

27th Annual Report 2007-2008

The logo for ELON is displayed in a large, bold, black, sans-serif font. The letters are closely spaced. Behind the logo, there is a faint, light green watermark that reads "Report Junction.com" with a yellow diamond shape in the center.

Elgitread (India) Limited

Historical Perspective - 10 Year Performance

(Rs. in Million)

Particulars	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Sales & Other Income	1313.9	1136.4	1004.0	965.2	1047.9	1245.9	1407.4	1402.3	1603.5	557.1
Profit before Depreciation and Tax	339.2	282.1	204.6	204.7	191.8	218.4	247.2	179.1	165.8	105.4
Profit before Tax	306.1	250.4	177.1	181.5	161.3	184.5	206.3	133.5	124.4	79.4
Profit after Tax	216.1	160.4	105.1	125.6	105.2	128.3	134.1	104.2	83.6	76.2
Dividend %	100	65	90	100	110	100	60	45	35	10*
Gross Fixed Assets	423.3	439.9	439.1	456.1	573.1	571.7	694.4	776.1	777.0	409.9
Net Fixed Assets	167.1	162.4	153.5	148.4	238.6	223.1	310.3	350.5	381.1	215.4
Investments	32.9	160.8	278.4	342.4	454.1	355.5	403.9	300.9	263.9	374.8
Net Working Capital	611.4	612.2	562.5	499.2	414.5	611.5	644.2	779.9	867.6	205.2
Total Capital Employed	811.5	939.2	1001.2	1088.7	1140.6	1272.5	1380.1	1431.3	1512.6	795.4
Shareholders' Funds	808.7	938.3	1001.0	1088.4	1140.6	1245.5	1350.4	1432.6	1498.8	801.3
Borrowed Funds										
Other borrowed funds	2.8	0.9	0.2	0.2	-	-	-	-	-	-
Total Funds	2.8	0.9	0.2	0.2	-	-	-	-	-	-
* Subject to the approval in the Annual General Meeting.										

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Elgitread (India) Limited will be held on Saturday, the 30th Day of August, 2008 at 4.30 P M at Ardra Convention center, No. 9, North Huzur Road, Coimbatore - 641 018.

Ordinary Business

1. To receive, Consider and adopt the Audited Balance sheet as at March, 2008 and the Profit and Loss Account for the year ended as that date together with the report of Director's and Auditor's thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Suresh Jagannathan who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of M D Selvaraj who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of P Vijay Raghunath who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

Special Business

7. To Consider and if thought fit to pass with or without modification the following resolution as special resolution

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for the appointment of LG Varadarajulu as Executive Chairman of the Company for a period three years with effect from 01.04.2008 on a remuneration of Rs.600,000 per annum (apart from sitting fees payable for board meetings attended by him).

FURTHER RESOLVED THAT in the case of absence or inadequacy of profits in any financial year during the tenure of the aforesaid appointment, the above remuneration be treated as minimum remuneration

8. To Consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution

RESOLVED THAT Mr. M John Edward who was appointed by the Board of Directors as an Additional Director of the Company with effect from 06.06.2008 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company.

9. To Consider and if thought fit to pass with or without modification the following resolution as a special resolution

RESOLVED THAT pursuant to applicable provisions of the Companies Act, 1956 and pursuant to Clause 49(1)(B) of the Listing Agreement with Stock Exchange, the consent of the Company be and is hereby accorded for the payment of a fee not exceeding Rs.1,500,000 per annum to Mr. M. John Edward who is a Marketing Professional and is a Non Executive director on the Board of Directors of the Company for rendering advisory services to the company with effect from 1st April 2008 for a period of three years.

10. To Consider and if thought fit to pass with or without modification the following resolution as a special resolution

RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to such approvals as may be required the name of the Company be Changed from " Elgitread (India) Limited" to "Elgi Rubber Company Limited" and accordingly the name " Elgitread (India) Limited" wherever it occurs in the memorandum and articles of association be substituted with the new name "Elgi Rubber Company Limited" .

11. To Consider and if thought fit to pass with or without modification the following resolution as a special resolution

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreements and all other applicable rules, regulations and guidelines and subject to such approval as may be necessary, the consent of the Company be and is hereby accorded to delist the equity shares of the Company from the Coimbatore Stock Exchange Limited, Coimbatore.

FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary for the purpose and to settle any questions, difficulties or doubts that may arise in this regard

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No 7**

LG Varadarajulu has been the promoter of the Company and is an Expert in Automobile Engineering. He has contributed for the growth of the Company since inception. The Board of Directors at their meeting held on 06.06.2008 have appointed LG Varadarajulu as Executive Chairman of the Company for a period of 3 years with effect from 01.04.2008 on a remuneration as set out in Item No.7 of the notice. and as per the recommendation of the Remuneration Committee. The appointment and payment of remuneration to LG Varadarajulu is subject to the approval of the members at the Annual General Meeting.

The Board recommends the resolution for the approval of the members.

LG Varadarajulu the appointee Director and Sudarsan Varadaraj & Jairam Varadaraj being relatives of LG Varadarajulu are interested in this resolution. None of the other Directors are interested in the resolution. This may also be treated as memorandum of interest pursuant to Sec 302(2) of the Companies Act, 1956.

Item No 8 & 9

M John Edward was appointed as Additional Director of the Company on 06.06.2008. As per the provisions of Section 260 of the Act, he holds office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Act in respect of his candidature proposing his appointment as Director of the Company along with the requisite deposit.

Details of the Director proposed to be appointed and his brief resume has been given in the Annexure attached to this notice. Keeping in view of his experience and expertise the Board recommends his appointment for the approval of the members.

The Board also recommends the resolution approving payment of remuneration fixed by the Remuneration Committee for appointing M John Edward Advisor as stipulated in item No. 9 of the notice for approval by the Members.

None of the Directors other than M John Edward is interested in this resolution. This may also be treated as memorandum of interest pursuant to Sec 302(2) of the Companies Act, 1956.

Item No 10

Consequent to the approval of the Scheme of Arrangement and Amalgamation by the Honorable High Court of Madras the manufacturing division of the Company engaged in the business of tread rubber and bonding gum got de-merged and is merged with the emerging company Treadsdirect Limited. Elgi Rubber Products Limited engaged in the business of manufacture of reclaimed rubber got merged with the residual division of the company engaged in the business of manufacturing retreading machinery and other rubber products. In view of the above, it has been proposed to change the name of the company suitably to more widely reflect the business of the Company.

The new name proposed – “Elgi Rubber Company Limited” has become so widely recognised and accepted over the years in the fields in which the Company operates. The Directors trust that this change of name will have the members’ support and approval.

The change in new name is subject to confirmation of availability of the name by the Registrar of Companies, Coimbatore.

Pursuant to Section 21 of the Companies Act, 1956 change of name requires approval of the shareholders by way of special resolution and accordingly approval of the shareholders is being sought by way of special resolution as proposed in the notice. Further as per the said section, approval of the Central Government is also required to be obtained. Accordingly, after obtaining the shareholders’ approval, the Company shall apply to the Central Government for approval of the new name.

The Board recommends the adoption of the resolution by the members.

None of the Directors is concerned or interested in this Resolution.

Item No 11

The Shares of the Company are listed at National Stock Exchange of India Limited and Coimbatore Stock Exchange Limited. There had been no trading activity of our shares on the Coimbatore Stock Exchange for the last 2 /3 years due to increase in online terminals of National Stock Exchange Limited. Hence it is now proposed to delist the shares from the Coimbatore Stock Exchange Limited. The shares of the Company will continue to be listed on the National Stock Exchange Limited. With the extensive network of the National Stock Exchange Limited, investors can access the shares of the Company across the Country. The bulk of the trading in the shares of the Company takes place on the National Stock Exchange Limited. Under the provisions of the Securities Exchange Board of India (Delisting of Securities Guidelines) 2003, Companies can voluntarily delist the shares subject to the approval of the Members by a Special Resolution.

Therefore it has been proposed to delist equity shares of the Company from Coimbatore Stock Exchange pursuant to the guidelines; Hence the resolution in Item No 11 is recommended for approval of the members.

None of the Directors is concerned or interested in passing the resolution.

**ELGITREAD (INDIA) LIMITED,
2000, TRICHY ROAD, SINGANALLUR COIMBATORE – 641 005**

7TH June 2008

Dear Shareholder,

As a step towards Investor Protection and to provide better services, your Company has proposed to make Dividend payment through “Electronic Clearing Service”. The Reserve Bank of India, through its selected Branches in major cities, offers this facility. The main objective of this service is to eliminate the complaints of Non Receipt of Dividend Warrants, Loss of Dividend Warrants in transit and to protect unauthorized claims.

Under this system, our bankers give payment instructions to the Clearing Authority (Reserve Bank of India) who will in turn report to the Bank with which you maintain the specified Bank Account. Your Banker will in turn credit to your account on due date with the specification as ECS in your statement or Bank Pass Book. The Company will issue an advice on payment instructions to the credit of your account.

At present the Bankers offering ECS facility are available only in selected cities. Which will be extended to all places in the years to come. If, you hold the shares in Dematerialized form, you may furnish the details of your ECS facility to your Depository Participant /changes in Bank Accounts for updation of the same in their NSDL/ CDSL system which would facilitate the Company for remitting to your Dividend.

Shareholders who hold in Physical form are requested to furnish the Bank details in the enclosed form and forward the same to our Registrars & Share Transfer Agents M/s. Intime Spectrum Registry Limited, Surya, 35, Mayflower Avenue, Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 at the earliest on or before 25.08.2008

Regards

For **ELGITREAD (INDIA) LIMITED**

C Jayanthi
Company Secretary

**ELECTRONIC CLEARING SERVICE (ECS MANDATE FORM)
FOR SHARES IN PHYSICAL FORM**

To

M/s Intime Spectrum Registry Limited, Coimbatore Branch
Unit: Elgitread (India) Limited
Surya, 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 & Address :

(iii) Type of Account : Savings A/c Current A/c Cash Credit A/c

(iv) Bank Account No. :
(As mentioned in Cheque Book)

(v) Bank & Branch Code Number :

(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/ in correct information.

Signature of the Shareholder

Note:

1. Please send the form to the address mentioned above.
2. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of warrants

ELGITREAD (INDIA) LIMITED
2000, TRICHY ROAD, SINGANALLUR, COIMBATORE – 641 005

PROXY FORM

I/ We _____ of _____ being a Member/
 Members of Elgitread (India) Limited hereby appoint _____ or failing him _____
 _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the
 27th Annual General Meeting of the Company held on Saturday the 30th August, 2008 at 4.30 PM at Ardra Convention
 Center, No. 9 North Huzur Road, Coimbatore – 641 018

Signed this _____ day of _____

Folio No / Client ID :

No of Shares :

Signature

Affix
Re 1
Revenue
stamp

For Office Use	
Proxy No	
Date of Receipt	

Notes

1. The Proxy form must be returned so as to reach the Registered office of the Company, 2000, Trichy Road, Singanallur, Coimbatore – 641 018 not less than forty eight hours before the time for holding the aforesaid meeting
2. A Proxy need not be a member of the Company

Information as required by Clause 49(IV) (G)) of the Listing Agreement

Sl No	Name	Qualification	Experience	Director Ships in Other other public limited Companies incorporated in India*	Membership of committees in in other public companies incorporated in India
1	Suresh Jagannathan	B.S. (USA)	26 years in Agro, Textiles & Electrical Engineering	1.KLRF Limited 2.Precot Meridian Limited 3.Pricol Limited	Investors Grievances Committee
2	MD Selvaraj	M Com MBA FCS MIMA	26 years in Finance & Secretarial Functions	1.Treadsdirect Limited 2.Viyeswari Textiles Limited	Member of Audit Committee & remuneration committee of Vijayeswari Textiles Limited & Treadsdirect Limited
3	P Vijay Raghunath	B Com BL MA (Hons)	Practice in law for the past 11 years	1.Vijayeswari Textiles Limited 2.English Tools & Castings Limited	Member of remuneration Committee of Vijayeswari Textiles Limited & Chairman of Audit Committee of English Tools and Castings Ltd.
4	LG Varadarajulu	DAE	60 years as Industrialist	1.Elgi Equipments Limited 2.Elgi Aviation Tyres Limited 3.Elgi Ultra Industries Limited 4.LG Balakrishnan & Bros Limited 5.LRG Technologies Limited	Member of Audit Committee of Elgi Equipments Limited
5	M John Edward	B A	35 years of experience in tyre & retreading industry in Marketing	1.Elgi Aviation Tyres Limited 2.LRG Technologies Limited	-

* Directorships in foreign companies are not considered

NOTES

- A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.**
- Instrument appointing a proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.**
- The Register of Members and Share Transfer Books of the Company will remain closed from 20.08.2008 to 30.08.2008 (both days inclusive) for the purpose of payment of Dividend.
- The unclaimed Dividend(s) for 1999 - 2000 have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to section 205-A of the Companies, Act 1956.
- The Dividend declared in 20th August, 2001 and remaining unclaimed at the end of seven years will be transferred to Investor Education and Protection Fund established by the Central Government. It may be noted that once the unclaimed dividend is transferred to the fund as above, no claim shall lie with the Company in respect of such amount.
- Members who have till date not encashed their dividend warrants for the financial year 2000 - 01 are any subsequent financial years are advised to claim the dividend(s) by writing to the Company's R & T Agents, M/s Intime Spectrum Registry Limited.
- Shareholders preferring to receive dividend through Electronic Clearing Service (ECS) in the notified centers, are requested to forward the form attached to the Registrar and Share Transfer Agents M/s Intime Spectrum Registry Limited Coimbatore Branch or to their respective Depository participants before 25.08.2008

By Order of the Board

Coimbatore
07.06.2008

C Jayanthi
Company Secretary

Elgitread (India) Limited**Annual Report 2007 - 2008****Directors**

LG Varadarajulu
(Chairman)
Sudarsan Varadaraj
(Managing Director)
Dr Jairem Varadaraj
M John Edward
Suresh Jagannathan
MD Selvaraj
P Vijay Raghunath
CN Srivatsan

Key Executives

LG Varadarajulu
(Chairman)
Sudarsan Varadaraj
(President)
SR Venkatachalam
(Chief Finance Officer)
C Jayanthi
(Company Secretary)

Head Office

2000, Trichy Road
Singanailur
Coimbatore - 641 005
Tamilnadu

Bankers

State Bank of India
Commercial Branch
Coimbatore

Registered Office

2000, Trichy Road
Singanailur
Coimbatore
Tamilnadu

Auditors

Reddy, Goud & Janardhan
Chartered Accountants
Bangalore

Plants

Thimmavaram, Chengalpat
Kanjikode, Palakkad
Annur, Coimbatore
Lorena - SP, Brasil

Internal Auditors

MS Jagannathan & Visvanathan
Chartered Accountants
Coimbatore

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.,
C/13, Panalal Silk Mills
Bhandup(West)
Mumbai - 400 078

Branch Office

"Surya", 35, May Flower Avenue
Behind Senthil Nagar
Sowripalayam
Coimbatore - 641 026

Directors' Report

We are pleased to present the Twenty Seventh Annual Report and Audited Accounts for the year ended 31st March 2008. The Management Discussion and Analysis Report have been included at the appropriate places in this report.

Abstract of the Financial Results of the Company

	2007 - 2008	2006 - 2007
	(Rs. in million)	
Profit Before Depreciation	105.44	168.50
Less: Depreciation	25.99	41.41
Profit Before Taxation	79.45	127.09
Less: Provision for Taxation	28.50	25.76
Less Provision for Deferred Tax		15.00
Add deferred Tax	25.22	-
Profit After Tax	76.17	86.33
Add: Balance from previous year	274.07	216.58
Add; Transfer on account of scheme	3.36	-
Adjustment relating to earlier years	(0.01)	(2.71)
Profit available for appropriation	353.59	300.20
Appropriation		
General Reserve	8.07	8.63
Proposed Dividend at 10% (35%)	10.70	14.96
Dividend Distribution Tax	1.82	2.54
Balance Carried to Balance Sheet	333.00	274.07

Issue of Additional Shares and Change in Share Capital consequent to the Composite Scheme of Arrangement & Amalgamation

The Composite Scheme of Arrangement and Amalgamation under sections 391 and 394 of the Companies Act was sanctioned by the Honorable High Court of judicature at Madras vide its order dated 04.04.2008 and was filed with the Registrar of Companies, Coimbatore, Tamil Nadu on 12.04.2008.

As per the scheme Elgi Rubber Products Limited, accessories division of LRG Technologies Limited and Achutha Vulcanising Cement Private Limited were merged with the Company.

In accordance with exchange ratio specified in the scheme 64,250,000 shares have been allotted to the shareholders of erstwhile M/s Elgi Rubber Products Limited, LRG Technologies Limited and Achutha Vulcanising Cement Private Limited. Hence the Authorised share capital and the paid up share capital have gone up by Rs 135.30 Million and Rs 107.00 Million respectively.

Dividend

The Company recommends a dividend of 10% on the enlarged Equity capital, absorbing a sum of Rs 12.52 Million including dividend distribution tax payable by the Company. As a step towards maintaining good Investors relations, it has been decided to distribute dividend to the investors through Electronic Clearing Service of HDFC Bank

Review of Operations & Future Outlook

The Company has achieved a Turn Over of Rs 498.20 Million. This sale constitutes sale of other rubber products and retreading machinery in the demerged Elgitread (India) Limited and Reclaim rubber sale from merged Elgi Rubber products Limited Since this is the first year operation of post merger the sales figures are not comparable. To combat globally efforts have been taken to downsize the cost by synergising the units, which are manufacturing other rubber products and related machinery and equipments.

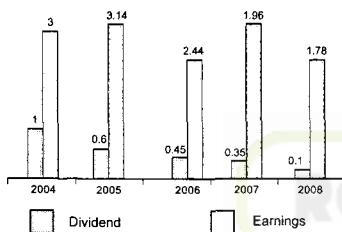
It is observed through market surveys that apart from retreading machinery, there is high demand for consumables like envelopes, patches, curing bags etc for tyre repairing. To establish prominence in the international markets for the existing and proposed product range, efforts are being taken to widen distribution channels worldwide through marketing teams.

The Company feels that with the conscious efforts to continuously improve on the quality of the products, it would be able to establish major share globally.

Profitability



Dividend / Earnings per Share



Net Worth

