreciation and tax	80.19	106.17	169.71	(151.20)	146.53
Profit before tax	1.61	33.14	99.32	(241.76)	78.71
Profit after tax	4.56	19.30	78.80	(264.91)	56.55
Dividend %	-	-	13	37	21
Net fixed assets	862.29	916.55	935.03	1,110.72	703.12
Investments	544.18	567.87	554.63	489.27	872.64
Net working capital	833.02	595.16	673.30	1,030.47	968.24
Total Capital employed	4,071.77	3,991.14	3,891.09	3,506.92	2,891.77
Shareholder's funds	2,590.06	2,585.34	2,576.24	2,630.46	2,544.07

Financial Indicators

	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Earnings per share – ₹	0.09	0.39	1.57	(5.29)	1.13
Cash earnings per share – ₹	1.60	2.12	3.39	(3.02)	2.93
Gross sales per share – ₹	40.54	37.14	39.95	42.39	28.94
Book value per share – ₹	51.75	51.66	51.47	52.56	50.83
EBITDA / Sales %	9.66	10.95	13.24	(5.27)	12.22
Net profit margin %	0.22	1.03	3.94	(13.17)	4.24
ROCE %	7.57	7.87	9.64	(10.07)	2.22

Note: Performance of Financial years 2018-19, 2017-18 and 2016-17 are not comparable with earlier years due to adoption Ind AS.

Notes to the Standalone Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies(Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures
Part "A" : Subsidiaries

S. No.	Name of the subsidiary company	Reporting period, if different from the holding companies reporting period	Reporting currency	Exchange rate on the last date of the financial year	Share Capital	Reserves & Surplus	Total assets	Total liabilities	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of share holding
1	Borrachas e Equipamentos Elgi Ltda, Brasil	1 st Jan '18 to 31 st Dec '18	Real	17.66	272.57	(182.80)	584.38	494.61	190.30	(64.78)	-	(64.78)	-	99.99
2	Pincoff International Pty Limited, Australia	1 st Jan '18 to 31 st Dec '18	AUD	49.20	106.63	(149.63)	8.31	51.31	3.50	(1.56)	-	(1.56)	-	100.00
3	Elgi Rubber Company Limited, Kenya	1 st Jan '18 to 31 st Dec '19	Shilling	0.68	201	20.80	39.70	16.89	30.43	(2.62)	(0.67)	(1.95)	-	99.99
4	Elgi Rubber Company Limited, Sri Lanka	1 st Jan '18 to 31 st Dec '18	Srilankan Rupee	0.39	6.96	39.47	47.84	1.41	37.70	3.20	0.88	2.32	4.30*	99.99
5	Treadsdirect Limited, Bangladesh	1 st Jan '18 to 31 st Dec '18	Taka	0.82	4.42	3.65	8.69	0.62	-	-	-	-	-	100.00
6	Elgi Rubber Company LLC, USA	1 st Jan '18 to 31 st Dec '18	USD	69.17	171.25	(145.20)	606.53	580.48	509.83	(54.87)	(0.12)	(54.75)	-	100.00
7	Elgi Rubber Company Holdings B.V., The Netherlands	1 st Jan '18 to 31 st Dec '18	Euro	77.70	365.06	(273.46)	2,235.30	2,143.70	1,747.93	(46.85)	-	46.85	-	100.00
8	Titan Tyrecare Products LLP, India	1 st Apr '18 to 31 st Mar '19	Indian Rupee	1.00	0.30	(0.30)	-	-	-	(0.03)	-	(0.03)	-	99.99

* Dividend paid during the year.

Notes

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B" : Associates and Joint Ventures
The Company does not have Associates or Joint Ventures during the year 2018-19

For and on behalf of the Board

Sudarsan Varadaraj **MD Selvaraj**
Chairman & Managing Director Director
DIN: 00133533 DIN: 00001608
Coimbatore

SR Venkatachalam **V Santhanakrishnan**
Chief Financial Officer Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Independent Auditor's Report on Consolidated Ind AS Financial Statements**To the Members of M/s. Elgi Rubber Company Limited****Report on the Consolidated Indian Accounting Standards Financial Statements****Opinion**

1. We have audited the Consolidated Financial Statements of Elgi Rubber Company Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their reports referred to in paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based upon consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

S.No.	Key Audit Matters	Auditor's Response
1	Evaluation of uncertain tax positions The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes (Refer note 37)	Principal Audit Procedures We obtained details of completed tax assessments and demands received upto the end of the financial year and till the date of finalisation of our report, from management. We analysed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions to evaluate whether any change was required to management's position on these uncertainties
2	Recoverability of Income tax assets and Receivables from Government authorities As at March 31, 2019, non-current assets in respect of Income tax assets to the extent of ₹ 44.05 million and Receivable from government authorities to the extent of ₹ 36.76 million (net) are outstanding.	Principal Audit Procedures We analysed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution. The income tax assets represents tax deducted at sources; the amounts receivable from government authorities represent input tax credits eligible for set off and as such we considered and concluded that these recoverables are sustainable upon final resolution.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

S.No.	Key Audit Matters	Auditor's Response
3	<p>Revenue from contracts with Customers</p> <p>Ind AS 115 on Revenue from Contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period, etc.</p> <p>Accordingly, revenue recognition relating to the above was determined as a key audit matter in our audit of the standalone financial statements.</p>	<p>Principal Audit Procedures</p> <p>We assessed the company's revenue recognition policy as per Ind AS 115 and the design and operating effectiveness of internal controls related to revenue recognition. Our audit procedure included making sample tests of individual transactions relating to revenue and whether such revenue was recognized as per the stated accounting policy adopted pursuant to Ind AS 115. It was concluded that Ind AS 115 had no impact on the revenue.</p>

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

5. The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility and those charged with governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Holding Company's Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets of INR 3,522.06 million and net assets of INR 233.66 million as at March 31, 2019, total revenue of INR 2,519.68 million, net loss of INR 167.47 million and net cash out flows amounting to INR 11.65 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of INR Nil for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of one subsidiary whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
9. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 8.69 million and net assets of INR 8.07 million as at March 31, 2019, total revenue of INR Nil, net profit of INR Nil and net cash outflows amounting to INR Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

In our opinion on the consolidated financial statements and our report on Other Legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, based on our audit, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting operating effectiveness of such controls, refer to our separate Report in Annexure A. Which is based on the auditor's report of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for the reasons stated therein.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group. (Refer note 43)
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, incorporated in India during the year ended March 31, 2019.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For **M.S.Jagannathan and Visvanathan**
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner

Membership Number: 214178

Coimbatore
May 20, 2019

Annexure - A to the Independent Auditors' Report

(Referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to Elgi Rubber Company Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Elgi Rubber Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one LLP, which has been incorporated in India, is not material to be relied upon. Our opinion is not qualified in respect of this matter.

For **M.S.Jagannathan and Visvanathan**
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner

Membership Number: 214178

Coimbatore
May 20, 2019

Annual Report 2018-19

Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Consolidated Balance Sheet as at March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
I. ASSETS			
Non-current assets			
Property, Plant and Equipment	4	2,072.62	2,262.76
Intangible assets	4	54.05	59.49
Capital work in progress	5	308.19	285.85
Goodwill on consolidation		130.35	130.35
Financial assets			
i. Investments	6	81.67	85.36
ii. Other financial asset	7	23.44	19.12
Deferred tax asset (Net)	8	299.77	292.98
Other non-current assets	9	201.23	264.38
Total non-current assets		3,171.32	3,400.29
Current assets			
Inventories	10	1,424.66	1,399.45
Financial assets			
i. Trade receivables	11	613.32	515.82
ii. Cash and cash equivalents	12	55.29	68.33
iii. Bank balances other than (ii) above	13	245.81	249.92
iv. Loans	14	3.63	2.41
Other current assets	15	208.16	244.35
Total current assets		2,550.87	2,480.28
TOTAL ASSETS		5,722.19	5,880.57
II. EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	50.05	50.05
Other equity	17	2,181.77	2,336.16
Total equity		2,231.82	2,386.21
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	1,087.63	1,042.67
Provisions	19	0.15	0.15
Total non-current liabilities		1,087.78	1,042.82
Current liabilities			
Financial liabilities			
i. Borrowings	20	1,519.29	1,761.94
ii. Trade payables	21		
a. Outstanding dues of micro & small enterprises		2.85	1.57
b. Outstanding dues other than (a) above		465.53	339.95
Provisions	22	31.61	40.02
Other current liabilities	23	383.31	308.06
Total current liabilities		2,402.59	2,451.54
Total liabilities		3,490.37	3,494.36
TOTAL EQUITY AND LIABILITIES		5,722.19	5,880.57

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

V Santhanakrishnan
Company Secretary

Coimbatore
May 20, 2019

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	24	4,098.55	3,791.34
Other income	25	84.51	129.29
TOTAL INCOME		4,183.06	3,920.63
Expenses			
Cost of materials consumed	26	1,854.23	1,728.44
Purchase of stock-in-trade	27	182.00	178.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(37.11)	(85.62)
Employee benefits expense	29	812.25	738.85
Depreciation and amortisation expense	30	183.51	179.79
Excise duty on sales		-	26.23
Finance costs	31	178.82	169.56
Other expenses	32	1,173.24	1,026.26
TOTAL EXPENSES		4,346.93	3,962.48
Profit before exceptional items and tax		(163.88)	(41.84)
Exceptional items	33	-	(4.50)
Profit before tax from continuing operations		(163.88)	(46.34)
Income tax expense	34		
Current tax (MAT)		3.77	7.45
Deferred tax		(6.85)	2.64
Income Tax related to earlier year		0.31	-
Profit after tax for the year		(161.11)	(56.43)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		0.22	(3.63)
Income tax relating to these items		(0.06)	1.27
Other comprehensive income for the year, net of tax		0.16	(2.36)
Total comprehensive income for the year		(160.95)	(58.79)
Earnings per share	35		
Basic (in ₹)		(3.22)	(1.13)
Diluted (in ₹)		(3.22)	(1.13)

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533
Coimbatore
May 20, 2019

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Annual Report 2018-19

Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Consolidated Cash Flow Statement for the year ended 31st March 2019

Particulars	March 31, 2019	March 31, 2018
A. Cash Flow from Operating activities		
Profit before Income tax	(163.88)	(46.34)
Adjustments for		
Depreciation and amortisation expense	183.51	179.79
(Profit)/ Loss on sale of fixed asset	(8.81)	(24.74)
(Profit)/ Loss on sale of Investments	3.58	-
Fair Value changes of investments considered to profit and loss	3.12	(13.25)
Interest received	(22.76)	(21.25)
Finance costs	178.82	169.56
Dividend Income	(0.40)	(0.33)
Operating profit before working capital changes	173.18	243.47
Change in operating assets and liabilities		
(Increase)/ decrease in loans	(1.22)	0.59
(Increase)/ decrease in Other financial assets	(4.32)	(17.97)
(Increase)/ decrease in inventories	(25.21)	(192.70)
(Increase)/ decrease in trade receivables	(97.50)	65.41
(Increase)/ decrease in Other assets	95.65	(88.73)
Increase/ (decrease) in provisions and other liabilities	69.29	21.50
Increase/ (decrease) in trade payables	126.86	54.67
Cash generated from operations	336.73	86.23
Income taxes paid (net of refunds)	(2.03)	(12.61)
Net cash from operating activities (A)	334.70	73.62
B. Cash Flow from Investing activities		
Purchase of Property, Plant and Equipment (including movements in CWIP)	(136.83)	(336.62)
Sale proceeds of Property, Plant and Equipment	135.36	91.49
(Purchase)/ disposal proceeds of Investments	(3.00)	-
(Investments in)/ Maturity of fixed deposits with banks	4.79	10.19
Interest income	20.57	27.08
Dividend Income	0.40	0.33
Net cash used in investing activities (B)	21.29	(207.53)
C. Cash Flow from Financing activities		
Changes in reserves	6.57	(35.46)
Proceeds from/ (repayment of) long term borrowings	44.96	21.57
Proceeds from/ (repayment of) short term borrowings	(242.66)	322.00
Finance costs	(177.21)	(166.30)
Dividend paid	(0.06)	(6.37)
Dividend transferred to Investor Education and Protection Fund	(0.63)	(0.58)
Net cash from/ (used in) financing activities (C)	(369.03)	134.86
Net decrease in cash and cash equivalents (A+B+C)	(13.04)	0.95
Cash and cash equivalents at the beginning of the year	68.33	67.38
Cash and cash equivalents at the end of the year	55.29	68.33

Notes :

- The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
- Components of cash and cash equivalents

Balances with banks

Current accounts

Demand deposits with original maturity of 3 months or less

Cash on hand

Total cash and cash equivalents

52.35	61.97
-	3.06
2.94	3.30
55.29	68.33

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

V Santhanakrishnan
Company Secretary

Coimbatore
May 20, 2019

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Statement of Changes in Equity for the year ended March 31, 2019**(A) Equity Share Capital**

Balance at the beginning of April 1, 2017	50.05
Changes in equity share capital during the year	—
Balance at the end of March 31, 2018	50.05
Changes in equity share capital during the year	—
Balance at the end of March 31, 2019	50.05

(B) Other Equity

Particulars	Capital Reserve	Securities Premium	General Reserve	Other comprehensive income	Foreign Currency Translation Reserve	Investment Reserve	Retained Earnings	Total
Balance as at April 1, 2017	318.20	1.90	1,254.67	-	314.43	394.05	154.98	2,438.23
Additions/ (deductions) during the year	-	-	-	(2.36)	(35.45)	-	(64.26)	(102.07)
Total Comprehensive Income for the year	-	-	-	2.36	-	-	(2.36)	-
Balance as at March 31, 2018	318.20	1.90	1,254.67	-	278.98	394.05	88.36	2,336.16
Additions/ (deductions) during the year	-	-	-	0.16	6.57	-	(161.12)	(154.39)
Total Comprehensive Income for the year	-	-	-	(0.16)	-	-	0.16	-
Balance as at March 31, 2019	318.20	1.90	1,254.67	-	285.55	394.05	(72.60)	2,181.77

The accompanying notes form an integral part of the consolidated financial statements.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer

V Santhanakrishnan
Company Secretary

Coimbatore
May 20, 2019

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S

MV Jeganathan
Partner
Membership No. 214178

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

1 Company Overview

Elgi Rubber Company Limited ('Company' or 'ERCL') was incorporated on 16th October 2006. ERCL is leading Company providing solutions to Rubber Industry and engaged in the business of manufacture of Reclaimed rubber, Retreading machinery, and Retread rubber.

2 Basis of preparation of financial statements

Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

Basis of Consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries. The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Use of estimates

The preparation of consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest millions (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on May 20, 2019.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset and past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred tax assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Minimum Alternate Tax (MAT)

MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of trade receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Impairment of Non-financial assets (PPE/Intangible assets/Investment properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specifically attributable to the asset.

Defined benefit plans and other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

Where the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

1. **Ind AS 116 Leases** : On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

2. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments** : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profits (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
 - i. Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
 - ii. Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e., April 1, 2019 without adjusting comparatives.

3. **Amendment to Ind AS 12 - Income Taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in statement of profit and loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

4. **Amendment to Ind AS 19 - plan amendment, curtailment or settlement** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

Sale of goods and services

Revenue from the sale of goods and services is recognized when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

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(All amounts are in Millions in INR, unless otherwise stated)

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, Plant and Equipment and Capital work-in-progress**Deemed cost option for first time adopter of Ind AS**

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the Property, Plant and Equipment as the deemed cost as at the date of transition, viz., 1 April 2016.

Presentation

Property, Plant and Equipment and Capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as and when incurred.

Machinery spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares are charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds ₹ 10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities e.g. the design and production of prototypes is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from development phase of internal project) is recognised, if and only if, all of the following have been demonstrated:

- technical feasibility of completing the intangible asset;
- how the intangible asset will generate probable future economic benefit;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably, the attributable expenditure during the development stage.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Impairment of assets

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets under development are tested for impairment annually at each balance sheet date.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount carried, had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Depreciation on Property, Plant and Equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on Written Down Value method, over the useful lives specified in Schedule II to the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

- (i) Raw materials, packing materials, stores and spares: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- (ii) Work-in-progress: At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods: At material cost, conversion costs, appropriate share of production overheads and Excise Duty. Post implementation of GST from July 1, 2017 no excise duty is included in the closing stock of finished goods as at March 31, 2018.
- (iv) Stock-in-trade and goods in transit: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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(All amounts are in Millions in INR, unless otherwise stated)

g) Financial instruments**Financial assets**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

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classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition

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as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Foreign currency transactions and translations**Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous consolidated financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. In other cases of long term foreign currency monetary items, these are accumulated in "Foreign currency translation reserve" and amortised by recognition as income or expense in each period over the balance term of such items till settlement occurs.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's entities whose functional currency is other than INR are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange

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differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (and attributed to non-controlling interests as appropriate).

i) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits**Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share based Payment at the acquisition date; and

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

n) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and an appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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(All amounts are in Millions in INR, unless otherwise stated)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

p) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

q) Provisions, contingent liabilities and contingent asset

Provisions

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the best current estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

r) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

s) Cash flow statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management they are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

t) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019
(All amounts are in Millions in INR, unless otherwise stated)

4 Property, Plant and Equipment

Particulars	Tangible Assets					Total Tangible Assets	Intangible Assets	Total of Tangible assets and Intangible assets
	Land	Buildings	Plant and Equipment	Furniture and Fittings	Vehicle			
Cost as at April 1, 2017	561.91	935.97	568.49	1.49	7.29	2,075.15	125.12	2,200.27
Additions	7.50	41.66	72.45	0.12	0.67	122.40	12.20	134.60
Disposals/ adjustments	(6.75)	-	(4.94)	-	-	(11.69)	(58.64)	(70.33)
Exchange difference (FCTR)	24.61	110.19	469.26	0.07	2.80	606.93	6.12	613.05
Cost as at March 31, 2018	587.27	1,087.82	1,105.26	1.68	10.76	2,792.79	84.80	2,877.59
Additions	30.77	4.19	111.11	-	1.80	147.87	19.56	167.43
Disposals/ Adjustments	(55.68)	(0.09)	(61.44)	-	(0.32)	(117.53)	(13.11)	(130.64)
Exchange difference (FCTR)	(6.37)	(34.51)	(113.77)	0.23	(0.84)	(155.26)	1.98	(153.28)
Cost as at March 31, 2019	555.99	1,057.41	1,041.16	1.91	11.40	2,667.87	93.23	2,761.10
Depreciation/amortisation								
As at April 1, 2017	-	47.36	(72.28)	0.08	0.40	(24.44)	10.19	10.19
Charge for the year	-	46.23	121.57	0.35	2.21	170.36	9.43	179.79
Disposals	-	-	(3.59)	-	-	(3.59)	-	(3.59)
Exchange difference (FCTR)	-	12.13	372.92	0.05	2.60	387.70	5.68	393.38
As at March 31, 2018	-	105.72	418.62	0.48	5.21	530.03	25.31	555.34
Charge for the year	-	48.50	118.80	0.34	1.60	169.24	14.27	183.51
Disposals	-	-	(4.09)	-	-	(4.09)	-	(4.09)
Exchange difference (FCTR)	-	(4.62)	(94.55)	0.20	(0.96)	(99.93)	(0.40)	(100.33)
As at March 31, 2019	-	149.60	438.78	1.02	5.85	595.25	39.18	634.43
Net Block								
As at March 31, 2018	587.27	982.10	686.64	1.20	5.55	2,262.76	59.49	2,322.25
As at March 31, 2019	555.99	907.81	602.38	0.89	5.55	2,072.62	54.05	2,126.67

5 Capital work-in-progress

Capital work-in-progress mainly comprises of building, machinery and others.

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
6 Non-current financial assets - Investments		
Quoted - At Fair Value Through Profit or Loss		
Investment in Equity Instruments*	81.67	84.78
Unquoted - At Fair Value Through Profit or Loss		
Investment in mutual fund*	0.58	0.58
Provision for impairment	(0.58)	-
	81.67	85.36
Aggregate amount of		
Quoted investments and market value thereof	81.67	84.78
Unquoted investments	0.58	0.58
Provision for impairment	0.58	-
* Refer note 39 for information on the above.		
7 Non-current - Other financial assets		
(Unsecured, considered good)		
Security Deposits	19.85	15.68
Unamortised finance cost	0.55	0.86
Rent advances	3.04	2.58
	23.44	19.12
8 Non-current - Deferred tax asset (Net)		
Expenses allowable for tax purposes when paid	284.41	97.89
Voluntary retirement scheme payment to be allowed	3.29	5.67
Allowance for expected credit losses	10.02	8.64
Differential Tax on Capital gains	3.59	2.05
Carried forward losses	-	179.77
On Property, Plant, and Equipment	(4.16)	(1.66)
MAT Credit Entitlement	2.62	0.62
	299.77	292.98
9 Other non-current assets		
(Unsecured, considered good)		
Capital advances	78.93	79.19
Advance income-tax	14.09	20.21
Disputed income tax payments	31.14	19.36
Other disputed statutory payments/deposits	8.48	6.95
Advance recoverable in cash or in kind or for value to be received	68.59	138.67
	201.23	264.38
10 Inventories*		
Raw materials	614.69	579.38
Work-in-progress	73.44	136.62
Finished products	372.47	329.63
Stock-in-trade	162.21	107.32
Stock-in-transit	41.89	44.78
Packing materials	30.95	29.05
Stores and spares	124.69	170.91
Scrap	4.32	1.76
	1,424.66	1,399.45

* Also refer note 26 and 28 for details of inventories.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
11 Current financial assets - Trade receivables		
Unsecured		
Considered good	613.32	515.82
Considered doubtful	36.01	31.06
	649.33	546.88
Allowance for expected credit losses	(36.01)	(31.06)
	613.32	515.82
12 Cash and cash equivalents		
Cash on hand	2.94	3.30
Balances with banks		
In current accounts	52.35	61.97
In demand deposits with original maturity of 3 months or less	-	3.06
	55.29	68.33
13 Other Bank balances		
In deposit accounts (with original maturity period of more than 3 months but less than 12 months)*	18.15	15.00
Security deposit	0.17	0.15
In margin money deposits **	225.26	231.85
Unpaid dividend account (earmarked for payment of dividend)	2.23	2.92
	245.81	249.92
* lien on bank overdraft		
**lien on bank guarantees		
14 Current financial asset - Loans		
(Unsecured, considered good)		
Loans to employees	3.63	2.41
	3.63	2.41
15 Other current assets		
(Unsecured, considered good)		
Prepaid expenses	11.15	36.90
Balance with government authorities	127.95	145.23
Receivable from government DEPB/Duty draw back etc.	13.06	9.55
Interest accrued	6.77	4.58
Others	49.23	48.09
	208.16	244.35
16 Equity share capital		
Authorised share capital		
380,300,000 Equity shares of ₹ 1/- each	380.30	380.30
	380.30	380.30
Issued share capital		
50,050,000 Equity shares of ₹ 1/- each	50.05	50.05
	50.05	50.05
Subscribed and fully paid up share capital		
50,050,000 Equity shares of ₹ 1/- each	50.05	50.05
	50.05	50.05
Notes:		
1) Reconciliation of number of equity shares subscribed		
Balance at the beginning of the year	50,050,000	50,050,000
Issued during the year	-	-
Balance at the end of the year	50,050,000	50,050,000

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

- 2) There are no bonus shares and shares bought back during the period of five years immediately preceding the reporting date.
- 3) 49,550,000 equity shares of ₹ 1/- each were allotted in accordance with the scheme of amalgamation and arrangement during the year 2010-11.
- 4) The Company has no holding company.
- 5) Rights, preferences and restrictions in respect of equity shares issued by the Company:
 - a. The company has only one class of equity shares having a par value of ₹ 1/- each. The equity shares of the company having par value of ₹ 1/- ranking pari-passu in all respects including voting rights and entitlement to dividend.
 - b. The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. During the year, the company has not declared any dividend. (Previous year dividend: Nil)
 - c. In the event of liquidation, the shareholders will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.
- 6) Shareholders holding more than 5% of the total share capital

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Sudarsan Varadaraj	23,022,014	46.00%	23,022,014	46.00%
LRG Technologies Limited	3,541,475	7.08%	3,541,475	7.08%

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
17 Other Equity		
Capital Reserves	318.20	318.20
Securities Premium Account	1.90	1.90
General Reserve	1,254.67	1,254.67
Other Comprehensive income	-	-
Foreign Currency Translation Reserve	285.55	278.98
Investment Reserve	394.05	394.05
Retained earnings	(72.60)	88.36
	2,181.77	2,336.16
a) Capital reserve		
Balance at the beginning and end of the year	318.20	318.20
b) Securities premium account		
Balance at the beginning and end of the year	1.90	1.90
c) General reserve		
Balance at the beginning of the year	1,254.67	1,254.67
Additions/ (deductions) during the year	-	-
Balance at the end of the year	1,254.67	1,254.67
d) Other comprehensive income		
Balance at the beginning of the year	-	-
Additions during the year	0.16	(2.36)
Transfer to retained earnings	(0.16)	2.36
Balance at the end of the year	-	-
e) Foreign currency translation reserve		
Balance at the beginning of the year	278.98	314.43
Additions/ (deductions) during the year	6.57	(35.45)
Balance at the end of the year	285.55	278.98
f) Investment reserve		
Balance at the beginning of the year	394.05	394.05
Additions/ (deductions) during the year	-	-
Balance at the end of the year	394.05	394.05
g) Retained earnings		
Balance at the beginning of the year	88.36	154.98
Net profit for the period	(161.12)	(56.43)
Transfer from Other Comprehensive Income	0.16	(2.36)
Dividends paid	-	(6.51)
Taxes on Dividends paid	-	(1.32)
Balance at the end of the year	(72.60)	88.36
18 Non-current financial liabilities - Borrowings		
Term Loans (Secured)		
From Banks	1,019.30	1,042.67
Others	68.33	-
	1,087.63	1,042.67

Secured borrowings and assets pledged as security:

The borrowings from banks and others are secured by charges on specific land and building. There are no defaults in repayment of the above borrowings.

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
19 Non-current liabilities - Provisions		
Provision for excise disputes*	0.15	0.15
	0.15	0.15
*Provision in respect of disputes represents claims against the Company on account of rejection of certain claims by the Company before the statutory authorities.		
20 Current financial liabilities - Borrowings		
a) Secured		
Loan from Banks	1,335.14	1,437.24
(includes cash credit, packing credit, etc)		
b) Unsecured		
Loan from Banks	150.00	250.00
Loans from Related parties	34.15	74.70
	1,519.29	1,761.94
Secured borrowings and assets pledged as security:		
The borrowings from Banks are secured by:		
a. Charge on entire Current Assets, both present and future		
b. Charge on specific Land, Building and Machinery		
c. Lien and Pledge of fixed deposit		
21 Current liabilities - financial liabilities - Trades payables		
a. Outstanding dues of micro & small enterprises	2.85	1.57
b. Outstanding dues other than (a) above	465.53	339.95
22 Current liabilities - Provisions		
Provision for compensated absence	4.23	3.33
Others	27.38	36.69
	31.61	40.02
23 Other current liabilities		
Current maturities of long-term debt	242.13	164.24
Interest accrued but not due on secured loans	5.97	4.03
Interest accrued but not due on unsecured loans	0.28	0.62
Unclaimed dividends	2.23	2.92
Statutory dues Payable	45.60	31.56
Employee benefits payable	16.26	16.66
Employee recoveries payable	2.46	0.60
Other payables	45.27	66.27
Advance and deposits from customers etc.	23.11	21.16
	383.31	308.06

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
24 Revenue from operations		
Sale of products	4,096.54	3,784.09
Sale of service	1.00	6.58
Other operating revenue	1.01	0.67
	4,098.55	3,791.34
Sale of products comprise of		
Finished goods	3,845.45	3,615.16
Traded goods	251.09	168.93
	4,096.54	3,784.09
Other operating revenue		
Scrap sales	1.01	0.67
25 Other income		
Interest income	22.76	21.25
Other non operating income	61.75	108.04
	84.51	129.29
Interest income from		
Banks	16.25	16.92
Others	6.51	4.33
	22.76	21.25
Other non-operating income		
Dividend income	0.40	0.33
Profit on sale of fixed assets (net)	8.81	24.74
Rent received	3.00	0.57
Net gain on foreign currency transactions and translations	27.19	-
Claims received from Insurance Company	0.53	0.96
Duty drawback/rebate of excise duty	6.48	2.26
Increase in fair valuation of equity instruments	-	13.25
Provisions no longer required written back	3.10	4.38
Miscellaneous income	12.24	61.55
	61.75	108.04
26 Cost of materials consumed		
Opening stock of raw materials	579.38	441.22
Purchase	1,889.54	1,866.60
Closing stock of raw materials	(614.69)	(579.38)
	1,854.23	1,728.44
Stock of raw materials comprise of		
Natural rubber	38.98	29.17
Polymers	45.13	139.05
Carbon black	31.05	25.82
Others	499.53	385.34
	614.69	579.38
27 Purchase of stock-in-trade		
Curing bags	26.89	26.58
Others	155.11	152.39
	182.00	178.97

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
28 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Balance		
Work-in-progress	136.62	61.88
Finished goods	329.63	346.39
Stock-in-trade	107.32	78.67
Scrap	1.76	2.77
	575.33	489.71
Closing Balance		
Work-in-progress	73.44	136.62
Finished goods	372.47	329.63
Stock-in-trade	162.21	107.32
Scrap	4.32	1.76
	612.44	575.33
	(37.11)	(85.62)
Stock of work-in-progress comprise of		
Repair Units & Envelopes	20.86	12.12
Rasp Blades & Carbides	1.67	3.77
Reclaimed Rubber	1.93	5.38
Engineering	22.79	110.93
Tread Rubber & Bonding Gum	26.19	4.42
	73.44	136.62
Stock of finished goods comprise of		
Engineering	81.84	31.18
Liquids	14.26	9.55
Rasp Blades & Carbides	21.76	8.97
Reclaimed Rubber	53.16	102.62
Repair Units & Envelopes	115.58	88.97
Tread Rubber & Bonding Gum	85.87	88.34
	372.47	329.63
Stock of traded goods comprise of		
Curing Bags	7.21	4.89
Other traded goods	155.00	102.43
	162.21	107.32
29 Employee benefits expense		
Salaries, wages and bonus	680.43	608.36
Managerial remuneration	6.72	6.72
Contribution to provident and other funds	115.46	115.42
Gratuity paid (net of reversals)	3.08	2.53
Staff welfare expenses	6.56	5.82
	812.25	738.85
30 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	169.24	170.36
Amortisation on intangible assets	14.27	9.43
	183.51	179.79

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
31 Finance Cost		
Interest on Borrowings		
Banks	112.26	123.19
Related party	4.61	6.77
Others	34.08	25.58
Financial charges on borrowings	27.86	14.02
	178.82	169.56
32 Other expenses		
Consumption of stores and spare parts	21.91	10.41
Packing materials consumed	16.49	9.40
Excise duty	-	(7.98)
Power and fuel	248.36	189.88
Rent	40.69	40.88
Labour charges	116.46	88.36
Repairs and maintenance – plant and machinery	116.40	87.75
Repairs and maintenance – building	51.21	59.33
Repairs and maintenance – others	45.04	41.05
Insurance	43.45	28.30
Rates and taxes	15.12	20.08
Travelling and conveyance	39.98	45.78
Directors' sitting fees	0.34	0.28
Auditors' remuneration (see note below)	6.43	5.90
Professional fees	60.96	71.24
Decrease in Fair Valuation of Equity Instruments	3.12	-
Advertisement and other selling expenses	42.61	49.40
Freight charges	191.28	143.70
CSR expenditure	1.50	2.00
Bad debts	0.17	16.02
Allowance for expected credit losses	4.95	-
Impairment of investments	0.58	-
Exchange fluctuation expenses (Net)	-	22.81
Miscellaneous expenses	106.19	101.67
	1,173.24	1,026.26
Auditors' Remuneration		
Audit fees	6.32	5.66
Tax audit fees	-	0.05
Other services	0.07	0.01
Reimbursement of expenses	0.04	0.18
	6.43	5.90
33 Exceptional items		
Compensation towards Voluntary retirement scheme	-	4.50
	-	4.50

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars		March 31, 2019	March 31, 2018	
34 Income tax expense				
(a) Income tax expense				
Current tax				
Current tax on profits for the year		3.77	7.45	
Tax for earlier years based on assessment		0.31	-	
Total current tax expense		4.08	7.45	
Deferred Tax				
Deferred tax adjustments		(6.85)	2.64	
Total deferred tax expense/(benefit)		(6.85)	2.64	
Income tax expense		(2.77)	10.09	
b) Income tax recognised in other comprehensive income				
Remeasurement of defined benefit obligation		(0.06)	1.27	
Total income tax recognised in other comprehensive income		(0.06)	1.27	
c) Movement of deferred tax expense during the year ended March 31, 2019				
Deferred tax (liabilities) / assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant, and equipment and Intangible assets	(1.66)	(2.50)	-	(4.16)
Expenses allowable on payment basis under the Income Tax Act	103.56	184.19	(0.06)	287.69
Other temporary differences	190.46	(176.85)	-	13.61
	292.36	4.84	(0.06)	297.14
MAT credit entitlement	0.62	2.01	-	2.63
Total	292.98	6.85	(0.06)	299.77
d) Movement of deferred tax expense during the year ended March 31, 2018				
Property, plant, and equipment and Intangible assets	(0.30)	(1.36)	-	(1.66)
Expenses allowable on payment basis under the Income Tax Act	108.70	(6.41)	1.27	103.56
Other temporary differences	185.33	5.13	-	190.46
	293.73	(2.64)	1.27	292.36
MAT credit entitlement	-	0.62	-	0.62
	293.73	(2.02)	1.27	292.98

Particulars		March 31, 2019	March 31, 2018
35 Earnings per share			
Profit for the year attributable to owners of the company		(161.11)	(56.43)
Weighted average number of ordinary shares outstanding		50,050,000	50,050,000
Basic earnings per share (in ₹)		(3.22)	(1.13)
Diluted earnings per share (in ₹)		(3.22)	(1.13)
36 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under			
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*		2.85	1.57
(b) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year		-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act		-	-
(d) The amount of interest accrued and remaining unpaid at the end of the year		-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise		-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
37 Contingent Liability		
Claims against the Company not acknowledged as debts		
a. Income tax matters	9.17	14.76
b. Excise and service tax matters	13.33	13.23
c. Sales tax	91.72	89.83
d. Legal metrology	0.15	0.15
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	408.11	531.32
Other commitments		
A. Standby letter of credit (guarantee)		
SBLC facilities were extended by Indian banks to their foreign counterparts based on the counter guarantee given by the company. These counterpart banks who in turn had granted credit facilities to the following subsidiary companies:		
Outstanding amounts against credit facilities granted to	Currency	
1. Rubber Resources B.V. The Netherlands.	EUR	1.63
2. Elgi Rubber Company Holdings BV, The Netherlands	EUR	11.69
3. Pincott International Pty Limited, Australia	USD	-
4. Elgi Rubber Company LLC, USA	USD	4.10
Secured borrowings and assets pledged as security:		
The borrowings from Banks are secured by:		
a. Charge on extension of Current Assets		
b. Charge on specific Land and Building		
c. Cash margin		
B. Others		
a. Guarantee on account of security deposits with various electricity boards, state road transport corporations and other statutory authorities	INR 9.88	INR 13.62
b. Letter of credit on account of Import of goods	-	EUR 0.08
	USD 0.03	USD 0.20

38 Operating Segments

The Company's business operation comprises of single operating segment viz., "Rubber Industry". Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

39 Non-current financial assets - Investments

Particulars	No. of shares/Units (as on March 31, 2019)	Face value per share / units (in Respective Currency)	March 31, 2019	March 31, 2018
Investment in Equity Instruments (Fully paid up) (Quoted)				
Fair Value Through Profit or Loss				
Elgi Equipments Limited	332,080	INR 1	81.53	84.59
Precot Meridian Limited	3,225	INR 10	0.14	0.19
			81.67	84.78
In Mutual Funds (Unquoted)				
IL & FS Milestone Fund – I	578	INR 1,000	0.58	0.58
Less: Provision for impairment			(0.58)	-
			81.67	85.36

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

40 Basis of Consolidation

The Consolidated Financial Statements relate to Elgi Rubber Company Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute the Group).

Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS110) "Consolidated Financial Statements", Indian Accounting Standard 28 (IND AS 28) "Investments in Associates and Joint Ventures prescribed under Section 133 of the Companies Act, 2013.

The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits/gains have been fully eliminated

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.

The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.

Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

41 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:

Particulars	March 31, 2018	March 31, 2017
Debt	1,329.76	1,206.91
Less: Cash and bank balances	301.10	318.25
Net debt	1,028.66	888.66
Total equity	2,231.82	2,386.21
Net debt to equity ratio (%)	46.09%	37.24%
Categories of Financial Instruments		
Financial assets		
a. Measured at amortised cost		
Non-current - Other financial assets	23.44	19.12
Current financial assets - Trade receivables	613.32	515.82
Current financial assets - Cash and cash equivalents	55.29	68.33
Current financial assets - Bank balances other than the above	245.81	249.92
Current financial assets - Loans	3.63	2.41
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Non-current financial assets - Investments	81.67	85.36
Financial liabilities		
Measured at amortised cost		
Non-current financial liabilities - Borrowings	1,329.76	1,206.91
Current financial liabilities - Borrowings	1,519.29	1,761.94
Current financial liabilities - Trade payables	468.38	341.52

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 7.11 Million for the year (Previous INR 7.21 Million)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative instruments, Cash and cash equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the derivative contracts with the reputed Banks.

There are no major Investments made by the Company and accordingly is not prone to any major investment risk.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. The Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2019				
Trade payables	468.36	-	-	468.36
Borrowings (including interest accrued thereon upto the reporting date)	248.10	889.71	197.92	1,335.73
	716.46	889.71	197.92	1,804.09
March 31, 2018				
Trade payables	341.52	-	-	341.52
Borrowings (including interest accrued thereon upto the reporting date)	168.27	844.97	197.70	1,210.94
	509.79	844.97	197.70	1,552.46

42 Related party disclosure

a) Name of related party and nature of relationship

Other Related Parties

Elgi Equipments Limited
Elgi Ultra Industries Limited
Pricol Properties Limited
LRG Technologies Limited
ATS Elgi Limited
Festo India Private Limited
Cape Flour Mills Private Limited
Industrial Air Solutions LLP
Ellargi & Co.

Key management personnel

Sudarsan Varadaraj
SR Venkatachalam

D Selvakumar
V Santhanakrishnan

Relative of key management personnel

Harsha Varadaraj

Chairman and Managing Director
Chief Financial Officer and Compliance officer (upto August 8, 2018)
Chief Financial Officer (from August 9, 2018)
Company Secretary (upto January 25, 2018)
Company Secretary (from August 9, 2018)

Son of Sudarsan Varadaraj

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

b) Transactions during the year

S.No.	Nature of transactions	2018-19	2017-18
1	Income from sale of goods		
	LRG Technologies Limited	0.05	0.10
2	Purchase of goods		
	LRG Technologies Limited	20.35	1.04
	Elgi Ultra Industries Limited	10.12	7.47
	ATS Elgi Limited	0.09	-
	Festo India Private Limited	0.44	3.39
	Industrial Air Solutions LLP	0.31	-
	Ellargi & Co.	0.89	0.83
3	Purchase of asset		
	Pricol Properties Limited	-	29.40
4	Reimbursement of expenses (Paid)		
	LRG Technologies Limited	6.83	5.66
5	Rendering of services		
	Elgi Equipments Limited	0.41	0.62
	LRG Technologies Limited	0.09	0.04
	Cape Flour Mills Private Limited	0.42	0.42
	ATS Elgi Limited	0.32	-
6	Receiving of services		
	Elgi Equipments Limited	0.10	0.19
	LRG Technologies Limited	0.28	0.10
	Elgi Ultra Industries Limited	0.02	-
7	Managerial remuneration		
	Sudarsan Varadaraj	6.72	6.72
8	Salary to other key managerial personnel		
	SR Venkatachalam	3.45	2.57
	D Selvakumar (upto January 25, 2018)	-	1.41
	V Santhanakrishnan (from August 9, 2018)	0.46	-
	Harsha Varadaraj	1.57	1.45
9	Rent paid		
	Sudarsan Varadaraj	0.36	0.36
10	Dividend received		
	Elgi Equipments Limited	0.40	0.33
11	Interest paid		
	Sudarsan Varadaraj	4.61	6.77
12	Sudarsan Varadaraj		
	Loans taken	32.30	11.99
	Loans repaid	72.85	6.89
C.) Balances at the end of the year			
1	Loan payable		
	Sudarsan Varadaraj	34.15	74.70
2	Trade receivables		
	Elgi Equipments Limited	0.23	0.28
	ATS Elgi Limited	0.14	-
3	Other receivables		
	LRG Technologies Limited	1.57	3.12
	Cape Flour Mills Private Limited	0.04	-
4	Security deposit		
	Ellargi & Co.	0.10	0.10
	LRG Technologies Limited	0.05	0.05
	Cape Flour Mills Private Limited	0.07	0.07
6	Trade and Other Payables		
	Elgi Ultra Industries Limited	1.22	0.35
	Festo India Private Limited	-	0.23
	Ellargi & Co.	0.03	0.08
	Industrial Air Solutions LLP	0.09	-

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

43 Information relating to Subsidiaries

Details of the Group's subsidiaries are as follows

Sl. No.	Name of the Subsidiary	Principal activity	Place of incorporation	% of shares held
1	Borrachas e Equipamentos Elgi Ltda	Manufacturing and trading of Tyre Retreading goods	Brasil	99.99
2	Pincott International Pty Limited	Trading of Tyre Retreading goods	Australia	100.00
3	Elgi Rubber Company Limited	Manufacturing and trading of Tyre Retreading goods	Kenya	99.99
4	Elgi Rubber Company Limited	Manufacturing and trading of Tyre Retreading goods	Sri Lanka	99.99
5	Treadsdirect Limited	Trading of Tyre Retreading goods	Bangladesh	100.00
6	Elgi Rubber Company LLC	Manufacturing and trading of Tyre Retreading goods	USA	100.00
7	Elgi Rubber Company Holdings B.V.	Manufacturing and trading of Reclaim rubber, Rubber compounds and trading of Tyre Retreading goods	The Netherlands	100.00
8	Titan Tyrecare Products LLP	Manufacturing and trading of Tyre Retreading machinery	India	99.99

44 Retirement benefit plans**Defined contribution plans**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of ₹ 2.86 Million (for the year ended March 31, 2018: ₹ 6.16 Million) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans**(a) Leave obligations**

The Leave obligations cover the Company's liability for earned leave.

(b) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2019

(All amounts are in Millions in INR, unless otherwise stated)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.50%	8.00%
Rate of increase in compensation level	4.00%	4.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	3.73	3.31
Net interest expense	3.96	3.87
Return on plan assets (excluding amounts included in net interest expense)	(4.61)	(4.65)
Components of defined benefit costs recognised in profit or loss	3.08	2.53
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period		
Actuarial (gains)/losses	(0.22)	3.63
Components of defined benefit costs recognised in other comprehensive income	(0.22)	3.63
	2.86	6.16

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	57.61	52.75
Fair value of plan assets	(65.48)	(63.48)
Net liability/(asset) arising from defined benefit obligation	(7.87)	(10.73)
Funded	(7.87)	(10.73)
Unfunded	-	-
	(7.87)	(10.73)

Excess of fair value of plan assets over present value of obligation is reflected under 'Others' (other current assets) [Refer note 17].

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	52.75	48.47
Current service cost	3.73	3.31
Interest cost	3.96	3.87
Actuarial (gains)/losses	(0.22)	3.63
Benefits paid	(2.61)	(6.53)
Closing defined benefit obligation	57.61	52.75

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	63.48	60.34
Return on plan assets	4.61	4.65
Contributions	-	5.02
Benefits paid	(2.61)	(6.53)
Closing fair value of plan assets	65.48	63.48

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

For and on behalf of the Board

Sudarsan Varadaraj
Chairman & Managing Director
DIN: 00133533
Coimbatore
May 20, 2019

MD Selvaraj
Director
DIN: 00001608

SR Venkatachalam
Chief Financial Officer
V Santhanakrishnan
Company Secretary

As per our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants
FRN: 001209S
MV Jeganathan
Partner
Membership No. 214178

Route Map to the AGM Venue



Siruthuli Noyyal Life Centre
Ukkadam Sungam Bypass Rd
Ramanathapuram
Coimbatore, Tamil Nadu
641045

siruthuli.com
0422 231 8333

Elgi Rubber Company Limited

2000 Trichy Road Coimbatore 641 005 India

Tel : +91 (422) 232 1000 Fax : +91 (422) 232 2222

e-mail : info@in.elgirubber.com www.elgirubber.com

CIN : L25119TZ2006PLC013144

**ELECTRONIC CREDIT FORM
FOR SHARES IN PHYSICAL FORM**

To

M/s Link Intime India Pvt. Limited
Unit: Elgi Rubber Company Limited
"Surya", 35, Mayflower Avenue
Senthil Nagar, Sowripalayam Road
Coimbatore - 641 028

1. Name of the shareholder :

2. Folio No. :

3. Details of Bank Account :

i. Name of the Bank :

ii. Branch Name :

iii. Type of Account :

	Savings A/c		Current A/c		Cash Credit A/c
--	-------------	--	-------------	--	-----------------

iv. Bank Account No. :
(As mentioned in Cheque Book)

v. 9 Digit code number of the Bank & Branch
appearing on the MICR cheque issued by the Bank :

--	--	--	--	--	--	--	--	--

vi. IFS Code :

--	--	--	--	--	--	--	--	--	--

vii. Original cancelled cheque leaf issued by bankers: ☐ (Please ✓ here)
(Please enclose cancelled cheque leaf issued by your bankers for verification of accuracy of the code numbers)

I, hereby declare that the particulars given above are correct and complete. The Company will not hold any responsibility for delay in effecting transactions on furnishing incomplete / incorrect information.

Place :

Date :

Signature of the Shareholder
(Within the box)



Elgi Rubber Company Limited

CIN : L25119TZ2006PLC013144

Regd. Office: 2000, Trichy Road, Singanallur,
Coimbatore 641 005, Tamil Nadu.

Tel : +91(422)232 1000 Fax : +91(422)232 2222

E-mail : info@in.elgirubber.com website: www.elgirubber.com

FORM NO. MGT - 11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No. / DP ID-Client ID:
Name of the member(s),
Registered address,
E-mail ID.

I/We being the member(s) holding shares of the above named Company, hereby appoint:

- 1) Name :
Address :
Email ID : Signature or failing him/her
- 2) Name :
Address :
Email ID : Signature or failing him/her
- 3) Name :
Address :
Email ID : Signature

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 13th Annual General Meeting of the company, to be held on Monday, the 12th August, 2019 at 4.00 PM at "Siruthuli", Noyyal Life Centre, Sungam Bypass Road, South of Railway Bridge, Coimbatore - 641045 and at any adjournments thereof in respect of such resolutions as are indicated overleaf:

✂ Cut here P.T.O.

Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

Event No.	User ID	* Default PAN / Sequence No
190109		

* Those who have not registered their PAN may use Default PAN

✂ Cut here



Elgi Rubber Company Limited

CIN : L25119TZ2006PLC013144

Regd. Office: 2000, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu.

Tel : +91 (422) 232 1000 Fax : +91 (422) 232 2222

E-mail : info@in.elgirubber.com Website: www.elgirubber.com

Folio No. / DP ID-Client ID :

Name of the Member :

Name of the Proxy :

No. of

shares held :

ATTENDANCE SLIP

Attendance by

- ☐ Member
☐ Proxy
☐ Authorised
☐ Representative

Please ✓ the
appropriate box

I hereby record my presence at 13th Annual General Meeting being held on Monday, 12th August, 2019 at 4.00 PM at "Siruthuli", Noyyal Life Centre, Sungam Bye pass Road, South of Railway Bridge, Coimbatore - 641045

* Strike out whichever is not applicable

Signature of Member / Authorised representative / Proxy*

Resolution Number	Resolution
	Ordinary Business
1.	Adoption of the standalone and consolidated audited financial statements of the company including Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of changes in Equity for the financial year ended 31st March, 2019, the Balance Sheet as at that date, together with the reports of the Board of Directors and the auditors thereon
2.	Re-appointment of Suresh Jagannathan (holding DIN: 00011326) as Director, who retires by rotation and being eligible, offers himself for re-appointment
	Special Business
3.	Re-appointment of M D Selvaraj (DIN: 00001608) as an Independent Director for a second term of 5 consecutive years (Special resolution)
4.	Re-appointment of P Vijay Raghunath (DIN: 00002963) as an Independent Director for a second term of 5 consecutive years (Special resolution)
5.	Re-appointment of V Bhuvaneshwari (DIN: 01628512) as an Independent Director for a second term of 5 consecutive years (Special resolution)
6.	Ratification of the remuneration payable to M/s. P. Mohan Kumar & Co., (Firm Registration No.100490), Cost Accountants, for the financial year 2019-20. (Ordinary Resolution)

Signed this day of 2019

Signature of shareholder :

Signature of Proxy holder (s) :

Note :

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix ₹1/-
Revenue
Stamp