

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Elecon Engineering Company Ltd.
2.	Annual standalone financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

For, Thacker Butala Desai
Chartered Accountants
Firm Regi. No. 110864W




M.T.Desai
Partner
Membership No. 030911

For Elecon Engineering Company Ltd.



Prayasvin B. Patel
CEO/Managing Director


H.C. Shah
CFO

Jal R. Patel
Chairman of Audit
Committee

Place: Vallabh Vidyanagar

Date : 14.08.2013

53rd Annual Report 2012-13



Journey of Evolution



About Cover



From the very beginning of life the natural phenomenon of change has been the integral part of the existence. Through the development stages of entire creation, one thing has remained constant and that is CHANGE.....

BHANUBHAI MEMORIAL CENTRE OF EXCELLENCE (BMCE)

We have built a new state-of-the-art manufacturing plant as our attempt to move towards evolution. This modern engineering plant has been built to double the gear box manufacturing capacity to provide world class quality and to ensure on-time delivery within a short span of time.

In last five decades, we have done lots of research and innovations in gear technology. We have developed variety of products in transmission business from worm gear to helical, from planetary to vertical planetary, variable speed couplings, etc. This development always demanded overall progress in gear manufacturing technology, right from cutting to carburizing, gear grinding. The extract of learning is used in layout, machine selection as well in process improvement of gear manufacturing. The new plant will produce internal components of the helical gear box and has a capacity of manufacturing 1000 gear boxes per month.

This new plant is a tribute to our founder Chairman Lt. SHRI BHANUBHAI PATEL who wanted to remain "ALWAYS A STEP AHEAD IN TECHNOLOGY."



THE NEW IDENTITY OF ELECON ENGINEERING COMPANY LIMITED.

We are pleased to introduce the new identity of ELECON. The new logo sports the ELECON monogram in refreshing Orange. Suggesting a new energetic avatar. The pneumatic depicts Blue outlines encircling a Gear, creatively formed by the letter E. The outlines in Blue depict the revolution of the Gear they encircle, suggesting that ELECON is moving towards revolutionizing the way modern industries work, befitting its new positioning line - "Gearing the Future". While being extremely eye-catching and subtle to look at, the logo also displays ELECON's ambition - to continuously deliver innovative, futuristic solutions par excellence, across industries, globally, and SHAPING THE FUTURE.....TODAY.

ELECON AT A GLANCE

Elecon Group was established in 1951 in Goregaon, Mumbai by Ishwarbhai B. Patel. The Company's early focus was on Engineering, Procurement and Construction projects in India. It initially manufactured custom manufacturing conveyor systems under a trading Company.

Elecon Engineering Company Ltd. was incorporated as a Private Limited Company on 11th January 1960. In May 1960, the Company moved to its current location in Vallabh Vidyanagar, Gujarat. Later in June 1962, the Company was listed on the Bombay Stock Exchange.

In 1963, Company has started manufacturing of Transmission Equipments. In 1976, the Company established its separate Gear Division, specialising in power transmission equipment. With vast

experience of more than 5 decades, the Company has successfully consolidated its position as Asia's largest gear manufacturing Company, with a significant presence in India as well as abroad. Company was the pioneer in introducing the modular design concept, case hardened and ground gear technology in India. The Company has a proven track record in designing and manufacturing worm gears; parallel shaft and right angle shaft; helical and spiral level helical gears; fluid geared and flexible couplings, as well as planetary gear boxes.

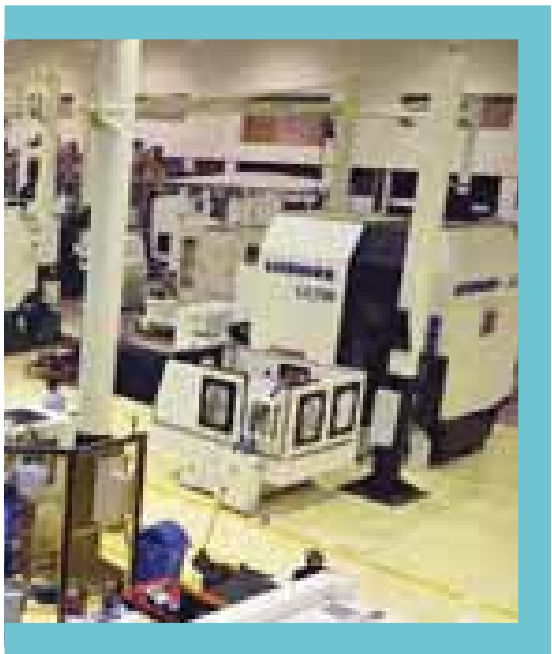
Facing all the hurdles of Global as well as Indian slowdown in Engineering Sector, Company has always focused towards success through Guru Mantra "Innovation, Change and Adaptability to change".

Expanding its Gear Box manufacturing capacity, the Company has set up a new plant for Gear manufacturing. The new plant has been built to double the Gear Box manufacturing capacity from 500 Gear Boxes from month to 1000 Gear Boxes per month. Elecon will produce internal component of Helical Gear Box at its new plant.

State of the art manufacturing facilities at new plant include fully automated machine lines; comprehensive production capacity; a dedicated work force and a responsive after sales service.

In October 2010, Company acquired the Benzlers-Radicon Group, the power transmission business of UK-based David Brown Ltd. to expand its reach in international market.

Business activities of Elecon has spread out in the area covering wide space of 2,59,075.15 sq. meters together with all infrastructure facilities, buildings and structures thereon.



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Board of Directors



Shri Prayasvin B. Patel
Chairman and Managing Director



Shri Prashant C. Amin
Executive Director



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Hasmukhlal S. Parikh



Shri Jal R. Patel



Shri Jai S. Diwanji

Chief Financial Officer

Shri Hemendra C. Shah

Company Secretary

Shri Paresh M. Shukla

Auditors

Thacker Butala Desai
Chartered Accountants
Navsari

Bankers

State Bank of India
Bank of Baroda
EXIM Bank of India
Axis Bank Limited
HDFC Bank Limited
IDBI Bank Limited
Standard Chartered Bank

Registered Office

Anand Sojitra Road
Vallabh Vidyanagar-388120
Gujarat, India

Five years at a glance

(₹ in Mn.)

PARTICULARS	Consolidated#		Standalone#		Consolidated#	Standalone#	Consolidated#	Standalone	Standalone	Standalone
	2012-2013		2012-2013		2011-2012	2011-2012	2010-11	2010-11	2009-10	2008-09
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	281.2	15,268	109.6	5,952	16,132	13,317	12,843	11,739	10,464	9,551
TOTAL INCOME	282.5	15,342	111.7	6,063	16,212	13,391	13,129	12,024	10,711	9,646
EARNING BEFORE DEPRECIATION, INTEREST & TAX	38.3	2,082	18.9	1,027	2,102	2,027	1,885	1,814	1,496	1,490
DEPRECIATION & AMORTISATION EXPENSES	10.5	571	7.7	420	486	424	416	394	331	221
PROFIT AFTER TAX & MINORITY INTEREST	3.3	179	1.6	85	611	696	900	879	662	575
EQUITY DIVIDEND	2.0	109	2.0	109	171	167	167	167	139	139
DIVIDEND%	-	-	-	50%	--	90%	--	90%	75%	75%
EQUITY SHARE CAPITAL	4.0	218	4.0	218	186	186	186	186	186	186
RESERVE & SURPLUS	95.0	5,160	83.7	4,543	4,401	4,262	3,998	3,760	3,075	2,568
NET WORTH	99.0	5,378	87.7	4,761	4,587	4,448	4,184	3,946	3,235	2,737
GROSS FIXED ASSETS	173.6	9,427	116.5	6,325	8,291	6,912	6,997	5,762	5,273	4,559
NET FIXED ASSETS	107.3	5,827	77.1	4,186	5,222	4,469	4,386	3,719	3,622	3,110
TOTAL ASSETS	391.5	21,259	198.8	10,792	19,198	16,794	16,968	14,674	12,968	13,320
NUMBER OF EMPLOYEES(Nos.)				697		1,290		1,197	1,069	889
KEY INDICATORS	US \$		US \$							
BASIC EARNINGS PER SHARE(₹)	0.03	1.65	0.01	0.78	6.58	7.49	9.69	9.47	7.13	6.19
DEBT EQUITY RATIO										
(TOTAL DEBT:EQUITY)	-	1.30	-	0.54	1.45	1.21	1.55	1.34	1.61	2.16
EBIDTA*/TURNOVER %	-	13.64	-	17.26	13.03	15.22	14.68	15.45	14.29	15.61
NET PROFIT MARGIN%	-	1.17	-	1.43	3.79	5.23	7.00	7.49	6.32	6.02
RETURN ON NET WORTH%	-	3.33	-	1.79	13.32	15.65	21.50	22.28	20.46	20.99
RETURN ON CAPITAL EMPLOYED%	-	1.50	-	1.17	5.65	7.23	8.68	9.81	7.52	6.47

Financial details of FY13, FY12 & FY11 are as per Revised Schedule VI format.

Exchange Rate: 1 US\$ = ₹ 54.30 (as on 31-3-2013).

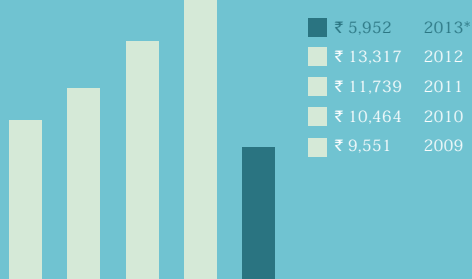
* Extraordinary items and other income are not considered for calculating EBIDTA.

Figures are rounded off to nearest US \$ Mn./ ₹ in Mn.

Performance Indicators

Net Sales
₹ in Mn

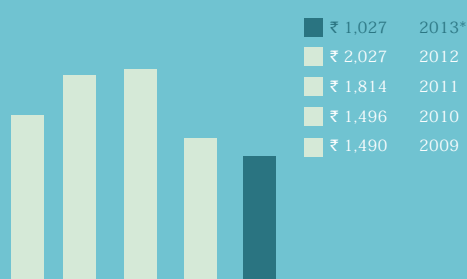
(55.30%)
decrease from 2012



2009 - 2013

EBIDTA
₹ in Mn

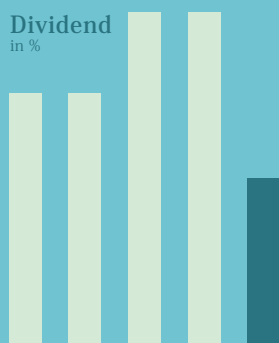
(49.33%)
decrease from 2012



2009 - 2013

Dividend
in %

50% 2013
90% 2012
90% 2011
75% 2010
75% 2009



2009 - 2013

*Decrease because of Scheme of Arrangement.

Assembly of Planetary Gearbox



Management Insight



“ We have a new identity and with it, a brand new beginning. For over 5 decades, we've geared a reputation of delivering innovative, futuristic solutions par excellence, while upholding the highest standards of values, commitment and trust. By restructuring ourselves, we are now aligning our business paradigms with the needs of the increasingly demanding and ever-evolving business ecosystem, while maintain our core beliefs. Our new identity signifies our beginning as an organization that is better, younger and more energetic, in our thoughts and in our approach. We are ELECON, an organization that is not just gearing the world; we are an organization that is “Gearing The Future.”

- **Prayasvin Patel**
Chairman & Managing Director



The restructuring of Elecon Group has created focused Industrial Gear and Material Handling entities. As we implement the second phase of the restructuring exercise, the company faces the challenging economic environment. The management is confident of achieving the benefits in the coming years with the support of its dedicated employees and trust of its stakeholders.

- **Prashant Amin**
Executive Director



The Global as well as Indian economy continued to face challenges in the FY 2013. The economic headwinds, delays with reforms, hurdles in clearance of various government projects and lack of investments had dampened optimism in the Industry. The performance of the Company may be considered satisfactory during the year under report & seen in the face of difficult and trying conditions in a contracted market for Company's products and services. Enormous opportunities arise during transformative times. We are truly in transformative times. We, at Elecon Group have completed a comprehensive business restructuring exercise with an objective to create a focused and a separate material handling & power transmission entities and also deleveraging the balance sheets for raising funds at appropriate evaluation for both the businesses.

We remain confident that our way of doing business and managing our cash will enable us to further strengthen our positions amidst issue of rupee depreciation and global economic slowdown and hope to create long-term sustainable value for our stakeholders and investors.

- **Hemendra Shah** -Chief Financial Officer



This is the right opportunity to all of us to improve our systems as well consolidate all right practices, when there is less load in workshops as well their supporting departments during this recessionary period. We have also taken right decision of separating out MHE like business having long cycle as well with project oriented orders from Transmission like business with short cycle and Product oriented orders. TPM and it's implementation, bifurcation of Engineered and Catalogue products in transmission products shall also help in improvrrnt of OTD as well profitability.

When I am thinking and writing this, some good news of opening of market is coming along with heavy down pour of monsoon, rising some hope for opening of economy.

- **Vilas Kalyankar** -Chief Executive Officer

Corporate Social Responsibility

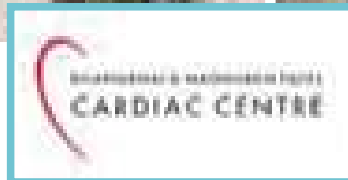


Corporate Social Responsibility is continuing commitment by ELECON to contribute towards the economic development while improving the quality of life of the people, customers as well as the community and society at large.

We believe that being socially responsible means that organizations must be ethical and sensitive towards stakeholders on important social, cultural, environmental and socio-economic issues.

Social wings of Elecon i.e. EL CARE and ELF (Elecon Ladies Forum), try to achieve its objectives of comprehensive community development by continuously putting its efforts on making a positive contribution by organising Blood Donation Camps, Eye check up and Eye donation camps. They also support to Orphanage Homes, Old Age Homes, for Higher education and health care support to deserving people.

EL CARE always believes that "Empowering a Woman leads to Empowerment of a Family" and continuously focuses on its serious commitment towards girls' education. The company donated generously to Charutar Vidyamandal (CVM) for establishment of Women's Engineering College under the name of Madhuben & Bhanubhai Patel Women Institute of Engineering for Studies & Research in Computer & Communication Technology (MBICT) at New Vallabh Vidyanagar.



Bhanubhai & Madhuben Patel Cardiac Centre

Bhanubhai & Madhuben Patel Cardiac Centre (BMPCC) constructed and developed by Elecon group and managed by Charutar Arogya mandal at Shri Krishna Hospital, karamsad with its multidisciplinary pediatric support structure and telemedicine service has performed over 701 surgeries, out of which 381 are pediatric and 320 are adult surgeries. The Centre also keeps on ascending the quality ladder with doing the most complicated cardiac procedures and surgeries, many of which are rarely managed elsewhere in the country.

The Centre provides the most efficient medical care at the affordable rates to underprivileged people of the society. With the most advanced infrastructure and dedicated team of professionals, the Centre is getting patients from other states and quite a few foreign nationals as well.

Strength & Growth Drivers

Elecon is the ideal choice for supply of gears to various sectors like Cement, Sugar, Power, Steel, Coal and Ports, etc. Elecon has humbly provided its contribution in the growth of Gear industries of India and has also become the first industrial gear manufacturer in India to achieve ISO 9001:2008 version in 2010.

Manufacturing Strength

Elecon has set its highest standard in all aspects of its functioning. It is covering wide space of 1,47,541 sq. meters together with all buildings and structures thereon and all plant and machinery.

Company has built a new state-of-the-art manufacturing plant as an expansion of the Elecon Gear manufacturing facilities. This modern engineering plant has been built to double the gear box manufacturing capacity to provide world class quality and to ensure timely delivery within a short span of time.

Modernisation of existing capacity to augment increased demand can also be considered as one of the manufacturing strength. Elecon has expanded its activities to new areas like manufacturing of wind mill gear boxes for 1 MW to 2 MW. Thus, Elecon is poised to enjoy first mover advantage leading to sustained growth, higher margin and revenues.

The Company has expanded capacity in the manufacturing plants in last couple of years to cater large demand.

Growth Drivers

The Company has maintained its growth momentum in present economic slowdown. We look forward to continuing this trend.

The Company has gained specialised expertise and knowledge over the years in manufacturing Transmission Equipments and due to our competitive manpower cost and high level of technology, we are comfortably able to maintain growth over the years. The Gear Division over the past years have witnessed growth driven by industrial capex as gears find applications across all industries such as Power, Steel, Cement, Sugar etc.

Elecon wants to penetrate extensively in the Sugar Planetary Gear Boxes, Marine Gear boxes and Wind Mill Gear Boxes business. Entering in the business of manufacturing of Wind Mill Gear Boxes and targeting to become Major player in 1-2 MW Segment is in our priority list. Company is also exploring new segments for higher growth: Defense, Navy; High Speed Gears; Gears for Plastic Industry and Vertical Roller Mill Drive in Power and Cement industries.

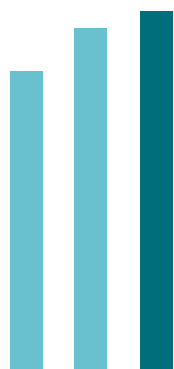
New Government, after the general election in 2014, has to take the call for new reforms along with taking steps to counter recession, which in turn will provide more thrust to stability in the price and production of essential commodities resulting into steady momentum in the growth of Indian economy.

▼ EON Series Bevel Helical Gearbox



Gear Net Sales

₹ in Mn

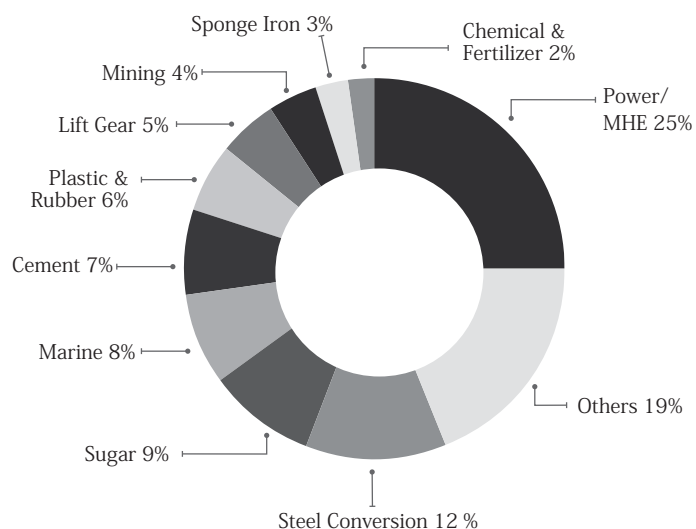


2011 - 2013

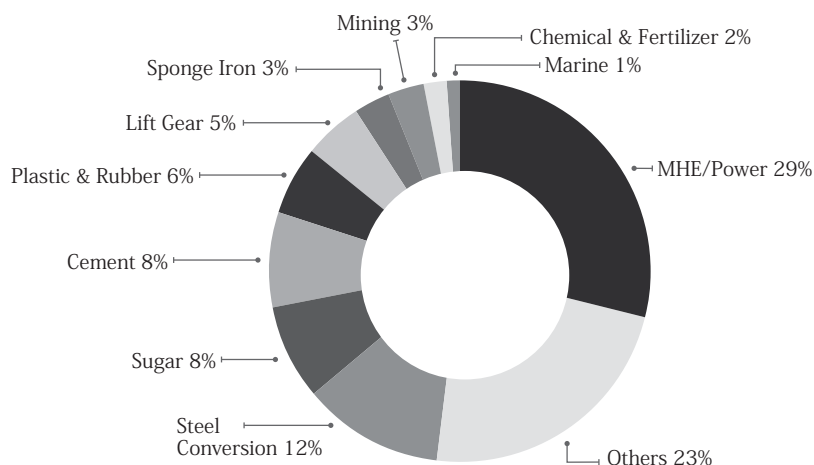
3.71%
increase from
2012

₹ 5,952	2013
₹ 5,739	2012
₹ 5,224	2011

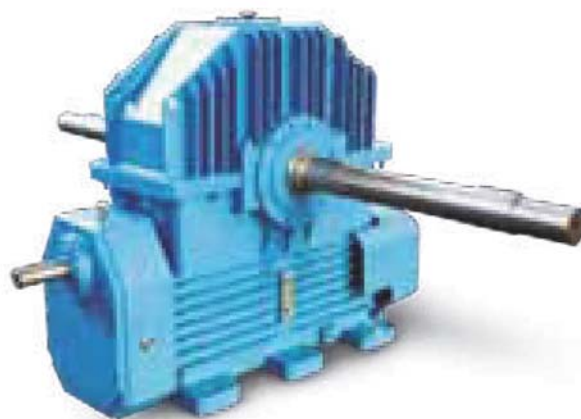
Sales Industrywise



Orderbook Industrywise



Net Sales for
increased by
3.71 %
₹ 5,739 Mn
in 2011-12 to
₹ 5,952 Mn
in 2012-13



Double Reduction Worm Gearbox with special
output shaft

Directors' Report



Prayasvin B. Patel -Chairman & Managing Director

Dear Members,

Your Directors have pleasure in presenting this 53rd Annual Report together with the Audited Statements of Accounts for the year ended on March 31, 2013.

In the environment of global slowdown, your Directors strive hard to retain/restate the confidence of various stakeholders including the shareholders. We have continued with our custom of providing high quality content and services. The custom in no way hinders our capacity for innovations.

As you are our valued partner in the Company, we share our vision of growth with you. Our guiding principles are a blend of realism and optimism which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year and appropriation of divisible profits is given below:

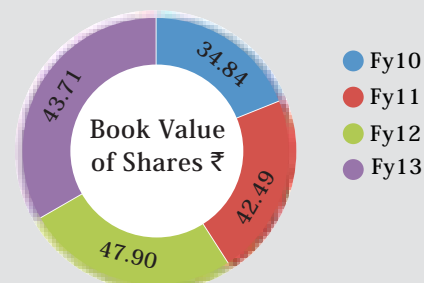
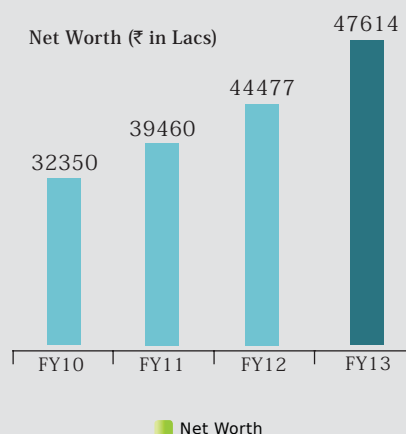
Review of Operations

~ Standalone financial performance

For the year ended on 31st March, 2013, the Company has achieved a Turnover of ₹ 60,631.53 Lacs as against ₹ 1,33,909.98 Lacs in the previous year. The decline in turnover is only because of slump sale of MHE Business of the Company, which was used to contribute more than 50% of total turnover. Therefore, the F.Y. 2012-13 financial figures are not comparable with previous year's figures.

For the year ended on 31st March, 2013, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹ 10,271.02 Lacs (excluding exceptional item of ₹ 2,668.29 Lacs pertains to loss on sale of MHE undertaking pursuant to the Scheme of Arrangement).

Year Ended March 31,	(₹ in Lacs)			
	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Profit Before Tax, Finance cost, Depreciation & Amortization and Adjustment for previous year	11381.85	21017.41	21560.59	21667.28
Less : Finance Cost	3008.16	5795.81	8168.32	6634.71
Depreciation & Amortization	4198.88	4238.08	5708.97	4864.71
Profit Before Tax	4174.81	10983.52	7683.30	10167.86
Less/(Add) : Exceptional Items	2668.29	–	2668.29	(149.34)
Less: Provision for Tax	1044.37	3495.08	2268.90	3746.11
Deferred Tax	(306.49)	360.82	(111.58)	350.68
Short/(Excess) Prov. of earlier years	(83.86)	167.70	(81.82)	166.87
Profit After Tax	852.50	6959.92	2939.99	6053.54
Add:				
Adjustment of P. Y. / Share of Profit of Associate	--	--	(1150.99)	--
	--	--	4.72	30.87
Profit on disposal of Interest in Associate	--	--	--	25.61
Previous Year Balance Brought Forward	2446.09	2428.84	1241.98	2409.95
PROFIT AVAILABLE FOR APPROPRIATION	3298.59	9388.76	3035.20	8519.97
APPROPRIATIONS:				
Proposed Dividend	1089.36	1671.51	1089.36	1709.84
Income Tax on Dividend	185.14	271.16	278.90	277.38
Transfer to General Reserve	100.00	5000.00	407.69	5290.77
Balance Carried Forward	1924.09	2446.09	1259.25	1241.98



The Company holds total unexecuted orders worth ₹ 20,612.00 Lacs as on March 31, 2013. This will help us to continue to have sustainable growth in coming years.

Consolidated operations

In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21, AS 23 & AS 27) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to this Annual Report.

Your Company's total consolidated revenue for the year 2012-13 was ₹ 1,53,422.83 Lacs as against ₹ 1,62,119.77 Lacs for previous year, representing an decrease of 5.36%.

During the year, EBIDTA was ₹ 20,822.42 Lacs (excluding exceptional item of ₹ 2,668.29 Lacs pertains to loss on sale of MHE undertaking

pursuant to the Scheme of Arrangement) as against ₹ 21,018.54 Lacs for the previous year, representing a decrease of 0.94%. During the year under review, your Company's consolidated net worth is ₹ 53,779.16 Lacs as against ₹ 45,869.29 Lacs for previous year.

Dividend

Your Directors are pleased to recommend dividend of ₹ 1/- per share (previous year ₹ 1.80 per share on 9,28,61,510 equity shares of ₹ 2/- each) on 10,89,35,843 equity shares of ₹ 2/- each for the year ended on 31st March, 2013.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts of the Company for the year ended on March 31, 2013, the applicable accounting standards have been followed;
- the Directors have selected such accounting

policies and 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 the year ended on that date;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the accounts have been prepared on a "going concern" basis.

Directors

Retire by rotation

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pradip M. Patel and Shri Chirayu Amin, Directors retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

New Appointment

Shri Jai S. Diwanji, was appointed as an Additional Director of the Company from the 1st day of November 2012. His experience in the field of domestic and international laws, drafting of various documents will provide essential guidance for the Company in today's legal complexities. He holds office upto the date of the ensuing Annual General Meeting of the Company.

The Board welcomes Shri Jai S. Diwanji and considers it an advantage to the Company to avail the expertise of the new board member. Members' approval for his appointment as a Director has been sought in the Notice convening the Annual General Meeting of the Company.

Auditors

The Company's Auditors M/s. Thacker Butala Desai, Chartered Accountants, Navsari retire as Statutory Auditors at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2012-13:

Acquisition of Shares of Elecon EPC Projects Ltd.

During the year under review, the Company has invested in shareholding of Elecon EPC Projects

Ltd. (formerly known as Aakaaish Projects Ltd.), a closely held unlisted Group Company by purchasing its entire capital. By virtue of the acquisition of shares, the Elecon EPC Projects Ltd. has become a Wholly-Owned Subsidiary of the Company. As this Subsidiary is material non listed Indian subsidiary Company, as per Clause 49 (III) of the Listing Agreement, one of the Independent Directors of the Company has been appointed on the Board of the Subsidiary.

Formation of a new Subsidiary Company

During the year, the Company has formed a private Company namely; Excel EPC Projects Pvt. Ltd. on 30.05.2012 as its Wholly-Owned Subsidiary Company. Later during the year, the Company has sold its entire shareholding in Excel EPC Projects Pvt. Ltd. to two of the promoters of the Company.

Scheme of Arrangement

During the year under review, the Hon'ble High Court of Gujarat, vide its orders dated December 21, 2012 has sanctioned the Scheme of Arrangement between Prayas Engineering Limited ('First Demerged Company' or 'PEL') and EMTICI Engineering Limited ('Second Demerged Company' or 'EMTICI') and Elecon Engineering Company Limited ('First Resulting Company' or 'EECL') and Elecon EPC Projects Limited ('Second Resulting Company' or 'EPL') and their respective Shareholders and Creditors. The appointed date of the Scheme is April 1, 2012. The Company has received certified copies of the orders dated 19th March, 2013. The Scheme has become effective on filing of certified copy of order with Registrar of Companies, Gujarat on 1st April, 2013.

The Scheme of Arrangement inter alia, envisages:

- Transfer of MHE Undertaking of Elecon Engineering Company Limited to Elecon EPC Projects Limited, a Subsidiary Company of the Company by way of slump sale.
- Transfer of GEAR business of Prayas Engineering Limited and EMTICI Engineering Limited to Elecon Engineering Company Limited by way of demerger.

Slump Sale of MHE Business

By virtue of the Scheme of Arrangement, the Company has transferred its MHE Div. by way of slump sale to its Subsidiary Company for a total cash consideration of ₹127.32 Crs.

By virtue of the aforesaid High Court order, all assets, liabilities, facilities, workforce, contracts, rights, obligations, qualifications, etc. (except

land and buildings) of MHE business of Elecon Engineering Company Limited stands transferred to Elecon EPC Projects Limited.

Merger of GEAR Business of two Group Companies into the Company

By virtue of the Scheme of Arrangement, GEAR businesses of two Group Companies i.e. Prayas Engineering Ltd. and Emtici Engineering Ltd., have been merged into the Company. Against the payment of the consideration for the merger, the Company has allotted new equity shares to the Shareholders of these two Group Companies.

By virtue of the aforesaid High Court order, all assets, liabilities, facilities, workforce, contracts, rights, obligations, qualifications, etc. (except land and buildings) of GEAR business of Prayas Engineering Ltd. and Emtici Engineering Ltd. stands transferred to Elecon Engineering Company Limited.

Share Capital

Pursuant to the Scheme of Arrangement and for the consideration of merger of GEAR businesses of two Group Companies i.e. Prayas Engineering Ltd. and Emtici Engineering Ltd., the Company, on 12th April, 2013, has allotted 1,60,74,333 equity shares to the Shareholders of these two Group Companies thereby increasing its Paid Up Share Capital to 10,89,35,843 equity shares of ₹ 2 each.

Subsidiary Companies

Elecon EPC Projects Limited. (EPL)

Financial Performance :

During the year under review, turnover of EPL was ₹ 66,813.80 Lacs against ₹ 3.80 Lacs during previous year.

(₹ In Lacs)

PARTICULARS	31.03.2013	31.03.2012
Profit before Depreciation & provision for Taxation	5049.45	3.73
Less: Depreciation & Amortisation	850.68	--
Profit Before Tax	4198.77	3.73
Add/Less: Provision for Taxation	1061.29	1.20
Deferred Tax	223.45	--
Excess/Short Provision for tax of earlier year	--	0.77
Profit After Tax	2914.03	1.76
APPROPRIATION :		
Transfer to General Reserve	100.00	--
Proposed Dividend - Equity Shares	848.56	--
Tax on distributed dividend	144.21	--
Balance Carried forward to balance sheet	1821.18	--

Foreign Subsidiaries

Year 2012-13 was year of change in Benzlers-Radicon group. Change not only in terms of leadership but also in terms of operating structure.

Capitalizing on the superior manufacturing setup of Elecon group, Benzlers-Radicon group will evolve into a highly customer centric, sales-marketing and assembly- service oriented organization. BR group has been constantly working towards streamlining of focus towards the sales and marketing aspects of the business across the BR group and we believe that this exclusive concentration will enable us to get an edge over our competitors in the international markets, while reducing our overall costs.

Benzlers is on the verge of successfully implementing its restructuring strategy, Project Viking. Through the Project Viking, Benzlers looks forward to harnessing the world class infrastructure of Elecon and become a completely lean organization. With the implementation of Project Viking we will succeed in rationalizing our supply chain, bring down our costs and effectively compete in the European market.

As a step towards becoming one of the biggest power transmission players in the world, we are looking forward to implementing our sales expansion strategy called the Swift Sixteen project. We are planning to establish Swift Centers in sixteen different locations across the globe, where the geared motors of the BR group would be assembled and distributed to the market. Our high quality, distributor friendly, modular products enable us to successfully setup, operate and expand our reach in different geographies. In the past one year, we have already setup a master swift center at Chicago, USA and we are continuously working towards expanding our distributor network in the North American market. Similarly, we have also entered into the growing Russian market, by starting a Swift Center in collaboration with a strong local entity. We are also establishing a footprint in the MENA (Middle East and North Africa) region through our own master swift location in the UAE. We are expecting similar establishments in countries like South Africa and Australia very soon. We are also expanding our operations in Europe through setting up new sales

offices and deputing new Key Account Managers at different strategic locations which would help us increase our marketing network. Through these activities, we are consistently expanding our reach and growing aggressively across the world. We are becoming a truly global group with operations in every continent.

Financial Performance

Against a challenging global economic environment, Benzlers Radicon group managed to grow sales by 15% from ₹ 255 Crores (GBP 33.46 mn.) to

₹ 294 Crores (GBP 34.25 mn.). Benzlers group had a negative growth of 6%. The budget for 2013-14 for the group has been set at GBP 40 million targeting a growth of 17%. Apart from the competition from the well-established global players one of the biggest challenges facing the group in exchange risk. For the year end 2012-13, the group has had to provide for GBP 674,000 as loss on exchange rate movement.

Radicon Transmission UK Ltd.

The sale at Radicon Transmission UK Ltd. is ₹ 108 Cr. (GBP 13.06 Mn.) in FY 12-13 compared to ₹ 97 Cr. (GBP 11.87 Mn.) in FY 11-12 resulting into growth of 11% in FY 12-13.



Elecon USA Transmission Ltd. (Radicon USA) – a Radicon UK subsidiary

The sale at Radicon Transmission USA Ltd. is ₹ 47 Cr. (USD 8.59 Mn.) in FY 12-13 compared to ₹ 43 Cr. (USD 8.31 Mn.) in FY 11-12 resulting into growth of 10% in FY 12-13.

AB Benzlers, Sweden

The sales at AB Benzlers, Sweden is ₹ 141 Cr. (SEK 168.77 Mn.) in FY 12-13 compared to ₹ 130 Cr. (SEK 168.30 Mn.) in FY 11-12 resulting into growth of 8.5% in FY 12-13.



Operations: (Opening new assembly centers across the world)

Elecon group has initiated process to start assembly and sales offices in various largest and fastest growing economies of the world. The group plans to open similar locations in South Africa, Brazil, Ukraine/Russia (CIS) and UAE in the next 2 years. This helps the group to drive sales in new markets.

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated 8th February, 2011, exempt Companies from attaching to its Balance Sheet, the individual Annual Reports of its Subsidiary Companies. As per the Circular, the Consolidated Financial Statements of the Company and all its subsidiaries duly audited by its statutory auditors are included in the Annual Report.

Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiary Companies may obtain the same by writing to the Company Secretary of the Company.

The annual accounts of subsidiary Companies are available for inspection by any investor at the registered office of the Company.

Corporate Governance

As per Clause 49 of the Listing Agreement, a report on Corporate Governance, together with Management Discussion and Analysis and a certificate from the Company's Auditors form part of this report.

Your Company, acknowledging its corporate responsibility, has voluntarily obtained a "Secretarial Compliance Report" from Mr. Ashwin Shah, Company Secretary in whole-time practice, which is annexed to this Report.

Your Company is committed to maintain the highest standards of Corporate Governance, reinforcing the valuable relationship between the Company and its Stakeholders.

Fixed Deposits

During the year under review, your Company has not accepted any fixed deposits under the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Public Deposits) Rules, 1975. There are no unclaimed deposits as on 31st March, 2013.

Particulars of Employees

Statement as per Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended is annexed

to this Report as Annexure A, forming part of this Report.

Foreign Exchange Earnings and Outgo

The particulars required to be furnished under Section 217(1)(e) read with the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are given in Annexure B, forming part of this report.

Statutory Disclosures

None of the Directors of your Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

Insurance

The Company takes a very pragmatic approach towards insurance. Adequate cover has been taken for all movable and immovable assets for various types of risks.

Industrial Relations/Personnel

Your Company is committed to upholding its excellent reputation in the field of Industrial relations. Through continuous efforts the Company invests and improvises development programmes for its employees.

Acknowledgement

As trustees of the Company, the Directors acknowledge the unstinted support received from Vendors, Traders, Customers, Banks, Financial Institutions, Shareholders and the Society at large.

The Directors also acknowledge the support of the Auditors, Bankers, State and Central Governments' Officials, Business Partners, Solicitors, Advisors and Employees. The growth of the Company would not have been possible without their unfailing support.

Your Directors look forward to having a long and fruitful relationship with all of them.

For and on behalf of Board of Directors

Prayasvin B. Patel

Chairman & Managing Director



Vallabh Vidyanagar, May 23, 2013

Management Discussion & Analysis



▲ Bevel Helical Gearbox for Coal Mill

Industry Structure and Development

The Global Economy has yet to shake off the fallout from the crisis of 2008-2009. Global growth dropped to almost 3 percent, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend will likely continue. Mature economies are still healing the scars of the 2008-2009 crisis. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012 and also in 2013.

India's growth further decelerated as a slump in industry and investment spread to consumption and exports. Though inflation and the fiscal deficit were reined in, the current account deficit rose to a record high. Delays in resolving structural impediments to growth were compounded by a global trade slowdown.

Economic growth in fiscal year 2012-13 decelerated to 5%, its lowest in a decade, from 6.2% in FY 2011-12. While tepid industrial growth and a downdraft in investment continued from FY 2011-12, the downturn was exacerbated by a slump in services activity, weakening consumption, and contracting exports.

World industrial production growth increased slightly in the first quarter of 2013 after a nearly three-year-long downward trend, however, the

prospect of recovery remains fragile for the majority of industrialized, and developing and emerging industrial economies, according to a report by the United Nations Industrial Development Organization (UNIDO).

Among developing and emerging industrial economies (a new country classification group recently introduced for UNIDO statistics publications), India's manufacturing output grew by 2.5 percent. The main reason for the lower rate of growth has been a fall in exports to industrialized countries and low capital inflow to developing countries in return.

Your Company continued to perform with stability and maintained its momentum in the highly volatile market. The Company focused on cost control measures and product mix enrichment to sustain growth and profitability in the challenging year.

Opportunities and Threats

The Global Economy is transitioning into what is likely to be a smoother and less volatile period. Since recovering rapidly from the global financial crisis, India's economy has slowed substantially, and its growth rate is expected to decline further in the coming year for a range of domestic reasons.

Globalisation of Indian economy has helped to raise

growth, it has also meant greater vulnerability to external shocks. A focus on domestic macroeconomic re-balancing will help reduce vulnerability.”

The machine tools segment of the engineering industry is the foundation of the manufacturing industry in India.

Demand in the Indian engineering equipment industry is currently propelled by the manufacturing, power and mining industries. This demand is expected to rise, keeping in mind the government's initiatives for infrastructure development. In addition, investments in power, oil and gas extraction, mining and petrochemicals will add further fillip to the industry. Industrial growth and development in the manufacturing industry will also add to the momentum of the engineering goods industry.

The single most likely risk in the next decade is severe income disparity. Chronic fiscal imbalances are the second-most likely threat, followed by rising greenhouse gas emissions, water supply crises and mismanagement of an aging population. The gap is widening between the richest and poorest citizens as the most likely global risk.

The economies in developing Asia have weakened considerably during 2012-13 as the region's growth engines, China and India, both shifted into lower gear. While a significant deceleration in exports has been a key factor for the slowdown, the effects of policy tightening in the previous two years also linger. Domestic investment has softened markedly. Both China and India face a number of structural challenges hampering growth. India's space for more policy stimulus seems limited.

Financial Performance

During the financial year 2012 — 2013, the Company has achieved a Turnover of ₹ 60,631.53 Lacs as against ₹ 1,33,909.98 Lacs in the previous year. The decline in turnover is only because of slump sale of MHE Business of the Company, which was used to contribute more than 50% of total turnover. Therefore, the F.Y. 2012-13 financial figures are not comparable with previous year's figures.

Earnings before Interest, Depreciation & Amortization and Tax (EBIDTA) is ₹ 10,271.02 lacs.

Outlook

The Global Economy is moving forward, but divergence between countries and regions reflects the uneven progress made toward recovery from the economic crisis, according to the OECD's latest Economic Outlook. Historically high unemployment remains the most serious challenge facing governments.

World real Gross Domestic Product (GDP) is projected to increase by 4% in 2014. The Global Economy is strengthening gradually, but the upturn remains weak and uneven. Supportive monetary policies, improving

financial market conditions and a gradual restoration of confidence are at the root of the recovery.

Prospects for developing countries are varied. In several developing countries, notably in East Asia & the Pacific, demand appears to be expanding faster than supply, resulting in growing imbalances, such as inflation, asset-price bubbles, rising debt levels and deteriorating current account balances. Most countries in Sub-Saharan Africa are also running at or close to full capacity, risking a build-up of inflationary pressures. In developing Europe, although activity has picked up, growth has not been fast enough to quickly reduce post-crisis output gaps and unemployment. Finally, in the Middle East & North Africa, GDP growth has been disrupted by political and social tensions. Unemployment and slow productivity remain central policy challenges.

Given capacity constraints, to achieve higher growth on a sustained basis, most developing countries need to once again prioritize structural reforms like easing the cost of doing business, opening up to international trade flows and foreign investment, and investing in infrastructure and human capital.

The Indian economy had bottomed out and would recover on the back of improved external demand and recent policy moves by the Indian government.

Central Government has projected India's economy to grow at 6.2-6.7% in 2013-14, while the Asian Development Bank said growth may pick up to 6% during the same fiscal. IMF Report has projected India's economy growth by 6.2% in 2013-14.

Gear Manufacturing market in India to grow at a CAGR of 9.44 percent over the period 2012-2016. One of the key factors contributing to this market growth is the rapid infrastructure development across various states of India. The Gear Manufacturing market in India has also been witnessing an increased outsourcing of manufacturing activities.

Global demand for gears and gear assemblies is likely to climb 4.7 percent annually through 2013 to \$169.5 billion. Strong demand in relatively small but fast-growing markets like wind and solar energy will also contribute to gear sales advances. Demand in developing parts of Asia, Eastern Europe, the Africa/Middle East region and Central and South America will outpace product sales in the United States, Western Europe and Japan. Market gains in the developing world will be fuelled by healthy economic growth, continuing industrialization efforts and climbing personal income levels, resulting in higher motor vehicle and other manufacturing output.

As per OECD Economic Outlook Report, India has probably surpassed Japan to become the world's third largest economy after the US and China.

New Business Strategy Development

Being the largest manufacturer, in India, of Transmission Equipments, your Company has to adhere to the high quality standards to maintain its market share. The Company has built up a new state-of-the-art manufacturing plant as an expansion of the Gear manufacturing at Anand to double the gear box manufacturing capacity to provide world class quality and to ensure timely delivery within a short span of time. The new premises has been named as "Bhanubhai Memorial Centre of Excellence"

'Lean Manufacturing' system with different types of lean tools including TPM, Kanban, and Kaizen will be implemented at the plant. Construction of this modern facility is another step towards our motto 'Always a step ahead in technology'. In order to ensure minimum labour fatigue, the new plant will focus on overall efficiency and condition of the equipment as well as work holding devices, tool management, coolant management and work handling systems.

The new plant will produce internal components of the helical gear box and has a capacity of manufacturing 1000 gear boxes per month. The components will be produced in a dust-free & eco-friendly environment.

Cost management has helped us to improve our margins. There has been cost rationalisation in all the departments, which leads to a decrease in overall expenses. The material management exercise has yielded better EBIDTA margins from last couple of years. Finally economies of scale due to business restructuring exercise will enable us for better pricing.

Risk and Concerns

In our recent economic evaluation, there is a stable outlook on the overall economic prospect of the country. The challenge of overspending will be curbed and there is an anticipation of firm growth and minimal risk of large fiscal deficit to GDP ratio. However, with limited space for rate cut, RBI is unlikely to ease its policy rates in every meet this year due to persistent inflation and volatile industrial output and manufacturing prices threatening the inflation prospect. RBI is giving full attention to the inflation problem, which is undermining the fragile economic growth.

As far as India is concerned, there is a degree of uncertainty that happens around the upcoming general elections. But once a new government settles down, there will be a growth path.

As far as the industry, in which your Company does its business, is concerned, the significant challenges to gear business included high cost pressure from customers to reduce investment costs, quick response times for quotations, technology upgrades, lack of skilled labor, material costs, the overall economy and supply chain issues. However, the increase in capital

expenditure for vendors also could pose a challenge to the growth of this market.

However, your Company has surpassed all the internal challenges like, technology upgrades, lack of skilled labor, supply chain, etc. to continue the momentum in business operations. Company caters to variety of industries including Power, Steel, Cement, Sugar, Ports, Mining etc. The external challenges can be met once economic reforms get in placed after the general election.

As your Company caters to various industries like, Power, Steel, Cement, Sugar, Ports, Mining, etc., it can maintain growth momentum by setting off slowdown of one sector with growth of the other in different industries, if in case the capex in each of the sector, being interest rate sensitive, is deferred in the current high interest rate regime.

Internal Control System

Internal Controls are continuously evaluated by the Internal Auditors and Management. Findings from internal audits are reviewed by the Management and by the Audit Committee and corrective actions and controls have been put in place wherever necessary. Scope of work of Internal Auditors covers review of controls on accounting, statutory and other compliances and operational areas in addition to reviews relating to efficiency and economy in operations.

Development in Human Resources/Industrial front

It has been the tradition of the Company to maintain excellent industrial relations at all levels. This has ensured a very healthy level of enthusiasm within the employees. This has enabled the Company to maintain its growth despite competition and economic slowdown.

The number of employees as on 31st March, 2013 was 697 as against 634 as on 31st March, 2012.

Cautionary Note

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable laws and regulations. The actual results, performances or achievements of the Company depend on many factors which may cause material deviation from any future results, performances or achievements.

Significant factors which could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

ANNEXURE – A TO DIRECTORS' REPORT

- a. Information pursuant to Section 217 (2A)(a)(i) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 and forming part of this Directors' Report for the financial year ended on 31st March, 2013.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Crores)	Experience in years	Last Employment
Prayasvin B. Patel	55 years	B. E. (Mech.) M.B.A. (U.S.A.)	01/07/83	Chairman and Managing Director	3.30	37	Business
Prashant Amin	57 years	M.B.A. (Finance) (U.S.A.), M.B.A. (Eng. & Mngt.)	01/06/11	Executive Director	2.40	32	Emtici Engineering Limited

- b. Names of employee employed for part of the year and were in receipt of remuneration at a rate of not less than ₹ 5 Lacs p. m. in terms of Section 217 (2A) (a) (ii) of the Companies Act, 1956.

Name	Age	Qualification	Date of Joining	Designation (Nature of duty)	Gross Remuneration (₹ in Crores)	Experience in years	Last Employment
NA							

Notes :

- The appointment is contractual.
- The gross remuneration received includes Salary, Housing Allowance, Medical Allowance, Commission, and Company's Contribution to Provident Fund, Superannuation and Gratuity Fund. Monetary value of perquisites is in accordance with provision of Income Tax Act, 1961.
- Experience includes number of years of service elsewhere, wherever applicable.
- Shri Prayasvin B. Patel, Chairman and Managing Director of the Company is relative of Shri Pradip M. Patel, Director of the Company.

ANNEXURE – B TO DIRECTORS' REPORT

Information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

Energy conservation with more focus is continuous process through improved maintenance practices.

(a) Energy Conservation measures taken

- (i) Panel automation has been done in five furnaces with VFD, which results in saving of 20% of power consumption as compared to conventional method.
- (ii) LED work lights were fitted on 27 different machines, which are giving more output and energy saver as compared to traditional approach.
- (iii) Total 6 Qty of APFC panels are installed at various shops, through which we conserve more energy.
- (iv) Best out of Waste: Utilization of heat, which is generated from Gas generator to run 200 ton AC plants through VAM (Vapor Absorption Machine). We are saving around 30% of electricity by this initiative.

(b) Additional investments and proposal if any, being implemented for reduction of consumption of energy.

Continuous measures are being adapted in the Company for energy conservation. Renovation of HMBS substation and usage of more LED lights for future requirements has been planned. Efforts are being taken to explore each and every possibility of further reduction in energy consumption.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Significant reductions in consumption of energy and production cost of goods have been observed by the implementation of above referred measures. Implementation of above referred measures have resulted in increased facility reliability as well as improved equipment performance without any cost.

2. TECHNOLOGY ABSORPTION

(I) Research and Development

(a) **Specific Area in which R & D carried out by the Company :** The Company has been carrying out inhouse Research & Development activities in the area of product development, process development, production process development, energy conservation and cost reduction.

(b) **Benefits derived as a result of R & D:** It has resulted in the improvement of quality of the products and reduction in operational cost. Upgradation of products to the new requirements has been possible because of R&D. Based on the achievements of In-house R&D efforts, the Company is able to achieve a steady growth as compared to earlier years.

(c) **Future plan of action:**

Future R & D efforts will include –

- (a) Development of new products
- (b) Reduction of product cost

(d) **Expenditure on R & D:**

In pursuit of R & D endeavors the Company is continuously incurring R & D expenditure which has been separately reflected in the financial statements. The total R & D expenditure incurred during the financial year 2012-13 is ₹ 439.43 Lacs.

We had applied to the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India for recognition of our In-House R & D Unit. Department of Scientific and Industrial Research has accorded recognition to the In-House R & D Unit on 20-05-2013 for a period from 23-04-2013 to 31-03-2016.

(II) **Technology absorption, adaptation and innovation**

(a) KOMET & KOMPASS is the best example of technology adaptation. KOMPASS is a mechanical arrangement while KOMET is software.

Specialty: This arrangement made for onboard (on machine) actual gear profile measurement and giving computed correction to get desired quality output from all these machines. We can get consistent quality of Bevel sets by this arrangement.

(b) We can say ULM-1000S (Universal Length Measuring Machine) is a best example of new technology absorption, which can helpful to improve quality of products through calibration of various gauges such as plain plug gauges, thread plug gauges, taper gauge, snap gauge, slip gauges, etc.

Specialty: This measuring machine is semi automatic type fully software based machine is designed for $\pm 0.1 + L/2000$ μ m accuracy with range of 0-1000 mm. Inbuilt ISO, JIS & DIN standards to verify gauge/instrument accuracy as per standard norms.

(c) We can say, Company has adopted new technology by installing P 250, which is a gear tester which is intended for checking External gears, Internal gears, Pinion type cutter & shaving cutter, worm and worm wheels, Hobs, Bevel Gears and Dimensions form and position deviations in axially symmetrical work pieces.

(d) Specialty: This measuring center is absolutely CNC controlled is designed for 1 μ m accuracy with 1-32 mm modules. In addition to that, this machine can be used to measure surface roughness.

(e) Technologies imported during the last five years:

The technologies so far imported by the Company have been absorbed and adapted/ innovated to suit the Indian conditions by the active involvement of our R & D Department.

3. FOREIGN EXCHANGE DETAILS

(₹ in Lacs)

Particulars	2012-2013	2011-2012
Earnings	5,910.77	4,516.67
Outgo	7,934.37	14,275.88

Please refer Notes 37 to 39 in Notes to Financial Statements.

SECRETARIAL AUDIT REPORT

To The Board of Directors

ELECON ENGINEERING COMPANY LIMITED

1. I have examined the registers, records and documents of Elecon Engineering Company Limited ("the Company") for the financial year ended on March 31, 2013 maintained under the provisions of:-

- The Companies Act, 1956 and the Rules made under the Act;
- The Depositories Act, 1996 and the Regulations and the Bye laws framed under the Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made under the Act; and
- The Equity Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Compliance with the applicable Laws, Rules & Regulations is the sole responsibility of the Company.

1. Based on my examination and verification of the records for the year ended on 31st March 2013 produced before me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 (the Act) and the rules made under the Act and Memorandum and Articles of Association of the Company, with regard to:

- (a) Maintenance of various statutory registers and documents and making necessary entries therein.
- (b) Closure of Register of Members.
- (c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies.
- (d) Service of documents by the Company on its Members.
- (e) Notice of Board Meetings and Committee meetings of Directors.
- (f) The meetings of Directors and Committees of Directors.
- (g) The Annual General Meeting held on July 31, 2012.
- (h) Minutes of proceedings of General Meeting and of Board and other meetings.
- (i) Approvals of shareholders, the Board of Directors, the Committee of Directors and competent authorities, wherever required.
- (j) Constitution of the Board of Directors and appointment, retirement and re-appointment of directors.
- (k) Payment of remuneration to Directors including Managing Director and Whole time Directors.
- (l) Appointment and remuneration of Auditors.
- (m) Declaration and payment of dividends.
- (n) Borrowing and registration, modification and satisfaction of charges.

- (o) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund.
- (p) Investment of Company's fund including inter corporate loans and investments and loans to Directors and others.
- (q) Generally, all other applicable provisions of the Act and the rules made under that Act.

2. I further report that:

- (a) The Company's Directors have complied with the requirements as to Disclosure of interest and concern in contracts and arrangements, shareholding/ debenture holdings and directorships in other companies and interests in other entities.
- (b) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Directors and Management Personnel.
- (c) There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company under the Act against the Company, its Directors and Officers.
- (d) The Company has obtained all necessary approvals of the Central Government and/ or other authorities under the Act.
- (e) Consequent upon the petition filed by the Company under Section 391 and 394 of the Act, the Honorable High Court of Gujarat had convened a meeting of the members, secured creditors and unsecured creditors of the Company.

3. I further report that the Company has complied with the provision of the Depositories Act, 1996 and Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. I further report that:

- (a) The Company has complied with the requirement under the Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- (b) The Company has complied with the provision of the Securities and Exchange Board of India (Substantial Acquisition of shares and takeover) Regulation, 2011 with regard to the disclosures and maintenance of records required under the Regulations.
- (c) The Company has complied with the provision of the Securities and Exchange Board of India (Insider Trading) Regulation, 1992 with regard to the disclosure and maintenance of records required under the Regulations.

CS ASHWIN SHAH
COMPANY SECRETARY
C. P. No. 1640

Place : Ahmedabad
Date : 23-05-2013

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate Governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in a most ethical and transparent manner and about making a distinction between personal and corporate funds in the management of a Company.

Corporate Governance involves a set of systems, principles and processes which creates the relationship between the Company's management, its board, its shareholders and other stakeholders. Corporate Governance also provides various means through which objectives laid by the Company are attained and performance of the Company is monitored.

The detailed report on implementation by the Company, of the Corporate Governance Code as incorporated in the Clause 49 of the Listing Agreement with the Stock Exchanges is set out below:

A. MANDATORY REQUIREMENTS

(I) Company's Philosophy on the code of Governance

Our Company's philosophy is to add value to customers' businesses providing materials, equipment, processes and services that allow them to increase efficiency, quality and profitability of their operations while upholding the core values of transparency, integrity, honesty, accountability and compliances with laws. Our Company has complied with Code of Conduct which serves as a guide to each employee on the standards and value, ethics and business principles which should govern their conduct and the Group's Policy on internal control which requires a review of all controls including financial, operational, compliances and risk management.

Further, the Company ensures that its Board is accountable to the shareholders. This, in turn, helps to assure that the Company operates for the benefit of society as a whole. While large profits can be made taking advantage of the asymmetry between stakeholders in the short run, balancing the interests of all stakeholders alone will ensure survival and growth in the long run. This includes, for instance, taking into account societal concerns about labor and the environment.

(II) Board of Directors

The Company is managed by the Board of Directors consisting highly qualified and experienced professionals from different fields, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director manages the business of the Company under the overall supervision, guidance and control of the Board.

Composition

The Company has an Executive Chairman and the number of Non-Executive Independent Directors is more than 50% of the total number of Directors. Shri Jal Patel, appointed as a Director by Board on 12th May, 2012, was appointed as an Independent Director by shareholders at their meeting held on 31st July, 2012 to fill the Casual Vacancy caused due to sad demise of Dr. A.C. Shah. Shri Jai S. Diwanji was appointed as an additional independent Non-Executive Director by the Board w.e.f 1st November, 2012. The Board of Directors consists of 7 Directors including one Chairman & Managing Director, one Executive Director, one non-independent non-executives and Four independent non-executive Directors. The Board of Directors thus, has an adequate combination of executive and non-executive Directors.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 (D)(ii) of Listing Agreement) across all the companies in which he is a Director. Necessary disclosures have been made by the Directors.

BOARD MEETINGS AND PROCEDURES

(A) Scheduling and selection of Agenda items for Board Meetings

- i. The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass Resolution by circulation for all such matters, which are of utmost urgent nature.
- ii. Where it is not practicable to attach any document or the agenda is of confidential nature, the same is placed on the table with the approval of the Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written materials being circulated.
- iii. The agenda papers are prepared by the officials concerned and submitted to the Chairman and Managing Director for his approval. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.
- iv. As per the convenience of the members of the Board, the Board Meetings are usually held at the Company's registered office in Vallabh Vidyanagar, Dist. Anand or at Mumbai.

- v. The members of the Board have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items discussed by the Board as and when necessary.

(B) Recording minutes of proceedings at the Board Meeting

A minute of the proceedings of each Board meeting is recorded and the same is read in the next Board Meeting. The minutes of the proceedings of the meetings are entered in the Minutes Books and the same are signed by the Chairman as prescribed in the Companies Act, 1956.

(C) Compliance

The Compliance Officer while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreements, and other statutory requirements pertaining to capital market. The Board of Directors reviews a quarterly Compliance Report confirming adherence to all applicable laws, rules, and guidelines.

BOARD MEETINGS

During the year 2012-2013, the Board Meetings were held on 12th May, 2012, 31st July, 2012, 1st November, 2012 and 29th January, 2013 and the gap between two Board meetings was well within the limit of four months.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorship and Committee positions, as held by them in other Public Limited Companies, as on 31st March, 2013 are given below:

Name of Directors	Nature of Directorship	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at AGM	No. of other Directorship	No. of Committee Chairmanship/ Membership	
						Chairman-ship	Member-ship
Shri Prayasvin B. Patel (Chairman & Managing Director)	Non-Independent Executive Director	4	4	Yes	11	-	1
Shri Pradip M. Patel	Non-Independent Non-Executive Director	4	4	Yes	6	--	4
Shri Prashant C. Amin	Non-Independent Executive Director	4	4	Yes	10	1	1
Shri Chirayu R. Amin	Independent Non-Executive Director	4	3	Yes	10	1	-
Shri Hasmukhlal S. Parikh	Independent Non-Executive Director	4	4	Yes	3	2	6
Shri Jal Patel	Independent Non-Executive Director	3	3	Yes	5	4	3
Shri Jai Diwanji #	Independent Non-Executive Director	2	2	N.A.	2	--	--

Shri Jai S. Diwanji has been appointed as an Independent Director w.e.f. 01.11.2012.

Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies, Section 25 Companies and Indian private limited companies and are based on the latest declarations received from the Directors.

The Company did not have any material pecuniary relationship or transactions with the Independent Non-Executive Directors during the year 2012-2013.

Disclosure regarding Directors retiring by rotation and being re-appointed:

Shri Pradip M. Patel and Shri Chirayu R. Amin, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Jai S. Diwanji has been appointed as an Independent Director of the Company w.e.f. 01-11-2012. Approval of Members of the Company at the ensuing Annual General Meeting under Section 257 is to be obtained for his appointment as a director liable to retire by rotation.

A brief resume and the profile of directors retiring by rotation eligible for re-appointment at the ensuing Annual General Meeting of the Company are given in the notice of Annual General Meeting, annexed to this Annual Report.

Resolutions have been proposed for the reappointment of Shri Pradip M. Patel and Shri Chirayu R. Amin and appointment of Shri Jai S. Diwanji at ensuing Annual General Meeting as directors. Shri Chirayu R. Amin and Shri Jai S. Diwanji are not related to any of the Directors of the Company. However, Shri Pradip M. Patel is related to Shri Prayasvin B. Patel, Chairman and Managing Director of the Company.

(III) Audit Committee

The terms of reference of the Audit Committee is in accordance with the Section 292A of the Companies Act, 1956 and Clause 49 II C, D and E of the Listing Agreement.

Audit Committee comprises of experts specializing in accounting/financial management. The Chairman of the Audit Committee is a Non - Executive and Independent Director. Shri Jal R. Patel has been appointed as Chairman of the Audit committee. The Composition of the Audit Committee as on 31st March, 2013 is as follows:

Name	Designation	Category
Shri Jal R. Patel	Chairman	Independent & Non-Executive Director
Shri Hasmukhlal S. Parikh	Member	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-independent & Non-Executive Director
Shri Chirayu R. Amin	Member	Independent & Non-Executive Director

The Audit Committee met Four times on the following dates during the last financial year:

12-05-2012	31-07-2012	01-11-2012	29-01-2013
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Attendance at Audit Committee Meeting:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri. Jal Patel	4	3
Shri. Hasmukhlal S. Parikh	4	4
Shri. Pradip M. Patel	4	4
Shri. Chirayu R. Amin	4	3

The CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meeting and attended & participated at the meetings of the Committee. Shri Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee and he was present at all the above meetings.

The Chairman of the committee was present at the Annual General Meeting held on 31st July, 2012.

(IV) Shareholders'/Investors' Grievance Committee

Terms of Reference: To look into the Investors' complaints, if any, and to redress the same expeditiously. Besides that the Committee also considers and approves the transactions as may be referred to it by the Share Transfer Committee/ Committee of Directors.

The Shareholders'/Investors' Grievance Committee comprises of the following Directors:

Name	Designation	Category
Shri Chirayu R. Amin	Chairman	Independent & Non-Executive Director
Shri Hasmukhlal S. Parikh	Member	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-independent & Non-Executive Director

Shri Paresh Shukla, Company Secretary is the Compliance Officer and Secretary of the Committee. One Meeting was held, during the financial year on 12th May, 2012.

Attendance of Shareholders' / Investors' Grievance Committee Meeting:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri Pradip M. Patel	1	1
Shri Hasmukhlal S. Parikh	1	1
Shri Chirayu Amin	1	1

Report on Communication received from the Investors during the year 2012-2013.

Nature of Queries (Correspondence)	Total Received	Total Replied	Pending	Remark
Inquiry pertaining to non- receipt of shares	7	7	-	-
Inquiry on Dematerialization of Shares	-	-	-	-
Name Correction/deletion	40	40	-	-
Address correction	68	68	-	-
Letter Received from SEBI/ other Statutory Bodies	3	3	-	-
Loss of Shares & issue of duplicate Shares	25	25	-	-
Split/Consolidation of Shares	2	2	-	-
Transmission of shares	17	17	-	-
Demat	-	-	-	-

(V) Remuneration Committee

Remuneration Committee has been constituted to recommend the remuneration package of the Managing Director based on the performance and defined criteria.

Remuneration Committee of the Company as on 31st March 2013 consists of the following Directors:

Name	Designation	Category
Shri Hasmukhlal S. Parikh	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Chirayu R. Amin	Member	Independent & Non-Executive Director

Attendance of Remuneration Committee Meeting held during the year:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri Pradip M. Patel	1	1
Shri Hasmukhlal S. Parikh	1	1
Shri Chirayu Amin	1	1

Shri Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee.

(VI) Remuneration of Directors**a. Non-Executive Directors**

The Company has paid commission on annual basis ₹ 5,00,000 to each Non-Executive Directors for the year 2012-13. The Non-Executive Directors do not draw any remuneration from the Company other than the aforesaid commission and sitting fees. The Company pays the sitting fees to all the non-executive Directors at the rate of ₹ 20,000/- for each meeting. The sitting fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2012-2013 is as follows:

Amount in ₹

Directors	Sitting fees	Commission on annual basis for the year 2012-13
Shri Pradip M. Patel	1,80,000	5,00,000
Shri Chirayu R. Amin	1,40,000	5,00,000
Shri Hasmukhlal S. Parikh	1,80,000	5,00,000
Shri Jal R. Patel	1,20,000	4,58,000
Shri Jai S. Diwanji	40,000	2,08,000

Note: The above Sitting Fees excludes re-imbursement of the expenses incurred by Directors to attend the Meetings.

b. Executive Directors

The Company pays remuneration by way of salary, perquisites, allowances and Commission to the Managing Director and by way of salary, perquisites, allowances to the Executive Director.

The salary paid during the year to the Managing Director and Executive Director is as per the agreements executed by the Company with them. By virtue of reduction in profit for F.Y. 2012-13 due to Scheme of Arrangement approved by Hon'ble High Court of Gujarat, the managerial remunerations paid to Shri Prayasvin Patel and Shri Prashant C. Amin exceed the threshold limit of 5% of net profits of the Company for the F.Y. 2012-13, though it is exactly as per the terms of their appointments approved by the shareholders in 51st Annual General Meeting held on 29th August, 2011.

The remuneration paid to the Managing Director and Executive Director for the year 2012-2013 is as follow:

(₹ in Lacs)

	Salary	Perquisites	Commission	Total
Shri Prayasvin B. Patel	213.97	6.63	--	220.60
Shri Prashant C. Amin	219.47	5.59	--	225.06

* includes the Company's contribution to Provident Fund, Superannuation Fund to the extent not taxable and Gratuity and encashment of leave at the end of tenure, as per the rules of the Company.

Company has made applications to Ministry of Corporate Affairs (MCA) for waiver of excess Remuneration paid to Shri Prayasvin B. Patel, Chairman & Managing Director and Shri Prashant C. Amin, Executive Directors. Approval of MCA is pending. The excess amount paid has since been recovered.

(VII) Management Committee

In addition to the above Committees, the Board has constituted a Management Committee comprising of the following Directors as on 31-03-2013 :

Shri Prayasvin B. Patel	Chairman
Shri Prashant C. Amin	Member
Shri Chirayu R. Amin	Member
Shri. Jal R. Patel*	Member

*Shri Jal R. Patel Independent & Non executive Director has been appointed as Member in Management Committee w.e.f 01.01.2013.

The Management Committee met on the following dates during the last financial year:

18-04-2012	11-07-2012	14-09-2012	03-12-2012	22-03-2013
08-06-2012	03-09-2012	15-10-2012	12-02-2013	

Attendance at the Management Committee meetings during the year were as follow:

Attendance

Name of Member	No. of Meetings Held	No. of Meetings Attended
Shri Prayasvin B. Patel	9	9
Shri Prashant C. Amin	9	9
Shri Chirayu R. Amin	9	Nil
Shri. Jal R. Patel	9	Nil

(VIII) Details of General Meetings

Location, date and time of Annual General Meetings held during last 3 years:

Year	Location	AGM/ EGM	Date	Day	Time	No. of Special Resolution Passed
2009-10	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Division, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	30-7-2010	Friday	11.00 a.m.	Nil
2010-11	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Div., Anand Sojitra Road, Vallabh Vidyanagar - 388 120	AGM	29-08-2011	Monday	11.00 a.m.	1
2011-12	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Div., Anand Sojitra Road, Vallabh Vidyanagar - 388 120	AGM	31-07-2012	Tuesday	11.00 a.m.	Nil

During the year ended 31st March, 2013, no resolution has been passed by the members through Postal Ballot.

Dividend History

Year	Rate (%)	Per Share (₹)	Amount (in ₹)
2005-2006	50%	5.00	3,06,52,000
2006-2007	75%	1.50	4,63,85,475
2007-2008	75%	1.50	13,92,92,265
2008-2009	75%	1.50	13,92,92,265
2009-2010	75%	1.50	13,92,92,265
2010-2011	90%	1.80	16,71,50,718
2011-2012	90%	1.80	16,71,50,718

Stock Options

The Company has not issued any Stock options to its Directors/Employees.

Equity Shares held by Directors (as on 31-3-2013)

Name of Directors	No. of Shares held
Shri Prayasvin B. Patel	5,41,144
Shri Pradip M. Patel	62,412
Shri Prashant C. Amin	37,675
Shri Chirayu R. Amin	NIL
Shri Hasmukhlal S. Parikh	15,000
Shri Jal Patel	NIL
Shri Jai Diwanji	28,050

(IX) Disclosures on Materially significant related party transactions.

Full disclosure of related party transactions as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India are given under Note No. 33 of Notes to Financial Statements.

(X) Details of Non-compliance by the Company and penalties, strictures imposed on the Company by the Stock Exchange, SEBI or any Statutory Authorities on any matter related to capital market during the last three years.

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to Capital Market during the last three years.

All Returns/Reports were filed within stipulated time with Stock Exchanges/other authorities.

No penalties or strictures were imposed by SEBI, Stock Exchanges or any Statutory Authorities for any matter relating to Capital Market during the last three years.

(XI) Code of Conduct

i) For prevention of Insider Trading

The Company has a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. The Company Secretary has been appointed as a Compliance Officer and is responsible for adherence to "Code for Prevention of Insider Trading".

ii) For Board of Directors and Senior Management

The Board of Directors of the Company has laid down a "Code of Conduct" for all Board Members and members of senior management of the Company. The code of conduct is posted on the website of the Company, www.elecon.com. The Board members and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2013.

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the ICAI. The significant accounting policies applied in preparation and presentation of financial statements has been set out in Note No. 2 of Notes to Financial Statements.

(XII) CEO / CFO Certificate

The Managing Director and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

(XIII) Disclosures on Whistle Blower Policy

Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. No employee of the Company has been denied access to the Audit Committee.

Means of communication

a) Quarterly, Half-yearly and Annual Results :

The Board of Directors of the Company approves and takes on record quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within one month of close of the reporting period. In compliance with Clause 41 of the Listing Agreement, the Company sends the quarterly / half-yearly / audited results to the Stock Exchanges within 15 minutes of the end of the Board Meetings at which they are taken on record. These financial statements are normally published in prominent daily newspapers viz. The Economic Times, Financial Express, The Business Standard, The Hindu Business Line, Naya Padkar having wide circulation across the country and also displayed on the website of the Company on www.elecon.com.

b) The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.

c) The Company's financial results and official news releases and the presentation made to the investors, financial analyst are displayed on the Company's website www.elecon.com.

d) Management Discussion and Analysis Report is attached with the Directors Report in this Annual Report.

Mr. Paresh M. Shukla

Company Secretary & Compliance Officer

Elecon Engineering Company Limited

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120

Tal. & Dist. Anand, Gujarat.

Phone No. : +91 2692 227109, 230166

Email : pmsbukla@mhe.elecon.com

(XIV) GENERAL SHAREHOLDERS INFORMATION

Company has filed a petition in the matter of Scheme of Arrangement in the nature of demerger & Transfer between Prayas Engineering Ltd., Emtici Engineering Ltd., Elecon Engineering Company Ltd. & Elecon EPC Projects Ltd. Gujarat High Court has approved Scheme of Scheme of Arrangement in the nature of demerger & transfer w.e.f 01-04-2013. All MHE (Materials Handling Equipments) business relating to Elecon, Prayas Engineering & Emtici Engineering Ltd. transferred to Elecon EPC Projects Ltd. All liabilities & duties of petitioner Company pertaining to MHE undertaking & all proceeding now pending by or against the petitioner Company pertaining to MHE undertaking continued with Elecon EPC Projects Ltd. The appointed date of the Scheme is 01/04/2012.

- a) **Annual General Meeting**
Date and Time : 26th August, 2013 at 11.00 A.M
Venue : Audio Visual Hall, Near Gear Division,
Anand-Sojitra Road,
Vallabh Vidyanagar – 388120, Gujarat
- b) **Financial Calendar** : April 01 to March 31
- c) **Date of Book Closure** : Tuesday, 13th August, 2013 to Friday, 16th August, 2013.
(both days inclusive)
- d) **Dividend Payment date** : Credit/dispatch of Dividend Warrants on or after 30th August, 2013
- e) **Listing on Stock Exchange** : The Company's securities are listed at
Bombay Stock Exchange Limited, Mumbai
The National Stock Exchange of India Limited, Mumbai
The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2013-2014.
- f) **Stock code** : The Bombay Stock Exchange Limited, Mumbai
(Physical Segment) : BSE 5700
The Bombay Stock Exchange Limited, Mumbai
(Demat Segment) : BSE 505700
The National Stock Exchange of India Limited
(Demat Segment) : ELECON

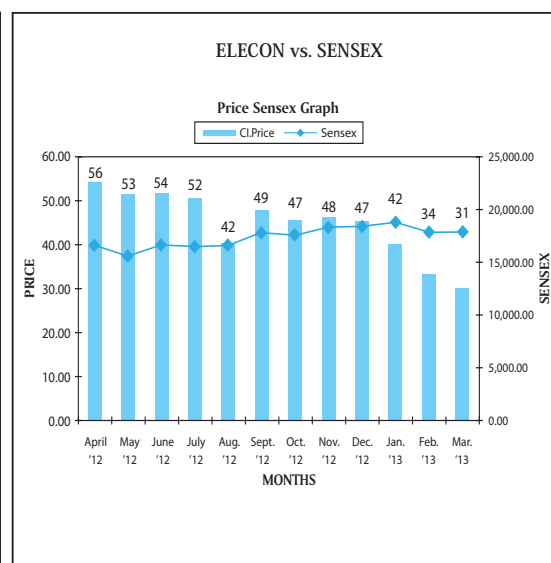
Demat ISIN in NSDL and CDSL for Equity Shares : INE 205B01023

g) Stock Market Price Data :

Monthly share price movement during the year 2012-13 at BSE & NSE

Performance in comparison to broad-based indices such as BSE Sensex

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April - 2012	62.00	55.50	3,55,173	62.45	55.55	7,17,791
May - 2012	56.95	52.15	4,07,740	57.50	52.10	7,71,842
June - 2012	55.95	52.05	14,79,237	56.00	51.80	35,96,285
July - 2012	61.80	50.80	12,07,254	62.00	50.65	30,59,660
August - 2012	51.65	39.75	7,59,444	51.75	39.80	18,00,473
September - 2012	51.80	41.40	13,65,106	51.30	41.30	28,10,093
October - 2012	52.35	46.90	7,60,962	52.25	46.80	15,26,790
November - 2012	54.25	47.50	12,68,757	54.30	47.20	26,78,621
December - 2012	51.50	46.65	18,36,193	51.60	46.00	36,43,634
January - 2013	49.70	40.70	11,66,453	49.75	40.65	24,82,912
February - 2013	42.15	34.00	13,77,696	44.00	33.95	28,30,717
March - 2013	38.75	30.30	7,54,637	38.85	30.30	20,12,272



h) Share Registrar & Transfer Agent :

The Company has appointed following Registrar & Transfer Agent for Physical Transfer & Demat of the Shares:

M/s. Link Intime India Pvt. Ltd.
B-102/103, Shangrila Complex,
1st Floor, Opp. HDFC Bank
Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.
Email : vadodara@linkintime.co.in
Phone : 0265-2356573, 2356794
Fax. : 0265-2356791

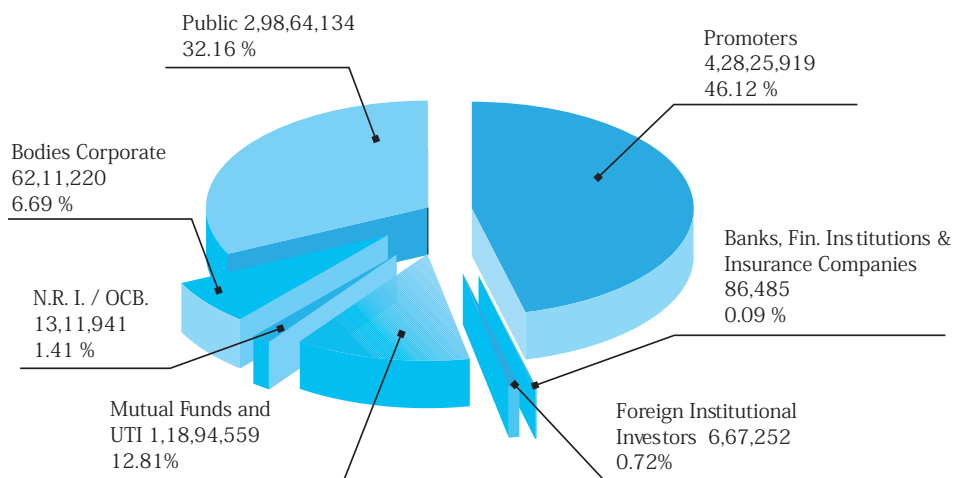
i) Share Transfer System :

The Company's Shares are in compulsory Demat List and are transferable through the Depository system. Depository transfers as well as physical transfers are handled by Link Intime India Pvt. Ltd. having their registered office at C-13, Pannalal Silk Mill's Compound, LBS Marg, Bhandup (West), Mumbai – 400 078.

j) Shareholding Pattern as on 31-03-2013

Category	No. of Shares held	(%) of total
Promoters	4,28,25,919	46.12
Banks, Financial Institutions and Insurance Companies	86,485	0.09
Foreign Institutional Investors	6,67,252	0.72
Mutual Funds and UTI	1,18,94,559	12.81
N.R. I. / O.C. B.	13,11,941	1.41
Bodies Corporate	62,11,220	6.69
Public	2,98,64,134	32.16
TOTAL	9,28,61,510	100.00

Shareholding Pattern



k) **Distribution of Shareholding as on 31-03-2013.**

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	44,805	82.80	73,83,157	7.95
501 - 1000	4,600	8.50	37,16,112	4.00
1001 - 2000	2,339	4.32	34,94,776	3.76
2001 - 3000	837	1.55	21,39,086	2.30
3001 - 4000	378	0.70	13,53,577	1.46
4001 - 5000	300	0.55	13,88,326	1.50
5001 - 10000	471	0.87	33,94,389	3.66
Above 10001	385	0.71	6,99,92,087	75.37
TOTAL	54,115	100.00	9,28,61,510	100.00

l) **Dematerialization of Shares and Liquidity**

As on 31st March 2013, 8,94,58,365 Shares were in dematerialized form representing 96.33% of total shares. The Company's shares are traded on the Bombay Stock Exchange Limited, and The National Stock Exchange of India Limited, Mumbai.

m) **Outstanding GDRs/ADRs/Warrants or any other convertible Instruments, conversion date and likely impact on equity as on 31st March, 2013 :**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2013.

n) **Unclaimed Dividend**

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956 the Company is required to transfer the unpaid dividend remained unclaimed and unpaid for a period of seven years from the due dates to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Here below are the proposed dates for transfer of the unpaid dividend to IEPF by the Company.

Financial Year	Date of declaration	Proposed date for transfer to IEPF*
2005-2006	12-09-2006	11-10-2013
2006-2007	13-09-2007	12-10-2014
2007-2008	29-07-2008	28-08-2015
2008-2009	30-07-2009	29-08-2016

* Indicative dates, actual date may vary.

o) **ECS/NECS Facilities**

The Company uses National Electronic Clearing Services (NECS) which has replaced "Electronic Clearing Services" (ECS) for remitting dividend to shareholder wherever available. The advantage of NECS over ECS including faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS operates on new and unique bank account number allotted by the banks post implementations of Core Banking Solutions (CBS). Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS to the Company in case shares are held physically and to the depository participants in respect of shares held by them in dematerialized form.

p) **Unclaimed Shares**

As on 31st March, 2013, Six (6 Nos) of shareholders have claimed total Three Thousand Thirty (3,030 Nos.) Equity Shares of ₹ 2/- each lying unclaimed in Elecon Engineering Co. Ltd. – Unclaimed Suspense Account. Closing balance of Elecon Engineering Co. Ltd. Unclaimed Suspense Account as on 31st March, 2013 was Four Lakh Sixty Thousand Thirty Five (4,60,035 Nos) of Equity Shares of ₹ 2/- each.

q) Plant Locations	:	Works
		1. Gear Division Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat.
		2. Alternate Energy Division Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat.
Address of Regd. Office	:	Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat
Internet Website	:	www.elecon.com

Address for Correspondence :

The Shareholders may address their communications/suggestions/grievances/queries to :

Mr. Paresh M. Shukla

Company Secretary and Compliance Officer

Elecon Engineering Company Limited

Anand-Sojitra Road,

Vallabh Vidyanagar - 388 120, Tal. & Dist. Anand (Gujarat)

Tel No. (02692) 227109, 230166, Fax No. (02692) 227020, 227484

Email address : pmsbukla@mhe.elecon.com

B. NON-MANDATORY REQUIREMENTS

A) CHAIRMAN OF THE BOARD

The Company has an Executive Chairman and hence, the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise.

B) REMUNERATION COMMITTEE

A remuneration committee comprising all non-executive directors is functioning since 2001, the details of which are mentioned elsewhere in this Annual Report.

C) SHAREHOLDER RIGHTS TO RECEIVE FINANCIAL RESULTS

The financial results of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website.

D) POSTAL BALLOT

The provisions relating to Postal Ballot will be complied with in respect of matters where applicable.

E) AUDIT QUALIFICATIONS

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

F) TRAINING OF BOARD MEMBERS

All the Non-Executive Directors have adequate experience and expertise in functional areas and attend various programmes in their personal capacities that keep them abreast of relevant developments.

G) OFFICE SPACE FOR NON EXECUTIVE CHAIRMAN

The Company has an Executive Chairman and therefore the issue of providing office to non Executive Chairman does not arise.

The Company has no specific tenure specified for Independent Directors.

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH MANDATORY REQUIREMENTS OF
CORPORATE GOVERNANCE TO THE MEMBERS OF ELECON ENGINEERING COMPANY LIMITED**

To
The Members
Elecon Engineering Company Limited

We have examined the compliance of the conditions of Corporate Governance by **Elecon Engineering Company Limited for the year ended on 31st March, 2013** as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanation given to us, the Company has complied with the conditions of the Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investor grievance received during the year ended on **31st March, 2013**, no investor grievances are pending against the Company as per records maintained by the Company and presented to the Investors'/Shareholders' Grievance Committee of the Company.

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

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. DESAI
Partner

M. No. : 030911
Firm Regn. No. 110864W

Place : Navsari
Date : 27-05-2013

DECLARATION

To,
The Members
Elecon Engineering Company Limited

I, Prayasvin B. Patel, Chairman and Managing Director and Chief Executive Officer of the Company, do hereby declare that the Directors and Senior Officers of the Company have exercised their authorities and powers and discharged their duties and functions in accordance with the requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

For Elecon Engineering Company Limited

Prayasvin Patel
Chairman and Managing Director

Place: Vallabh Vidyanagar
Date : 23-05-2013

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page 109 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Baroda. **Postage for sending the form will be borne by the Company.**

Independent Auditor's Report

To,
The Members of
ELECON ENGINEERING COMPANY LIMITED
Vallabh Vidyanaagar

Report on the Financial Statements

We have audited the accompanying financial statements of **ELECON ENGINEERING COMPANY LIMITED** (the "Company"), which comprise the Balance Sheet as at **March 31, 2013**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at **March 31, 2013**;
- (b) in the case of the **Statement of Profit and Loss**, of the **profit** for the year ended on that date; and
- (c) in the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section(3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the Directors as on **March 31, 2013**, and taken on record by the Board of Directors, none of the Directors is disqualified as on **March 31, 2013**, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

For **THACKER BUTALA DESAI**
Chartered Accountants
Firm Regn. No. 110864W

M. T. DESAI
Partner

Place : Navsari
Date : 27-05-2013

Membership No. : 030911

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) We have been informed that, a portion of the Fixed Assets have been physically verified by the management during the year in accordance with a programme of verification in a phased manner and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company has disposed off substantial part of its fixed assets during the year under review by way of slump sale of assets pertaining to Material Handling operations of the Company based on a Scheme of Arrangement between the Company, Prayas Engineering Ltd., Emtici Engineering Ltd., Elecon EPC Projects Ltd. and their respective Shareholders & Creditors under section 391 to 394 of the Companies Act, 1956 as approved by the Honorable High Court of Gujarat. However, this has not affected the ability of the Company to be a going concern.
- (ii) (a) As explained to us, inventories were physically verified by the management during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification have been properly dealt with in the books of account of the Company.
- (iii) (a) According to the information & explanations given to us, the Company has not granted any secured or unsecured loan to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In view of clause (iii) (a) above, this clause regarding interest and other terms and conditions is not applicable.
- (c) In view of clause (iii) (a) above, this clause regarding repayment of loan and interest thereon is not applicable.
- (d) In view of (iii) (a) above, this clause regarding overdue amounts of such loans and interest thereon is not applicable.
- (e) According to the information & explanations given to us, the Company has taken unsecured loans amounting to ₹ 275.50 Lacs from 6 parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹275.50 Lacs and the yearend balance was ₹275.50 Lacs.
- (f) According to the information & explanations given to us, rate of interest and other terms and conditions of such loan is not prima facie prejudicial to the interest of the Company.
- (g) The Company has been regular in repayment of Principal amount and Interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate Internal Control System commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the Internal Control System during the course of the audit.
- (v) (a) According to the information and explanations given to us, contracts or arrangements with the parties listed in the register maintained under Section 301 of the Companies Act, 1956 have been entered in the register upon ratification of the same by the Board of Directors of the Company.
- (b) We are informed that in case of the transaction in excess of ₹ 5 Lacs with each of the parties listed in the register maintained under Section 301 of the Companies Act, 1956 no comparison of prices could be made as there was either no alternate source of supply or that the management preferred the suppliers' products and services on quality grounds or peculiarity of the products sold or services rendered.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not invited deposits from the public during the year. Therefore, provisions of the Clause 4(vi) of the Order are not applicable to the Company.
- (vii) The Company has appointed a firm of Chartered Accountants to carry out Internal Audit work. The said Internal Audit system operating in the Company commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us, in respect of statutory dues, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, in respect of statutory dues, there were no undisputed amount payable in respect of Provident Fund, Investor Education & Protection Fund, Employees' State Insurance,

Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.

- (c) According to information and explanations given to us, the Company has not paid the following statutory dues on account of the demand being disputed by the Company.

Sr. No.	Nature of liability	Amt. (₹ in Lacs)	Forum where the dispute is pending
1.	Sales Tax / Work Contract Tax	15.93 Lacs	Commissioner (Appeal)
2.	Excise Duty & Penalties	95.38 Lacs	C.E.S.T.A.T.
3.	Excise Duty & Penalties	312.59 Lacs	Central Excise Commissioner (Appeal)
4.	Income Tax	33.35 Lacs	Commissioner of Income Tax (Appeal)

- (x) According to the records of the Company, it has no accumulated losses. The Company has not incurred cash losses during the financial year under review or during the immediately preceding financial year.
- (xi) According to our audit procedure and on the basis of information and explanations given by the management, the Company has not defaulted in repayment of dues to any Financial Institution, Bank and Debenture Holders.
- (xii) According to our audit procedure and on the basis of information & explanations given to us, the Company has not granted any loan on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the question of adequacy or otherwise of maintenance of documents and records in respect thereof does not arise.
- (xiii) According to our audit procedure and on the basis of information & explanations given to us, the Company has not indulged in any chit fund activity during the year under review. Therefore, the question of compliance with provisions of any special statute applicable to chit fund does not arise.
- (xiv) According to our audit procedure and on the basis of information & explanations given to us, the Company has not indulged in dealing or trading in shares, securities, debentures and other investments. In respect of long term investments made by the Company, according to the information and explanations given to us, all the investments have been held in the name of the Company only.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by Subsidiary Company from Banks or Financial Institutions are not prima-facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information & explanations given to us, the term loans obtained during the year under review have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information & explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to our audit procedure and on the basis of information & explanations given to us, during the under review, the Company has not made any preferential allotment of shares to the parties or companies listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the question of impact of the prices recovered in respect of such shares on the interest of the Company does not arise.
- (xix) The Company has issued debentures having subservient charge on the Fixed Assets of the Company. However, the charge is yet to be created.
- (xx) According to our audit procedure and on the basis of information & explanations given to us, during the year under review, the Company has not raised any money by way of public issue of shares. Therefore, the question of disclosure and verification of end use of money so raised does not arise.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per information and explanations given by the management, no material frauds on or by the Company were noticed or reported during the year under review.

For **THACKER BUTALA DESAI**
Chartered Accountants
Firm Regn. No. 110864W

M. T. DESAI
Partner

Membership No. : 030911

Place : Navsari
Date : 27-05-2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES (Refer Note 41)			
1) SHAREHOLDERS' FUNDS			
(a) Share Capital	4	2,178.72	1,857.23
(b) Reserves and Surplus	5	45,434.99	42,620.11
		<u>47,613.71</u>	<u>44,477.34</u>
2) NON - CURRENT LIABILITIES			
(a) Long-Term Borrowings	6	9,314.83	10,687.47
(b) Deferred Tax Liabilities (Net)	7	4,160.79	4,467.28
(c) Other Long Term Liabilities	8	99.79	1,984.05
(d) Long-Term Provisions	9	250.95	397.45
		<u>13,826.36</u>	<u>17,536.25</u>
3) CURRENT LIABILITIES			
(a) Short-Term Borrowings	10	11,805.27	36,603.74
(b) Trade Payables		25,310.44	45,475.05
(c) Other Current Liabilities	11	7,750.67	21,604.41
(d) Short-Term Provisions	12	1,615.32	2,239.46
		<u>46,481.70</u>	<u>1,05,922.66</u>
TOTAL		<u><u>1,07,921.77</u></u>	<u><u>1,67,936.25</u></u>
II. ASSETS			
1) NON - CURRENT ASSETS			
(a) Fixed Assets	13		
(i) Tangible Assets		40,681.43	39,863.04
(ii) Intangible Assets		398.33	655.60
(iii) Capital Work-in-Progress		778.88	4,171.37
		<u>41,858.64</u>	<u>44,690.01</u>
(b) Non-Current Investments	14	3,706.88	3,511.00
(c) Long-Term Loans and Advances	15	2,396.91	2,739.06
(d) Other Non-Current Assets	16	79.59	5,979.34
		<u>48,042.02</u>	<u>56,919.41</u>
2) CURRENT ASSETS			
(a) Inventories	17	14,865.15	28,815.08
(b) Trade Receivables	18	14,124.16	72,829.81
(c) Cash and Bank Balances	19	749.42	1,159.55
(d) Short-Term Loans and Advances	20	16,666.96	7,810.67
(e) Other Current Assets	21	13,474.06	401.73
		<u>59,879.75</u>	<u>1,11,016.84</u>
TOTAL		<u><u>1,07,921.77</u></u>	<u><u>1,67,936.25</u></u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai

Partner

M. No. 030911

Firm Regi. No. 110864W

Place : Navsari

Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel

Chairman and
Managing Director

Jal Patel

Director

Paresh M. Shukla

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Notes	Year Ended 31st March, 2013	Year Ended 31st March, 2012
		(Refer Note 41)	
I. Revenue from operations	22		
a) Sale of Products (Gross)		64,992.12	1,37,185.19
Less : Excise Duty		(6,353.82)	(9,820.73)
Sale of Products (Net)		58,638.30	1,27,364.46
b) Sale of Services		493.98	4,638.76
c) Other Operating Revenues		388.42	1,163.97
Total (a+b+c)		59,520.70	1,33,167.19
II. Other Income	23	1,110.83	742.79
III. Total Revenue (I + II)		60,631.53	1,33,909.98
IV. Expenses:			
a. Cost of Materials Consumed	24	27,841.01	77,713.32
b. Changes in Inventories of Finished Goods, Work-in Progress and Stock-in-Trade	25	2,323.60	707.31
c. Manufacturing Expenses and Erection Charges	26	5,347.59	9,603.02
d. Employee Benefits Expense	27	5,454.13	7,308.81
e. Finance Costs	28	3,008.16	5,795.81
f. Depreciation and Amortization Expense		4,198.88	4,238.08
g. Other Expenses	29	8,283.35	17,560.11
Total Expenses (a to g)		56,456.72	1,22,926.46
V. PROFIT BEFORE EXCEPTIONAL ITEMS & TAX (III-IV)		4,174.81	10,983.52
VI. EXCEPTIONAL ITEMS (Refer Note 3)		2,668.29	-
VII. PROFIT BEFORE TAX (V-VI)		1,506.52	10,983.52
VIII. Tax Expenses :			
(a) Current Tax		1,044.37	3,495.08
(b) Deferred Tax		(306.49)	360.82
(c) Short/ (Excess) Provision of Earlier Years		(83.86)	167.70
IX. PROFIT AFTER TAX (VII-VIII)		852.50	6,959.92
X. Earnings per Equity Share :			
(1) Basic		0.78	7.49
(2) Diluted		0.78	7.49
Face Value Per Share (₹)		2.00	2.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel
Chairman and
Managing Director

Jal Patel
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 23-05-2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2013

(₹ in Lacs)

	As on 31-03-2013		As on 31-03-2012	
	Amount	Amount	Amount	Amount
[A] CASH FLOW FROM OPERATING ACTIVITIES				
1. Net Profit before Tax		1,506.52		10,983.52
2. Adjustments for:				
(i) Depreciation and Amortisation	4,198.88		4,238.08	
(ii) Finance Cost	3,008.16		5,795.81	
(iii) Profit on Sale of Fixed Assets (Net)	(66.90)		(9.42)	
(iv) Interest Income	(115.45)		(149.06)	
(v) Dividend Income	(40.28)		(40.47)	
(vi) Bad Debts Written Off	339.08		890.62	
(vii) Exceptional Items	2,668.29		-	
(viii) Provision for Loans & Advances of Associates	-		1,005.27	
(ix) Provision for Diminution in value of Investments	-	9,991.78	66.03	11,796.86
Operating Profit Before Working Capital Changes (1 + 2)		11,498.30		22,780.38
3. Adjustments for Working Capital changes :				
[i] Trade & Other Receivables				
* Trade Receivables	63,644.39		(12,551.23)	
* Loans and Advances	(27,294.16)		(5,446.59)	
[ii] Trade & Other Payables				
* Trade Payables	(20,164.61)		12,014.44	
* Other Payables	(21,317.72)		2,684.74	
[iii] Inventories	15,319.93	10,187.83	2,629.60	(669.04)
CASH GENERATED FROM OPERATIONS		21,686.13		22,111.34
4. Less : Direct Taxes Paid		(1,125.00)		(3,914.71)
NET CASH FROM OPERATING ACTIVITIES [A]		20,561.13		18,196.63
[B] CASH FLOW FROM INVESTING ACTIVITIES				
1. Purchase of Fixed Assets	(224.02)		(11,773.53)	
2. Sale of Fixed Assets	-		44.35	
3. Purchase of Investments	(195.88)		-	
4. Sale of Investments	-		2.52	
5. Return of Share Application Money	-		55.00	
6. Interest Received	115.45		149.06	
7. Dividend Received	40.28		40.47	
8. Consideration towards Slump Sale	15,400.73		-	
9. Exceptional Item	(2,668.29)		-	
NET CASH (USED IN) INVESTING ACTIVITIES [B]	12,468.27	12,468.27	(11,482.14)	(11,482.14)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2013

(₹ in Lacs)

	As on 31-03-2013		As on 31-03-2012	
	Amount	Amount	Amount	Amount
[C] CASHFLOW FROM FINANCING ACTIVITIES				
1. Proceeds From Long Term Borrowings	2,500.00		8,765.47	
2. Repayments Against Long Term Borrowings	(6,108.83)		(7,094.99)	
3. Short Term Borrowings (Net)	(24,798.47)		(798.25)	
4. Finance Cost Paid	(3,114.64)		(5,739.43)	
5. Dividend Paid (Incl. Tax thereon)	(1,917.59)		(1,920.86)	
NET CASH FROM FINANCING ACTIVITIES [C]	(33,439.53)	(33,439.53)	(6,788.06)	(6,788.06)
[D] NET INCR./(DECR.) IN CASH & CASH EQUIVALENTS [A+B+C]		(410.13)		(73.57)
[E] Cash & Cash Equivalents at the beginning of the year		1,159.55		1,233.12
[F] Cash & Cash Equivalents at the end of the year		749.42		1,159.55

1 Components of Cash & Cash Equivalents :-

Cash on hand	0.11	0.53
Balances with banks		
In Current Accounts	634.11	293.90
In Fixed Deposit Account	-	775.00
Unclaimed Dividend Account	115.20	90.12
	749.42	1,159.55

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on Cash Flow Statement notified in Companies (Accounting Standards) Rules, 2006.
- The above Cash Flow Statement does not include Assets & liabilities acquired on merger of Prayas Engineering Limited & Emtici Engineering Limited pursuant to the Scheme of Arrangement & includes the movement of Assets & Liabilities of MHE undertaking transferred on Slump Sale pursuant to the Scheme of Arrangement. (Refer Note 3).

As per our report of even date attached

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel
Chairman and
Managing Director

Jal Patel
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 23-05-2013

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. BASIS OF PREPARATION

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ['GAAP'] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the periods, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/ advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the periods in which the results are known.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Fixed Assets

- i) **Tangible Assets:** Fixed assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and attributable cost of bringing the assets to its working condition for its intended use, but excludes Cenvat / Service Tax / VAT credit availed.
- ii) **Intangible Assets:** Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

b) Borrowing Cost

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest costs.

Financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition of fixed assets are included in the cost of the assets to which they relate.

c) Depreciation & Amortisation

Depreciation on tangible fixed assets is provided, on straight line method on Plant and Machinery and on written down value method on all other fixed assets, on the basis of the depreciation rates prescribed in Schedule XIV of the Companies Act, 1956 or based on useful life of the asset, whichever is higher.

Intangible assets are amortised using the straight-line method over estimated useful life as under :-

- i) Software & Licenses : over a period of six years
- ii) Technical know-how : over a period of six years from the date of actual production

d) Inventories

Inventories are valued at lower of cost or estimated net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is arrived at on the following basis:

Raw Materials and Stores : Weighted Average Cost.

Stock-in-Process : Raw Materials at Weighted Average Cost & absorption of Labour and Overheads.

Finished Goods : Raw Materials at Weighted Average Cost & absorption of Labour and Overheads.

e) Investments

Investments are generally of long term nature and are stated at cost unless there is other than temporary diminution in their value as at the date of Balance Sheet.

Investments in Overseas Associates / Subsidiary are stated at cost of acquisition.

f) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

g) Revenue recognition

i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the customer, which is generally on dispatch of goods. Sales are net of discounts, VAT/ Sales Tax and Returns; Excise Duties collected.

Credits are taken for claims in respect of cost escalation and extra work as and when and to the extent admitted by customers.

ii) Interest revenues are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Dividend from investments in shares is accounted for when the right to receive dividend is established.

iv) Export incentives are accounted for as and when the claims thereof have been admitted by the authorities.

v) Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.

h) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year-end rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

i) Retirement Benefits

Defined Contribution Plan : The Company's contributions paid/payable for the year to Provident Fund and ESIC are charged to the Statement of Profit and Loss for the year.

Defined Benefit Plan : The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

j) Impairment of Assets

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

k) Accounting for Tax

(a) Current Tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of Income Tax Act, 1961.

(b) Deferred Tax resulting from "timing differences" between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liability is arrived at after setting off deferred tax assets.

3. Scheme of Arrangement

As per Order dated 21st December, 2012, the Hon'ble High Court of Gujarat has approved the Scheme of Arrangement ("the Scheme") between the Company, Prayas Engineering Ltd. (PEL) and Emtici Engineering Ltd. (EMTICI), Elecon EPC Projects Ltd. and their respective Shareholders and Creditors.

The Appointed Date of the Scheme was 1st April, 2012.

The Scheme became effective from 1st April, 2013. This financial statements have been prepared after giving effect of the Scheme from its Appointed Date i.e. 1st April, 2012.

Scheme of Arrangement included the follolwing :

i) Slump Sale of MHE Undertaking :

Pursuant to "the Scheme", MHE Business undertaking of the Company comprising the business activity of manufacture of Material Handling Equipment along with all related assets (excluding Land, Building, Investment), liabilities, employees has been transferred by way of slump sale to Elecon EPC Projects Ltd. for consideration of ₹ 12,732.44 Lacs.

The exceptional item of ₹ 2,668.29 Lacs shown in Statement of Profit & Loss represents the Loss on account of this arrangement which has been computed as under :-

<u>Particulars</u>		<u>₹ In Lacs</u>
Slump Sale Consideration		12,732.44
Less : Value of Net Assets disposed on Slump Sale		
Total Assets disposed	95,402.05	
Less : Total Liabilities disposed	80,001.32	15,400.73
Loss on Slump Sale		<u><u>2,668.29</u></u>

ii) Merger of PEL Gear Undertaking into Company :

Pursuant to "the Scheme", PEL Gear Undertaking (Gear business of PEL) along with all its related assets (excluding Land & Building) liabilities, employees, was merged into the Company on going concern basis.

(a) Pursuant to the said Scheme, the Company on 12th April 2013 has allotted 49 (Forty nine) Equity Shares of the face value of ₹ 2/- each against 4 (Four) Equity Shares having face value of ₹ 10/- each held by shareholders of Prayas Engineering Limited.

(b) Pursuant to the said Scheme, the assets and liabilities of Prayas Engineering Limited (Gear Divn.) have been transferred to the Company. Accordingly, net assets of ₹ 3,187.01 Lacs have been shown below:-

<u>Particulars</u>	<u>₹ In Lacs</u>
Total Assets	9,128.36
Total Liabilities	5,941.35
Net Assets	<u><u>3,187.01</u></u>
<u>Adjusted Against</u>	
Issue of Equity Share Capital	204.49
Credit to General Reserve	2,982.52
Total	<u><u>3,187.01</u></u>

iii) **Merger of EMTICI Gear Undertaking into Company:**

Pursuant to "the Scheme", EMTICI Gear Undertaking (Marketing & Servicing business related to Company & EMTICI Gear business) along with all related assets (excluding Land & Building), liabilities was merged into the Company on going concern basis.

(a) Pursuant to the said Scheme the Company on 12th April, 2013 has allotted 39 (Thirty nine) Equity Shares of the face value of ₹ 2/- each against 4(Four) Equity Shares having face value of ₹ 10/- each held by shareholders of Emtici Engineering Ltd.

(b) Pursuant to the said Scheme, the assets and liabilities of Emtici Engineering Limited (Gear Divn.) have been transferred to the Company. Accordingly, net assets of ₹ 371.38 Lacs have been shown below:-

<u>Particulars</u>	<u>₹ In Lacs</u>
Total Assets	1,264.34
Total Liabilities	892.96
Net Assets	<u>371.38</u>
<u>Adjusted Against</u>	
Issue of Equity Share Capital	117.00
Credit to General Reserve	254.38
Total	<u>371.38</u>

iv) In view of the above Scheme of Arrangement, the current year figures are not comparable with previous year figures.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

4. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Authorised Share Capital		
i) 225,000,000 (Previous Year 225,000,000) Equity Shares of ₹ 2/- each	4,500.00	4,500.00
ii) 25,000,000 (Previous Year 25,000,000) Cumulative Redeemable Preference Shares of ₹ 2/- each	500.00	500.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued Subscribed and Paid-up Capital		
92,861,510 Equity Shares of ₹ 2/- each (Previous Year 92,861,510 Equity Shares of ₹ 2/- each)	1,857.23	1,857.23
Share Suspense Account (Refer Note below)	321.49	-
Total	<u>2,178.72</u>	<u>1,857.23</u>

Note : The outstanding Equity Shares to be issued aggregating to ₹ 321.49 Lacs representing 1,60,74,333 Equity Shares of ₹ 2/- each pursuant to the Scheme of Arrangement of the Company with Prayas Engineering Limited & Emtici Engineering Limited is shown as "Share Suspense Account".

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

Particulars	31st March, 2013	31st March, 2012
Outstanding at the beginning of the Year	9,28,61,510	9,28,61,510
Add : Issued During the year	-	-
Outstanding at the end of the Year	9,28,61,510	9,28,61,510

(ii) Rights, Preferences and Restrictions attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of Shareholders holding more than 5 percent Equity Shares: *

Particulars	31st March, 2013	31st March, 2012
Equity Shares of ₹ 2/- each fully paid		
(a) Emtici Engineering Limited		
Nos.	2,16,47,677	2,16,47,677
% Holding	23.31%	23.31%
(b) Prayas Engineering Limited		
Nos.	1,00,78,471	1,00,78,471
% Holding	10.85%	10.85%
(c) K. B. Investments Pvt. Ltd.		
Nos.	56,91,265	56,91,265
% Holding	6.13%	6.13%

* The above excludes shares pending allotment shown as Share Suspense Account.

(iv) Aggregate number of equity shares allotted as fully paid up pursuant to contract without payment being received in cash Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:-

Particulars	31st March, 2013	31st March, 2012
(a) Equity Shares allotted as fully paid up bonus shares by capitalization of Share Premium and Reserve	6,19,07,673	6,19,07,673
(b) Equity Shares allotted as fully paid up on conversion of FCCB of Series 'A' 9,000 nos. of \$ 1,000 each.	27,16,787	27,16,787

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

5. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Share Premium Account		
As per Last Financial Statements	2,878.14	2,878.14
Closing Balance	<u>2,878.14</u>	<u>2,878.14</u>
(b) General Reserve		
As per Last Financial Statements	37,295.88	32,295.88
Add : Amount Pursuant to the Scheme of Arrangement (Refer Note 3)	3,236.88	-
Add : Transferred from Surplus in Statement of Profit and Loss	100.00	5,000.00
Closing Balance	<u>40,632.76</u>	<u>37,295.88</u>
(c) Surplus in Statement of Profit and Loss		
As per Last Financial Statements	2,446.09	2,428.84
Add : Transferred during the year from Statement of Profit and Loss	852.50	6,959.92
Less : Appropriations		
Proposed Dividend (Refer Note 40)	1,089.36	1,671.51
Tax on Proposed Dividend	185.14	271.16
Transfer to General Reserve	100.00	5,000.00
Total Appropriations	<u>1,374.50</u>	<u>6,942.67</u>
Net Surplus in Statement of Profit and Loss	<u>1,924.09</u>	<u>2,446.09</u>
Total Reserves and Surplus	<u><u>45,434.99</u></u>	<u><u>42,620.11</u></u>

6. LONG-TERM BORROWINGS

	As at 31st March, 2013	As at 31st March, 2012
Secured		
(a) 11% Non Convertible Debentures From Banks	2,500.00	-
(b) Term Loans From Banks	6,505.30	9,056.15
(c) Corporate Loans From Banks	-	1,053.33
(d) Vehicle Loans From Banks	45.48	77.00
Unsecured		
(a) Other Loans	264.05	500.99
	<u>9,314.83</u>	<u>10,687.47</u>

(a) Nature of Securities

- 11% Non Convertible Debentures [(a) above] is secured by subservient charge on the Fixed Assets of the Company.
- Term Loans [(b) above] obtained from ICICI Bank Ltd., Citi Bank N.A., Indusind Bank Limited & DBS Bank Limited is secured by exclusive charge by way of hypothecation on specific assets for which payments were made out of the term loan.

Term Loans [(b) above] obtained from Axis Bank Limited is secured by exclusive charge by way of hypothecation on specific assets for which payments were made out of the term loan. Further collaterally secured by second pari passu charge over Fixed Assets of the Company except those assets which are exclusively charged to Bank/FIs & Equitable Mortgage of existing Land bearing survey No. 365 & 366 of village Karamsad.

Term Loans [(b) above] obtained from State Bank of India is secured by exclusive charge by way of hypothecation on specific assets for which payments were made out of the term loan and hypothecation of two Wind Turbine Generators at Mota Gunda site, Dist. Jamnagar. Further collaterally secured by hypothecation charge on all unencumbered plant

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

and machineries of the Company, Corporate Guarantee of EMTICI Engineering Ltd., Pledge of 34150 Equity Shares of Eimco Elecon (India) Ltd. and 157850 Equity Shares of Elecon Engg. Co. Ltd. & Second charges over Plant & Machineries.

Term Loans [(b) above] obtained from Bank of Baroda Is secured by equitable mortgage of Land, Building, Office purchased at Manjusar, Ta Savli were purchased out of the term loan & Second pari passu charge on entire current assets of the Company present and future.

(iii) Corporate Loans [(c) above] granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Exim Bank and Axis Bank Ltd. are secured by equitable mortgage on the immovable properties and hypothecation of movable plant and machinery and assets of the Company's Materials Handling Equipment Division and Gear Division excluding certain assets specifically/ exclusively charged to other banks/ financial institutions but including the whole of the Company's current assets, inventories, receivables and book debts ranking pari passu inter se in respect of working capital facilities and guarantees issued by them in favour of various clients of the Company.

iv) Capital assets acquired on HP Loans from Banks [(d) above] are secured by exclusive charge on respective assets purchased through those loans.

(b) Terms of repayment of 11% Non Convertible Debentures, term loans and other loans

1. 11% Non Convertible Debentures

(₹ in Lacs)

Lender	31st March, 2013	31st March, 2012	Terms of Repayment
(i) Corporation Bank	2,500.00	-	Repayment will be as under:- > 30% at the end of 3rd year from the date of allotment > 30% at the end of 4th year from the date of allotment > 40% at the end of 5th year from the date of allotment However, Put/Call option can be exercised on or before 22-Sep-2014.
	<u>2,500.00</u>	<u>-</u>	

2. Terms Loans

Lender	31st March, 2013	31st March, 2012	
(i) ICICI Bank Limited	-	528.13	Repayable in equated half yearly installments of ₹ 528.13 Lacs, starting from November 2009.
(ii) Citi Bank N. A.	-	1,020.00	Repayable in equated half yearly installments of ₹ 510.00 Lacs, starting from February 2010.
(iii) Indusind Bank Ltd.	1,881.52	2,453.78	Repayable in equated quarterly installments of ₹ 175.27 Lacs starting from November 2012.
(iv) DBS Bank Ltd.	3,447.81	4,701.56	Repayable in equated quarterly installments of ₹ 313.44 Lacs starting from February 2013.
(v) Vijaya Bank	-	352.68	Repayable in equated quarterly installments of ₹ 156.25 Lacs starting from April 2011.
(vi) State Bank of India	415.65	-	Repayable in equated quarterly installments of ₹ 39.66 Lacs starting from September 2008, Repayable in equated quarterly installments of ₹ 14.00 Lacs starting from June 2009, Repayable in equated quarterly installments of ₹ 37.15 Lacs starting from March 2012.
(vii) Bank of Baroda	708.29	-	Repayable in equated monthly installments of ₹ 6.37 Lacs starting from March 2013, Repayable in equated monthly installments of ₹ 14.00 Lacs starting from May 2012.
(viii) Axis Bank Limited	52.03	-	Repayable in equated monthly installments of ₹ 4.32 Lacs starting from February 2011.
	<u>6,505.30</u>	<u>9,056.15</u>	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

3. Corporate Loans

Lender	31st March, 2013	31st March, 2012	
(i) State Bank of India	-	80.00	Repayable in equated monthly installments of ₹20.00 Lacs, starting from February 2011.
(ii) Exim Bank	-	240.00	Repayable in equated monthly installments of ₹60.00 Lacs, starting from February 2011.
(iii) Axis Bank Ltd.	-	733.33	Repayable in equated monthly installments of ₹73.33 Lacs, starting from August 2011.
	<u>-</u>	<u>1,053.33</u>	

4. Vehicle Loans

Lender	31st March, 2013	31st March, 2012	
(i) HDFC Bank Ltd.	8.08	18.66	Repayable in equated monthly installments.
(ii) ICICI Bank Ltd.	-	28.46	Repayable in equated monthly installments.
(iii) Kotak Mahindra Prime Ltd.	<u>37.40</u>	<u>29.88</u>	Repayable in equated monthly installments.
	<u>45.48</u>	<u>77.00</u>	

5. Other Loans and Advances (Unsecured)

Lender	31st March, 2013	31st March, 2012	
(i) SREI Equipment Finance Ltd.	<u>264.05</u>	<u>500.99</u>	Repayable in equated monthly installments.
	<u>264.05</u>	<u>500.99</u>	

7. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Deferred Tax Liabilities		
In respect of difference between book & Tax W. D. V.	4,209.37	4,478.30
(b) Deferred Tax Assets		
In respect of disallowance under the Income Tax Act.	(48.58)	(11.02)
Net Deferred Tax Liability	<u>4,160.79</u>	<u>4,467.28</u>

8. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Trade Payables	-	552.77
(b) Deposits	99.79	118.68
(c) Advance from Customers	-	1,312.60
	<u>99.79</u>	<u>1,984.05</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

9. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for Employee Benefits:		
Provision for Gratuity	10.87	180.06
Provision for Leave Encashment	240.08	217.39
	<u>250.95</u>	<u>397.45</u>

10. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Secured		
(a) Loans repayable on demand:		
Working Capital Loans		
- From Banks	7,933.55	26,906.40
Unsecured		
(a) Working Capital Loans		
- From Banks (Including Commercial Paper)	3,596.22	9,697.34
(b) Other Loans		
- From Related Parties	275.50	-
	<u>11,805.27</u>	<u>36,603.74</u>

(i) Nature of Securities {(a) Loans repayable on demand}

Working Capital Loans from banks (secured) granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Exim Bank, HDFC Bank Ltd., IDBI Bank Ltd., Axis Bank Ltd. and Standard Chartered Bank are secured by an equitable mortgage on the immovable properties and hypothecation of movable plant and machinery and assets of the Company's Materials Handling Equipment Division and Gear Division excluding certain assets specifically / exclusively charged to other banks/ financial institutions but including the whole of the Company's current assets, inventories, receivables and book debts ranking pari passu inter se in respect of working capital facilities and guarantees issued by them in favour of various clients of the Company.

Fund based and Non- fund based Working Capital facilities granted by multiple banks consisting of Axis Bank Ltd. and Bank of Baroda are secured against hypothecation of entire current assets including stocks and book debts, both present as well as future, and second pari passu charge on fixed assets (excluding factory shed, office building and roads) of the Company present and future. The working capital limits with Axis Bank Ltd. are further collaterally secured by second pari passu charge over Fixed Assets of the Company except those assets which are exclusively charged to Bank/FIs & equitable mortgage of existing land bearing survey No.365 & 366 of village Karamsad.

11. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Current maturities of		
Term Loan (Secured)	4,095.95	3,997.10
Corporate Loan (Secured)	-	2,200.00
Vehicle Loan (Secured)	46.03	158.11
Finance from other (Unsecured)	236.95	259.91
(b) Advance from Customers	2,861.53	13,247.26
(c) Interest accrued but not due on borrowings	252.55	359.03
(d) Unpaid Dividends	115.20	90.12
(e) Statutory & Other liabilities	136.67	1,292.88
(f) Deposits	5.79	-
	<u>7,750.67</u>	<u>21,604.41</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for Employee Benefits:		
Provision for Gratuity	157.40	216.54
Provision for Leave Encashment	30.62	37.15
Provision for Superannuation	152.80	43.10
(b) Proposed Dividend	1,089.36	1,671.51
(c) Dividend Tax on Proposed Dividend	185.14	271.16
	<u>1,615.32</u>	<u>2,239.46</u>

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page 109 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Baroda. **Postage for sending the form will be borne by the Company.**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

13. FIXED ASSETS

(₹ in Lacs)

Sr. No.	Nature Of Assets	Gross Block (At Cost)					Depreciation				Net Block				
		At Cost As On 01-04-2012	Additions Pursuant To Scheme	Additions & Transfers During Year At Cost	Deductions/ Transfers & Adjustments During Year At Cost	Sale/Adjustment On Account Of Slump Sale Pursuant To Scheme	Cost As On 31.03.2013	As On 01.04.2012	Accumulated Depreciation Or Deductions/ Transfers And Adjustments	Depreciation Adjustments On Account Of Slump Sale	Depreciation During The Year	Accumulated Depreciation As On 31.03.2013	As At 31.03.2013	As At 31.03.2012	
I. Tangible Assets															
1	Land (Freehold)	2,110.24	-	53.01	-	-	2,163.25	-	-	-	-	-	2,163.25	2,110.24	
2	Buildings	5,871.49	-	1,968.55	2.48	-	7,837.56	1,781.92	(1.76)	-	420.47	2,204.15	5,633.41	4,089.57	
3	Plant and Machinery	47,751.17	3,212.63	7,731.09	571.84	12,292.97	45,830.09	17,799.76	345.47	4,396.67	3,071.87	16,129.49	29,700.60	29,951.40	
4	Electrical Installations	646.95	76.26	280.85	-	187.08	816.98	237.94	(0.09)	97.72	73.02	213.33	603.65	409.01	
5	Electrical Fittings	65.15	-	135.73	-	46.92	153.96	58.24	9.07	47.25	5.65	7.57	146.39	6.91	
6	Office Equipments	3,437.67	77.79	155.63	(7.12)	1,998.11	1,680.10	2,698.23	-	1,535.97	130.44	1,292.70	387.40	739.43	
7	Air Conditioning Plant	464.05	-	13.30	0.59	173.59	303.17	214.71	1.76	115.39	29.24	126.80	176.37	249.35	
8	Sundry Equipments	315.66	2.14	6.48	-	173.84	150.45	178.30	-	109.23	11.69	80.76	69.69	137.36	
9	Furniture and Fixtures	573.51	24.01	109.89	(0.07)	343.70	363.78	346.98	-	208.42	28.70	167.26	196.52	226.53	
10	Vehicles	1,522.71	144.95	33.27	81.22	388.33	1,231.37	563.81	56.87	197.83	182.19	491.30	740.07	958.91	
11	Site Office Equipments	12.64	-	-	-	12.64	-	12.64	-	12.64	-	-	-	-	
12	Research & Development Assets	1,194.75	-	-	-	-	1,194.75	210.45	-	-	123.59	334.04	860.71	984.31	
13	Tools, Jigs & Dies	-	1.00	2.63	-	-	3.62	-	-	-	0.26	0.26	3.37	-	
Total A		63,966.00	3,538.78	10,490.43	648.94	15,617.18	61,729.09	24,102.98	411.32	6,721.12	4,077.12	21,047.65	40,681.43	39,863.04	
II. Intangible Assets															
(a)	Technical Knowhow Fees	572.96	-	-	-	231.33	341.63	324.12	-	107.13	56.43	273.42	68.21	248.84	
(b)	Software	8.74	143.28	13.54	-	2.79	162.77	0.57	-	0.25	26.35	26.67	136.10	8.17	
(c)	Licenses	402.91	-	49.65	-	218.33	234.23	4.32	-	3.09	38.98	40.21	194.02	398.59	
Total B		984.61	143.28	63.19	-	452.45	738.63	329.01	-	110.47	121.76	340.30	398.33	655.60	
Total A+ B		64,950.61	3,682.06	10,553.62	648.94	16,069.63	62,467.73	24,431.99	411.32	6,831.59	4,198.88	21,387.96	41,079.76	40,518.64	
Previous Year		56,543.04	-	8,679.20	271.63	-	64,950.61	20,430.58	236.70	-	4,238.08	24,431.99	40,518.64	35,942.83	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

14. NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(A) Trade Investment (at Cost)		
(1) Investment In Equity Instruments (fully paid-up) (Unquoted):		
(i) Investment in Subsidiary Companies :		
(a) 42,09,035 Shares (Previous Year 42,09,035 shares) of GBP 1 each of Elecon Transmission International Limited - Mauritius	3,066.05	3,066.05
(i) The Company has also pledged 42,09,035 shares of Elecon Transmission International Limited, Mauritius with the Bank of Baroda, Dubai towards security.		
(b) 2,70,170 Shares (Previous Year 0 shares) of ₹ 10/- each of Elecon EPC Projects Limited (During the year, the Company has received 2,43,153 shares on account of Sub-division of equity shares of the nominal face value from ₹ 100/- to ₹ 10/- each)	36.47	-
(c) 8,97,844 Shares (Previous Year 4,48,922) of S\$ 1/- each of Elecon Singapore Pte. Ltd.	247.60	124.59
(d) 6 Shares (Previous Year 3 Shares) of AED 1,00,000/- each of Elecon Middle East FZCO Pursuant to The Scheme, the Company has acquired additional shares of Elecon Singapore Pte. Ltd. & Elecon Middle East FZCO, as a result of which the said companies have become wholly owned subsidiaries w.e.f. 1st April, 2012.	72.61	36.31
(ii) Investment in Associates :		
(a) 1,29,965 Shares (Previous Year 1,29,965 Shares) of ₹ 10/- each of Elecon Peripherals Limited	13.00	13.00
	<u>3,435.73</u>	<u>3,239.95</u>
(2) Investment In Equity Instruments (fully paid-up) (Quoted):		
(i) Investment in Joint Ventures :		
(a) 9,58,426 Shares (Previous Year 9,58,426 Shares) of ₹ 10/- each of M/s. Eimco Elecon (India) Limited (Market Value ₹ 1,374.38 Lacs Previous year ₹ 1,583.80 Lacs)	217.29	217.29
(B) Other Investment (at Cost)		
(1) Investment In Equity Instruments (fully paid-up) (Quoted):		
(a) 2,500 Shares (Previous Year 2500 Shares) of ₹ 10/- each of HDFC Bank Ltd. (Market Value ₹ 15.63 Lacs Previous Year ₹ 13.00 Lacs)	0.05	0.05
(b) 10,789 Shares (Previous Year 10,789 Shares) of ₹ 10/- each of Bank of Baroda (Market Value ₹ 74.22 Lacs Previous Year ₹ 87.49 Lacs)	21.19	21.19
	<u>21.24</u>	<u>21.24</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(2) Investment In Equity Instruments (fully paid-up) (Unquoted):		
(a) 2,00,000 Shares (Previous Year 2,00,000) of ₹10 each of Eimco Elecon Electricals Ltd.	20.00	20.00
(b) 1,24,500 Shares (Previous Year 1,24,500 shares) of ₹ 10/- each of Wizard Fincap Ltd.	12.45	12.45
(c) 1 Share (Previous Year 1 Share) of ₹ 100/- each of Charotar Gramoddhar Sahakari Mandal Ltd.	-	-
(d) 80 Shares (Previous Year 80 Shares) of ₹ 10/- each of Karamsad Urban Co-operative Bank Ltd.	0.01	0.01
(e) 100 Shares (Previous Year 100 Shares) of ₹ 10/- each of Anand Auto Vehicle Owners Co-operative Credit Society Ltd.	0.01	0.01
(f) 1 Shares (Previous Year 1 Shares) of ₹ 100/- each of Anand Mercantile Co-operative Bank Limited	-	-
(g) 10 Shares (Previous Year 10) of ₹ 500/- each of Charotar Gas Sahakari Mandali Limited	0.15	0.05
	<u>32.62</u>	<u>32.52</u>
	<u>3,706.88</u>	<u>3,511.00</u>
(a) Aggregate amount of quoted investments	238.53	238.53
(b) Aggregate amount of unquoted investments	3,468.35	3,272.47
(c) Aggregate Market Value of quoted investments	1,464.23	1,684.28

15. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
A. Unsecured, Considered Good		
(a) Capital Advances	5.71	1,047.42
(b) Deposits	92.65	374.03
(c) Advances recoverable in Cash or Kind	12.04	46.51
(d) Advance Payment of Tax (net of provision for taxation)	452.94	423.24
(e) Loans and advances to related parties		
i) to Subsidiaries	1,735.80	759.38
ii) to Associates	97.77	88.48
Total (A)	<u>2,396.91</u>	<u>2,739.06</u>
B. Unsecured, Considered Doubtful		
(a) Loans and Advances to related parties		
i) to Associates	-	1,005.27
Less: Provision made for Doubtful	-	1,005.27
Total (B)	<u>-</u>	<u>-</u>
Total (A+B)	<u>2,396.91</u>	<u>2,739.06</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

16. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
(a) Long Term Trade Receivables	-	5,900.00
(b) Deposit with Original maturity of more than 12 months	66.59	66.34
(c) Margin Money Deposit	13.00	13.00
	<u>79.59</u>	<u>5,979.34</u>

- (i) Long term trade receivables represent retention money not due retained by various customers against big turnkey contracts as per the terms of agreement, and are receivable after satisfactory completion of the respective contracts.

17. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
At lower of cost or net realisable value		
(a) Raw Materials	3,669.32	7,701.89
(b) Raw Materials-in-Transit	14.71	41.45
(c) Semi-Finished Goods	8,489.63	17,486.67
(d) Finished Goods	1,480.34	2,927.41
(e) Stores and Spares	1,211.15	657.66
	<u>14,865.15</u>	<u>28,815.08</u>

18. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good :		
(a) Outstanding for a period exceeding six month from the due date	2,861.79	15,499.48
(b) Others	11,262.37	57,330.33
	<u>14,124.16</u>	<u>72,829.81</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

19. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Cash and Cash Equivalent		
(a) Balance with Banks:		
In Current Account	634.11	293.90
Deposit with original maturity of less than 3 months	-	775.00
Unpaid Dividend Bank Account	115.20	90.12
(b) Cash on hand	0.11	0.53
	<u>749.42</u>	<u>1,159.55</u>
(i) Balances with Banks (Fixed Deposit & Margin Money Deposit) having original / remaining maturity of more than 12 months from Balance Sheet date shown under Note No.16 "Other Non Current Assets"	79.59	79.34

20. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good :		
(a) Loans and Advances to related parties	9,282.31	-
(b) Advances Recoverable in Cash/Kind (Refer Note below)	6,535.60	6,525.78
(c) Balance with Collector of Custom, Port Trust, Excise etc.	780.53	1,281.45
(d) Loan to Staff	-	3.44
(e) Prepaid Expenses	68.52	-
	<u>16,666.96</u>	<u>7,810.67</u>

Note : Includes an amount of ₹ 125 Lacs due from Chairman & Managing Director & Executive Director, which is excess of limits specified under Section 198 & 349 of the Companies Act, 1956. The Company has filed an application to the Central Government for waiver of excess remuneration. The excess amount paid has since been recovered.

21. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Other Receivables		
From Related Parties	61.55	275.88
Receivable as per Scheme of Arrangement (Refer Note 3)	12,732.44	-
From Others	680.07	125.85
	<u>13,474.06</u>	<u>401.73</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

22. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Sale of Products		
Material Handling Equipments	-	68,744.72
Transmission Equipment Sales	52,731.49	53,117.97
WTG Sales	7.93	985.10
Export Sales	5,898.88	4,516.67
	<u>58,638.30</u>	<u>1,27,364.46</u>
(b) Sale of Services		
Erection Charges	493.98	4,638.76
(c) Other operating revenues		
Scrap Sales	284.75	958.53
Machinery Hire Charges	67.06	181.86
Duty Drawback	36.61	23.58
	<u>388.42</u>	<u>1,163.97</u>
	<u>59,520.70</u>	<u>1,33,167.19</u>

23. OTHER INCOME

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Interest Income	115.45	149.06
(b) Dividend Income	40.28	40.47
(c) Profit on Sales of Assets (Net of Losses)	66.90	9.42
(d) Profit/(Loss) on account of Exchange Variation	100.97	-
(e) Rent Income	718.00	216.00
(f) Miscellaneous Income	69.23	327.84
	<u>1,110.83</u>	<u>742.79</u>

24. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw Materials Consumed	27,841.01	77,713.32
	<u>27,841.01</u>	<u>77,713.32</u>
a. Raw Materials Consumed in broad heads :		
Iron & Steel	6,874.08	16,432.98
Forgings	4,045.60	5,622.06
Bearings	5,109.08	9,692.17
Electricals	96.81	4,746.92
Castings	3,228.62	7,259.58
Other Components	8,486.82	33,959.61
	<u>27,841.01</u>	<u>77,713.32</u>
b. Value of Indigenous and Imported Raw Materials Consumed during the year :		
Imported Value	4,775.49	5,714.58
Percentage	17%	6%
Indigenous Value	23,065.52	71,998.74
Percentage	83%	94%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Opening Stock :		
Semi-Finished Goods (WIP)	17,486.67	17,987.93
Finished Goods	2,927.40	3,133.45
	<u>20,414.07</u>	<u>21,121.38</u>
(b) Adjustments as per Scheme of Arrangement :		
Transferred on Slump Sale of MHE Undertaking	(9,403.64)	-
Addition pursuant to the Scheme of Arrangement	1,280.30	-
(c) Closing Stock :		
Semi-Finished Goods (WIP)	8,486.79	17,486.67
Finished Goods	1,480.34	2,927.40
	<u>9,967.13</u>	<u>20,414.07</u>
	<u>2,323.60</u>	<u>707.31</u>

26. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Stores, Tools and Spares Consumed	3,848.05	2,178.29
(b) Sub-Contracting Charges	144.14	4,712.37
(c) Power and Fuel	802.29	482.50
(d) Erection and Other Charges	57.47	1,150.42
(e) Other Manufacturing Expenses	495.64	1,079.44
	<u>5,347.59</u>	<u>9,603.02</u>
a. Value of Indigenous and Imported Stores, Tools and Spares consumed during the year :		
Imported Value	408.79	157.70
Percentage	11%	7%
Indigenous Value	3,439.26	2,020.59
Percentage	89%	93%

27. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Salaries and Wages (Incl. Managerial Remuneration)	4,745.19	6,660.42
(b) Contribution to Provident Fund	200.37	267.61
(c) Employees' Welfare Expenses	142.21	183.99
(d) Employees' Retirement Benefits	366.36	196.79
	<u>5,454.13</u>	<u>7,308.81</u>

28. FINANCE COST

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Interest Expense	2,901.43	5,560.16
(b) Other Borrowing Cost	47.46	173.96
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	59.27	61.69
	<u>3,008.16</u>	<u>5,795.81</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

29. OTHER EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Technical Know how and Design Fees	13.80	112.67
(b) Rent	850.13	78.45
(c) Computer Software Charges	357.76	316.66
(d) Rates & Taxes	160.77	227.12
(e) Excise Duty (excluding duty recovered from Customers)	(237.93)	31.37
(f) Repairs and Maintenance :		
Buildings	179.14	304.90
Machineries	945.41	731.28
Others	201.14	246.13
(g) Insurance (net of recoveries)	45.93	112.47
(h) Travelling Expenses	410.71	526.24
(i) Bank Charges	156.66	431.01
(j) Directors' Fees	6.60	6.60
(k) Commission to Non Executive Director	21.66	20.00
(l) Packing, Forwarding & Distribution Expenses (Net of recoveries)	893.25	1,381.02
(m) Commission & Brokerage	1,511.44	6,585.34
(n) Warranty Claim Replacement	8.72	9.05
(o) Bad Debts Written Off	339.08	890.62
(p) Liquidated Damages	337.65	1,151.16
(q) Advertisements & Sales Promotion Expenses	319.13	339.23
(r) Payment to Auditors	16.68	30.51
(s) Donations	30.14	39.31
(t) Lease Rentals	61.51	87.54
(u) Royalty Paid	29.55	142.53
(v) Technical Inspection Consultancy Fees	1.97	0.39
(w) Other Professional Consultancy Fees	496.43	1,655.25
(x) General Administrative Charges	686.59	937.66
(y) Loss on account of Exchange Variation	-	64.30
(z) Provisions for Loans & Investments in Associates	-	1,071.30
(aa) Research & Development Expenses	439.43	-
	<u>8,283.35</u>	<u>17,560.11</u>

a. Auditors' Remuneration

Auditors' remuneration includes the following amounts paid or adjusted as paid to them during the year :

(i) As Auditors	9.55	20.00
(ii) For Taxation Matters	1.57	3.95
(iii) For Company Law Matters	-	-
(iv) For Management Services	-	-
(v) For Other Services	4.83	6.23
(vi) Re-imbursement of Expenses	0.72	0.33
	<u>16.67</u>	<u>30.51</u>

Over & above the aforesaid payments, an amount of ₹ 0.90 Lacs (Previous Year ₹ 4.35 Lacs) has been paid to a concern of which one of the partners of the Statutory Auditors is a proprietor.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

30. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lacs)

(to the extent not provided for)

	As at 31st March, 2013	As at 31st March, 2012
(a) Contingent Liabilities:		
<u>Claims against the Company not acknowledged as debt</u>		
(i) Disputed Excise Duty & Service Tax against Demand Notices received	407.97	233.20
(ii) Disputed Sales Tax/Works Contract Tax	-	347.55
(iii) Disputed Income Tax Demand-Disputed by Company	638.26	928.54
(iv) Disputed Income Tax Demand-Disputed by Income tax Authorities	15.99	14.89
(v) Service Tax disputed & paid under Protest	-	191.92
(vi) Sales Bills Discounted under LC with Banks	1,209.26	6,151.32
(vii) NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting blue Technologies (RBT) of USA and the Company, in the court of Ohio, USA on account of non performing of Wind Mill supplied through Reflecting blue Technologies (RBT). The matter is pending in the court of Ohio, USA and amount of claim is unascertainable.	Unascertained	Unascertained
(viii) The Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US\$ 282,99,876 as a security for repayment of Financial facility availed by Elecon Transmission International Limited, Mauritius, a wholly owned subsidiary of the Company.	21,322.41	20,280.74
(ix) The Company has received assessment order for the year 2008-09 under the Central Sales (Gujarat) Tax Act with a demand of ₹ 90.93 Lacs. The Company has deposited ₹ 75 Lacs and the Company has preferred to go for appeal against the said order.		
<u>Guarantees</u>		
(i) Guarantees issued by Company's Bankers	7,321.96	45,513.10
(ii) Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 15.00 Million as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Elecon Transmission International Limited, Mauritius, a Wholly-owned Subsidiary of the Company.	1,246.91	1,154.96
(b) Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	9,549.92
(ii) Liability for Export Obligation under Export Promotion Credit Guarantee	9,239.51	10,171.36

31. RETIREMENT BENEFITS

- i) The Gratuity liability & liability in respect of Leave Encashment is determined based on the Actuarial Valuation done by Actuary as at balance sheet date in context of the Revised AS-15 issued by the ICAI, as follows:-

	Gratuity		Leave Encashment	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Expense recognized in the Statement of Profit and Loss :-				
Current Service Cost	64.45	64.28	54.77	53.98
Interest Cost	62.09	87.79	18.79	13.57
Employer Contribution	-	-	-	-
Expected Return on Plan Assets	(48.25)	(54.65)	-	-
Net Actuarial (Gains) / Losses	30.10	(19.55)	(15.75)	15.84
Past Service Cost	-	-	-	-
Settlement Cost	-	-	-	-
Total Expenses	108.38	77.87	57.80	83.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Gratuity		Leave Encashment	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Net Asset/(Liability) recognized in the Balance Sheet :-				
Present value of Defined Benefit Obligation	833.57	1,152.97	261.88	254.55
Fair value of plan assets	717.07	756.37	-	-
Funded status [Surplus/(Deficit)]	(116.50)	(396.60)	-	-
Net Asset/(Liability)	(116.50)	(396.60)	(261.88)	(254.55)
Current Liability	26.15	(216.54)	29.18	(37.15)
Non Current Liability	(142.65)	(180.06)	232.71	(217.39)
Change in Obligation during the Year :-				
Present value of Defined Benefit Obligation at beginning of the year	730.46	1,107.00	221.02	171.15
Current Service Cost	64.45	64.28	54.77	53.98
Interest Cost	62.09	87.79	18.79	13.57
Settlement Cost	-	-	-	-
Past Service Cost	-	-	-	-
Employer Contributions	-	-	-	-
Actuarial (Gains) / Losses	50.64	(18.77)	(15.75)	36.30
Benefits Payments	(74.07)	(87.33)	(16.95)	(20.47)
Present value of Defined Benefit Obligation at the end of the year	833.57	1,152.97	261.87	254.55
Change in Assets during the Year :-				
Plan assets at the beginning of the year	567.68	590.80		
Settlements	-	-		
Expected return on plan assets	48.25	54.65		
Contributions by Employer	154.66	197.46		
Actual benefits paid	(74.07)	(87.33)		
Actuarial (Gains) / Losses	20.55	0.79		
Plan assets at the end of the year	717.07	756.37		
Expected contribution during the year	-	225.00		
Actuarial Assumptions:				
Discount Rate	8.25%	8.50%	8.25%	8.50%
Expected rate of return on plan assets	8.70%	8.50%	-	-
Mortality pre retirement	-	-	-	-
Turnover Rate	2.00%	2.00%	2.00%	2.00%
Rate of escalation in salary (p.a.)	6.50%	6.50%	6.50%	6.50%

Past four years data for defined benefit obligation and fair value of plan assets are as under:-

(₹ in Lacs)

(i) Gratuity Plan	2008-09	2009-10	2010-11	2011-12
Present value of defined benefit obligation at the end of the year	973.72	1,047.43	1,107.00	1,152.97
Fair value of plan assets at the end of the year	293.14	472.86	590.80	756.37
Actuarial Assumptions:				
Discount Rate	7.93%	8.50%	7.93%	8.50%
Expected rate of return on plan assets	9.25%	-	9.25%	8.50%
Mortality pre retirement	-	-	-	-
Turnover rate	3% To 1%	2.00%	3% To 1%	2.00%
Rate of escalation in salary (p.a.)	4.50%	6.50%	4.50%	6.50%

- The rate of escalation in salary (p.a.) considered in actuarial valuation is worked out after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Mortality rates are obtained from the relevant data of Life Insurance Corporation of India.
- The liability for the gratuity ₹ 116.50 Lacs (Previous Year ₹ 396.60 Lacs) as shown in the balance sheet is after adjusting the Fair value of plan assets (Invested with LIC/SBI) as at March 31, 2013 of ₹ 717.07 Lacs (Previous Year ₹ 756.37 Lacs).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- ii) Liability in respect of Superannuation benefits extended to eligible employees is contributed by the Company to Life Insurance Corporation of India against a Master Policy @ 15% of the basic Salary of all the eligible employees subject to Maximum of ₹ 1.00 Lac. The Company is providing for the outstanding Liability amount allocable to the broken period beyond Annual Renewal date of the Scheme.
- iii) The Company's contributions paid/payable for the year to Provident Fund is charged to the Statement of Profit and Loss for the year of ₹ 152.78 Lacs (Previous Year ₹ 157.80 Lacs)

32. SEGMENT INFORMATION

- a) We.f. 1st April, 2012, after giving effect of the Scheme, the Company operates in a solitary business segment i.e. "Transmission Equipment". AS 17 requires Segment information to be prepared on the basis of Consolidated Financial Statements. Accordingly, segment information is disclosed in Consolidated Financial Statements.

33. EARNING PER SHARE

(₹ in Lacs, except per share data)

	As at 31st March, 2013	As at 31st March, 2012
Basic & Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share" (Before and after extraordinary items)		
a) Profit for Basic & Diluted Earning Per Share as per Statement of Profit and Loss	852.50	6,959.92
b) Weighted average number of Equity Shares	10,89,35,843	9,28,61,510
c) Earning Per Share (Basic & Diluted)	0.78	7.49
d) Face Value per Share	2.00	2.00

34. RELATED PARTY TRANSACTIONS

Related Party Disclosures as required by Accounting Standard (AS) 18 are given below:

A) Name of the related parties and nature of relationships :

- a) **Subsidiary Company**
 - (i) Elecon EPC Projects Limited (1st April, 2012)
 - (ii) Elecon Transmission International Limited, Mauritius
 - (iii) Elecon Singapore Pte. Limited (1st April, 2012)
 - (iv) Elecon Middle East FZCO (1st April, 2012)
- b) **Step Down Subsidiaries**
 - (i) Benzlers Systems AB, Sweden
 - (ii) Radicon Transmission UK Limited, U.K.
 - (iii) AB Benzlers, Sweden
 - (iv) Elecon USA Transmission Limited, USA
 - (v) Benzlers Transmission A.S., Denmark
 - (vi) Benzlers Antriebstechnik GmbH, Germany
 - (vii) Benzlers TBA B.V., Netherlands
 - (viii) Benzlers Antriebstechnik Gesmbh, Austria
 - (ix) OY Benzlers AB, Finland
 - (x) Benzlers SDN BDH Malaysia
 - (xi) Benzlers Italia s.r.l.
- c) **Associates and Joint Ventures**
 - (i) Eimco Elecon (India) Limited (Joint Venture)
 - (ii) Elecon Australia Pty. Limited (Associate)
 - (iii) Elecon Africa Pty. Limited (Associate)
 - (iv) Elecon Engineering (Suzhou) Co. Ltd., China (Associate)
 - (v) Elecon Peripherals Limited (Associate)
- d) **Individual having control/ significant influence**
 - (i) Shri Prayasvin B. Patel

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- e) **Key management Personnel**
 - (i) Shri Prayasvin B. Patel
 - (ii) Shri Prashant C. Amin
- f) **Enterprises over which (d) or (e) above have significant influence**
 - (i) Bipra Investments & Trusts Private Limited
 - (ii) Devkishan Investments Private Limited
 - (iii) K. B. Investments Private Limited
 - (iv) Elecon Information Technology Limited
 - (v) Emtici Engineering Limited
 - (vi) Prayas Engineering Limited
 - (vii) Speciality Wood Pack Private Limited
 - (viii) Power Build Limited
 - (ix) Kirloskar Power Build Gears Limited
 - (x) Akaaish Mechatronics Limited
 - (xi) Madhuban Prayas Resorts Limited
 - (xii) Wizard Fincap Limited
 - (xiii) Eimco Elecon Electricals Limited
 - (xiv) Excel EPC Projects Private Limited

B) Nature of transactions :

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Purchase of Material / Fin. Goods		
(i) Prayas Engineering Limited	-	9,869.42
(ii) Speciality Wood Pack Private Limited	658.18	-
(iii) Elecon Peripherals Limited	390.71	-
(iv) Others	538.92	2,294.26
Job work Income from other Co.		
(i) Prayas Engineering Limited	-	25.01
(ii) Power Build Limited	120.59	34.08
(iii) Elecon EPC Projects Limited	7.80	-
(iv) Elecon Peripherals Limited	6.58	-
(v) Others	18.42	0.69
Job work Expenses to other Co.		
(i) Prayas Engineering Limited	-	3,502.32
(ii) Power Build Limited	255.37	-
(iii) Others	44.82	266.14
Sale of Fin. Goods / Consumable Stores		
(i) Eimco Elecon (India) Limited	753.07	209.67
(ii) Prayas Engineering Limited	-	1,810.09
(iii) Power Build Limited	-	90.63
(iv) Elecon Middle East FZCO	-	380.39
(v) Elecon EPC Projects Limited	5,099.40	-
(vi) Others	1,420.10	297.67
Purchase of Fixed Assets		
(i) Elecon Information Technology Limited	28.51	6.46
(ii) Eimco Elecon (India) Limited	108.64	-
(iii) Prayas Engineering Limited	-	31.80
(iv) Eimco Elecon Electricals Limited	30.91	-
(v) Others	2.78	0.88
Expenses Charged to other Co.		
(i) Elecon EPC Projects Limited	524.78	-
(ii) Prayas Engineering Limited	-	128.75
(iii) Power Build Limited	98.11	45.66
(iv) Elecon Transmission International Limited, Mauritius	-	139.87
(v) Eimco Elecon (India) Limited	-	98.55
(vi) Emtici Engineering Limited	-	56.21
(vii) Others	77.03	19.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

B) Nature of transactions (Contd...)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Exp. Charged by other Co.		
(i) Akaaish Mechatronics Limited	737.88	555.99
(ii) Elecon Information Technology Limited	185.11	274.18
(iii) Emtici Engineering Limited	451.20	453.19
(iv) Prayas Engineering Limited	270.00	-
(v) Others	151.57	149.74
Sales Commission		
(i) Emtici Engineering Limited	-	5,927.79
(ii) Elecon Singapore Pte. Limited	107.66	-
(iii) Elecon Middle East FZCO	243.95	-
(iv) Others	-	130.96
Deposit/ Loan / Advances given		
(i) Elecon Transmission International Limited, Mauritius	946.28	370.41
(ii) Elecon EPC Projects Limited	2,025.00	-
Int. on above Loan/ Deposit		
(i) Elecon Transmission International Limited, Mauritius	64.20	28.91
(ii) Elecon Singapore Pte. Limited	4.35	3.90
(iii) Others	-	0.74
Purchase / Subscribe of Equity Shares		
(i) Elecon EPC Projects Limited	36.47	-
(ii) Excel EPC Projects Private Limited	1.00	-
Sale of Shares of Co.		
(i) Excel EPC Projects Private Limited	1.00	-
(ii) DRA India Ltd.	-	1.25
(iii) Elecon Windfarm Developers (Motagunda-Vinjalpur) Limited	-	1.28
Refund of Share Application Money		
(i) DRA India Ltd.	-	55.00
Receipt of Royalty		
(i) DRA India Ltd. (Previous Year incl. ₹ 43 Lacs received in advance)	-	143.00
Receipt of Dividend		
(i) Eimco Elecon (India) Limited	38.34	38.34
Others		
(i) Emtici Engineering Limited	-	17.47
Recovery of Loan		
(i) Elecon Middle East FZCO	-	15.97
(ii) Elecon Transmission International Limited, Mauritius	27.99	-
Consideration for Value of Net assets disposed through Slump Sale of MHE undertaking		
(i) Elecon EPC Projects Limited	12,732.44	-
Remuneration		
(i) Shri Prayasvin B. Patel	220.60	494.98
(ii) Shri Prashant C. Amin	225.06	205.09

C) Balance at Year End

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Outstanding Payable		
(a) Associates and Joint Ventures		
(i) Elecon Peripherals Limited	339.49	357.11
(ii) Others	-	19.38

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

C) Balance at Year End (Contd...)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(b) Enterprises over which Note No. 33(A)(d) or 33(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	551.10	2,929.79
(ii) Prayas Engineering Limited	273.03	6,241.90
(iii) Speciality Wood Pack Private Limited	277.65	-
(iv) Akaaish Mechatronics Limited	36.00	-
(v) Bipra Investments & Trusts Pvt. Limited	48.00	-
(vi) K. B. Investments Pvt. Limited	139.50	-
(vii) Kirlosker Power Build Gear Limited	32.50	-
(viii) Others	280.08	573.77
(c) Subsidiary Companies		
(i) Elecon Singapore Pte. Limited	244.33	-
(ii) Elecon Middle East FZCO	67.52	-
(ii) Outstanding Receivables:		
(a) Subsidiary Company		
(i) Elecon Transmission International Limited, Mauritius	1,735.80	275.88
(ii) Elecon EPC Projects Limited	19,856.84	-
(iii) Elecon Singapore Pte. Limited	223.10	-
(iv) Elecon Middle East FZCO	93.72	-
(b) Step down Subsidiaries		
(i) Radicon Transmission UK Limited, U.K.	257.80	86.45
(ii) AB Benzlers, Sweden	18.96	156.53
(iii) Elecon USA Transmission Limited, USA	135.45	-
(c) Associates and Joint Ventures		
(i) Eimco Elecon (India) Limited	85.80	106.05
(ii) Elecon Middle East FZCO	-	101.57
(iii) Elecon Peripherals Limited	0.79	-
(iv) Others	-	29.69
(d) Enterprises over which Note No. 33(A)(d) or 33(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	-	46.44
(ii) Prayas Engineering Limited	-	202.20
(iii) Power Build Limited	30.75	-
(iv) Others	0.65	12.11
(iii) Investments:		
(a) Subsidiary Companies		
(i) Elecon Transmission International Limited, Mauritius	3,066.05	3,066.05
(ii) Elecon EPC Projects Limited	36.47	-
(iii) Elecon Singapore Pte. Limited	124.59	-
(iv) Elecon Middle East FZCO	36.31	-
(b) Associates and Joint Ventures		
(i) Eimco Elecon (India) Limited	217.29	217.29
(ii) Elecon Singapore Pte. Limited	-	124.59
(iii) Others	-	49.30
(c) Enterprises over which Note No. 33(A)(d) or 33(A)(e) of above have significant influence		
(i) Wizard Fincap Limited	12.45	12.45

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

35. DISCLOSURES SPECIFIED BY THE MSMED ACT

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act could not been given.

36. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

37. CIF VALUE OF IMPORTS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Raw Materials	4,517.33	5,607.26
b) Stores and Spares	346.93	358.08
c) Capital Goods	1,919.82	6,580.51

38. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Interest	223.40	233.61
b) Technical Know How	-	10.49
c) Technical Consultancy Fees	57.09	218.81
d) Legal and Professional fees	-	573.16
e) Others	869.80	693.96

39. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Export of Goods calculated on F.O.B. basis		
Reduction Gears	5,898.88	3,662.34
Conveying Equipments	-	854.33
b) Royalty, Know-How, Professional and Consultation Fees	-	-
c) Servicing Income	11.89	-

40. PROPOSED DIVIDEND

The Board of Directors have proposed equity dividend of ₹ 1/- (Previous Year ₹ 1.80) per equity share of ₹ 2/- each. The aggregate amount of equity dividend proposed to be distributed is ₹ 1274.50 Lacs (Previous Year ₹ 1942.67 Lacs) Including Dividend Distribution Tax of ₹ 185.14 Lacs (Previous Year ₹ 271.16 Lacs).

41. In view of the Scheme of Arrangement as stated in Note 3, the current year figures are not comparable with previous year figures.

42. Note 1 to 41 form an integral part of the financial statements.

Signature to Balance Sheet and Statement of Profit and Loss and note 1 to 41.

As per our report of even date attached

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel
Chairman and
Managing Director

Paresh M. Shukla
Company Secretary

Jal Patel
Director

Place : Vallabh Vidyanagar
Date : 23-05-2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of
ELECON ENGINEERING COMPANY LIMITED

We have audited the accompanying consolidated financial statements of ELECON ENGINEERING COMPANY LIMITED (the "Company"), its subsidiaries and its joint ventures (the Company its subsidiaries and its joint ventures constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of subsidiaries and joint ventures, whose financial statements reflect total assets of ₹ 29,051.99 Lacs as at 31st March 2013, the total revenue of ₹ 33,382.30 lacs and cash inflows amounting to ₹ 9.75 Lacs for the year then ended, and of certain associate companies whose financial statements reflect the Group's share in the profit / (loss) (net) of such associate companies of ₹ 4.72 Lacs for the year ended on 31st March 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

Our opinion is not qualified in respect of this matter.

For, **THACKER BUTALA DESAI**
Chartered Accountants
Firm Regn. No. 110864W

Place : Navsari
Date : 27-05-2013

M. T. DESAI
Partner
M. No. : 030911

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
I. EQUITIES AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	2,178.72	1,857.23
(b) Reserves and Surplus	4	51,600.44	44,012.06
		<u>53,779.16</u>	<u>45,869.29</u>
(2) Minority Interest		3,434.47	-
(3) Non - Current Liabilities			
(a) Long-Term Borrowings	5	18,403.54	19,907.05
(b) Deferred Tax Liabilities	6	4,394.43	4,485.73
(c) Other Long Term Liabilities	7	12,822.85	6,070.46
(d) Long-Term Provisions	8	521.05	406.91
		<u>36,141.87</u>	<u>30,870.15</u>
(4) Current Liabilities			
(a) Short-Term Borrowings	9	43,939.84	38,015.73
(b) Trade Payables		53,979.38	50,901.68
(c) Other Current Liabilities	10	18,278.14	23,771.81
(d) Short-Term Provisions	11	3,038.79	2,763.47
		<u>1,19,236.15</u>	<u>1,15,452.69</u>
TOTAL		<u><u>2,12,591.65</u></u>	<u><u>1,92,192.13</u></u>
II. ASSETS			
(1) Goodwill on Consolidation		5,261.77	5,084.84
(2) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		51,175.08	41,667.99
(ii) Intangible Assets		6,086.97	6,378.13
(iii) Capital Work-in-Progress		1,004.18	4,172.30
		<u>58,266.23</u>	<u>52,218.42</u>
(b) Non-Current Investments	13	469.63	615.26
(c) Net Deferred Tax Assets		258.82	214.81
(d) Long-Term Loans And Advances	14	1,089.00	2,201.24
(e) Other Non-Current Assets	15	3,893.49	5,979.34
		<u>63,977.17</u>	<u>61,229.07</u>
(3) Current Assets			
(a) Current Investments		813.05	737.65
(b) Inventories	16	39,285.87	36,075.65
(c) Trade Receivables	17	83,772.04	78,327.17
(d) Cash and Bank Balances	18	3,167.90	1,888.77
(e) Short-Term Loans and Advances	19	15,483.88	8,700.72
(f) Other Current Assets	20	829.97	148.26
		<u>1,43,352.71</u>	<u>1,25,878.22</u>
TOTAL		<u><u>2,12,591.65</u></u>	<u><u>1,92,192.13</u></u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS 2A

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI

Chartered Accountants

M. T. Desai

Partner

M. No. 030911

Firm Regi. No. 110864W

Place : Navsari

Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel

Chairman and
Managing Director

Jal Patel

Director

Paresh M. Shukla

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Note	Year Ended 31st March, 2013	Year Ended 31st March, 2012
I. Revenue from Operations (Gross)		1,64,561.33	1,71,346.03
Less : Excise Duty		(11,876.67)	(10,024.34)
Revenue from Operations (Net)	21	1,52,684.66	1,61,321.69
II. Other Income	22	738.17	798.08
III. Total Revenue (I + II)		1,53,422.83	1,62,119.77
IV. Expenses:			
a. Cost of Materials Consumed	23	77,431.52	91,623.59
b. Purchases of Stock-in-Trade		1,592.75	1,212.80
c. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	1,678.94	1,144.72
d. Manufacturing Expenses and Erection Charges	25	13,056.85	9,609.51
e. Employee Benefits Expense	26	18,471.55	14,445.22
f. Finance Costs	27	8,168.32	6,634.71
g. Depreciation and Amortization Expense		5,708.99	4,864.71
h. Other Expenses	28	19,630.63	22,416.65
Total Expenses		1,45,739.55	1,51,951.91
V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		7,683.28	10,167.86
VI. Exceptional Items		(2,668.29)	149.34
VII. Profit Before Extraordinary Items and Tax (V - VI)		5,014.99	10,317.20
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		5,014.99	10,317.20
X. Tax Expense:			
(a) Current Tax		2,268.90	3,746.11
(b) Deferred Tax		(111.58)	350.68
(c) (Excess)/Short Provision of Taxation		(81.82)	166.87
XI. Profit for the Year (IX-X)		2,939.49	6,053.54
XII. Minority Interest		(1,150.99)	-
XIII. Share of Profit of Associates		4.72	30.87
XIV. Profit/Loss on Disposal of Associates		-	25.61
XV. Profit After Taxation, Minority Interest & Share of Associates		1,793.22	6,110.02
XVI. Earnings per Equity Share:			
(1) Basic		1.65	6.58
(2) Diluted		1.65	6.58
Face Value Per Share (₹)		2.00	2.00

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS 2A

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai

Partner

M. No. 030911

Firm Regi. No. 110864W

Place : Navsari

Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel

Chairman and
Managing Director

Jal Patel

Director

Paresh M. Shukla

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
[A] CASH FLOW FROM OPERATING ACTIVITIES		
1. Net Profit Before Tax & Minority Interest	5,014.99	10,317.20
2. Adjustments for:		
[i] Depreciation and Amortisation	5,708.99	4,864.71
[ii] Interest Expenses	8,168.32	6,634.71
[iii] Interest Income	(130.72)	(173.95)
[iv] Unrealised Exchange (gain) / loss (net)	115.63	(92.60)
[v] Profit on Sales of Fixed Assets & Investments	(24.63)	(28.53)
[vi] Provisions for Loans given to Associates Companies considered doubtful	-	1,005.27
[vii] Bad Debts Written Off / Provision for Doubtful Debts	759.45	937.23
[viii] Dividend Income	(51.67)	(36.18)
[ix] Exceptional Item	2,668.29	-
Operating Profit Before Working Capital Changes (1+2)	<u>22,228.65</u>	<u>23,427.86</u>
3. Adjustments for Working Capital changes:		
[i] Trade & Other Receivables (Increase) / decrease in Trade receivables (Increase) / decrease in Other receivables	16,941.37 (6,537.97)	(19,264.90) 1,399.19
[ii] Trade & Other Payables (Increase) / decrease in Trade Payables (Increase) / decrease in Other Payables	(5,744.21) (3,875.48)	13,626.91 4,232.59
[iii] Inventories	(3,210.22)	2,505.79
Cash Generated From Operations	19,802.14	25,927.44
4. Less: Direct Taxes Paid	(2,183.36)	(4,344.45)
NET CASH FROM OPERATING ACTIVITIES [A]	<u>17,618.78</u>	<u>21,582.99</u>
[B] CASH FLOW FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets	(13,672.04)	(13,370.65)
2. Sale of Fixed Assets	3,497.52	177.49
3. Purchase of Investments	-	(857.48)
4. Sale of Investments	148.63	-
5. Interest Received	130.72	173.31
6. Dividend Received	51.67	36.18
NET CASH FROM INVESTING ACTIVITIES [B]	<u>(9,843.50)</u>	<u>(13,841.15)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
[C] CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds / Repayment from / of Borrowings	3,224.45	54.44
2. Finance Cost	(8,188.98)	(6,691.08)
3. Dividend Paid	(1,531.62)	(1,926.99)
NET CASH FROM FINANCING ACTIVITIES [C]	(6,496.15)	(8,563.63)
[D] NET INCR./(DECR.) IN CASH & CASH EQUIVALENTS [A+B+C]	1,279.13	(821.79)
[E] Cash & Cash Equivalents at the beginning of the year	1,888.77	2,710.56
[F] Cash & Cash Equivalents at the end of the year	3,167.90	1,888.77

Notes :-

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- In view of the Scheme of Arrangement as stated in Note 2B, the current year figures are not comparable with previous year figures.

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai

Partner

M. No. 030911

Firm Regi. No. 110864W

Place : Navsari

Date : 27-05-2012

For and on behalf of the Board of Directors

P. B. Patel

Chairman and
Managing Director

Jal Patel

Director

Paresh M. Shukla

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.

1A. BASIS OF PREPARATION

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ['GAAP'] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the periods, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the periods in which the results are known.

1B. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the financial statements of Elecon Engineering Company Limited ('the Company'), its subsidiaries, joint ventures and associate companies as described in Note No. 29 (collectively referred to as 'the Group').

The Consolidated Financial Statements have been prepared on the basis of Accounting Standard (AS) 21, 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.

The financial statements of the parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resultant unrealized profits/ losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries. The excess or deficit of parent's portion of equity in the subsidiary Company over its cost of investment, if any, is treated as a capital reserve or recognized as goodwill respectively.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where it is not practicable to do so. Considering that the financial statements of the foreign subsidiaries have been prepared under the laws and regulations applicable to their respective country of incorporation, these consolidated financial statements have been prepared substantially in the same format adopted by the Company to the extent possible, as required by the Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the period. Exchange gains/losses arising on conversion are recognized under Foreign Currency Translation Reserve.

Investment in associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, are accounted for using equity method as per Accounting Standard (AS) 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by Companies (Accounting Standards) Rules, 2006.

The Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

The difference between the cost of investment in the associates and the Company's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - 'Financial Reporting of Interests in Joint Ventures' notified by Companies (Accounting Standards) Rules, 2006.

2A. SIGNIFICANT ACCOUNTING POLICIES

a) Fixed Assets

- i) **Tangible Assets:** Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and attributable cost of bringing the Assets to its working condition for its intended use, but excludes Cenvat/Service Tax/VAT credit availed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.

- ii) **Intangible Assets:** Intangible Assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.
- b) **Borrowing Cost**
Financing costs relating to deferred credits or borrowed funds attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition of fixed assets are included in the cost of the assets to which they relate.
- c) **Depreciation & Amortisation**
Indian Companies
Plant & Machineries are depreciated on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.
In respect of all other Fixed Assets, depreciation is provided on Written Down Value Method, at the rates specified in Schedule XIV to the Companies Act, 1956.
Depreciation is provided on pro-rata basis:
 - i) From the date of addition, in case of additions during the year to the Fixed Assets; and
 - ii) Up to the date of disposal, in case of disposals during the year of the Fixed Assets.Intangible assets are amortised as follows:
 - i) Software & Licences: over a period of six years
 - ii) Technical Know-How : over a period of six years from the date of actual production**Foreign Companies**
Depreciation and Amortisation has been provided by the Foreign Companies on methods and at the rates required / permissible by the local laws so as to depreciate assets over their useful life.
- d) **Inventories**
Materials and other supplies are usually held for use in the production of finished goods. These are not written down below cost if the finished goods in which they will be consumed are expected to be sold at or above cost.
Inventories are valued at lower of cost or estimated net realizable value. The cost of inventories is arrived at on the following basis:
Raw Materials and Stores : Weighted Average Cost
Stock-in-process : Raw Materials at Weighted Average Cost & absorption of Labour and Overheads
Finished Goods : Raw Materials at Weighted Average Cost & absorption of Labour and Overheads
- e) **Investments**
Investments are generally of long term nature and are stated at cost unless there is other than temporary diminution in their value as at the date of Balance Sheet.
Investments in Overseas Associates / Subsidiaries are stated at cost of acquisition.
- f) **Provisions, Contingent Liabilities and Contingent Assets**
Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by the future event not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognized in the financial statements.
- g) **Revenue recognition**
 - i) Sale of goods is generally recognized on dispatch to customers and is shown net of recoveries.
 - ii) Income on turnkey contracts is accounted for on the basis of billings made on customers against mutually agreed billing schedules.
Advances received from customers in respect of contracts, which are not in relation to work performed thereon, are shown as "Advance from Customers".
Amounts retained by customers until satisfaction of conditions specified in the contract for release of such amounts are reflected as Sundry Debtors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.

Credits are taken for claims in respect of cost escalation and extra work as and when and to the extent admitted by customers.

Provision is made in full for claims or penalties payable arising out of delays in completion or from any other causes as and when admitted.

- iii) Interest revenues are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividend from investments in Shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.
- v) Consistent with past practice, export incentives are accounted for as and when the claims thereof have been admitted by the authorities.

h) Foreign Currency Transactions

Transactions in foreign currencies are generally recorded by applying to the foreign currency amount, the exchange rate existing at the time of the transaction. However, where Forward Exchange Contracts are entered into, the forward rates specified in the related Forward Exchange Contracts have been used as the basis of measuring and recording the transactions.

Gains or losses on settlement, in a subsequent period of transactions entered into in an earlier period are credited or charged to the Statement of Profit and Loss.

Revenue items of non-integral foreign operations are consolidated at the average rate prevailing during the period. All assets and liabilities of non-integral foreign operations are converted at the rates prevailing at the end of the period. Exchange gains/losses arising on conversion are recognized under Foreign Currency Translation Reserve.

i) Employee Benefits

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan), is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are expensed to the Statement of Profit and Loss of the year as Employees Costs.

The Company's contribution in case of defined contribution plans (Provident Fund, Superannuation benefit and other funds) is charged to Statement of Profit and Loss as and when it is incurred as Employee Costs.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

j) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. The impairment loss recognized in prior periods is reversed if there has been a change in the estimate of recoverable amount.

k) Accounting for Tax

Indian Companies

- (a) Current Tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of Income Tax Act, 1961.
- (b) Deferred Tax resulting from "timing differences" between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. Deferred Tax Assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. Net Deferred Tax Liability is arrived at after setting off Deferred Tax Assets.

Foreign Companies

Foreign Companies recognise Tax Liabilities and Assets in accordance with the applicable local laws.

2B. Scheme of Arrangement

As per Order dated 21st December, 2012, the Hon'ble High Court of Gujarat has approved the Scheme of Arrangement ("the Scheme") between the Company, Prayas Engineering Ltd. (PEL) and Emtici Engineering Ltd. (EMTICI), Elecon EPC Projects Ltd. and their respective Shareholders and Creditors.

The Appointed Date of the Scheme was 1st April, 2012.

The Scheme became effective from 1st April, 2013. This financial statements have been prepared after giving effect of the Scheme from its Appointed Date i.e. 1st April, 2012 .

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.

Scheme of Arrangement included the following:

i) **Slump Sale of MHE Undertaking :**

Pursuant to "the Scheme", MHE Business undertaking of the Company comprising the business activity of manufacture of Material Handling Equipment along with all related assets (excluding Land, Building, Investment), liabilities, employees has been transferred by way of slump sale to Elecon EPC Projects Ltd. for consideration of ₹ 12,732.44 Lacs.

The exceptional item of ₹ 2,668.29 Lacs shown in Statement of Profit & Loss represents the Loss on account of this arrangement which has been computed as under:-

<u>Particulars</u>	<u>₹ In Lacs</u>
Slump Sale Consideration	12,732.44
Less: Value of Net Assets disposed on Slump Sale	
Total Assets disposed	95,402.05
Less: Total Liabilities disposed	80,001.32
Loss on Slump Sale	2,668.29

ii) **Merger of PEL Gear Undertaking into Company :**

Pursuant to "the Scheme", PEL Gears Undertaking (Gear business of PEL) along with all its related assets (excluding Land & Building) liabilities, employees, was merged into the Company on going concern basis.

(a) Pursuant to the said scheme, the Company on 12th April 2013 has allotted 49 (Forty nine) Equity Shares of the face value of ₹ 2/- each against 4 (Four) Equity Shares having face value of ₹ 10/- each held by Shareholders of Prayas Engineering Limited.

(b) Pursuant to the said Scheme, the Assets and Liabilities of Prayas Engineering Limited (Gear Divn.) have been transferred to the Company. Accordingly, net assets of ₹ 3,187.01 Lacs have been shown below:-

<u>Particulars</u>	<u>₹ In Lacs</u>
Total Assets	9,128.36
Total Liabilities	5,941.35
Net Assets	3,187.01
Adjusted Against	
Issue of Equity Share Capital	204.49
Credit to General Reserve	2,982.52
Total	3,187.01

iii) **Merger of EMTICI Gear Undertaking into Company:**

Pursuant to "the Scheme", EMTICI Gear Undertaking (Marketing & Servicing business related to Company & Emtici Gear business) along with all related assets (excluding Land & Building), liabilities was merged into the Company on going concern basis.

(a) Pursuant to the said Scheme the Company on 12th April, 2013 has allotted 39 (Thirty Nine) Equity Shares of the face value of ₹ 2/- each against 4 (Four) Equity Shares having face value of ₹ 10/- each held by Shareholders of Emtici Engineering Limited.

(b) Pursuant to the said scheme, the assets and liabilities of Emtici Engineering Limited (Gear Divn.) have been transferred to the Company. Accordingly, net assets of ₹ 371.38 Lacs have been shown below:-

<u>Particulars</u>	<u>₹ In Lacs</u>
Total Assets	1,264.34
Total Liabilities	892.96
Net Assets	371.38
Adjusted Against	
Issue of Equity Share Capital	117.00
Credit to General Reserve	254.38
Total	371.38

iv) In view of the above Scheme of Arrangement, the current year figures are not comparable with previous year figures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

3. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Authorised Share Capital		
i) 225,000,000 (Previous Year 225,000,000) Equity Shares of ₹ 2/- each	4,500.00	4,500.00
ii) 25,000,000 (Previous Year 25,000,000) Cumulative Redeemable Preference Shares of ₹ 2/- each	500.00	500.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued Subscribed and Paid-up Capital		
92,861,510 Equity Shares of ₹ 2/- each (Previous Year 92,861,510 Equity Shares of ₹ 2/- each)	1,857.23	1,857.23
Share Suspense Account	321.49	-
Total	<u>2,178.72</u>	<u>1,857.23</u>

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

Particulars	31st March, 2013	31st March, 2012
Outstanding at the beginning of the Year	9,28,61,510	9,28,61,510
Add : Issued During the year	-	-
Outstanding at the end of the Year	9,28,61,510	9,28,61,510

(ii) Rights, Preferences and Restrictions attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of Shareholders holding more than 5 percent Equity Shares:

Particulars	31st March, 2013	31st March, 2012
Equity Shares of ₹ 2/- each fully paid		
(a) Emtici Engineering Limited	2,16,47,677 23.31%	2,15,99,177 23.26%
(b) Prayas Engineering Limited	1,00,78,471 10.85%	1,00,34,714 10.81%
(c) K. B. Investments Pvt. Ltd.	56,91,265 6.13%	56,38,765 6.07%

(iv) Aggregate number of Equity Shares allotted as fully paid up pursuant to contract without payment being received in Cash, Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:-

Particulars	31st March, 2013	31st March, 2012
(a) Equity Shares allotted as fully paid up bonus shares by capitalisation of Share Premium and Reserve	61,907,673	61,907,673
(b) Equity Shares allotted as fully paid up on conversion of FCCB of Series A' 9,000 nos. of \$ 1,000 each.	2,716,787	2,716,787

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Capital Reserve on Consolidation	246.93	-
(b) Capital Reserve		
As per Last Financial Statements	0.48	0.48
Closing Balance	0.48	0.48
(c) Share Premium Account		
As per Last Financial Statements	2,881.94	2,881.94
Closing Balance	2,881.94	2,881.94
(d) General Reserve		
As per Last Financial Statements	39,822.51	34,531.74
Add : Transferred from Surplus in Statement of Profit and Loss	407.69	5,290.77
Add : Transferred pursuant to the Scheme of Arrangement	7,302.59	-
Closing Balance	47,532.79	39,822.51
(e) Surplus in Statement of Profit and Loss		
As per Last Financial Statements	1,241.98	2,409.95
Add : Transferred during the year from Statement of Profit and Loss	1,793.22	6,110.02
Less : Appropriations		
Proposed Dividend	1,089.36	1,709.84
Tax on Proposed Dividend	278.90	277.38
Transfer to General Reserve	407.69	5,290.77
Net Surplus in Statement of Profit and Loss	1,259.25	1,241.98
(f) Foreign Currency Translation Reserve	(320.95)	65.15
Total Reserves and Surplus	51,600.44	44,012.06

5. LONG-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Secured		
(a) 11% Non Convertible Debentures	2,500.00	-
(b) Term loans		
From Banks	15,572.54	18,275.73
(c) Corporate Loans		
From Banks	-	1,053.33
(d) Vehicle Loans		
From Banks	66.95	77.00
Unsecured		
(a) Other Loans and Advances	264.05	500.99
	18,403.54	19,907.05

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Deferred Tax Liabilities		
In respect of difference between book & Tax W. D. V.	4,485.29	4,539.79
(b) Deferred Tax Assets		
In respect of disallowance under the Income Tax Act.	(90.86)	(268.87)
Net Deferred Tax Liability	<u>4,394.43</u>	<u>4,270.92</u>
The deferred tax liabilities/assets are off-set, where the group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows :		
Deferred Tax Liabilities	4,394.43	4,485.73
Deferred Tax Assets	(258.82)	(214.81)
	<u>4,135.61</u>	<u>4,270.92</u>

7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Trade Payables	230.16	552.77
(b) Deposits	106.72	118.68
(c) Advance from Customers	8,034.43	1,312.60
(d) Pension Liability	4,451.54	4,086.41
	<u>12,822.85</u>	<u>6,070.46</u>

8. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for Employee Benefits :		
Provision for Gratuity	69.26	180.06
Provision for Leave Encashment	451.79	226.85
	<u>521.05</u>	<u>406.91</u>

9. SHORT-TERM BORROWINGS

(₹ in Lacs)

Secured		
(a) Loans repayable on demand:		
Working Capital Loans		
- From Banks	39,792.62	28,318.39
Unsecured		
(a) Working Capital Loans		
- From Banks (Unsecured) (Including Commercial Paper)	3,596.22	9,697.34
(b) Other Loans		
- From Related Parties	551.00	-
	<u>43,939.84</u>	<u>38,015.73</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Current maturities of		
Term Loan (Secured)	7,071.35	5,932.46
Corporate Loan (Secured)	-	2,200.00
Vehicle Loan (Secured)	46.03	158.11
Finance Lease obligations (Secured)	236.95	259.91
(b) Advance from Customers	9,749.97	13,418.48
(c) Interest accrued but not due on borrowings	338.51	359.03
(d) Interest accrued and due on borrowings	-	0.14
(e) Unpaid Dividends	117.26	92.13
(f) Statutory & Other Liabilities	681.04	1,314.26
(g) Unpaid matured deposits and interest accrued thereon.	-	0.09
(h) Deposits	17.02	-
(i) Other Payable	20.01	37.20
	<u>18,278.14</u>	<u>23,771.81</u>

11. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for Employee Benefits:		
Provision for Leave Encashment	257.00	38.37
Provision for Gratuity	61.17	216.54
Provision for Superannuation	282.69	43.10
(b) Proposed Dividend	1,462.87	1,709.84
(c) Dividend Tax on Proposed Dividend	335.86	277.38
(d) Other Provisions	639.20	478.24
	<u>3,038.79</u>	<u>2,763.47</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12. FIXED ASSETS

(₹ in Lacs)

Sr. No.	Nature of Assets	Gross Block (At Cost)					Depreciation				Net Block					
		As at 1st April 2012	Additions during the Year	Additions pursuant to Scheme	Adjustment due to Slump Sale	Deductions during the Year	Exchange Rate Movements	As at 31st March 2013	As at 1st April 2012	Accumulated additions for the year	On Deductions during the Year	For the year	Exchange Rate Movements	As at 31st March 2013	As at 31st March 2012	
I. Tangible Assets																
(a)	Land (Freehold)	2,366.39	53.01	-	-	(267.54)	9.84	2,161.70	-	-	-	-	-	2,161.70	2,366.39	
(b)	Buildings	7,339.40	4,192.67	-	-	(3,064.57)	579.21	9,046.71	3,031.42	-	(1,051.02)	435.50	466.08	6,164.73	4,307.98	
(c)	Plant and Machinery	53,367.94	10,625.26	3,960.80	(2,363.18)	(925.03)	(595.28)	64,070.51	22,213.55	-	(529.85)	3,755.03	105.45	38,526.33	31,154.38	
(d)	Furniture and Fixtures	664.11	213.05	39.23	11.13	0.07	(4.60)	922.99	385.95	16.46	-	79.74	(3.44)	444.28	278.16	
(e)	Vehicles	1,564.56	105.43	280.04	37.31	(138.04)	(1.65)	1,847.65	583.68	15.25	(74.66)	288.14	(0.85)	1,036.09	980.88	
(f)	Office Equipments	3,455.97	208.15	122.53	(251.24)	6.55	9.00	3,550.96	2,708.33	13.51	(0.12)	231.86	8.40	588.98	747.63	
(g)	Others :															
(i)	Electrical Installations	646.95	292.55	76.84	(14.91)	-	-	1,001.43	237.93	-	0.09	85.12	0.01	678.28	409.02	
(ii)	Electrical Fittings	77.22	138.77	-	2.20	-	-	218.19	67.24	-	(9.07)	6.48	-	153.54	9.98	
(iii)	Air Conditioning Plant	464.05	38.18	8.84	(13.42)	(0.59)	-	497.06	214.70	-	(1.76)	39.11	0.01	245.00	249.35	
(iv)	Sundry Equipments	378.18	982.96	3.13	(44.68)	-	(60.05)	1,259.54	249.90	-	750.08	124.87	(143.00)	277.69	43.57	
(v)	Site Office Equipments	60.08	10.05	-	0.33	-	(2.98)	67.48	17.22	-	-	25.88	(4.58)	28.96	42.86	
(vi)	R&D Equipments	1,211.11	1.68	-	-	(1.24)	-	1,211.55	218.04	-	(1.17)	125.18	-	869.50	1,077.78	
Total		71,595.95	16,861.76	4,491.41	(2,636.46)	(4,390.39)	(66.50)	85,855.77	29,927.96	45.22	(917.48)	5,196.91	428.08	51,175.08	41,667.99	
Previous Year		62,943.61	8,727.31	-	-	(521.22)	446.25	71,595.95	25,795.44	-	(372.26)	4,419.11	85.67	29,927.96	41,667.99	
II. Intangible Assets																
(a)	Technical Knowhow Fees	623.03	-	-	(7.18)	-	-	615.85	360.93	-	-	86.16	0.01	168.76	262.10	
(b)	Software	34.88	180.22	17.35	(0.43)	-	-	232.02	3.92	-	-	38.60	-	189.50	30.96	
(c)	Goodwill Acquisition	3,713.68	-	-	-	-	(890.90)	2,822.78	225.39	-	-	-	(225.39)	2,822.78	3,488.29	
(d)	Licenses	402.91	49.65	-	(24.20)	-	-	428.36	4.32	-	-	70.82	-	353.22	398.59	
(e)	Others - IPR	2,363.99	12.44	-	-	-	937.10	3,313.53	165.80	-	-	316.50	278.52	2,552.71	2,198.19	
Total		7,138.49	242.31	17.35	(31.81)	-	46.20	7,412.54	760.36	-	-	512.08	53.14	1,325.57	6,086.97	6,378.13
Previous Year		5,947.80	437.79	-	-	-	752.90	7,138.49	311.56	-	-	445.60	3.20	760.36	6,378.13	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

13. NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(A) Trade Investment (at Cost)		
(1) Investment in Associates :		
Cost of Investment	13.00	173.90
Add : Share of Post Acquisition Profit (Net of Accumulated Losses)	182.47	298.66
	<u>195.47</u>	<u>472.56</u>
(B) Other Investment (at Cost)		
(1) Investment in Property	81.52	-
(2) Investment in Equity Instruments (fully paid-up) (Quoted):	50.24	97.56
(3) Investment in Equity Instruments (fully paid-up) (Unquoted):	45.24	45.14
(4) Investments in Bond Non Trade (Quoted)	97.16	-
	<u>469.63</u>	<u>615.26</u>

14. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(A) Unsecured, Considered Good		
(a) Capital Advances	38.00	1,069.86
(b) Deposits	548.00	386.40
(c) Advances recoverable in Cash or Kind	13.00	46.51
(d) Advance Payment of Tax (Net of Provision for Taxation)	490.00	609.99
(e) Loans and Advances to related parties		
i) to Associates	-	88.48
	<u>1,089.00</u>	<u>2,201.24</u>
(B) Unsecured, Considered Doubtful		
(a) Loans and Advances to related parties		
i) to Associates	-	1,005.27
Less : Provision for doubtful advances	-	(1,005.27)
	<u>1,089.00</u>	<u>2,201.24</u>

15. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
(a) Long Term Trade Receivables	3,656.26	5,900.00
(b) Deposit with Original maturity of more than 12 months	224.23	66.34
(c) Margin Money Deposit	13.00	13.00
	<u>3,893.49</u>	<u>5,979.34</u>

- (i) Long Term Trade Receivables represent retention money not due retained by various customers against big turnkey contracts as per the terms of agreement, and are receivable after satisfactory completion of the respective contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

16. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
At lower of cost or net realisable value		
(a) Raw Materials	12,687.12	11,217.00
(b) Raw Materials-in-Transit	24.09	41.45
(c) Semi-Finished Goods	20,169.18	17,813.79
(d) Finished Goods	3,304.04	5,324.93
(e) Stores and Spares	2,853.87	1,460.37
(f) Stock-in-Trade	235.14	218.11
(g) Goods-in-Transit	12.43	-
	<u>39,285.87</u>	<u>36,075.65</u>

17. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
(a) Outstanding for a period exceeding six month from the Due date	23,769.03	15,570.38
(b) Others	60,003.01	62,756.79
Considered Doubtful	69.05	66.60
Less : Provision for Doubtful Debts	(69.05)	(66.60)
	<u>83,772.04</u>	<u>78,327.17</u>

18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Cash and Cash Equivalent		
(a) Balance with Banks:		
In Current Account	2,902.33	1,004.47
Deposit with original maturity of less than 3 months	146.31	791.62
Unpaid Dividend Bank Account	115.20	92.13
(b) Cash on hand	0.13	0.55
Other Bank Balances		
(a) Margin Money Deposit	3.93	-
	<u>3,167.90</u>	<u>1,888.77</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

19. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good :		
(a) Advances Recoverable in Cash/Kind	13,622.60	7,228.82
(b) Balance with Collector of Custom, Port Trust, Excise etc.	1,702.02	1,409.09
(c) Loan to Staff	4.90	16.47
(d) Advance Income Tax	60.18	32.73
(e) Prepaid Expenses	82.71	6.72
(f) Advance to Suppliers	-	6.26
(g) Interest Receivable	9.65	0.64
(h) Security Deposits	1.82	-
	<u>15,483.88</u>	<u>8,700.73</u>

20. OTHER CURRENT ASSETS

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Other Receivables		
- From Others	829.97	148.26
	<u>829.97</u>	<u>148.26</u>

21. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Sale of Products		
Material Handling Equipments	60,737.40	68,744.71
Gear Sales	82,651.31	82,807.50
WTG Sales & Electricity Generation	7.93	985.11
Machinery, Spares and Others	2,804.85	2,903.79
Free Wheels, Shrink Disc, Innerring/ Outerring	-	48.68
	<u>1,46,201.49</u>	<u>1,55,489.79</u>
(b) Sale of Services		
Erection Charges	5,336.31	4,639.71
(c) Other Operating Revenues		
Miscellaneous/Scrap Sales	1,020.88	1,140.39
Duty Drawback	51.53	-
Machinery Hire Charges	67.06	23.58
Others	7.39	28.22
	<u>1,146.86</u>	<u>1,192.19</u>
	<u>1,52,684.66</u>	<u>1,61,321.69</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

22. OTHER INCOME

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Interest Income	130.72	173.95
(b) Dividend Income	51.67	36.18
(c) Profit on Sales of Assets (Net of Losses)	24.63	28.53
(d) Gain on Account of Exchange Variation	65.64	-
(e) Miscellaneous Income	465.51	559.42
	<u>738.17</u>	<u>798.08</u>

23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Raw Materials Consumed	77,431.52	91,623.59
	<u>77,431.52</u>	<u>91,623.59</u>

24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Opening Stock :		
Semi-Finished Goods (WIP)	17,813.79	18,293.29
Finished Goods	5,324.93	5,933.10
Stock-in-Trade	218.11	275.16
	<u>23,356.83</u>	<u>24,501.55</u>
(b) Adjustments as per Scheme of Arrangement		
Transferred on Slump Sale of MHE Undertaking	(9,403.64)	-
Addition on Merger	11,434.11	-
	<u>2,030.47</u>	<u>-</u>
(c) Closing Stock :		
Semi-Finished Goods (WIP)	20,169.18	17,813.79
Finished Goods	3,304.04	5,324.93
Stock-in-Trade	235.14	218.11
	<u>23,708.36</u>	<u>23,356.83</u>
	<u>1,678.94</u>	<u>1,144.72</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

25. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Stores, Tools and Spares Consumed	4,970.63	2,178.29
(b) Sub-Contracting Charges	4,082.59	4,711.03
(c) Power and Fuel	1,379.21	490.26
(d) Erection and other charges	1,500.38	1,150.42
(e) Other manufacturing expenses	1,124.04	1,079.51
	<u>13,056.85</u>	<u>9,609.51</u>

26. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Salaries and Wages (Incl. Managerial Remuneration)	14,459.72	11,170.51
(b) Contribution to Provident Fund	441.51	283.11
(c) Employees' Welfare Expenses	2,440.18	2,207.37
(d) Employees' Retirement Benefits	1,130.14	784.23
	<u>18,471.55</u>	<u>14,445.22</u>

27. FINANCE COST

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Interest Expense	6,666.43	5,605.57
(b) Other Borrowing Cost	869.04	887.07
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	632.85	142.07
	<u>8,168.32</u>	<u>6,634.71</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

28. OTHER EXPENSES

(₹ in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Technical Know-How and Design Fees	127.06	152.41
(b) Rent	1,763.60	468.31
(c) Computer Software Charges	994.23	678.09
(d) Rates & Taxes (Incl. Wealth Tax Provision)	519.56	255.19
(e) Excise Duty (Excluding duty recovered from Customers)	(227.71)	20.24
(f) Repairs and Maintenance :		
Buildings	360.47	316.99
Machineries	1,600.92	923.44
Others	296.24	258.57
(g) Insurance (Net of recoveries)	256.96	208.34
(h) Travelling Expenses	1,244.87	825.34
(i) Bank Charges	814.28	582.20
(j) Directors' Fees	8.56	8.43
(k) Commission to Non Executive Directors	144.98	22.08
(l) Packing, Forwarding & Distribution Expenses (Net of Recoveries)	2,367.92	2,551.11
(m) Commission & Brokerage	2,450.41	6,886.53
(n) Rectification Expenses	272.94	317.65
(o) Bad Debts Written Off	759.45	937.23
(p) Liquidated Damages	774.74	1,151.16
(q) Advertisements & Sales Promotion Expenses	570.42	512.88
(r) Payment to Auditors	138.35	130.87
(s) Donations	42.27	42.45
(t) Lease Rentals	875.44	579.97
(u) Royalty Paid	107.23	142.63
(v) Technical Inspection Consultancy Fees	3.81	0.39
(w) Other Professional Consultancy Fees	1,234.99	2,054.69
(x) General Administrative Charges	1,650.91	1,251.73
(y) Loss on account of Exchange Variation	-	64.31
(z) Provision for warranty	(3.23)	-
(aa) Misc. Labour charges	-	27.07
(ab) Research & Development	467.79	28.68
(ac) Miscellaneous Expenses	13.17	12.41
(ad) Provisions for loans given to associates companies considered doubtful	-	1,005.27
	<u>19,630.63</u>	<u>22,416.66</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

29. DESCRIPTION OF THE GROUP

The Consolidated Financial Statements comprise the financial statements of the Parent Company, Elecon Engineering Company Limited and the following Subsidiaries / Step-Down Subsidiaries / Joint Ventures / Associate Companies :

(₹ in Lacs)

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary	
		as at 31st March, 2013	as at 31st March, 2012
(a) Subsidiary Companies			
Elecon EPC Projects Limited	India	100	-
Elecon Transmission International Limited	Mauritius	100	100
Elecon Singapore Pte. Limited (refer note i)	Singapore	100	50
Elecon Middle East FZCO (refer note i)	UAE	100	50
(b) Step Down Subsidiary Companies			
Benzlers Systems AB (Formerly known as David Brown Systems Sweden Limited)	Sweden	100	100
Radicon Transmission UK Limited	United Kingdom	100	100
AB Benzlers	Sweden	100	100
Elecon US Transmission Limited	USA	100	100
Benzler Transmission A.S.	Denmark	100	100
Benzler Antriebstechnik G.m.b.H	Germany	100	100
Benzler TBA B.V.	Netherlands	100	100
Benzler Antriebstechnik Ges.m.b.H	Austria	100	100
OY Benzler AB	Finland	100	100
Benzlers SDN BDH	Malaysia	100	100
Benzlers Italia s.r.l.	Italy	100	100
(c) Joint Ventures			
Eimco Elecon (India) Limited	India	16.62	16.62
(d) Associate Companies			
Elecon Peripherals Limited	India	24.99	24.99
Elecon Eng. (Suzhou) Co. Limited	China	50	50
Elecon Africa Pty. Limited	South Africa	50	50
Elecon Australia Pty. Limited	Australia	50	50

Note :

- Consequent to the Scheme of Arrangement (refer note 2B), with effect from 1st April 2012, the erstwhile Associate Companies have become Subsidiary Companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

30. CONTINGENT LIABILITIES AND COMMITMENTS

(To the extent not provided for)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(a) Contingent Liabilities :		
<u>Claims not acknowledged as debt</u>		
(i) Disputed Excise Duty against Demand Notices received	1,493.70	233.20
(ii) Service Tax disputed & paid under Protest	191.92	-
(iii) Disputed Sales Tax/Works Contract Tax	347.55	347.55
(iv) Disputed Income Tax Demand-Disputed by Company	638.26	928.54
(v) Disputed Income Tax Demand-Disputed by Income Tax Authorities	15.99	14.89
(vi) Sales Bills Discounted under LC with Banks	5,135.48	6,151.32
(vii) NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting blue Technologies (RBT) of USA and the Company, in the court of Ohio, USA on account of non performing of Wind Mill supplied through Reflecting blue Technologies (RBT). The matter is pending in the court of Ohio, USA and amount of claim is unascertainable.	Unascertained	Unascertained
<u>Guarantees</u>		
(i) Guarantees issued by Company's Bankers	59,777.03	45,886.10
(ii) Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 15.00 Million as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Elecon Transmission International Limited, Mauritius, a Wholly-owned Subsidiary of the Company.	1,246.91	1,154.96
(iii) The Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US\$ 282,99,876 as a security for repayment of Financial facility availed by Elecon Transmission International Limited, Mauritius, a wholly owned subsidiary of the Company.	21,322.41	20,280.74
(b) Commitments :		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	9,549.92
(ii) Liability for Export Obligation under Export Promotion Credit Guarantee	9,239.51	10,171.36
(iii) Guarantees for Floating Charges	1,670.48	-
(iv) Mortgage and Pledge	3,322.54	-
(v) Contingent liability with PRI (pension liability) for AB Benzlers (Sweden)	71.88	-
(c) The share in contingent liabilities and capital commitments in relation to its interests in joint ventures is as follows :		
<u>Contingent Liabilities</u>		
Disputed demands of Income Tax / Sales Tax / Excise Duty	180.39	292.22
Letters of Credit outstanding	82.73	60.96
Guarantees given by the bankers on behalf of the Company	325.91	328.81
Estimated amount of contracts remaining to be executed on capital account	33.68	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

31. SHARE IN JOINT VENTURES

The Group's share in respect of the assets, liabilities, reserves, income and expenses, related to the joint ventures, incorporated in the Consolidated Financial Statements are :-

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
LIABILITIES		
Reserves and Surplus	2,773.12	2,444.85
Non - Current Liabilities		
(a) Deferred Tax Liabilities	10.75	18.45
(b) Long-Term Provisions	8.77	9.46
Current Liabilities		
(a) Trade Payables	256.13	259.36
(b) Other Current Liabilities	51.15	62.40
(c) Short-Term Provisions	76.37	81.74
ASSETS		
Non-Current Assets		
(a) Fixed assets		
(i) Tangible Assets	234.49	330.41
(ii) Intangible Assets	42.76	36.05
(iii) Capital work-in-Progress	35.00	0.93
(iv) Intangible Assets under development	-	-
(b) Non-Current Investments	220.31	88.94
(c) Long-Term Loans and Advances	25.85	34.81
(d) Other Non-Current Assets	-	-
Current Assets		
(a) Current Investments	813.05	737.65
(b) Inventories	901.53	702.19
(c) Trade Receivables	800.22	840.75
(d) Cash and Bank Balances	59.73	72.47
(e) Short-Term Loans and Advances	107.99	220.69
REVENUE		
Revenue from Operations (Net)	2,824.64	2,923.91
Other Income	61.95	37.22
Exceptional Items	-	149.34
EXPENSES		
Cost of Materials Consumed	1,070.91	1,188.50
Purchases of Stock-in-Trade	416.47	376.45
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(132.22)	186.26
Manufacturing Expenses and Erection Charges	67.95	7.42
Employee Benefits Expense	173.11	167.45
Finance Costs	0.02	8.20
Depreciation and Amortization Expense	86.10	88.23
Other Expenses	741.81	657.23
Tax Expense	83.24	86.89

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

32. RETIREMENT BENEFITS

- i) The Liability in respect of Gratuity and Leave Encashment is determined based on the Actuarial Valuation done by Actuary as at balance sheet date in context of the Revised AS-15 issued by the ICAI, and the liability for pension pertains to foreign subsidiaries, as accounted by them in their financial statements :-

(₹ in Lacs)

		Gratuity	Leave Encashment	Pension Liability
Expense recognized in the Statement of Profit and Loss :-				
Current Service Cost	2012-13	116.02	90.38	(0.86)
	2011-12	65.98	53.98	(32.93)
Interest Cost	2012-13	130.48	36.01	(80.86)
	2011-12	91.24	13.57	154.84
Employer Contribution	2012-13	-	-	(12.90)
	2011-12	-	-	93.35
Expected Return on Plan Assets	2012-13	(99.55)	-	-
	2011-12	(58.59)	-	-
Net Actuarial (Gains) / Losses	2012-13	40.66	(10.88)	-
	2011-12	(16.12)	15.84	-
Past Service Cost	2012-13	-	-	-
	2011-12	-	-	-
Settlement Cost	2012-13	-	-	-
	2011-12	-	-	-
Total Expenses	2012-13	187.61	115.50	(94.62)
	2011-12	82.52	83.40	215.25

Net Asset / (Liability) recognized in the Balance Sheet :-

Present value of Defined Benefit Obligation	2012-13	1,691.61	487.95	4,451.65
	2011-12	1,198.20	254.55	4,086.41
Fair value of Plan Assets	2012-13	1,442.09	-	-
	2011-12	807.85	-	-
Funded status [Surplus / (Deficit)]	2012-13	(256.62)	(487.95)	-
	2011-12	(390.35)	(254.55)	-
Net Asset / (Liability)	2012-13	(256.62)	(487.95)	(4,451.65)
	2011-12	(390.35)	(254.55)	(4,086.41)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

Gratuity | Leave Encashment | Pension Liability

Change in Obligation during the Year :-

Present value of Defined Benefit Obligation at beginning of the year	2012-13	1,535.15	423.63	4,086.15
	2011-12	1,148.92	171.15	3,424.24
Current Service Cost	2012-13	117.44	90.38	0.86
	2011-12	65.98	53.98	37.33
Interest Cost	2012-13	129.06	36.01	80.86
	2011-12	91.24	13.57	117.95
Settlement Cost	2012-13	-	-	-
	2011-12	-	-	-
Past Service Cost	2012-13	-	-	-
	2011-12	-	-	-
Employer Contributions	2012-13	-	-	12.90
	2011-12	-	-	140.62
Actuarial (Gains) / Losses	2012-13	54.66	(10.88)	-
	2011-12	(15.01)	36.30	-
Benefits Payments	2012-13	(152.48)	(51.19)	-
	2011-12	(92.93)	(20.46)	-
Increase / (Decrease) in obligation due to fluctuation in exchange rates	2012-13	-	-	(55.95)
	2011-12	-	-	366.27
Present value of Defined Benefit Obligation at the end of the year	2012-13	1,691.62	487.94	4,124.82
	2011-12	1,198.20	254.55	4,086.41

Change in Assets during the Year :-

Plan Assets at the Beginning of the Year	2012-13	1,171.31	-	-
	2011-12	638.57	-	-
Settlements	2012-13	-	-	-
	2011-12	-	-	-
Expected return on Plan Assets	2012-13	99.55	-	-
	2011-12	58.59	-	-
Contributions by Employer	2012-13	301.92	-	-
	2011-12	202.51	-	-
Actual benefits paid	2012-13	(152.47)	-	-
	2011-12	(92.92)	-	-
Assets transferred from other companies #	2012-13	7.78	-	-
	2011-12	-	-	-
Actuarial (Gains) / Losses	2012-13	14.00	-	-
	2011-12	1.11	-	-
Plan Assets at the end of the year	2012-13	1,442.09	-	-
	2011-12	807.85	-	-

This includes liabilities transferred due to transfer of employees from other companies.

Actuarial Assumptions:

Discount Rate	2012-13	8.00%	8.25%	2.75%
	2011-12	8.50%	8.50%	5.00%
Expected Rate of Return on Plan Assets	2012-13	8.70%	-	7.00%
	2011-12	8.50%	-	-
Mortality pre retirement	2012-13	-	-	-
	2011-12	-	-	-
Turnover rate	2012-13	2.00%	2.00%	-
	2011-12	2.00%	2.00%	-
Rate of escalation in salary (p.a.)	2012-13	7.00%	6.50%	3.00%
	2011-12	6.50%	6.50%	3.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- a. The rate of escalation in Salary (p.a.) considered in actuarial valuation is worked out after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Mortality rates are obtained from the relevant data of Life Insurance Corporation of India.
- ii) Liability in respect of Superannuation benefits extended to eligible employees is contributed by the Company to Life Insurance Corporation of India against a Master Policy @ 15% of the basic Salary of all the eligible employees. The Company is providing for the outstanding liability amount allocable to the broken period beyond the balance sheet date.

33. SEGMENT INFORMATION

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
I. Business Segments		
Segment Revenue		
Material Handling Equipment	66,442.23	79,454.94
Transmission Equipment	90,416.36	82,859.03
Others	2,850.60	3,013.95
Total	1,59,709.19	1,65,327.92
Less: Inter Segment Revenue	(7,024.53)	(4,006.23)
Net Sales / Income from Operation	1,52,684.66	1,61,321.69
Segment Profit & Loss Before Tax & Interest		
Material Handling Equipment	7,979.32	10,454.32
Transmission Equipment	7,537.55	8,366.39
Others	334.73	344.77
Total	15,851.60	19,165.49
Less : a) Finance Cost	(8,168.32)	(6,634.71)
b) Unallocated Corporate Expenses (Net of Un-allocable Income)	-	(2,362.92)
Total Profit Before Tax	7,683.28	10,167.86
Capital Employed		
Segment wise Assets		
Material Handling Equipment	1,04,017.31	1,09,623.02
Transmission Equipment	1,05,074.58	79,098.03
Others	3,240.94	3,064.90
Unallocated Assets	-	-
Segment wise Liabilities		
Material Handling Equipment	44,225.65	55,870.62
Transmission Equipment	47,456.60	27,439.38
Others	392.42	412.96
Unallocated Liabilities	-	-
Segment wise Capital Employed		
Material Handling Equipment	59,791.66	53,752.40
Transmission Equipment	57,617.98	51,658.65
Others	2,848.51	2,651.94
Unallocated Capital Employed	-	-
Total Capital Employed	1,20,258.15	1,08,062.99

- a) Since, the figures of Alternate Energy Division (AED) are not reportable segment, as per the requirements of AS - 17, they are not shown separately.
- b) The Company has disclosed Business Segment as Primary Segment.
- c) Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- d) The Segment Revenue, Results, Assets and Liability include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- e) Inter Segment Transfer Pricing Policy – the Gear supplied to Material Handling Equipment Division is based on cost.

II. Geographical Segments

Information about Geographical Segments

Particulars		India	ROW	Total
Revenue	2012-13	1,16,481.26	36,203.39	1,52,684.66
	2011-12	1,31,349.83	29,971.86	1,61,321.69
Carrying amounts of Segment Assets	2012-13	1,89,452.87	23,138.78	2,12,591.65
	2011-12	1,66,890.32	25,301.81	1,92,192.13
Capital Expenditure	2012-13	13,824.49	3,281.65	17,106.14
	2011-12	11,773.52	486.84	12,260.36

34. EARNING PER SHARE

₹ in Lacs, except per share data

	As at 31st March, 2013	As at 31st March, 2012
Basic & Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share" (Before and after extraordinary items)		
a) Profit for Basic & Diluted Earning Per Share as per Statement of Profit and Loss	1,793.22	6,110.02
b) Weighted average number of Equity Shares	10,89,35,843	9,28,61,510
c) Earning Per Share (Basic & Diluted)	1.65	6.58
d) Face Value Per Share	2.00	2.00

35. RELATED PARTY TRANSACTIONS

Related Party Disclosures as required by Accounting Standard (AS) 18 are given below:

A) Name of the related parties and nature of relationships :

- a) Associates
 - (i) Elecon Australia Pty. Limited
 - (ii) Elecon Africa Pty. Limited
 - (iii) Elecon Engineering (Suzhou) Co. Ltd., China
 - (iv) Elecon Singapore Pte. Limited [Up to 31st March, 2012]
 - (v) Elecon Middle East FZCO [Up to 31st March, 2012]
 - (vi) Ringspann Elecon (I) Limited [Up to 1st August, 2011]
 - (vii) Elecon Pheripharals Limited [Formerly known as Ringspann Elecon (I) Limited] [Since 1st August, 2011]
- b) Individual having control/significant influence
 - (i) Shri Prayasvin B. Patel
- c) Collaborators
 - (i) Sandvik Mining & Const. S.E.A. Pte Ltd.
 - (ii) Sandvik Asia Pvt. Limited
- d) Key Management Personnel
 - (i) Shri Prayasvin B. Patel
 - (ii) Shri Prashant C. Amin
 - (iii) Shri M. G. Rao
- e) Enterprises over which (b) or (d) above have significant influence
 - (i) Bipra Investments & Trusts Private Limited
 - (ii) Devkishan Investments Private Limited
 - (iii) K. B. Investments Private Limited
 - (iv) Elecon Information Technology Limited
 - (v) Emtici Engineering Limited
 - (vi) Prayas Engineering Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- (vii) Speciality Wood Pack Private Limited
- (viii) Power Build Limited
- (ix) Kirloskar Power Build Gears Limited
- (x) Akaaish Mechatronics Limited
- (xi) Madhuban Prayas Resorts Limited
- (xii) Wizard Fincap Limited
- (xiii) Eimco Elecon Electricals Limited
- (xiv) Excel EPC Projects Private Limited

B) Nature of Transactions :

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Purchase of Material / Finished Goods		
From Enterprises over which significant influence can be exercised		
(i) Prayas Engineering Limited	-	9,974.83
(ii) Speciality Wood Pack Private Limited	896.89	974.95
(iii) Eimco Elecon Electricals Limited	926.90	21.47
(iv) Others	835.39	697.16
From Associates		
(i) Elecon Peripherals Limited	452.99	427.76
Job Work Income		
From Enterprises over which significant influence can be exercised		
(i) Prayas Engineering Limited	-	25.01
(ii) Power Build Limited	120.60	34.69
(iii) Others	0.19	-
From Associates		
(i) Elecon Peripherals Limited	7.12	-
Job Work Expenses		
From Enterprises over which significant influence can be exercised		
(i) Prayas Engineering Limited	-	3,504.30
(ii) Power Build Limited	255.37	222.26
(iii) Others	16.73	0.30
From Associates		
(i) Elecon Peripherals Limited	9.76	14.10
Sale of Finished Goods / Consumable Stores		
To Enterprises over which significant influence can be exercised		
(i) Prayas Engineering Limited	-	1,813.96
(ii) Power Build Limited	561.66	90.63
(iii) Others	21.00	47.97
To Associates		
(i) Elecon Middle East FZCO	-	380.39
(ii) Elecon Peripherals Limited	18.65	-
To Collaborators		
(i) Sandvik Asia Pvt Ltd	0.84	230.89
Purchase of Fixed Assets		
To Enterprises over which significant influence can be exercised		
(i) Elecon Information Technology Limited	73.65	14.29
(ii) Power Build Limited	-	-
(iii) Prayas Engineering Limited	-	31.80
(iv) Eimco Elecon Electricals Limited	30.93	-
(v) Others	6.20	0.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

B) Nature of Transactions (Contd....)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Sale of Fixed Assets		
To Enterprises over which significant influence can be exercised		
(i) Prayas Engineering Limited.	-	4.61
(ii) Others	-	0.05
Sale of Surface product line		
To Collaborators		
(i) Sandvik Asia Pvt. Limited	-	275.06
Expenses Charged		
To Enterprises over which significant influence can be exercised		
(i) Emtici Engineering Limited	5.70	56.21
(ii) Prayas Engineering Limited	-	132.72
(iii) Power Build Limited	98.11	45.66
(vi) Others	24.03	17.98
To Associates		
(i) Elecon Peripherals Limited	14.83	-
Exp. Charged by Other Company		
By Enterprises over which significant influence can be exercised		
(i) Akaash Mechatronics Limited	1,173.35	571.46
(ii) Elecon Information Technology Limited	622.62	284.33
(iii) Emtici Engineering Limited	462.60	460.42
(iv) Others	321.10	140.42
By Associates		
(i) Elecon Peripherals Limited	0.55	-
Sales Commission		
To Enterprises over which significant influence can be exercised		
(i) Emtici Engineering Limited	366.64	6,263.82
(ii) Power Build Limited	7.39	-
To Associates		
(i) Elecon Middle East Fzco	-	70.32
(ii) Elecon Singapore Pte Ltd.	-	60.64
Subscription to Share Capital		
(i) Excel EPC Projects Private Limited	1.00	-
Royalty Received		
From Associates		
(i) DRA (India) Ltd.	-	143.00
Interest on Loan / Deposit		
From Associates		
(i) Elecon Singapore Pte. Ltd.	-	3.90
(ii) Others	-	0.74
Sale of Shares of Co.		
(i) Excel EPC Projects Private Limited	1.00	-
Others		
(i) Emtici Engineering Limited	27.75	17.47
(ii) Power Build Limited	(17.16)	-
Remuneration		
(i) Shri Prayasvin B. Patel	224.07	510.39
(ii) Shri Prashant C. Amin	225.06	205.09
(iii) Shri A. M. Deshpande	-	5.02
(iv) Shri M. G. Rao	11.61	6.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

C) Balance at the year end :

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Outstanding Payables:		
(a) Associates		
(i) Elecon Peripherals Limited	378.97	357.11
(ii) Others	-	19.38
(b) Enterprises over which KMP have significant influence		
(i) Emtici Engineering Limited	807.72	2,991.98
(ii) Prayas Engineering Ltd.	467.79	6,247.45
(iii) Eimco Elecon Electricals Limited	385.54	9.48
(iv) Others	755.33	565.44
(c) Key Managerial Persons		
(i) Shri Prayasvin B. Patel	0.42	-
(ii) Shri M. G. Rao	0.83	-
(ii) Outstanding Receivables:		
(a) Associates		
(i) Elecon Middle East FZCO	-	101.57
(ii) Elecon Peripherals Limited	0.79	-
(iii) Others	-	29.69
(b) Enterprises over which KMP have significant influence		
(i) Emtici Engineering Limited	1,986.49	46.44
(ii) Prayas Engineering Limited	459.62	202.58
(iii) Others	190.91	12.30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

36. FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ in Lacs)

Name of the Subsidiary Company	Currency	Paid up Capital	Reserves & Surplus	Total Assets (Including Investment in Subsidiary)	Total Liability	Investments (excluding investments in subsidiaries)	Turnover	Profit/ (Loss) Before Tax	Provision for Taxation	Profit/ (Loss) After Tax	Proposed Dividend
Elecon EPC Projects Limited	INR	44.66	8,650.54	1,04,038.89	95,343.67	-	66,813.80	4,198.77	1,284.74	2,914.03	992.77
Elecon Transmission International Limited	GBP	3,464.92	(2,221.34)	15,951.22	14,707.67	-	375.42	(1,113.84)	-	(1,113.84)	-
Elecon Singapore Pte. Limited	SGD	394.54	(96.64)	530.00	232.10	-	620.25	149.03	(20.92)	169.95	-
Elecon Middle East FZCO	AED	89.04	764.57	1,131.26	277.65	-	902.93	296.28	-	296.28	-
Benzler Systems AB	SEK	8.35	4,227.29	6,806.39	2,570.75	-	12.42	(4.67)	-	(4.67)	-
Radicon Transmission UK Limited	GBP	1,774.86	(367.70)	9,489.17	8,082.01	-	10,755.16	(158.04)	43.58	(201.62)	-
AB Benzlers	SEK	1,086.05	1,995.21	9,941.75	6,860.49	-	14,099.65	(348.76)	-	(348.76)	-
Elecon US Transmission Ltd.	USD	271.95	(103.81)	2,398.03	2,229.89	-	4,671.30	(23.00)	1.91	(24.91)	-
Benzler Transmission A.S.	DKK	140.57	72.39	253.08	40.12	-	419.86	8.79	2.63	6.16	-
Benzler Antriebstechnik G.m.b.h	EURO	70.93	309.71	548.04	167.40	-	1,550.76	86.73	26.89	59.84	-
Benzler TBA B.V.	EURO	142.08	441.47	990.64	407.09	-	3,020.09	9.91	(5.72)	15.63	-
OY Benzler AB	EURO	105.27	14.12	193.41	74.02	-	886.14	16.81	2.68	14.13	-
Benzlers Italia s.r.l.	EURO	6.95	5.54	204.66	192.17	-	368.57	6.62	0.14	6.48	-

As on 31.03.13: 1 GBP = 82.32 INR, 1 USD = 54.39 INR, 1 EURO = 69.54 INR, 1 SGD = 43.94 INR, 1 DKK = 9.37 INR, 1 AED = 14.84 INR, 1 SEK = 8.35 INR

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

37. EXCEPTIONAL ITEMS

The exceptional item, during the year ended 31st March 2012, represents the Group's share in the profit on sale of surface drilling product line to Sandvik Asia Private Limited by its joint venture Company Eimco Elecon (India) Limited.

38. PREVIOUS YEAR FIGURES

In view of the Scheme of Arrangement as stated in Note 2B, the Current year figures are not comparable with previous year figures.

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai

Partner

M. No. 030911

Firm Regi. No. 110864W

Place : Navsari

Date : 27-05-2013

For and on behalf of the Board of Directors

P. B. Patel

Chairman and
Managing Director

Jal Patel

Director

Paresh M. Shukla

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2013

NOTICE

NOTICE IS HEREBY GIVEN THAT the 53rd Annual General Meeting of members of Elecon Engineering Company Limited will be held at Audio Visual Hall, Near Gear Division of the Company, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120 Gujarat on Monday, the 26th day of August, 2013 at 11.00 a. m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, Statement of Profit & Loss for the year ended on that date and Cash Flow Statements (Both Stand alone and Consolidated) along with the Report of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Pradip M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chirayu R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and other applicable provisions, M/s. Thacker Butala Desai, Chartered Accountants, (Firm Regn. No. 110864W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at such remuneration plus Service tax at the applicable rate, from time to time, plus traveling and out-of-pocket expenses incurred by them for the purpose of audit of the Company's accounts, exclusive of any remuneration, fees or charges payable to them for rendering any other services that may be rendered by them to the Company from time to time other than in the capacity of Auditors, as may be fixed by the Chairman and Managing Director of the Company.”

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification(s) following Resolution as an Ordinary Resolution:
“RESOLVED that Shri Jai S. Diwanji, who was appointed as an Additional and Independent Director with effect from 01.11.2012 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his

candidature for the office of the Director, be and is hereby appointed as a Director of the Company”.

7. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force and subject to approval of the Central Government, the approval of members of the Company, be and is hereby accorded, to waive the recovery of excess Managerial Remuneration of ₹ 109.13 Lacs paid to Shri Prayasvin B. Patel Chairman & Managing Director of the Company over and above the limit prescribed under Section 309 read with Schedule XIII of the Companies Act, 1956 for the financial year 2012-13.

RESOLVED FURTHER THAT the Board of Directors of the Company and Company Secretary be and are hereby authorized to do all the necessary acts, deeds, matters and things and to represent the Company to give effect the aforesaid resolution.”

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force and subject to approval of the Central Government, the approval of members of the Company, be and is hereby accorded, to waive the recovery of excess Managerial Remuneration of ₹ 10.97 Lacs paid to Mr. Prashant C. Amin, Executive Director of the Company over and above the limit prescribed under Section 309 read with Schedule XIII of the Companies Act, 1956 for the financial year 2012-13.

RESOLVED FURTHER THAT the Board of Directors of the Company and Company Secretary be and are hereby authorized to do all the necessary acts, deeds, matters and things and to represent the Company to give effect the aforesaid resolution.”

By order of Board of Directors

Registered office:
Anand Sojitra Road
Vallabh Vidyanagar - 388 120
Gujarat

Date : 23-05-2013

Paresh M. Shukla
Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member.
2. The instruments appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Information under clause 49 of the listing agreement(s) regarding re-appointment of Directors (Item No. 3 & 4) are annexed hereto.
4. The Register of Members and Share Transfer books will remain closed from Tuesday, 13th August, 2013 to Friday, 16th August, 2013 (both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
6. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of Company on all working days between 11.00 a.m. to 1.00 p.m. prior to date of Annual General Meeting.
7. Members are requested to bring their copy of Annual Report at the meeting. Spare copies will not be available.
8. Members who have not encashed their dividend warrants may approach the Company at its registered office for revalidating the warrants or for obtaining duplicate warrants.
9. The annual listing fees of all the stock exchanges where Company's shares are listed for the year 2013-2014 have been paid.
10. Members who hold the shares in dematerialised form are requested to bring their Client ID and DP ID for easier identification of attendance at the AGM.
11. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the Company or its Registrar and Share Transfer Agent.

In case the shares are held in dematerialized form, then information should be furnished directly to their respective depository participant only.
12. Any request by share holders for change of bank particulars after dispatch of dividend warrant should be accompanied by copy of Client Master list showing the changed bank details.
13. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are desirous of availing this facility, may kindly write to Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Char Rasta, Akota, Vadodara - 390 015, for nomination form quoting their folio number.
14. The payment of dividend on equity shares as recommended by the Directors for the year ended 31st March, 2013 when declared at the meeting will be paid:
 - (i) to those members whose names appear in the Register of Members of the Company on Friday, the 16th day of August, 2013.
 - (ii) in respect of shares held in electronics form, to those "deemed members" whose names appear on the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on Monday, the 12th day of August, 2013
15. Members are requested to notify change in address, if any, to the Company's Registrar and Share Transfer Agent at the address mentioned herein above in Note 13 quoting their folio number.
16. The Company has designated an exclusive e-mail ID called pmshukla@mhe.elecon.com for Redressal of shareholders'/investors' complaints/grievances. Hence, please write to us at pmshukla@mhe.elecon.com.

By order of Board of Directors

Registered Office :
Anand-Sojitra Road
Vallabh Vidyanagar - 388 120.
Gujarat.

Date : 23-05-2013

Paresh M. Shukla
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Shri Jai S. Diwanji was appointed as an Additional & Independent Director of the Company on 01/11/2012, by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act 1956, a notice has been received from a member signifying his intention to propose the appointment of Shri Jai S. Diwanji as a Director at the forthcoming Annual General Meeting. The Board also considers it desirable that the Company should continue to avail his services. The Directors recommend the resolution to the members for their approval.

Except Shri Jai S. Diwanji, no other Director is interested in the resolution.

Item No. 7

As per Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII, the Company can pay remuneration to one managerial personnel upto 5% of the net profit calculated as per Sections 349 & 350 of the Companies Act, 1956.

At the 51st Annual General Meeting held on 29th August, 2011, Mr. Prayasvin B. Patel was re-appointed as Chairman & Managing Director of the Company i.e. 1st July 2011 to 30th June 2014 for a period of 3 years as per provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 with basic salary of ₹ 20.00 Lacs per month along with other perquisites.

By the virtue of the said Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 21.12.2012, which became effective from 01.04.2012, the Material Handling Equipment (MHE) business of Elecon Engineering Company Limited was transferred to its Subsidiary Company i.e. Elecon EPC Projects Limited resulting in reduction of its profit significantly, i.e approx. 50%. In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the Remuneration Committee and the Board of Directors at their respective meetings held on 23rd May, 2013 have recommended the waiver of recovery of excess Managerial Remuneration paid to him during the year 2012-13 as set forth in the resolution in view of the inadequate profit for the year 2012-13 subject to approval of the Central Government.

Your Directors recommend the resolution for your approval.

A copy of the resolution passed by the Remuneration Committee of Directors and Board of Directors at its meeting held on 23rd May, 2013 is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and holidays up to the date of Annual General Meeting.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Prayasvin B. Patel and Mr. Pradip M. Patel.

ITEM NO. 8

As per Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII, the Company can pay remuneration to one managerial personnel upto 5% of the net profit calculated as per Sections 349 & 350 of the Companies Act, 1956.

At the 51st Annual General Meeting held on 29th August, 2011, Mr. Prashant C. Amin was appointed as an Executive Director of the Company i.e. 1st June 2011 to 31st May 2014 for a period of 3 years as per provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 with basic salary of ₹ 16.56 Lacs per month along with other perquisites.

By the virtue of the said Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 21.12.2012, which became effective from 01.04.2012, the Material Handling Equipment (MHE) business of Elecon Engineering Company Limited was transferred to its Subsidiary Company i.e. Elecon EPC Projects Limited resulting in reduction of its profit significantly, i.e approx. 50%. In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the Remuneration Committee and the Board of Directors at their respective meetings held on 23rd May, 2013 have recommended the waiver of recovery of excess Managerial Remuneration paid to him during the year 2012-13 as set forth in the resolution in view of the inadequate profit for the year 2012-13 subject to approval of the Central Government.

Your Directors recommend the resolution for your approval.

A copy of the resolution passed by the Remuneration Committee of Directors and Board of Directors at its meeting held on 23rd May, 2013 is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and holidays up to the date of Annual General Meeting.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Prashant C. Amin.

Registered Office :
Anand-Sojitra Road
Vallabh Vidyanagar - 388 120
Gujarat

Date : 23-05-2013

By order of Board of Directors

Paresh M. Shukla
Company Secretary

**Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)**

<i>Name of Director</i>	<i>Shri Pradip M. Patel</i>	<i>Shri Chirayu R. Amin</i>	<i>Shri Jai S. Diwanji</i>
Date of Birth	05-11-1947	04-12-1946	04-02-1973
Date of Appointment	14-11-1977	26-06-1998	01-11-2012
Expertise in specific Functional areas	Associated with the Bearing Industry for over three decades. Joined ABC Bearing Ltd. on 7th September, 1973. Directors in ABC Bearings Ltd. since 1st August, 1976. Managing Director of ABC Bearings limited since 1st August, 1981.	Shri Chirayu R. Amin has been appointed as Director of Alembic Limited on 20-08-1967. He was appointed as Managing Director in Alembic Limited in 1983. At present, he is Chairman cum-Managing Director of Alembic Limited. During his tenure as Managing Director, the Company has been able to maintain the growth in sale despite very keen competition in pharmaceutical industry. Export sale, which has been identified as a major thrust area, shown sizable growth. In addition to this, a lot of restricting has been done in respect of manpower planning and business strategy of introducing new products and concentrating on some selected brands for achieving sustainable competitive edge.	Shri Jai Diwanji is a partner with the law firm Desai & Diwanji and advises on corporate law. Founded in 1935, Desai & Diwanji is one of India's leading full service law firms, with offices in Mumbai, New Delhi and Gurgaon. He completed his schooling in Mumbai and his law degree from Downing College, Cambridge University, U.K.
Qualifications	M.B.A. (U.S.A)	M.B.A. (U.S.A)	Degree of Law
List of Public/Private Companies in which outside Directorship held as on 31st March, 2013.	<ul style="list-style-type: none"> - ABC Bearings Ltd. - Eimco Elecon (India) Ltd. - Power build Ltd. - NSK-ABC Bearings Ltd. - Emtici Engineering Ltd. - Manoway Investment Pvt. Ltd. - Ziwani Properties Pvt. Ltd. - Mipco Investments Pvt. Ltd. - Maple Investments Co. Pvt.Ltd. - Emsons Leasing Co. Pvt. Ltd. - Taveta properties Pvt. Ltd. - Elecon EPC Projects Ltd. - Excel EPC Projects Pvt. Ltd. 	<ul style="list-style-type: none"> - Alembic Pharmaceuticals Ltd. - Alembic Ltd. - Alembic Export Ltd. - Shreno Ltd. - Nirayu Private Ltd. - Paushak Ltd. - AGI Developers Ltd. - Quick Flights Ltd. - Sierra Investments Ltd. - Sierra Healthcare Ltd. - Panasonic Energy India Company Ltd. 	<ul style="list-style-type: none"> - Manugraph India Ltd. - Nesco Ltd. - Pardi Investments Pvt. Ltd. - Sutlo Advisors Private Ltd.
Chairman/Member of the Committees of the Public Companies on which he is a Director as on 31st March 2013.	ABC Bearings Limited <ul style="list-style-type: none"> - Transfer-cum shareholders/Investors Grievance Committee - Member Eimco Elecon (India) Limited <ul style="list-style-type: none"> - Audit Committee - Member - Remuneration Committee - Member Power Build Limited <ul style="list-style-type: none"> - Audit Committee - Member 	Paushak Limited <ul style="list-style-type: none"> - Investors/Shareholders Committee - Member 	



ELECON ENGINEERING COMPANY LIMITED

Anand-Sojitra Road,
Vallabh Vidyanagar – 388 120
Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166
Fax No. (02692) 236457, 236527
Website : www.elecon.com

Dear Shareholder,

RE : Electronic Credit of Dividend

The Reserve Bank of India has introduced National Electronic Clearing Service (NECS) in banking system to bring in further efficiency and uniformity in electronic credit. NECS has wider coverage than ECS and has no limitations of location in India. NECS ensures quick credit and no rejections. NECS is operational for banks / bank branches leveraging on Core Banking System (CBS), which provide more than ten digit bank account number to its customers.

As per our records, there is no mandate registered either with us or with your DP. To take advantage of the NECS facility and to enable us to route all your future dividend payments electronically, please return the NECS mandate form, given overleaf.

ADVANTAGES OF REGISTERING NECS MANDATE

- No limitations of location in India.
- Quick remittance of dividend.
- Avoid loss of dividend warrants in Postal transit.
- Avoid fraudulent encashment of dividend.
- Avoid revalidation of unencashed dividend warrants.
- Avoid transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF).

PLEASE HURRY UP & FILL IN THE FORM OVERLEAF AND ENSURE ELECTRONIC CREDIT.

Kindly return the completed mandate from given overleaf latest by 31st August, 2013.

Best Regards,
For, Elecon Engineering Company Limited

Paresh M. Shukla
Company Secretary

NOTE : For shares held in physical form, please submit this form to our Registrars and Share Transfer Agents viz., M/s. Link Intime India Pvt. Ltd. at the address mentioned overleaf and for shares held in demat form, please submit the form to your Depository Participant (DP).

NECS MANDATE FORM

PLEASE FILL UP THIS FORM AND ARRANGE TO SEND IT TO :

The following address if shares are held in physical form

OR

To your DP if shares are held in demat form

To,

M/s. Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank
Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.

1. Name of 1st Registered holder :
(in Block Letters)
2. Folio No. / DPID & Client ID No. :
3. Name of the Bank :
4. Name of the Branch :
5. Account Number :
(As appearing on your Cheque Book)

6. Account Type (Saving Bank A/c. :

S.B.	Current	Cash Credit

Current A/c. or Cash Credit)
with code

7. 9-Digit MICR Code Number of the Bank :

--	--	--	--	--	--	--	--	--

& Branch appearing on the MICR
cheque issued by the Bank.

(Please attach a photocopy of a cheque or cancelled cheque for verifying the accuracy of the MICR code Number)

8. *11-Digit IFSC Code :

--	--	--	--	--	--	--	--	--	--	--

(Optional - Can be obtained from your banker)

Signature of the First Registered Shareholder
(As per the specimen signature with the Company / DP)

Name : _____

Address : _____

Phone No.: _____

Date : _____

Email Id : _____

* The Company, its Registrars and Bankers will make best endeavors to remit dividend through NECS. However, for non CBS branches of the banks, the IFSC Code will be utilized to remit the dividend either by National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS). The branch where you operate your bank account will assist you to provide the IFSC, a 11-digit code to enable the remittance through NEFT or RTGS.

Proxy Form

ELECON ENGINEERING COMPANY LIMITED

Registered Office : Anand Sojitra Road, Vallabh Vidyanagar 388 120, Gujarat, India

Folio No. _____ DP ID NO. _____ Client ID No. _____

No. of Shares held _____

I/We _____

_____ of member/members of the above

named Company hereby appoint Mr./Mrs. _____

of _____ or _____ failing

him/her, Mr./Mrs. _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at 53rd Annual Meeting of the Company to be held on 26th day of August, 2013 at 11.00 a.m. or any adjournment thereof.

Address _____

Signature

affix
Re. 1
Revenue
Stamp

This form is to be used in favour of/against* the Resolution. Unless otherwise instructed, the proxy will act as he thinks fit.

* Please Strike out whichever is not desired.

Note : The proxy form duly signed across the Revenue Stamp of One Rupee should reach at the Company's Registered Office at least 48 hours before the date of the meeting.



TELEGRAM SCINDRECH
 दूरभाष/TEL 26962819, 26561173
 26565894, 26501133
 26565687, 26502144
 26562134, 26562122 (EPBAX)
 फैक्स/FAX 26960629, 26529745
 Website : <http://www.dsi.gov.in>



सूचना
 का अधिकार

भारत सरकार

विज्ञान और औद्योगिक मंत्रालय
 वैज्ञानिक और औद्योगिक अनुसंधान विभाग
 टेक्नोलॉजी भवन
 नया महरौली मार्ग, नई दिल्ली - 110 016

GOVERNMENT OF INDIA
 MINISTRY OF SCIENCE AND TECHNOLOGY
 Department of Scientific and Industrial Research
 Technology Bhavan
 New Mehrauli Road, New Delhi - 110 016

REGISTERED POST

F. No. TU/IV-RD/3610/2013

Dated: 20.05. 2013

To
 M/s. Elecon Engineering Company Limited
 Anand Sojitra Road
 Vallab Vidya Nagar - 388120
 Gujarat

Subject: RECOGNITION OF YOUR IN-HOUSE R&D UNIT(s)

Dear Sirs,

This has reference to your application for recognition of your In-House R&D unit by Department of Scientific and Industrial Research.

2. This is to inform you that it has been decided to accord recognition to the In-House R&D unit of your firm at **Gear Division, Anand Sojitra Road, Gujarat** from **23.04.2013 to 31.03.2016**. Terms and conditions pertaining to this recognition are given overleaf.

3. Kindly acknowledge the receipt of this letter.

Yours faithfully,


 (K. V. S. P. Rao)
 Scientist - 'G'



ELECON ENGINEERING COMPANY LIMITED

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166, Fax No. (02692) 227020, Website : www.elecon.com

Dear Shareholder,

Sub: Green Initiative

Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. MCA has issued circular nos. 17/2011 dt. 21-04-2011 & 18/2011 dt. 29-04-2011 stating that the service of a notice / document by a Company to its shareholders can now be made through electronic mode. In view of the above, your Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors' Report, Auditors' Report, etc.) and all communications/ documents such as the Notice of the Annual General Meeting, to the shareholders in Electronic Form to the email address registered with their Depository Participants.

In order to join the initiative and to receive the documents in electronic form, kindly comply with the following:

For Shareholders holding shares in Demat Form

In case you desire to receive the aforesaid documents in electronic mode, kindly update your e-mail ID in the Demat account by contacting your Depository Participant. E-mail updated in the demat account would be used to send documents through electronic mode. If you have already registered your e-mail ID earlier, please ignore this request.

TO BE SENT DIRECTLY TO DEPOSITORY PARTICIPANT (i.e. Address where you have opened your Demat Account)

DP ID / Client ID :

Name :

E-mail ID :

Signature : _____

PAN :

For Shareholders holding shares in Physical form

In case you desire to receive the aforesaid documents in electronic mode in lieu of Physical mode, kindly update your e-mail ID with our Registrar and Share Transfer Agent, Link Intime India Private Limited by mailing your E-mail ID with the following details to vadodara@linkintime.co.in

TO BE SENT TO US BY USING BUSINESS REPLY ENVELOPE AS PRINTED ON REVERSE

Folio No. :

Name :

E-mail ID :

Signature : _____

PAN :

For registering your e-mail address with us, you are requested to forward us this page duly filed up along with self attested copy of your PAN Card in attached pre-paid Business Reply Envelope. You are not required to affix/pay any postage expense for dispatch of the said envelope to us.

Members who have not yet dematerialized their shares are requested to get their shares dematerialized at the earliest.

You may also send your consent in writing to our Registrar and Share Transfer Agents to the following address:

Link Intime India Private Ltd.,

Unit: **Elecon Engineering Company Ltd.,**

B- 102 and 103, Shangrila Complex, First Floor,

Opp. HDFC Bank, Near Radhakrishna Char Rasta,

Akota, Vadodara 390 020.

We at 'Elecon' appreciate the "Green Initiative" taken by MCA and trust you would help implementing the e-governance initiatives of the Government.

Thanking you,

Yours faithfully,

For Elecon Engineering Company Limited

Paresh Shukla

Company Secretary



BUSINESS REPLY ENVELOPE

**POSTAGE
WILL BE
PAID BY
ADDRESSEE**

BR-PERMIT NO. L2/And./BRP-7
V.V.NAGAR. P.O.

No
Postage
necessary
if posted
in India

To,
Company Secretary
Elecon Engineering Company Ltd.
Anand-Sojitra Road,
Vallabh Vidyanagar - 388 120,
Gujarat.

----- FOLD -----



ELECON ENGINEERING COMPANY LIMITED

Anand - Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, INDIA.

Tel: +91 2692 238 701/702/703/704 , 236 469, 236 469 Fax: +91 2692 227 484

Website : www.elecon.com

