

**FORM A**

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

1.	<b>Name of the Company:</b>	Elecon Engineering Company Ltd.
2.	<b>Annual standalone financial statements for the year ended</b>	31st March 2014
3.	<b>Type of Audit observation</b>	Un-qualified
4.	<b>Frequency of observation</b>	Not Applicable

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

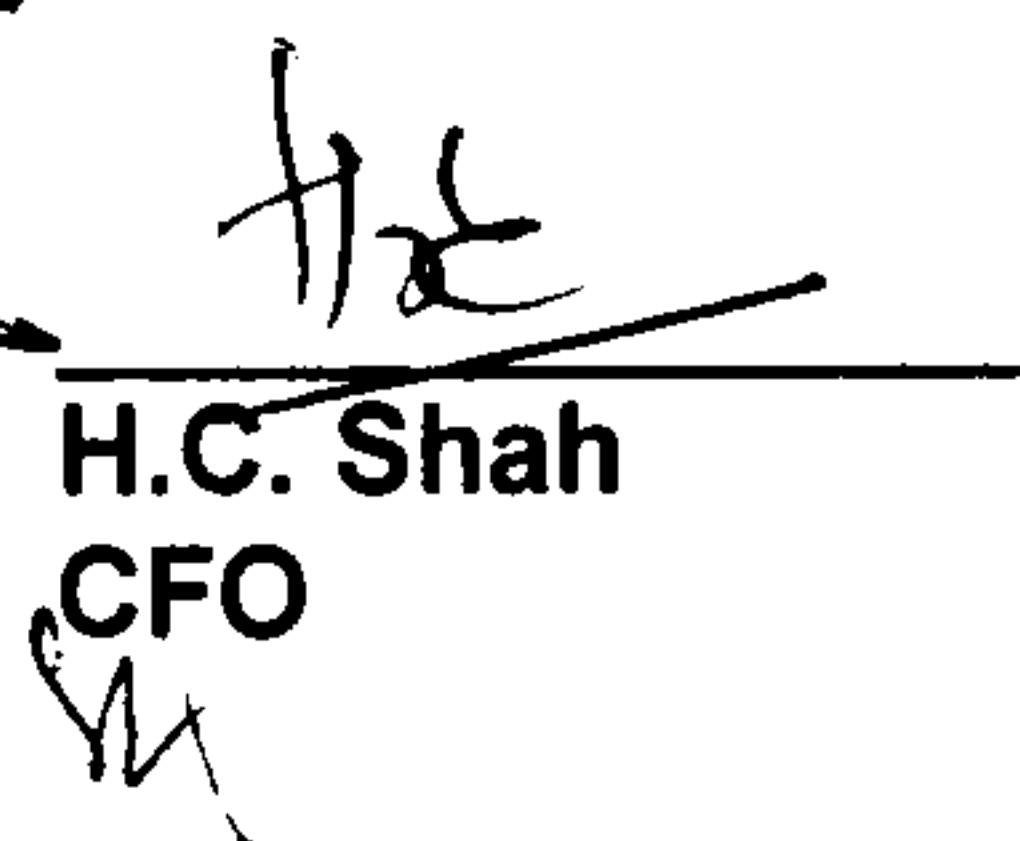


M.T.Desai  
Partner  
Membership No. 030911

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 : 30.06.2014





# About Cover

At Elecon we have always strived to ensure that we preserve our environment. Our thought personified by our action by having green spaces and landscape gardens within our premises.

We are geared up for sustainable development. We try to inculcate the beauty of nature and mould ourselves into it rather than the other way round.

**Bhanubhai Memorial Centre of Excellence (BMCE)** is a modern engineering plant that has been built to double the gear box manufacturing capacity with world class quality and to ensure on-time delivery even within a short span of time.

We have over 5 decades of research and innovations in the gear technology in which we have developed variety of products in the transmission industry. Glimpses of our this experience can be seen in this plant that will produce internal components of the helical gear box which has a capacity to manufacture 1000 gear boxes per month.

We live by our motto of **'Lets preserve the environment'**. Our new centre of excellence, a tribute to our founder **Late Shri Bhanubhai Patel**, carries forward his legacy and thought that industrial development and environmental development can co-exist and flourish. The name **'Bhanubhai Memorial Centre of Excellence'** tells us about that great man for whom excellence was a way of life.

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## Elecon at 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.



# 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

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## **Chief Financial Officer**

Shri Hemendra C. Shah

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## **Company Secretary**

Shri Pares M. Shukla

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## **Auditors**

Thacker Butala Desai  
Chartered Accountants  
Navsari

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## **Bankers**

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

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## **Registered Office**

Anand Sojitra Road,  
Vallabh Vidyanagar-388120  
Gujarat, India.

# Five years at a glance

	(₹ in Mn.)										
	Consolidated#		Standalone#		Consolidated#	Standalone#	Consolidated#	Standalone	Consolidated#	Standalone	Standalone
PARTICULARS	2013-2014		2013-2014		2012-2013	2012-2013	2011-12	2011-12	2010-11	2010-11	2009-10
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	215.1	12,929	83.4	5,012	15,268	5,952	16,132	13,317	12,843	11,739	10,464
TOTAL INCOME	217.7	13,083	86.3	5,188	15,342	6,063	16,212	13,391	13,129	12,024	10,711
EARNING BEFORE DEPRECIATION, INTEREST & TAX	24.9	1,497	16.7	1,001	2,082	1,027	2,102	2,027	1,885	1,814	1,496
DEPRECIATION & AMORTISATION EXPENSES	10.3	616	7.6	454	571	420	486	424	416	394	331
PROFIT AFTER TAX & MINORITY INTEREST	2.3	137	4.6	274	179	85	611	696	900	879	662
EQUITY DIVIDEND	1.9	112	1.8	109	109	109	171	167	167	167	139
DIVIDEND%	-	-	-	50%	-	50%	-	90%	-	90%	75%
EQUITY SHARE CAPITAL	3.6	218	3.6	218	218	218	186	186	186	186	186
RESERVE & SURPLUS	84.9	5,103	78.2	4,699	5,160	4,543	4,401	4,262	3,998	3,760	3,075
NET WORTH	88.5	5,321	81.8	4,917	5,378	4,761	4,587	4,448	4,184	3,946	3,235
GROSS FIXED ASSETS	158.1	9,500	105.6	6,346	9,427	6,325	8,291	6,912	6,997	5,762	5,273
NET FIXED ASSETS	91.5	5,500	63.3	3,805	5,827	4,186	5,222	4,469	4,386	3,719	3,622
TOTAL ASSETS	342.9	20,607	176.8	10,624	21,259	10,792	19,198	16,794	16,968	14,674	12,968
NUMBER OF EMPLOYEES(Nos.)				577		697		1,290		1,197	1,069
KEY INDICATORS	US \$		US \$								
BASIC EARNINGS PER SHARE(₹)	0.02	1.26	0.04	2.52	1.65	0.78	6.58	7.49	9.69	9.47	7.13
DEBT EQUITY RATIO											
(TOTAL DEBT:EQUITY)	-	1.19	-	0.53	1.30	0.54	1.45	1.21	1.55	1.34	1.61
EBIDTA*/TURNOVER %	-	11.58	-	19.97	13.64	17.26	13.03	15.22	14.68	15.45	14.29
NET PROFIT MARGIN%	-	1.06	-	5.47	1.17	1.43	3.79	5.23	7.00	7.49	6.32
RETURN ON NET WORTH%	-	2.58	-	5.58	3.33	1.79	13.32	15.65	21.50	22.28	20.46
RETURN ON CAPITAL EMPLOYED%	-	1.19	-	3.60	1.50	1.17	5.65	7.23	8.68	9.81	7.52

# Financial details of FY 14, FY 13, FY 12 & FY11 are as per Revised Schedule VI format.

Exchange Rate: 1 US\$ = ₹ 60.10 (as on 31-3-2014).

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

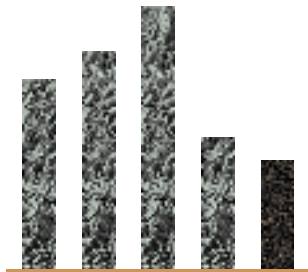
# Performance Indicators

## Net Sales

₹ in Mn

(15.79%)

decrease from 2013



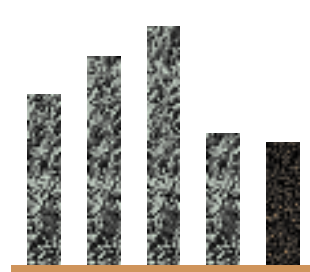
2010 - 2014

## EBIDTA

₹ in Mn

(2.57%)

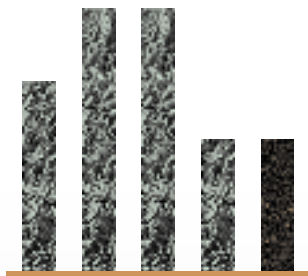
decrease from 2013



2010 - 2014

## Dividend

₹ in %



2010 - 2014

\*Decrease because of Scheme of Arrangement.



BMCE - Blend of State of the Art facility & Nature's preservation

# Management Insight



"Elecon Group of Companies are catering to core sectors and across industries in the economy of the Country as well as exporting majorly industrial gears in the international market.

We have created adequate infrastructure facilities over several years. We are poised to take a quantum leap in terms of growth without any further significant capital expenditure once the economic environment in the country is improved in real terms."

**Prayasvin Patel**  
- Chairman & Managing Director



The phase of challenging economic environment has been effectively utilized by the management of the company to become lean and efficient. With the support of resounding mandate of the people, we look forward to faster reforms and clearances of various projects and orders by the government. The optimism in the financial markets is expected to bring in fresh investment which will aid in implementing the final phase of our restructuring exercise. The management is confident of achieving its objective with the support of its dedicated employees and the trust of its stakeholders.

**Prashant Amin**  
- Executive Director



In FY 2013-14, India witnessed economic downturn leading to various challenges. But we viewed it as an opportunity to evaluate our operations to energize ourselves and our businesses and focused on various initiatives including cost control/reduction measures to improve our operational efficiencies and de-risk our business.

Our diversified business model is unique with interests in the form of operating businesses, subsidiaries, joint ventures and strategic investments. This variety allows our shareholders to partake growth in our entire range of industrial gears & material handling equipments businesses. These sectors are essential parts of the Indian economy, and with expected growth in the Indian economy, we hope to perform better in FY 2015 and will stay committed to improving operational efficiencies, deriving value from group synergies and continuing to reward all stakeholders with a shared commitment towards profitability and sustainability.

**Hemendra Shah** - Chief Financial Officer



"This is the completion of one full year after separation of two units of Elecon Engineering into two separate Companies. However recession has not allowed us to grow. This is the time of finding and improving the shortcomings in our products as well as focusing on minimization of cost. As the market is slowly opening, few sectors have already started pouring their demands, we must realize their urgent needs and en-cash the opportunity by improving OTD.

By taking right decision and issuing necessary mandate as well as by flip-flop alteration in process, an opportunity has come to correct the system. We all must take full advantage of the same by putting our own efforts in a right way.

Our present TPM learnings shall any way make us more competitive and adaptable to greater challenges and also make us able to grow our global reach."

**Vilas Kalyankar** - Chief Executive Officer



# Corporate Social Responsibility



ELECON is continuing to embrace its commitment towards Corporate Social Responsibility related activities under the ambit of its theme of 'Nurturing Sustainability'. The Company promotes this doctrine to expand its social stewardship to a broader group of stakeholders in addition to their customary obligations towards its Stockholders.

Our CSR activities are propelled by imparting quality life to its internal as well external customers. A few examples being – imparting knowledge, providing a safe work place, reducing the adverse environmental impact of our operations, etc.

Rigorous efforts are continued through its Social Pillars viz, EL CARE and ELF (Elecon Ladies Forum). The pillars constantly contributes to cultivate, nourish and nurture the health of people by organizing Blood Donation Camps, Eye check up and Eye donation. It also extends support to Orphanage Homes, Old Age Homes, for Higher Education and Health Care Support to the deserving people.

EL CARE, with a belief – "Empowering Women leads to Empowerment of Society", constantly strives towards its commitment of improving the women life by means of education, campaigns and donations. The organization has acknowledged the need of being 'responsible' along with being 'profitable'.

The Company has extended its hands generously to Charutar Vidyamandal (CVM) for establishment of Women's Engineering College under the name of Madhuben &



Bahnubhai 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) is constructed and developed by Elecon group and managed by Charutar Arogya mandal at Shri Krishna Hospital, Karamsad. The trust 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



▲ Inside view of Bhanubhai Memorial Centre of Excellence (BMCE)

ELECON has pioneered in obtaining ISO 9001:2008 version in 2010 in the industrial gear manufacturing industry in India. Its continuous and humble contribution to the industry has made ELECON an ideal choice of gears for various sector viz. Cement, Sugar, Power, Steel, Coal, Ports, etc.

## Manufacturing Strength

ELECON has set a distinct standard in all aspects of its functioning. It is constantly improving to meet the need of the hour.

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, provide world class quality and ensure timely delivery within a short span of time.

The EON/EOS series of Catalogue Gears has recently been launched which are more cost competitive in the market. It is being supported by the state of the art Bhanubhai Memorial Centre of Excellence (BMCE) facility, which improves the total throughput time and also brings down the costs.

Robust efforts in modernising 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.

## Growth Drivers

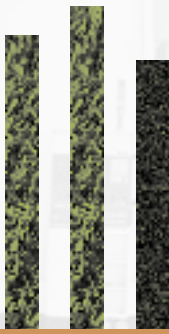
ELECON through recession has been a Herculean task. However, the Company succeeded in maintaining its operational momentum and is looking forward to continue this trend by maintaining competitive manpower cost and high level of technology.

The Company has gained specialised expertise and knowledge over the years in manufacturing Transmission Equipments. 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.

The Company is looking forward to penetrate extensively in the Sugar Planetary Gear Boxes, Marine Gear boxes and Wind Mill Gear Boxes business. The Company is also exploring new segments for higher growth viz. Defense, Navy; High Speed Gears; Gears for Plastic Industry and Vertical Roller Mill Drive in Power and Cement industries.

New reforms are on the verge to take the call 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.

### Gear Net Sales ₹ in Mn



2012 - 2014

**15.79%**

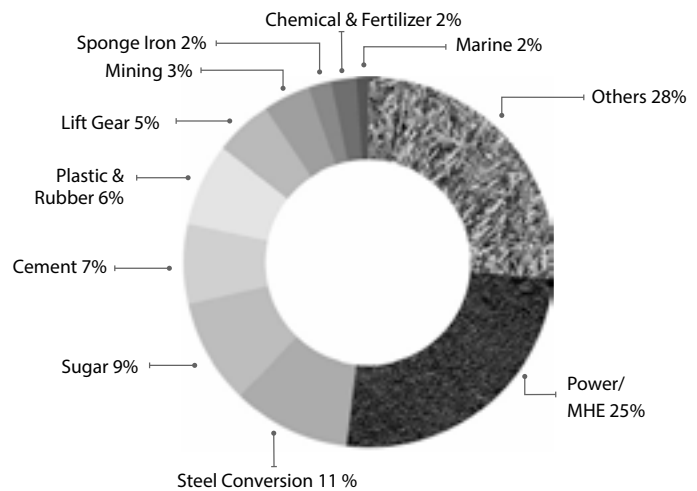
Decrease from 2013

₹ 5,012	2014
₹ 5,952	2013
₹ 5,739	2012

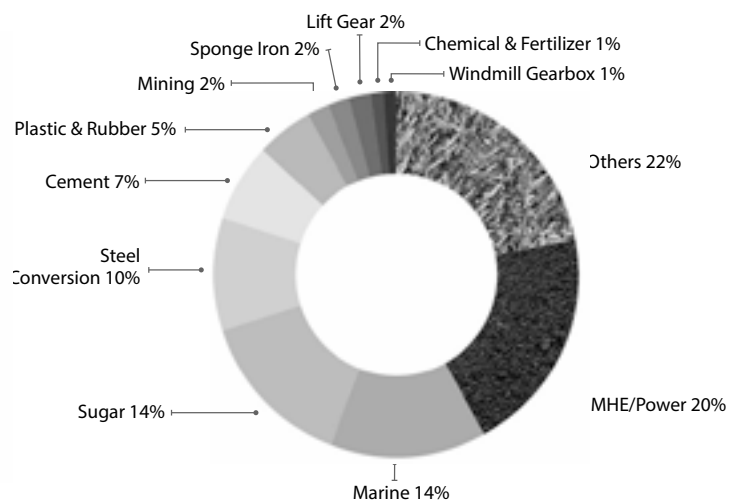


Net Sales  
decreased by  
**15.79 %**  
**₹ 5,952 Mn**  
in 2012-13 to  
**₹ 5,012 Mn**  
in 2013-14

### Sales Industrywise



### Pending Order Industrywise



▲  
Shaft Mounted  
Planetary Gearbox for Sugar Mill Drive

# Directors' Report



▲ **From left to right :** Shri Jai S. Diwanji, Shri Chirayu R. Amin, Shri Pradip M. Patel, Shri Prayasvin B. Patel (CMD), Shri Prashant C. Amin (ED), Shri Jal R. Patel and Shri Hasmukhlal S. Parikh

Dear Members,

Your Directors have pleasure in presenting this 54th Annual Report together with the Audited Statements of Accounts for the year ended on March 31, 2014.

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

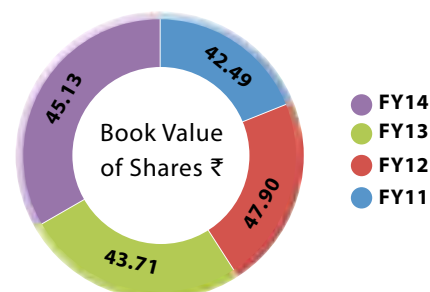
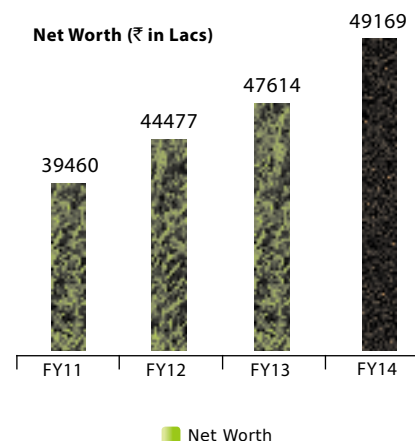
For the year ended on 31st March, 2014, the Company has achieved a Turnover of ₹ 50,123.19 Lacs as against ₹59,520.70 Lacs in the previous year, representing decrease in Turnover by 15.79%. The decline in turnover is because of slow down in Indian economy.

For the year ended on 31st March, 2014, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹11,762.34 Lacs as against the EBIDTA of ₹11,381.85 Lacs during the previous year, representing increase in EBIDTA by 3.34%.

The Company holds total unexecuted orders worth ₹ 266.49 Crs. as on March 31, 2014. This will help us to continue to have sustainable growth in coming years.



(₹ in Lacs)				
Year Ended March 31,	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Profit Before Tax, Finance cost, Depreciation & Amortization and Adjustment for previous year	11,762.34	11,381.85	16,504.25	21,560.59
<b>Less : Finance Cost</b>	3,324.78	3,008.16	7,403.70	8,168.32
Depreciation & Amortization	4,542.22	4,198.88	6,162.36	5,708.99
Profit Before Tax	3,895.34	4,174.81	2,938.19	7,683.28
<b>Less/(Add) : Exceptional Items</b>	---	2,668.29	---	2,668.29
<b>Less: Provision for Tax</b>	1,402.67	1,044.37	1,667.80	2,268.90
Deferred Tax	(250.31)	(306.49)	(84.21)	(111.58)
Mat Credit Entitlement			(73.35)	
Short/(Excess) Prov. of earlier years	--	(83.86)	1.22	(81.82)
<b>Profit After Tax</b>	2,742.98	852.50	1,426.73	2,939.49
<b>Add:</b>				
Minority Interest	--	--	(68.87)	(1,150.99)
Profit on disposal of Interest in Associate	--	--	15.42	4.72
Previous Year Balance Brought Forward	1,924.09	2,446.09	1,259.25	1,241.98
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>				
<b>APPROPRIATIONS:</b>	4,667.07	3,298.59	2,632.53	3,035.20
Proposed Dividend	1,089.36	1,089.36	1,121.33	1,089.36
Income Tax on Dividend	97.91	185.14	104.41	278.90
Transfer to General Reserve	500.00	100.00	799.07	407.69
Balance Carried Forward	2,979.80	1,924.09	607.72	1,259.25



### 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 turnover for the year 2013-14 was ₹1,29,291.79 Lacs as against ₹1,52,684.66 Lacs for previous year, representing an decrease of 15.32 %.

For the year ended on 31st March, 2014, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹16,504.25 Lacs as against the EBIDTA of ₹21,560.59 Lacs during the previous year, representing decrease in EBIDTA by 23.45%. During the year under review, your Company's consolidated net worth is ₹53,209.37 Lacs as against ₹53,779.16 Lacs for previous year.

### Dividend

Your Directors are pleased to recommend dividend of ₹1/- per share (previous year ₹1 per share on 10,89,35,843 equity shares of ₹ 2/- each) on 10,89,35,843 equity shares of ₹ 2/- each for the year ended on 31st March, 2014.

### 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, 2014, 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, Director retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

*Appointment Under Section 149 of the Companies Act, 2013*

In our Company, all Independent Directors were appointed as directors liable to retire by rotation as per Section 256 of the Companies Act, 1956.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, an Independent Director appointed by the Company and holding office as an Independent Director as on the date of commencement of the Companies Act, 2013 i.e. 01.04.2014 shall hold office for a term of five consecutive years and not be liable to retire by rotation.

Accordingly, all Independent Directors of the Company i.e. Shri H.S. Parikh, Shri Chirayu Amin, Shri Jal R. Patel and Shri Jai S. Diwanji shall be appointed as Independent Directors to hold office for a term of five consecutive years from 01.04.2014 upto 31.03.2019 and shall not be liable to retire by rotation.

All our Independent Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management.

Members' approval for their appointment as Independent Directors has been sought in the Notice convening the Annual General Meeting of the Company.

## Auditors

Section 139 read with Rules the Companies (Audit and Auditors) Rules, 2014, an Audit firm can be appointed

as Statutory Auditors of the Company for maximum two terms of five consecutive years. If the Audit firm has already been appointed as Statutory Auditors of the Company for more than 10 years as on the date of the commencement of the Act, i.e. 01.04.2014, such Audit firm can be appointed as Statutory Auditors for maximum period of 3 years from the date of commencement of the Act, 2013 and their appointment shall be ratified at each Annual General Meeting till the completion of the term.

Since, the Company's Auditors M/s. Thacker Butala Desai, Chartered Accountants, Navsari has been appointed as Statutory Auditors of the Company for more than 10 years, they can be appointed as Statutory Auditors of the Company to hold the office for maximum period of 3 years from the ensuing Annual General Meeting of the Company. However, your Directors have decided to appoint them on annual basis and they will hold office for one year from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting after the commencement of the Act i.e. 01.04.2014.

## Subsidiary Companies

### Elecon EPC Projects Limited. (EPL)

**Financial Performance:** During the year under review, turnover of EPL was ₹ 50,203.45 Lacs against ₹ 66,442.23 Lacs during previous year.

(₹ In Lacs)

PARTICULARS	31.03.2014	31.03.2013
Profit before Depreciation, Interest & provision for Taxation	4,409.51	8,830.02
Less: Finance Cost	3,125.13	3,780.57
Depreciation & Amortisation	934.42	850.68
Profit Before Tax	349.96	4,198.77
Add/Less: Provision for Taxation	73.35	1,061.29
Deferred Tax	180.42	223.45
MAT Credit entitlement	(73.35)	--
Profit After Tax	169.54	2,914.03
<b>APPROPRIATION :</b>		
Transfer to General Reserve	150	300.00
Proposed Dividend - Equity Shares	--	848.56
Tax on distributed dividend	--	144.21
Balance brought forward to balance sheet	1,621.18	(0.08)
Balance carried forward to balance sheet	1,640.72	1,621.18

## Foreign Subsidiaries

### Benzlers-Radicon Group

The Benzlers Radicon group saw tremendous amount of activity by way of site shifting in Benzlers and record order booking growth in Radicon UK (24%) and Radicon USA (18%)

Benzlers shifted its focus from being a manufacturer to that of being a Sales and Engineering focused company. A major portion of manufacturing has been shifted to Elecon in India. The movement saw a great amount of hard work and teamwork by the employees which culminated into an Open day event and inauguration of the facility by our Group Chairman. Along with the open day event, Benzlers also celebrated its 70th anniversary which covered meetings with our key customers and distributors. The new mantra for the B-R group is growth through volumes.

Radicon UK booked 2 prestigious orders from Glaxo Smith Kline (value GBP 1 million) and MVB (Value GBP 1.2 million), this is the highest single value order in history of Radicon. The current year will see an expansion of sales network having our own sales personnel in France; Africa; Poland; Spain & Portugal. Along with the geographic expansion we will also expand the product portfolio and introduce the EOS series and planetary series in UK/Europe.

Radicon USA on the strength of its distribution business and geographic expansion grew the order booking by 18%. In the current year there will be aggressive expansion of geographic reach, product portfolio and manpower to reach a target of USD 20million.

#### Financial Performance

Against a challenging global economic environment, Benzlers Radicon group managed to grow sales by 9% from ₹294 Crores (GBP 34.25 mn.) to ₹320Crores (GBP 33.29 mn.). Benzlers group had a negative growth of 17%. The budget for 2014-15 for the group has been set at GBP 49 million targeting a growth of 48%. The major growth is forecasted in Radicon USA (125%), Radicon UK (28%) and Benzlers Group (30%)

#### Radicon Transmission UK Ltd.

The sale at Radicon Transmission UK Ltd. is ₹132 Cr. (GBP 13.70 Mn.) in FY 13-14 compared to ₹112 Cr. (GBP 13.06 Mn.) in FY 12-13 resulting into growth of 17% in FY 13-14.

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

The sale at Radicon Transmission USA Ltd. is ₹62 Cr. (USD 10.23 Mn.) in FY 13-14 compared to ₹ 47 Cr. (USD 8.59 Mn.) in FY 12-13 resulting into growth of 32% in FY 13-14.

#### AB Benzlers, Sweden

The sales at AB Benzlers, Sweden is ₹117 Cr. (SEK 126.55 Mn.) in FY 13-14 compared to ₹137 Cr. (SEK 168.77 Mn.) in FY 12-13 resulting into negative growth of (14%) in FY 13-14.

#### New facilities at Benzlers, Sweden



#### Operations: (Opening new assembly centers across the world)

We have opened our assembly center in UAE and we now have our own sales personnel in Spain & Portugal. The target is to have our own local entity with stocks and assembly center once the sales cross GBP 1.5 million in that territory.

In 2013-14 we also appointed new distributors in South Africa; Spain, Poland, Germany and Finland who carry our stocks in kit form and locally assemble.

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 Standalone 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 obtained a "Secretarial Compliance Report" from Mr. Ashwin Shah, Company Secretary in 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, 2014.

## 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

Place: Vallabh Vidyanagar

Date : May 23, 2014



▲ *Factory testing of Sugar Mill Drive Planetary Gear boxes*

## Industry Structure and Development

The major economies of the world still face many structural flaws and policy constraints that hinder more investment and faster productivity growth, making the medium-term outlook for a significantly faster path of global growth more uncertain.

The International Monetary Fund (IMF) cut its growth forecast for the global economy to 3.6% this year and 3.9% in 2015, pointing to the threat from the Ukraine crisis and the slowdown in major emerging economies. While the world economy has picked up pace, anchored by the United States and China, the global crisis lender pointed to looming risks, from the standoff between Russia and the West over Ukraine, to poorly handled policy in countries like Brazil, and deflation in the euro area.

In India, a lack of structural reform in the economy, and a lack of leadership in the economic direction of the country has led to the overall slowdown of the Indian economy. India's export markets have also experienced economic sluggishness, which is part of the problem, though domestic issues play a large part.

Economic growth in fiscal year 2013-14 decelerated to 4.7% from 5% in FY 2012-13. The growth in India's real GDP is expected to improve to 5.5 per cent in 2014-15. Moreover, the trend in growth of its components is expected to reverse.

The GDP growth has been subdued because of poor performance of the mining, manufacturing, construction and trade, hotels, transport, storage & communication services sectors. While the size of the mining sector has shrunk on supply constraints, the others have suffered due to poor domestic demand, both consumption and investment. The agriculture, financial, insurance real estate & business services and community, social & personal services sectors have grown well in 2013-14.

The recovery which was starting to take hold in October is becoming not only stronger, but also broader.

The various brakes that hampered growth are being slowly loosened. Fiscal consolidation is slowing, and investors are less worried about debt sustainability.

Your Company continued to perform with stability and maintained its momentum in the highly sluggish



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 recovery is still fragile despite improved prospects, and significant downside risks – both old and new – remain. Global activity has broadly strengthened and is expected to improve further in 2014–15, with much of the impetus coming from advanced economies. Activity in many emerging market economies has disappointed in a less favorable external financial environment, although they continue to contribute more than two-thirds of global growth.

In a number of economies, including Brazil, India, and Indonesia, inflation pressure continues and could be reinforced by currency depreciation since mid-2013. Although policy rates were raised in India over the past year, further policy tightening may be needed to rein in inflation.

Indian industry has come a long way from the command, control style of functioning rooted in an inward looking import substitution policy to an export orientation, globally competitive, quality driven style of functioning. In short term, with improved investment scenario coupled with government continual through and reforms, the industrial performance is expected to do better. But in larger run, the performance depends on how well the reform are initiated by the new government, the investment and growth in Infrastructure, the continued availability of natural resources avail of low-cost, high skill workforce and global market scenario. For sure is that it will gain momentum on the wheel of growth has been set to motion.

Now, It is an attractive proposition to manufacture in India. But, the new government should have a clear set of economic policies in order to kick start a period of higher growth for the economy. Transparent and predictable regulations for the infrastructure and energy sectors should be a high priority, as should the passage of a Goods and Services Tax. The most urgent need is to upgrade India's physical infrastructure to encourage domestic and foreign direct investment in the manufacturing sector. This will absorb the rural labor surplus that is migrating to the cities.

Manufacturing is the Achilles heel of the Indian economy. Advanced estimates released by the Central Statistics Office shows that manufacturing output is seen declining 0.2 per cent in 2013-14 compared with 1.1 per cent growth the previous year, dragging down the overall economy.

After a period of weak growth in the Engineering Equipment industry on account of delays in project execution, high import growth and depreciating rupee, finally Engineering Equipment industry see some light at the end of the tunnel.

The Engineering Equipment and Machinery market is expected to grow at a steady rate in the future. Some of the major market drivers include the need for increased productivity and the rising demand for engineering equipment and machinery in the developing economies.

This demand is expected to rise, keeping in mind the new 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 threat is the risks associated with a possible bumpy exit from the quantitative easing programmes by the U.S Federal Reserve (Fed) threaten the global economy. As already seen somewhat during last year, efforts by the Fed to pull out of quantitative easing programmes could lead to a surge in longterm interest rates in developed and developing countries. Tapering could also lead to a sell-off in global equity markets, a sharp decline of capital inflows to emerging economies and a spike in the risk premium for external financing in emerging economies. These first-round shocks in international financial markets could transmit quickly to developed and developing economies.

### Financial Performance

During the financial year 2013 — 2014, the Company has achieved a Turnover of ₹50,123.19 Lacs as against ₹59,520.70 Lacs in the previous year. The decline in turnover is because of slow down in Indian economy.

For the year ended on 31st March, 2014, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹11,762.34 Lacs as against the EBIDTA of ₹11,381.85 Lacs during the previous year, representing increase in EBIDTA by 3.34%.

### Outlook

The strengthening of the recovery from the Great Recession in the advanced economies is a welcome development. But growth is not evenly robust across the globe, and more policy efforts are needed to fully restore confidence, ensure robust growth, and lower downside risks. Policymakers in advanced economies need to avoid a premature withdrawal of monetary accommodation.



The Global economy is expected to grow at a pace of 3.0 per cent in 2014 and 3.3 per cent in 2015, compared with an estimated growth of 2.1 per cent for 2013.

According to the United Nations World Economic Situation and Prospects 2014 (WESP) report, inflation will remain tame worldwide, but the employment situation will continue to be challenging.

A few large emerging economies, including China and India, managed to backstop the deceleration they experienced in the past two years and veered upwards moderately. These factors point to increasing global growth.

Global Industrial Gear Motors and Drives market to grow at a CAGR of 4.98 percent over the period 2012-2016. One of the key factors contributing to this market growth is the growth in the emerging markets. The Global Industrial Gear Motors and Drives market has also been witnessing the increased demand for precision geared products.

The investment demand in India will pick up gradually in 2014-15, as the Cabinet Committee on Investments (CCI) clears more and more projects. The land acquisition process becomes easy post implementation of the new Land Acquisition Act. Fast tracking of projects is expected to boost the construction activity in India, generate new employment and create fresh demand for items like cement, steel and machinery. Thus, the manufacturing sector is expected see a turnaround in 2014-15, registering a 2.8 per cent growth, as against a 0.5 per cent fall estimated for 2013-14. The Gear Manufacturing market in India has also been witnessing an increased outsourcing of manufacturing activities.

To put it in a nutshell, the growth of the Indian economy is expected to improve in 2014-15. But, the recovery will be mild and gradual.

### **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.

World Bank announced in a report that India overtook Japan as the world's third largest economy in terms of

purchasing power parity (PPP). According to the World Bank's International Comparison Program (ICP) data, India holds a 6.4 percent share of global GDP on a PPP basis. The United States remains in first place with a 17.1 percent share and China trails it at 14.9 percent.

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. The external challenges can be met as economic reforms will get in placed because of a stable government.

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, 2014 was 648 as against 697 as on 31st March, 2013.

### 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.



▲ Mazak Quick Turns Nexus 300-|| MY (BMCE)

## 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, 2014.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Crores)	Experience in years	Last Employment
Shri Prayasvin B. Patel	56 years	B. E. (Mech.) M.B.A. (U.S.A.)	01/07/83	Chairman and Managing Director	2.88	38	Business
Shri Prashant Amin	58 years	M.B.A. (Finance) (U.S.A.), M.B.A. (Eng. & Mngt.)	01/06/11	Executive Director	2.39	33	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
Not Applicable							

### Notes :

1. The appointment is contractual.
2. 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.
3. Experience includes number of years of service elsewhere, wherever applicable.
4. Shri Prayasvin B. Patel, Chairman and Managing Director of the Company is relative of Shri P. 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) We replaced 35 nos. of LED fittings having capacity of 15W & 8 nos. of LED fittings having capacity of 6W, in different office areas.
- (ii) We replaced 25 nos. of LED street light fittings. In both cases we are going to save 40 to 45% of energy as well we will get approx. 08 to 10 years of life.
- (iii) We have installed 40 nos. of energy meters on different critical machines to identify energy consumption as well as losses.

#### (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 in-house Research & Development activities in the area of New product development, New process development, New 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 of 5.30% in EBITDA as compared to last year.

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

Future R & D efforts will include –

- (a) Development of new products
- (b) Reduction of product cost
- (c) Undertake the R&D innovation in other diverse segments.

#### (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 2013-14 is ₹ 394.68 Lacs.

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

- (a) We have developed new series of cooling tower gear boxes to cater to the power sector. At the same time we are also developing shaft mounted planetary gear boxes for sugar, two models are already developed and additional development is under process.
- (b) We are in the process of TPM, where few projects of process improvement are initiated as follows:  
Helical C Div.:- Machine arrangement in cell formation as well manufacturing of the fixtures cum plates for reduction of non- cheap time. The similar exercise is also initiated in the Helical P division and the same is under progress.
- (c) 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	2013-2014	2012-2013
Earnings	6,000.14	5,910.77
Outgo	2,031.15	7,934.37

Please refer Notes 36 to 38 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, 2014 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 2014 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 August 26, 2013.
  - (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 reappointment 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 Mumbai 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.

Place : Ahmedabad  
Date : 23-05-2014

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



# 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 conduct 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 labour 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 Jai S. Diwanji, who had been appointed as an Additional Director by the Board was appointed as an Independent Non-Executive Director by the Shareholders at their meeting held on 26th August, 2013. 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 Company Secretary 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 book 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, Companies Act, 2013, 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, regulations and guidelines.

**BOARD MEETINGS**

During the year 2013-2014, the Board Meetings were held on 23rd May, 2013, 14th August, 2013, 11th November, 2013 and 6th February, 2014 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 Directorships and Committee positions, as held by them in other Public Limited Companies, as on 31st March, 2014 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	
						Chairmanship	Membership
Shri Prayasvin B. Patel (Chairman & Managing Director)	Non-Independent Executive Director	4	4	Yes	11	-	2
Shri Pradip M. Patel	Non-Independent Non-Executive Director	4	4	Yes	6	-	3
Shri Prashant C. Amin	Non-Independent Executive Director	4	4	Yes	10	1	1
Shri Chirayu R. Amin	Independent Non-Executive Director	4	3	No	11	1	-
Shri Hasmukhlal S. Parikh	Independent Non-Executive Director	4	4	Yes	3	1	4
Shri Jal R. Patel	Independent Non-Executive Director	4	4	Yes	5	4	3
Shri Jai S. Diwanji	Independent Non-Executive Director	4	3	No	2	-	1

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 2013-2014.

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

Shri Pradip M. Patel, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A brief resume and the profile of Shri Pradip M. Patel retiring by rotation eligible for re-appointment at the ensuing Annual General Meeting of the Company is given in the notice of Annual General Meeting, annexed to this Annual Report.

As per Section 149 of the Companies Act, 2013, resolutions have been proposed for the appointment of Shri H.S. Parikh, Shri Jal R. Patel, Shri Chirayu R. Amin and Shri Jai S. Diwanji, as Independent Directors not liable to retire by rotation at ensuing Annual General Meeting. Brief profiles of all these directors are attached to the notice.

**(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 a Chairman of the Audit Committee. The Composition of the Audit Committee as on 31st March, 2014 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:

23-05-2013	14-08-2013	11-11-2013	06-02-2014
------------	------------	------------	------------

**Attendance at Audit Committee Meeting:**

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri. Jal Patel	4	4
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 26th August, 2013.

**(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 23rd May, 2013 and he was present at the meeting.

**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 R. Amin	1	-

## Report on Communication received from the Investors during the year 2013-2014.

Nature of Queries (Correspondence)	Total Received	Total Replied	Pending	Remark
Inquiry pertaining to non- receipt of shares	2	2	-	-
Inquiry on Dematerialization of Shares	-	-	-	-
Name Correction/deletion	19	19	-	-
Address correction	57	57	-	-
Letter Received from SEBI/ other Statutory Bodies	3	3	-	-
Loss of Shares & Issue of Duplicate Shares	29	29	-	-
Split/Consolidation of Shares	1	1	-	-
Transmission of shares	11	11	-	-
Demat	-	-	-	-

### (V) Remuneration Committee

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

Remuneration Committee of the Company as on 31st March, 2014 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 on 23rd May, 2013.

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 R. Amin	1	-

Shri Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee and he was present at the meeting.

### (VI) Remuneration of Directors

#### a. Non-Executive Directors

During the year, the Company has paid commission on annual basis ₹ 5,00,000 to each Non-Executive Directors for the year ended on 31st March, 2013. 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 2013-2014 is as follows:

Directors	Sitting Fees for 2013-14	Commission on annual basis for the year 2012-13
Shri Pradip M. Patel	2,00,000	5,00,000
Shri Chirayu R. Amin	1,20,000	5,00,000
Shri Hasmukhlal S. Parikh	2,00,000	5,00,000
Shri Jal R. Patel	1,60,000	4,58,000
Shri Jai S. Diwanji	60,000	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 and 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. 2013-14 due to Scheme of Arrangement approved by Hon'ble High Court of Gujarat, the managerial remunerations paid to Shri Prayasvin B. Patel and Shri Prashant C. Amin exceed the threshold limit of 5% of net profits of the Company for the F.Y. 2013-14, 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. For abundant caution they have been paid salary only for 11 months. The last month's salary will be paid to them after getting the approval of Central Government.

The remuneration paid to the Managing Director and Executive Director for the year 2013-2014 is as follow:

(₹ in Lacs)

	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel	220.00	45.77	--	265.77
Shri Prashant C. Amin	182.16	38.58	--	220.74

\* 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.

During the year, Company had 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 Director for the year 2012-13. Approval of MCA was granted for Shri Prashant C. Amin, while the same for Shri Prayasvin B. Patel is still pending. For the year 2013-14, the Company is in process of filing the applications to Central Government for its approval to waiver of excess remuneration paid to CMD and ED.

**(VII) Management Committee**

In addition to the above Committees, the Board has constituted a Management Committee comprising of following Directors as on 31st March, 2014:

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

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

12-04-2013	13-05-2013	17-06-2013
------------	------------	------------

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

**Attendance**

Name of Members	No. of Meetings Held	No. of Meetings Attended
Shri Prayasvin B. Patel	3	3
Shri Prashant C. Amin	3	3
Shri Chirayu R. Amin	3	Nil
Shri Jal R. Patel	3	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
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
2012-13	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Div., Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	26-08-2013	Monday	11.00 a.m.	2

During the year ended 31st March, 2014, a resolution, for giving loan, making investment, providing guarantee or security under Section 372A of the Companies Act, 1956, has been passed through Postal Ballot.

### Dividend History

Year	Rate (%)	Per Share (₹)	Amount (in ₹)
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
2012-2013	50%	1.00	10,89,35,843

### Stock Options

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

### Equity Shares held by Directors (as on 31<sup>st</sup> March, 2014)

Name of Directors	No. of Shares held
Shri Prayasvin B. Patel	15,54,000
Shri Pradip M. Patel	62,412
Shri Prashant C. Amin	37,675
Shri Chirayu R. Amin	NIL
Shri Hasmukhlal S. Parikh	33,900
Shri Jal R. Patel	NIL
Shri Jai S. 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](http://www.elecon.com). The Board Members and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2014.

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. However, the Company is in process of formulating Whistle Blower Policy and establishing a vigil mechanism process.

**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 45 days of close of the reporting period. In compliance with Clause 41 of the Listing Agreement, the Company sends the quarterly / half-yearly / annually 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](http://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](http://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@elecon.com](mailto:pmsbukla@elecon.com)

#### (XIV) GENERAL SHAREHOLDERS INFORMATION

- a) **Annual General Meeting**  
**Date and Time** : Monday, 4th August, 2014 at 2.30 p.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, 22nd July, 2014 to Friday, 25th July, 2014  
(both days inclusive)
- d) **Dividend Payment date** : Credit/dispatch of Dividend Warrants on or after Friday, 8th August, 2014
- e) **Listing on Stock Exchange** : The Company's securities are listed at the  
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 2014-2015.
- 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

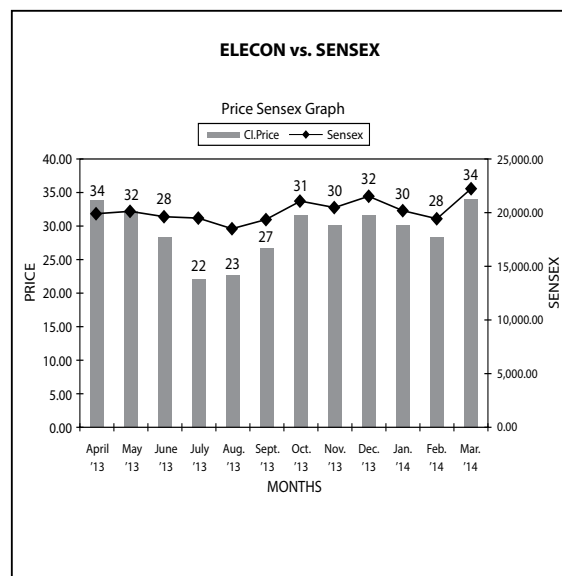
**Demat ISIN in NSDL and CDSL for Equity Shares : INE 205B01023**

#### g) **Stock Market Price Data** :

Monthly share price movement during  
the year 2013-14 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2013	35.90	31.00	8,86,291	36.00	30.80	17,22,969
May – 2013	38.30	31.85	13,63,284	38.45	31.80	30,26,838
June– 2013	31.80	27.15	32,88,556	32.00	27.15	11,67,863
July – 2013	29.50	21.00	3,71,957	29.45	20.80	9,09,624
August – 2013	28.00	18.60	10,75,338	27.80	18.40	25,66,472
September – 2013	28.75	22.20	7,17,515	28.50	21.65	17,09,261
October – 2013	33.90	25.40	10,48,622	33.75	25.10	20,16,140
November – 2013	34.30	28.80	4,46,359	34.20	28.80	8,90,960
December – 2013	34.00	28.30	15,38,749	33.90	28.35	32,20,501
January – 2014	36.10	28.85	11,88,547	36.20	28.75	26,78,576
February–2014	30.40	23.50	10,98,148	30.85	23.40	24,82,562
March-2014	34.45	24.95	38,94,335	34.45	24.90	80,37,353

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



**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,  
1<sup>st</sup> Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta,  
Akota, Vadodara - 390 020.  
Email : vadodara@linkintime.co.in  
Phone : 0265-2356573, 2356794  
Fax. : 0265-2356791

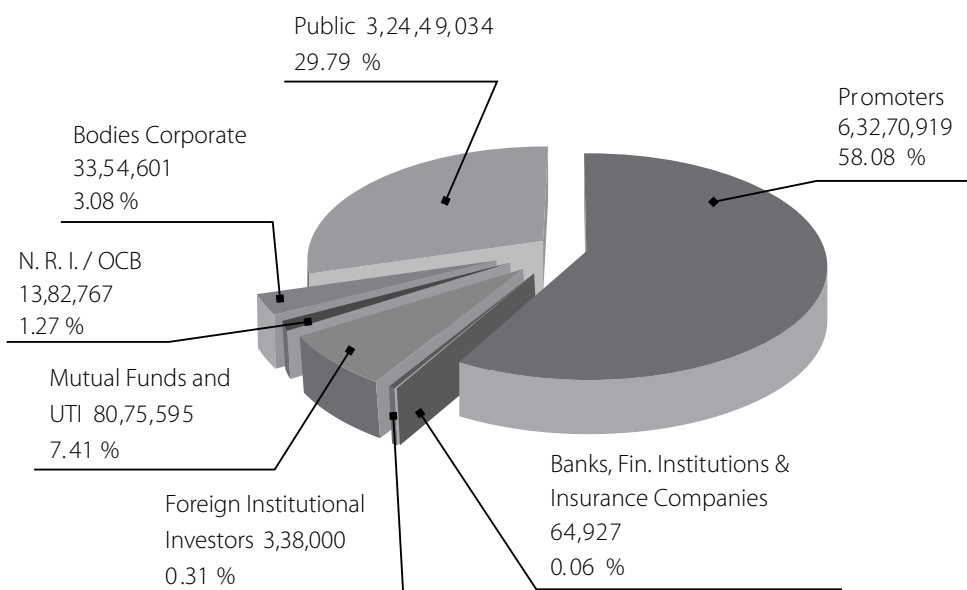
**i) Share Transfer System :**

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<sup>st</sup> March, 2014**

Category	No. of Shares held	(%) of total
Promoters	63270919	58.08
Banks, Financial Institutions and Insurance Companies	64927	0.06
Foreign Institutional Investors	338000	0.31
Mutual Funds and UTI	8075595	7.41
N.R. I. / O.C. B.	1382767	1.27
Bodies Corporate	3354601	3.08
Public	32449034	29.79
<b>TOTAL</b>	<b>108935843</b>	<b>100.00</b>

**Shareholding Pattern**



**k) Distribution of Shareholding as on 31-03-2014.**

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	42286	81.11	7131380	6.55
501 - 1000	4740	9.09	3839883	3.52
1001 - 2000	2510	4.81	3761916	3.45
2001 - 3000	885	1.70	2282279	2.10
3001 - 4000	431	0.83	1547704	1.42
4001 - 5000	312	0.60	1451994	1.33
5001 - 10000	528	1.01	3822106	3.51
Above 10001	440	0.84	85098581	78.12
<b>TOTAL</b>	<b>52132</b>	<b>100.00</b>	<b>108935843</b>	<b>100.00</b>

**l) Dematerialization of Shares and Liquidity**

As on 31<sup>st</sup> March 2014, 10,57,30,238 Shares were in dematerialized form representing 97.06% of Total Shares. The Company's shares are traded on the Bombay Stock Exchange Limited, Mumbai 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, 2014 :**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2014.

**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*
2006-2007	13-09-2007	12-10-2014
2007-2008	29-07-2008	28-08-2015
2008-2009	30-07-2009	29-08-2016
2009-2010	04-08-2010	03-09-2017

\* Indicative dates, actual dates 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, 2014, Nine (9 Nos.) Shareholders have claimed total Ten Thousand Eight Hundred Thirty (10,830 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 31<sup>st</sup> March, 2014 was Four Lac Fourty Nine Thousand Two Hundred Five (4,49,205 Nos.) Equity Shares of ₹ 2/- each.



<b>q) Plant Locations</b>	<b>:</b>	<b>Works</b>
		1. Gear Division Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat.
		2. Alternate Energy Division Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat.
<b>Address of Regd. Office</b>	<b>:</b>	Anand –Sojitra Road, Vallabh Vidyanagar – 388 120. Gujarat.
<b>Internet Website</b>	<b>:</b>	<a href="http://www.elecon.com">www.elecon.com</a>

**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 : [pmshukla@elecon.com](mailto:pmshukla@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 have been 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.

**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, 2014** 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, 2014**, 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 : 28-05-2014

## 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 B. Patel**  
Chairman and Managing Director

Place : Vallabh Vidyanagar  
Date : 23-05-2014

### 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 117 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Vadodara. **Postage for sending the form will be borne by the Company.**

# INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**ELECON ENGINEERING COMPANY LIMITED**  
Vallabh Vidyanagar

## 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, 2014**, 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") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and 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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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, 2014**;
- (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 read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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 : 28-05-2014

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 not disposed off a substantial part of the fixed assets during the year under review. Therefore, going concern status of the Company has not been affected.
- (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 had taken unsecured loans amounting to ₹ 275.50 Lacs from six 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 year end balance of one party was ₹ 17.00 Lacs and others five parties are Nil.
- (f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not 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, having regard to the explanations that some of the items purchased are of peculiar nature and/or suitable alternate sources are not available for obtaining comparable quotations, there is an 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, 2014** 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.	Name of Statute	Nature of dues	Amount ₹	Period to which the amount relates	Forum where the Dispute is pending
1.	Central Excise Act, 1944.	Excise Duty & Penalties	209.43 Lacs	2003-04 & 2006-07 to 2012-13	C.E.S.T.A.T
2.	Central Excise Act, 1944.	Excise Duty & Penalties	120.40 Lacs	2005-06, 2006-07, 2007-08, 2008-09 & 2012-13	Central Excise Commissioner (Appeal)
3.	Income Tax Act, 1961.	Income Tax	75.45 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 year 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 except allotment of shares in accordance with a scheme of arrangement approved by the Gujarat High Court and Shareholders. Therefore, the question of impact of the prices recovered in respect of such shares on the interest of the Company does not arise.
- (xix) According to our audit procedure and on the basis of information & explanations given to us, during the year under review, the Company has not issued any secured or unsecured debentures. Therefore, the question of creation of securities or charge in respect thereof does not arise.
- (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 : 28-05-2014

# BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	2,178.72	2,178.72
(b) Reserves and Surplus	4	46,990.70	45,434.99
		<b>49,169.42</b>	<b>47,613.71</b>
<b>2) NON - CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	6,553.99	9,314.83
(b) Deferred Tax Liabilities (Net)	6	3,910.48	4,160.79
(c) Other Long Term Liabilities	7	106.77	99.79
(d) Long-Term Provisions	8	196.06	250.95
		<b>10,767.30</b>	<b>13,826.36</b>
<b>3) CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	9	16,623.71	11,805.27
(b) Trade Payables		20,856.03	25,310.44
(c) Other Current Liabilities	10	7,303.35	7,750.67
(d) Short-Term Provisions	11	1,521.67	1,615.32
		<b>46,304.76</b>	<b>46,481.70</b>
<b>TOTAL</b>		<b>1,06,241.48</b>	<b>1,07,921.77</b>
<b>II. ASSETS</b>			
<b>1) NON - CURRENT ASSETS</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		36,798.57	40,677.23
(ii) Intangible Assets		584.72	402.53
(iii) Capital Work-in-Progress		670.90	778.88
		<b>38,054.19</b>	<b>41,858.64</b>
(b) Non-Current Investments	13	3,706.88	3,706.88
(c) Long-Term Loans and Advances	14	4,147.75	2,396.91
(d) Other Non-Current Assets	15	79.59	79.59
		<b>45,988.41</b>	<b>48,042.02</b>
<b>2) CURRENT ASSETS</b>			
(a) Inventories	16	12,125.03	14,865.15
(b) Trade Receivables	17	16,862.05	14,124.16
(c) Cash and Bank Balances	18	436.04	749.42
(d) Short-Term Loans and Advances	19	1,386.09	7,384.65
(e) Other Current Assets	20	29,443.86	22,756.37
		<b>60,253.07</b>	<b>59,879.75</b>
<b>TOTAL</b>		<b>1,06,241.48</b>	<b>1,07,921.77</b>

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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**  
Chairman and  
Managing Director

**H. C. Shah**  
Chief Financial Officer

Place : Vallabh Vidyanagar  
Date : 23-05-2014

**Jal Patel**  
Director

**Paresh M. Shukla**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Notes	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>I. Revenue from operations</b>	21		
a) Sale of Products (Gross)		54,057.03	64,992.12
Less : Excise Duty		(4,806.83)	(6,353.82)
Sale of Products (Net)		<b>49,250.20</b>	<b>58,638.30</b>
b) Sale of Services		382.69	493.98
c) Other Operating Revenues		490.30	388.42
<b>Total (a+b+c)</b>		<b>50,123.19</b>	<b>59,520.70</b>
<b>II. Other Income</b>	22	1,755.37	1,110.83
<b>III. Total Revenue (I + II)</b>		<b>51,878.56</b>	<b>60,631.53</b>
<b>IV. Expenses:</b>			
a. Cost of Materials Consumed	23	19,512.95	27,841.01
b. Changes in Inventories of Finished Goods, Work-in Progress and Stock-in-Trade	24	2,697.37	2,323.60
c. Manufacturing Expenses and Erection Charges	25	4,815.93	5,347.59
d. Employee Benefits Expense	26	4,321.83	5,454.13
e. Finance Costs	27	3,324.78	3,008.16
f. Depreciation and Amortization Expense		4,542.22	4,198.88
g. Other Expenses	28	8,768.14	8,283.35
<b>Total Expenses (a to g)</b>		<b>47,983.22</b>	<b>56,456.72</b>
<b>V. PROFIT BEFORE EXCEPTIONAL ITEMS &amp; TAX (III-IV)</b>		<b>3,895.34</b>	<b>4,174.81</b>
<b>VI. EXCEPTIONAL ITEMS</b>		-	<b>2,668.29</b>
<b>VII. PROFIT BEFORE TAX (V-VI)</b>		<b>3,895.34</b>	<b>1,506.52</b>
<b>VIII. Tax Expenses :</b>			
(a) Current Tax		1,402.67	1,044.37
(b) Deferred Tax		(250.31)	(306.49)
(c) Short/ (Excess) Provision of Earlier Years		-	(83.86)
<b>IX. PROFIT AFTER TAX (VII-VIII)</b>		<b>2,742.98</b>	<b>852.50</b>
<b>X. Earnings per Equity Share :</b>			
(1) Basic		2.52	0.78
(2) Diluted		2.52	0.78
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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and  
Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014

(₹ in Lacs)

		As on 31-03-2014		As on 31-03-2013	
		Amount	Amount	Amount	Amount
<b>[A] CASH FLOW FROM OPERATING ACTIVITIES</b>					
1.	Net Profit Before Tax		3,895.34		1,506.52
2.	Adjustments for:				
(i)	Depreciation and Amortisation	4,542.22		4,198.88	
(ii)	Finance Cost	3,324.78		3,008.16	
(iii)	Profit on Sale of Fixed Assets (Net)	(19.70)		(66.90)	
(iv)	Interest Income	(113.89)		(115.45)	
(v)	Dividend Income	(560.24)		(40.28)	
(vi)	Bad Debts Written Off	108.37		339.08	
(vii)	Exceptional Items	-	7,281.54	2,668.29	9,991.78
	Operating Profit Before Working Capital Changes ( 1 + 2 )		11,176.88		11,498.30
3.	Adjustments for Working Capital changes :				
[i]	Trade & Other Receivables				
	* Trade Receivables	(2,846.26)		63,644.39	
	* Loans and Advances	(3,003.44)		(27,294.16)	
[ii]	Trade & Other Payables				
	* Trade Payables	(4,454.41)		(20,164.61)	
	* Other Payables	(501.65)		(21,317.72)	
[iii]	Inventories	2,740.12	(8,065.64)	15,319.93	10,187.83
	CASH GENERATED FROM OPERATIONS		3,111.24		21,686.13
4.	Less : Direct Taxes Paid		(839.00)		(1,125.00)
	<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>		<b>2,272.24</b>		<b>20,561.13</b>
<b>[B] CASH FLOW FROM INVESTING ACTIVITIES</b>					
1.	Purchase of Fixed Assets	(1,358.44)		(224.02)	
2.	Sale of Fixed Assets	640.37		-	
3.	Purchase of Investments	-		(195.88)	
4.	Interest Received	113.89		115.45	
5.	Dividend Received	560.24		40.28	
6.	Consideration Towards Slump Sale	-		15,400.73	
7.	Exceptional Item	-		(2,668.29)	
	<b>NET CASH (USED IN) INVESTING ACTIVITIES [B]</b>	<b>(43.94)</b>	<b>(43.94)</b>	<b>12,468.27</b>	<b>12,468.27</b>

# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014

(₹ in Lacs)

	As on 31-03-2014		As on 31-03-2013	
	Amount	Amount	Amount	Amount
<b>[C] CASHFLOW FROM FINANCING ACTIVITIES</b>				
1. Proceeds from Long Term Borrowings	-		2,500.00	
2. Repayments against Long Term Borrowings	(2,760.84)		(6,108.83)	
3. Short Term Borrowings (Net)	4,818.44		(24,798.47)	
4. Finance Cost Paid	(3,324.78)		(3,114.64)	
5. Dividends Paid (incl. Tax Thereon)	(1,274.50)		(1,917.59)	
<b>NET CASH FROM FINANCING ACTIVITIES [C]</b>	<b>(2,541.68)</b>	<b>(2,541.68)</b>	<b>(33,439.53)</b>	<b>(33,439.53)</b>
<b>[D] NET INCR./(DECR.) IN CASH &amp; CASH EQUIVALENTS [A+B+C]</b>		(313.38)		(410.13)
<b>[E] Cash &amp; Cash Equivalents at the beginning of the year</b>		749.42		1,159.55
<b>[F] Cash &amp; Cash Equivalents at the end of the year</b>		<b>436.04</b>		<b>749.42</b>

## 1 Components of Cash & Cash Equivalents :-

Cash on Hand	0.06	0.11
Balances with Banks		
In Current Accounts	318.54	634.11
In Fixed Deposit Account	-	-
Unclaimed Dividend Account	117.44	115.20
	<b>436.04</b>	<b>749.42</b>

2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified in Companies (Accounting Standards) Rules, 2006.

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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and  
Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014



**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH, 2014**

**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) Research and Development Expenses**

All revenue expenditure related to R&D, including expenses in relation to development of product/processes, are charged to the Statement of Profit and Loss in the period in which they are incurred. Capital Expenditure on Research and Development is classified separately under tangible/intangible assets and depreciated on the same basis as other fixed assets.

**h) 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.

**i) 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.

**j) 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.

**k) 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.

**l) 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 3. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised Share Capital</b>		
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
	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued Subscribed and Paid-up Capital</b>		
108,935,843 Equity Shares of ₹ 2/- each (Previous Year 9,28,61,510 Equity Shares of ₹ 2/- each)	2,178.72	1,857.23
<b>Share Suspense Account</b>	-	321.49
<b>Total</b>	<b>2,178.72</b>	<b>2,178.72</b>

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

Particulars	31st March, 2014	31st March, 2013
Outstanding at the beginning of the Year	9,28,61,510	9,28,61,510
Add : Issued During the Year	1,60,74,333	-
Outstanding at the end of the Year	10,89,35,843	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, 2014	31st March, 2013
Equity Shares of ₹ 2/- each fully paid			
(a) Emtici Engineering Limited	Nos.	2,67,75,669	2,16,47,677
	% Holding	24.58%	23.31%
(b) Prayas Engineering Limited	Nos.	1,11,66,394	1,00,78,471
	% Holding	10.25%	10.85%
(c) K. B. Investments Pvt. Limited	Nos.	1,00,81,125	56,91,265
	% Holding	9.25%	6.13%

\* The above includes shares allotted as Share Suspense Account. (Under Section 50A).

#### (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, 2014	31st March, 2013
(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
(c) Equity Share allotted as fully paid up shares by virtue of schemes of arrangement	1,60,74,333	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Share Premium Account</b>		
As per Last Financial Statements	2,878.14	2,878.14
Closing Balance	<b>2,878.14</b>	<b>2,878.14</b>
<b>(b) General Reserve</b>		
As per Last Financial Statements	40,632.76	37,295.88
Add : Amount Pursuant to the Scheme of Arrangement	-	3,236.88
Add : Transferred from Surplus in Statement of Profit and Loss	500.00	100.00
Closing Balance	<b>41,132.76</b>	<b>40,632.76</b>
<b>(c) Surplus in Statement of Profit and Loss</b>		
As per Last Financial Statements	1,924.09	2,446.09
Add : Transferred during the year from Statement of Profit and Loss	2,742.98	852.50
Less : Appropriations		
Proposed Dividend	1,089.36	1,089.36
Tax on Proposed Dividend	97.91	185.14
Transfer to General Reserve	500.00	100.00
Total Appropriations	<b>1,687.27</b>	<b>1,374.50</b>
Net Surplus in Statement of Profit and Loss	2,979.80	1,924.09
<b>Total Reserves and Surplus</b>	<b>46,990.70</b>	<b>45,434.99</b>

### 5. LONG-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
(a) 11% Non Convertible Debentures		
From Banks	2,500.00	2,500.00
(b) Term Loans		
From Banks	4,053.99	6,505.30
(c) Vehicle Loans		
From Banks	-	45.48
<b>Unsecured</b>		
(a) Other Loans	-	264.05
	<b>6,553.99</b>	<b>9,314.83</b>

#### (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 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 charges 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 Generator at Mota Gunda site, Dist. Jamnagar. Further collaterally secured by Hypothecation charge on all unencumbered Plant and Machinery of the Company, Corporate Guarantee of Emtici Engineering Ltd., Pledge of 34150 Equity Shares of Eimco Elecon (I) Ltd. and 157850 Equity Shares of Elecon Engg. Co. Ltd. & Second charges over Plant & Machinery.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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) Capital assets acquired on HP Loans from Banks [(c) 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, 2014	31st March, 2013	Terms of Repayment
(i) Corporation Bank	2,500.00	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>2,500.00</u>	

#### 2. Terms Loans

(₹ in Lacs)

Lender	31st March, 2014	31st March, 2013	
(i) Indusind Bank Limited	1,128.91	1,881.52	Repayable in equated quarterly installments of ₹ 175.27 Lacs starting from November 2012.
(ii) DBS Bank Limited	2,194.06	3,447.81	Repayable in equated quarterly installments of ₹ 313.44 Lacs starting from February 2013.
(iii) State Bank of India	243.05	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.
(iv) Bank of Baroda	487.97	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.
(v) Axis Bank Limited	-	52.03	Repayable in equated monthly installments of ₹ 4.32 Lacs starting from February 2011.
	<u>4,053.99</u>	<u>6,505.30</u>	

#### 3. Vehicle Loans

(₹ in Lacs)

Lender	31st March, 2014	31st March, 2013	
(i) HDFC Bank Limited	-	8.08	Repayable in equated monthly installments.
(ii) Kotak Mahindra Prime Limited	-	37.40	Repayable in equated monthly installments.
	<u>-</u>	<u>45.48</u>	

#### 4. Other Loans and Advances (Unsecured)

(₹ in Lacs)

Lender	31st March, 2014	31st March, 2013	
(i) SREI Equipment Finance Limited	-	264.05	Repayable in equated monthly installments.
	<u>-</u>	<u>264.05</u>	



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Deferred Tax Liabilities</b>		
In respect of difference between book & Tax W. D. V.	3,972.03	4,209.37
<b>(b) Deferred Tax Assets</b>		
In respect of disallowance under the Income Tax Act.	(61.55)	(48.58)
<b>Net Deferred Tax Liability</b>	<b>3,910.48</b>	<b>4,160.79</b>

### 7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Deposits	106.77	99.79
	<b>106.77</b>	<b>99.79</b>

### 8. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for Employee Benefits:		
Provision for Gratuity	43.53	10.87
Provision for Leave Encashment	152.53	240.08
	<b>196.06</b>	<b>250.95</b>

### 9. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
(a) Loans Repayable on Demand:		
Working Capital Loans		
- From Banks	14,507.03	7,933.55
<b>Unsecured</b>		
(a) Working Capital Loans		
- From Banks (Including Commercial Paper)	2,099.68	3,596.22
(b) Other Loans		
- From Related Parties	17.00	275.50
	<b>16,623.71</b>	<b>11,805.27</b>

#### (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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Current Maturities of		
Term Loan (Secured)	2,407.29	4,095.95
Vehicle Loan (Secured)	4.52	46.03
Finance from other (Unsecured)	264.05	236.95
(b) Advance from Customers	3,935.25	2,861.53
(c) Interest Accrued but not due on Borrowings	118.76	252.55
(d) Unpaid Dividends	117.44	115.20
(e) Statutory & Other Liabilities	456.04	136.67
(f) Deposits	-	5.79
	<b><u>7,303.35</u></b>	<b><u>7,750.67</u></b>

### 11. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for Employee Benefits:		
Provision for Gratuity	133.28	157.40
Provision for Leave Encashment	22.75	30.62
Provision for Superannuation	178.37	152.80
(b) Proposed Dividend	1,089.36	1,089.36
(c) Dividend Tax on Proposed Dividend	97.91	185.14
	<b><u>1,521.67</u></b>	<b><u>1,615.32</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 12. FIXED ASSETS (Current Year)

(₹ in Lacs)

Sr. No.	Nature Of Assets	Gross Block (At Cost)						Depreciation				Net Block			
		At Cost As On 01-04-2013	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 31.03.2014	As On 01.04.2013	Accumulated Depreciation Or Deductions/ Transfers And Adjustments	Depreciation Adjustments On Account of Slump Sale	Depreciation During The Year	Accumulated Depreciation As On 31.03.2014	As At 31.03.2014	As At 31.03.2013	
<b>I. Tangible Assets</b>															
1	Land (Freehold)	2,163.25	-	55.36	-	-	2,218.61	-	-	-	-	-	2,218.61	2,163.25	
2	Buildings	7,837.56	-	454.72	-	-	8,292.28	2,204.15	-	-	541.12	2,745.27	5,547.01	5,633.41	
3	Plant and Machinery	45,830.07	-	378.71	262.24	-	45,946.54	16,129.49	95.65	-	3,278.58	19,312.42	26,634.12	29,700.58	
4	Electrical Installations	816.98	-	25.23	-	-	842.21	213.32	-	-	80.40	293.72	548.49	603.66	
5	Electrical Fittings	153.97	-	9.31	-	-	163.28	7.57	-	-	24.55	32.12	131.16	146.40	
6	Office Equipments	1,673.95	-	64.72	19.03	-	1,719.64	1,290.74	17.91	-	118.60	1,391.43	328.21	383.21	
7	Air Conditioning Plant	303.17	-	72.18	-	-	375.35	126.80	-	-	25.77	152.57	222.78	176.37	
8	Sundry Equipments	150.44	-	0.44	-	-	150.88	80.76	-	-	37.65	118.41	32.47	69.68	
9	Furniture and Fixtures	363.78	-	29.75	13.19	-	380.34	167.25	4.68	-	38.50	201.07	179.27	196.53	
10	Vehicles	1,231.39	-	53.83	855.02	-	430.20	491.30	410.57	-	139.14	219.87	210.33	740.09	
11	Research & Development Assets	1,194.75	-	-	-	-	1,194.75	334.04	-	-	116.94	450.98	743.77	860.71	
12	Tools, Jigs & Dies	3.62	-	-	-	-	3.62	0.26	-	-	1.01	1.27	2.35	3.36	
Total A		61,722.93	-	1,144.25	1,149.48	-	61,717.70	21,045.68	528.81	-	4,402.26	24,919.13	36,798.57	40,677.25	
<b>II. Intangible Assets</b>															
(a)	Technical Knowhow Fees	341.63	-	-	-	-	341.63	273.42	-	-	44.84	318.26	23.37	68.21	
(b)	Software	25.63	-	322.17	-	-	347.80	4.04	-	-	32.19	36.23	311.57	21.59	
(c)	Licenses	377.51	-	-	-	-	377.51	64.80	-	-	62.93	127.73	249.78	312.71	
Total B		744.77	-	322.17	-	-	1,066.94	342.26	-	-	139.96	482.22	584.72	402.51	
Total A+ B		62,467.70	-	1,466.42	1,149.48	-	62,784.64	21,387.94	528.81	-	4,542.22	25,401.35	37,383.29	41,079.76	
Previous Year		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		

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

### 12. FIXED ASSETS (Previous Year)

(₹ 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	
<b>I. Tangible Assets</b>															
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	
<b>II. Intangible Assets</b>															
(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, 2014

## 13. NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(A) Trade Investment (at Cost)</b>		
<b>(1) Investment In Equity Instruments (fully paid-up) (Unquoted):</b>		
<b>(i) Investment in Subsidiary Companies :</b>		
(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 2,70,170 Shares ) of ₹ 10/- each of Elecon EPC Projects Limited	36.47	36.47
(c) 8,97,844 Shares (Previous Year 8,97,844 Shares) of S\$ 1/- each of Elecon Singapore Pte. Ltd.	247.60	247.60
(d) 6 Shares (Previous Year 6 Shares) of AED 1,00,000/- each of Elecon Middle East FZCO	72.61	72.61
<b>(ii) Investment in Associates :</b>		
(a) 1,29,965 Shares (Previous Year 1,29,965 Shares) of ₹ 10/- each of Elecon Peripherals Limited	13.00	13.00
	<b>3,435.73</b>	<b>3,435.73</b>
<b>(2) Investment In Equity Instruments (fully paid-up) (Quoted):</b>		
<b>(i) Investment in Joint Ventures :</b>		
(a) 9,58,426 Shares (Previous Year 9,58,426 Shares) of ₹ 10/- each of M/s. Eimco Elecon (India) Limited (Market Value ₹ 2,013.17 Lacs Previous Year ₹ 1,374.38 Lacs)	217.29	217.29
<b>(B) Other Investment (at Cost)</b>		
<b>(1) Investment In Equity Instruments (fully paid-up) (Quoted):</b>		
(a) 2,500 Shares (Previous Year 2500 Shares) of ₹ 2/- each of HDFC Bank Ltd. (Market Value ₹ 18.72 Lacs Previous Year ₹ 15.63 Lacs)	0.05	0.05
(b) 10,789 Shares (Previous Year 10,789 Shares) of ₹ 10/- each of Bank of Baroda (Market Value ₹ 79.27 Lacs Previous Year ₹ 74.22 Lacs)	21.19	21.19
	<b>21.24</b>	<b>21.24</b>
<b>(2) Investment In Equity Instruments (fully paid-up) (Unquoted):</b>		
(a) 2,00,000 Shares (Previous Year 2,00,000 Shares) of ₹ 10/- each of Eimco Elecon Electricals Limited	20.00	20.00
(b) 1,24,500 Shares (Previous Year 1,24,500 Shares) of ₹ 10/- each of Wizard Fincap Limited	12.45	12.45
(c) 1 Share (Previous Year 1 Share) of ₹ 100/- each of Charotar Gramoddhar Sahakari Mandal Limited	-	-
(d) 80 Shares (Previous Year 80 Shares) of ₹ 10/- each of Karamsad Urban Co-operative Limited	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	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(g) 30 Shares (Previous Year 30 Shares) of ₹ 500/- each of Charotar Gas Sahakari Mandali Limited	0.15	0.15
	<b>32.62</b>	<b>32.52</b>
	<b>3,706.88</b>	<b>3,706.88</b>

(a) Aggregate Amount of Quoted Investments	238.53	238.53
(b) Aggregate Amount of Unquoted Investments	3,468.35	3,468.35
(c) Aggregate Market Value of Quoted Investments	2,111.16	1,464.24

### 14. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>A. Unsecured, Considered Good</b>		
(a) Capital Advances	-	5.71
(b) Deposits	319.50	92.65
(c) Advances Recoverable in Cash or Kind	12.04	12.04
(d) Advance Payment of Tax (Net of Provision for Taxation)	282.69	452.94
(e) Loans and Advances to Related Parties	3,533.52	1,833.57
<b>Grand Total</b>	<b>4,147.75</b>	<b>2,396.91</b>

### 15. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, Considered Good</b>		
(a) Deposit with Original maturity of more than 12 months	66.59	66.59
(b) Margin Money Deposit	13.00	13.00
	<b>79.59</b>	<b>79.59</b>

### 16. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>At lower of cost or net realisable value</b>		
(a) Raw Materials	3,821.32	3,669.32
(b) Raw Materials-in-Transit	-	14.71
(c) Semi-Finished Goods	6,259.30	8,489.63
(d) Finished Goods	1,013.30	1,480.34
(e) Stores and Spares	1,031.11	1,211.15
	<b>12,125.03</b>	<b>14,865.15</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 17. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, Considered Good :</b>		
(a) Outstanding for a period exceeding six month from the due date	1,661.45	2,861.79
(b) Others	15,200.60	11,262.37
	<b>16,862.05</b>	<b>14,124.16</b>

### 18 CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Cash and Cash Equivalent</b>		
(a) Balance with Banks:		
In Current Account	318.54	634.11
Unpaid Dividend Bank Account	117.44	115.20
(b) Cash on Hand	0.06	0.11
	<b>436.04</b>	<b>749.42</b>
(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.15 "Other Non Current Assets".	<b>79.59</b>	<b>79.59</b>

### 19. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, Considered Good :</b>		
(a) Advances Recoverable in Cash/Kind (Refer Note below)	880.66	6,535.60
(b) Balance with Collector of Custom, Port Trust, Excise etc.	419.19	780.53
(c) Prepaid Expenses	86.24	68.52
	<b>1,386.09</b>	<b>7,384.65</b>

Note: Includes an amount of ₹ 55 Lacs due from Chairman & Managing Director & Executive Director, which is excess of limits specified under section 198 & 349 of Companies Act, 1956. The Company is in precess of filing an application to the Central Government for waiver of excess remuneration.

### 20. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Other Receivables		
From Related Parties	16,159.84	9,343.86
Receivable as per Scheme of Arrangement	12,732.44	12,732.44
From Others	551.58	680.07
	<b>29,443.86</b>	<b>22,756.37</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 21. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Sale of Products		
Transmission Equipment Sales	43,026.96	52,731.49
WTG Sales	41.90	7.93
Export Sales	6,181.34	5,898.88
	<b>49,250.20</b>	<b>58,638.30</b>
(b) Sale of Services		
Erection Charges	382.69	493.98
(c) Other operating revenues		
Scrap Sales	413.09	284.75
Machinery Hire Charges	13.32	67.06
Duty Drawback	63.89	36.61
	<b>490.30</b>	<b>388.42</b>
	<b>50,123.19</b>	<b>59,520.70</b>

### 22. OTHER INCOME

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Interest Income	113.89	115.45
(b) Dividend Income (From Long Term Investment)	560.24	40.28
(c) Profit on Sales of Assets (Net of Losses)	19.70	66.90
(d) Profit/(Loss) on Account of Exchange Variation	86.43	100.97
(e) Rent Income	690.84	718.00
(f) Miscellaneous Income	284.27	69.23
	<b>1,755.37</b>	<b>1,110.83</b>

### 23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw Materials Consumed	19,512.95	27,841.01
	<b>19,512.95</b>	<b>27,841.01</b>
a. Raw Materials Consumed in broad heads :		
Iron & Steel	3,007.75	6,874.08
Forgings	3,083.34	4,045.60
Bearings	2,614.89	5,109.08
Electricals	48.36	96.81
Castings	2,298.75	3,228.62
Other Components	8,459.86	8,486.82
	<b>19,512.95</b>	<b>27,841.01</b>
b. Value of Indigenous and Imported Raw Materials Consumed during the year :		
Imported Value	360.97	4,775.49
Percentage	2%	6%
Indigenous Value	19,151.98	23,065.52
Percentage	98%	94%

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Opening Stock :		
Semi-Finished Goods (WIP)	8,489.63	17,486.67
Finished Goods	1,480.34	2,927.40
	<b>9,969.97</b>	<b>20,414.07</b>
(b) Adjustments as per Scheme of Arrangement :		
Transferred on Slump Sale of MHE Undertaking	-	(9,403.64)
Addition pursuant to the Scheme of Arrangement	-	1,283.14
(c) Closing Stock :		
Semi-Finished Goods (WIP)	6,259.30	8,489.63
Finished Goods	1,013.30	1,480.34
	<b>7,272.60</b>	<b>9,969.97</b>
	<b>2,697.37</b>	<b>2,323.60</b>

### 25. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Stores, Tools and Spares Consumed	2,475.53	3,848.05
(b) Sub-Contracting Charges	1,184.64	144.14
(c) Power and Fuel	472.56	802.29
(d) Erection and other charges	33.18	57.47
(e) Other manufacturing expenses	650.02	495.64
	<b>4,815.93</b>	<b>5,347.59</b>
a. Value of Indigenous and Imported Stores, Tools and Spares consumed during the year :		
Imported Value	369.07	408.79
Percentage	15%	7%
Indigenous Value	2,106.46	3,439.26
Percentage	85%	93%

### 26. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Salaries and Wages (Incl. Managerial Remuneration)	3,675.79	4,745.19
(b) Contribution to Provident Fund	182.97	200.37
(c) Employees' Welfare Expenses	80.60	142.21
(d) Employees' Retirement Benefits	382.47	366.36
	<b>4,321.83</b>	<b>5,454.13</b>

### 27. FINANCE COST

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Interest Expense	3,195.28	2,901.43
(b) Other Borrowing Cost	117.48	47.46
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	12.02	59.27
	<b>3,324.78</b>	<b>3,008.16</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 28. OTHER EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Technical Know how and Design Fees	48.41	13.80
(b) Rent	1,102.70	850.13
(c) Computer Software Charges	375.70	357.76
(d) Rates & Taxes	472.72	160.77
(e) Excise Duty (Excluding Duty Recovered from Customers)	(51.38)	(237.93)
(f) Repairs and Maintenance :		
Buildings	290.96	179.14
Machineries	1,106.40	945.41
Others	226.31	201.14
(g) Insurance (Net of Recoveries)	68.25	45.93
(h) Travelling Expenses	284.08	410.71
(i) Bank Charges	8.46	156.66
(j) Directors' Fees	7.60	6.60
(k) Commission to Non Executive Director	25.00	21.66
(l) Packing, Forwarding & Distribution Expenses (Net of Recoveries)	827.19	893.25
(m) Commission & Brokerage	1,501.59	1,511.44
(n) Warranty Claim Replacement	0.45	8.72
(o) Bad Debts Written Off	108.37	339.08
(p) Liquidated Damages	148.75	337.65
(q) Advertisements & Sales Promotion Expenses	201.09	319.13
(r) Payment to Auditors	22.22	16.68
(s) Donations	42.91	30.14
(t) Lease Rentals	119.21	61.51
(u) Royalty Paid	0.22	29.55
(v) Technical Inspection Consultancy Fees	0.31	1.97
(w) Other Professional Consultancy Fees	437.68	496.43
(x) General Administrative Charges	998.26	686.59
(y) Research & Development Expenses	394.68	439.43
	<b>8,768.14</b>	<b>8,283.35</b>

#### a. Auditors' Remuneration

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

(i) As Auditors	9.20	9.55
(ii) For Tax Audit	1.52	1.57
(iii) For Taxation Matters	5.10	-
(iv) For Company Law Matters	-	-
(v) For Management Services	-	-
(vi) For Other Services	5.17	4.83
(vii) Re-imbursment of Expenses	1.23	0.72
	<b>22.22</b>	<b>16.67</b>

Over & above the aforesaid payments an amount of ₹ 1.06 Lacs (Previous Year ₹ 0.90 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, 2014

### 29. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Contingent Liabilities:</b>		
<u>Claims against the Company not acknowledged as debt</u>		
(i) Disputed Excise Duty & Service Tax against Demand Notices received	329.83	407.97
(ii) Disputed Income Tax Demand-Disputed by Company	333.44	638.26
(iii) Disputed Income Tax Demand-Disputed by Income Tax Authorities	320.10	15.99
(iv) Sales Bills Discounted under LC with Banks	283.55	1,209.26
(v) 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
(vi) 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.	24,134.26	21,322.41
(vii) 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 ₹ 90.93 Lacs and the Company has preferred to go for appeal against the said order.	90.93	90.93
(viii) The Company has received assessment order for the year 2009-10 under the central sales (Gujarat) act with a demand of ₹ 293.54 Lacs. The Company has deposited ₹ 184.37 Lacs and Company has preferred to go for appeal against this order. However Company has not provided for the differential amount.	109.17	-
(ix) The Company has provided Corporate Guarantee to SBI, Consortium to the tune of ₹ 90,000.00 Lacs as a security for repayment of Financial facilities availed by Elecon EPC Projects Ltd., a subsidiary of the Company.	90,000.00	-
<u>Guarantees</u>		
(i) Guarantees issued by Company's Bankers	5,241.76	7,321.96
(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.	1,380.00	1,246.91
<b>(b) Commitments:</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,436.57	-
(ii) Liability for Export Obligation under Export Promotion Credit Guarantee	7,556.95	9,239.51

### 30. 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:-

(₹ in Lacs)

	Gratuity		Leave Encashment	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Expense recognized in the Statement of Profit and Loss :-</b>				
Current Service Cost	43.77	64.45	45.32	54.77
Interest Cost	52.14	62.09	12.81	18.79
Employer Contribution	-	-	-	-
Expected Return on Plan Assets	(41.63)	(48.25)	-	-
Net Actuarial (Gains) / Losses	188.34	30.10	111.78	(15.75)



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Gratuity		Leave Encashment	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Past Service Cost	-	-	-	-
Settlement Cost	-	-	-	-
<b>Total Expenses</b>	<b>242.62</b>	<b>108.38</b>	<b>169.91</b>	<b>57.82</b>
<b>Net Asset/(Liability) recognized in the Balance Sheet :-</b>				
Present value of Defined Benefit Obligation	625.53	885.34	175.28	270.70
Fair value of plan assets	448.72	717.07	-	-
<b>Funded status [Surplus/(Deficit)]</b>	<b>(176.81)</b>	<b>(168.27)</b>	<b>-</b>	<b>-</b>
<b>Net Asset/(Liability)</b>	<b>(176.81)</b>	<b>(168.27)</b>	<b>(175.28)</b>	<b>(270.70)</b>
Current Liability	(133.28)	(157.40)	(22.75)	(30.62)
Non Current Liability	(43.53)	(10.87)	(152.53)	(240.08)
<b>Change in Obligation during the Year :-</b>				
Present value of Defined Benefit Obligation at Beginning of the Year	631.97	782.22	155.25	229.84
Current Service Cost	43.77	64.45	45.32	54.77
Interest Cost	52.14	62.09	12.81	18.79
Settlement Cost	-	-	-	-
Past Service Cost	-	-	-	-
Employer Contributions	-	-	-	-
Liability Transferred In	-	-	71.89	-
Liability Transferred Out	-	-	(108.91)	-
Actuarial (Gains) / Losses	182.53	50.64	111.78	(15.75)
Benefits Payments	(284.88)	(74.07)	(112.87)	(16.96)
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>625.53</b>	<b>885.33</b>	<b>175.27</b>	<b>270.69</b>
<b>Change in Assets during the Year :-</b>				
Plan assets at the beginning of the year	478.45	567.68		
Settlements	-	-		
Expected return on plan assets	41.63	48.25		
Contributions by Employer	158.89	154.66		
Transfer From Other Company	217.55	-		
Transfer To other Company	(157.11)	-		
Actual Benefits Paid	(284.88)	(74.07)		
Actuarial (Gains) / Losses	(5.81)	20.55		
Plan Assets at the end of the Year	448.72	717.07		
<b>Expected contribution during the year</b>	<b>-</b>	<b>-</b>		
<b>Actuarial Assumptions:</b>				
Discount Rate	9.30%	8.25%	8.25%	8.50%
Expected rate of return on plan assets	8.70%	8.70%	-	-
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	2009-10	2010-11	2011-12	2012-13
Present value of defined benefit obligation at the end of the Year	1,047.43	1,107.00	1,152.97	885.34
Fair value of plan assets at the end of the Year	472.86	590.80	756.37	717.07
<b>Actuarial Assumptions:</b>				
Discount Rate	8.50%	7.93%	8.50%	8.50%
Expected Rate of return on Plan Assets	-	9.25%	8.50%	8.50%
Mortality Pre Retirement	-	-	-	-
Turnover Rate	2.00%	3% to 1%	2.00%	2.00%
Rate of Escalation in Salary (P.A.)	6.50%	4.50%	6.50%	6.50%

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- 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.
- b. The liability for the gratuity ₹ 176.81 Lacs (Previous Year ₹ 168.27 Lacs). as shown in the balance sheet is after adjusting the Fair value of plan assets (Invested with LIC/SBI) as at March 31, 2014 of ₹ 448.72 Lacs (Previous Year ₹ 717.07 Lacs).
- 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 ₹ 202.63 Lacs (Previous Year ₹ 152.78 Lacs).

### 31. SEGMENT INFORMATION

- a) W.e.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.

### 32. EARNING PER SHARE

(₹ in Lacs, except per share data)

	As at 31st March, 2014	As at 31st March, 2013
--	---------------------------	---------------------------

#### 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	2,742.98	852.50
b) Weighted average number of equity shares	10,89,35,843	10,89,35,843
c) Earning Per Share (Basic & Diluted)	2.52	0.78
d) Face Value per Share	2.00	2.00

### 33. 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
- (ii) Elecon Transmission International Limited, Mauritius
- (iii) Elecon Singapore Pte. Limited
- (iv) Elecon Middle East FZCO

##### 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, 2014

### 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) Specialty Wood Pack Private Limited
- (viii) Power Build Limited
- (ix) Kirloskar Power Build Gears Limited
- (x) Akaaish Mechatronics Limited
- (xi) Madhubhan 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, 2014	As at 31st March, 2013
<b>Purchase of Material / Fin. Goods</b>		
(i) Elecon EPC Projects Limited	711.78	-
(ii) Specialty Wood Pack Private Limited	664.71	658.18
(iii) Elecon Peripherals Limited	337.87	390.71
(iv) Others	209.37	538.92
<b>Job work Income from other Co.</b>		
(i) Power Build Limited	88.73	120.59
(ii) Elecon EPC Projects Limited	59.71	7.80
(iii) Elecon Peripherals Limited	-	6.58
(iv) Others	6.46	18.42
<b>Job work Expenses to other Co.</b>		
(i) Elecon Peripherals Limited	18.79	-
(ii) Power Build Limited	15.23	255.37
(iii) Specialty Wood Pack Private Limited	6.69	44.82
(iv) Others	7.75	-
<b>Sale of Fin. Goods / Consumable Stores</b>		
(i) Eimco Elecon (India) Limited	515.00	753.07
(ii) Radicon Transmission UK Limited	747.71	-
(iii) Elecon EPC Projects Limited	4,034.89	5,099.40
(iv) Others	1,365.83	1,420.10
<b>Purchase of Fixed Assets</b>		
(i) Elecon Information Technology Limited	6.63	28.51
(ii) Eimco Elecon (India) Limited	-	108.64
(iii) Elecon EPC Projects Limited	44.31	-
(iv) Emtici Engineering Limited	54.44	-
(v) Eimco Elecon Electricals Limited	-	30.91
(vi) Others	-	2.78
<b>Expenses Charged to other Co.</b>		
(i) Elecon EPC Projects Limited	481.05	524.78
(ii) Power Build Limited	43.47	98.11
(iii) Elecon Transmission International Limited, Mauritius	196.88	-
(iv) Others	127.81	77.03

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### B) Nature of transactions (Contd...)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Exp. Charged by other Co.</b>		
(i) Akaaish Mechatronics Limited	731.59	737.88
(ii) Elecon Information Technology Limited	235.35	185.11
(iii) Emtici Engineering Limited	995.62	451.20
(iv) Prayas Engineering Limited	288.68	270.00
(v) Others	213.24	151.57
<b>Sales Commission</b>		
(i) Elecon Singapore Pte. Limited	138.44	107.66
(ii) Elecon Middle East FZCO	106.02	243.95
<b>Deposit/ Loan / Advances given</b>		
(i) Elecon Transmission International Limited, Mauritius	1,565.44	946.28
(ii) Elecon EPC Projects Limited	-	2,025.00
<b>Int. on above Loan/ Deposit</b>		
(i) Elecon Transmission International Limited, Mauritius	116.10	64.20
(ii) Elecon Singapore Pte. Limited	-	4.35
<b>Purchase / Subscribe of Equity Shares</b>		
(i) Elecon EPC Projects Limited	-	36.47
(ii) Excel EPC Projects Private Limited	-	1.00
<b>Sale of Shares of Co.</b>		
(i) Excel EPC Projects Private Limited	-	1.00
<b>Receipt of Dividend</b>		
(i) Elecon Middle East FZCO	4.92	-
(ii) Elecon EPC Projects Limited	513.32	-
(iii) Eimco Elecon (I) Limited	38.34	38.34
<b>Recovery of Loan</b>		
(i) Elecon Transmission International Limited, Mauritius	-	27.99
<b>Slump sale of MHE Undertaking pursuant to Scheme of Arrangement</b>		
(i) Elecon EPC Projects Limited	-	12,732.44
<b>Remuneration</b>		
(i) Shri Prayasvin B. Patel	215.77	220.60
(ii) Shri Prashant C. Amin	230.74	225.06

### C) Balance at Year End

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(i) Outstanding Payable</b>		
(a) Associates and Joint Ventures		
(i) Elecon Peripherals Limited	446.20	339.49
(ii) Others	13.98	-
(b) Enterprises over which Note No. 33(A)(d) or 33(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	519.93	551.10
(ii) Prayas Engineering Limited	262.34	273.03
(iii) Specialty Wood Pack Private Limited	-	277.65
(iv) Akaaish Mechatronics Limited	170.07	36.00

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(v) Bipra Investment & Trust Pvt. Ltd.	-	48.00
(vi) K. B. Investment Pvt. Ltd.	-	139.50
(vii) Kirlosker Power Build Gear Limited	17.00	32.50
(viii) Elecon Information Technology Limited	135.42	-
(xi) Others	127.49	280.08
(c) Subsidiary Companies		
(i) Elecon Singapore Pte. Limited	-	244.33
(ii) Elecon Middle East FZCO	184.89	67.52
(ii) Elecon EPC Projects Limited	150.36	-
(ii) <b>Outstanding Receivables:</b>		
(a) Subsidiary Company		
(i) Elecon Transmission International Limited, Mauritius	3,558.51	1,735.80
(ii) Elecon EPC Projects Limited	33,434.67	19,856.84
(iii) Elecon Singapore Pte. Limited	182.25	223.10
(iv) Elecon Middle East FZCO	-	93.72
(b) Step down Subsidiaries		
(i) Radicon Transmission UK Limited, U.K.	295.78	257.80
(ii) AB Benzlers, Sweden	39.06	18.96
(iii) Radicorn USA Transmission Limited, USA	131.40	135.45
(iv) Benzlers TBA B.V.,	46.82	-
(c) Associates and Joint Ventures		
(i) Eimco Elecon (India) Limited	181.81	85.80
(ii) Elecon Peripherals Limited	0.81	0.79
(d) Enterprises over which Note No. 33(A)(d) or 33(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	24.48	-
(ii) Power Build Limited	40.65	30.75
(iii) Others	3.51	0.65
(iii) <b>Investments:</b>		
(a) Subsidiary Companies		
(i) Elecon Transmission International Limited, Mauritius	3,066.05	3,066.05
(ii) Elecon EPC Projects Limited	36.47	36.47
(iii) Elecon Singapore Pte. Limited	247.60	247.60
(iv) Elecon Middle East FZCO	72.61	72.61
(b) Associates and Joint Ventures		
(i) Eimco Elecon (India) Limited	217.29	217.29
(ii) Others	13.00	13.00
(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
(ii) Eimco Elecon Electricals Limited	20.00	20.00

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 34. 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 be given.

35. 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.

### 36. CIF VALUE OF IMPORTS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
a) Raw Material	360.97	4,517.33
b) Stores and Spares	369.07	346.93
c) Capital Goods	55.84	1,919.82

### 37. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
a) Interest	746.40	223.40
b) Technical Consultancy Fees	113.68	57.09
c) Legal and Professional fees	21.83	-
d) Others	363.36	869.80

### 38. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
a) Export of Goods calculated on F.O.B. basis		
Reduction Gears	5,988.94	5,898.88
b) Servicing Income	11.20	11.89

### 39. PROPOSED DIVIDEND

The Board of Directors have proposed equity dividend of ₹ 1/- (Previous Year ₹ 1/-) per equity share of ₹ 2/- each.

The aggregate amount of equity dividend proposed to be distributed is ₹ 1,187.27 Lacs (Previous Year ₹ 1,274.50 Lacs) Including Dividend Distribution Tax of ₹ 97.91 Lacs (Previous Year ₹ 185.14 Lacs)

40. Figures of previous year are regrouped and recast wherever necessary.

41. Note 1 to 40 form an integral part of the financial statements.

### Signature to Balance Sheet and Statement of Profit and Loss and note 1 to 40.

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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and

Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014



# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To The Board of Directors of  
ELECON ENGINEERING COMPANY LIMITED**

## **Report on the Consolidated Financial Statements**

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, 2014**, 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, 2014**;
- (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 ₹ 35,618.69 lacs as at 31st March 2014, the total revenue of ₹ 36,731.40 lacs and cash inflows amounting to ₹ 260.48 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 ₹ 15.42 lacs for the year ended on 31<sup>st</sup> March 2014. 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 : 28-05-2014

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

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITIES AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	2,178.72	2,178.72
(b) Reserves and Surplus	4	51,030.65	51,600.44
		<b>53,209.37</b>	<b>53,779.16</b>
<b>(2) Minority Interest</b>		<b>3,503.34</b>	<b>3,434.47</b>
<b>(3) Non - Current Liabilities</b>			
(a) Long-Term borrowings	5	13,779.84	18,403.54
(b) Deferred Tax Liabilities	6	4,319.01	4,394.43
(c) Other Long Term Liabilities	7	13,899.36	12,822.85
(d) Long-Term Provisions	8	325.71	521.05
		<b>32,323.92</b>	<b>36,141.87</b>
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	9	43,961.53	43,939.84
(b) Trade Payables		49,399.85	53,979.38
(c) Other Current Liabilities	10	21,510.63	18,278.14
(d) Short-Term Provisions	11	2,165.70	3,038.79
		<b>1,17,037.71</b>	<b>1,19,236.15</b>
<b>TOTAL</b>		<b>2,06,074.34</b>	<b>2,12,591.65</b>
<b>II. ASSETS</b>			
<b>(1) Goodwill on Consolidation</b>		5,261.77	5,261.77
<b>(2) Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		47,066.97	51,175.08
(ii) Intangible Assets		7,193.69	6,086.97
(iii) Capital Work-in-Progress		735.77	1,004.18
		<b>54,996.43</b>	<b>58,266.23</b>
(b) Non-Current Investments	13	480.49	469.63
(c) Net Deferred Tax Assets	6	318.00	258.82
(d) Long-Term Loans and Advances	14	1,852.23	1,089.00
(e) Other Non-Current Assets	15	6,525.84	3,893.49
		<b>64,172.99</b>	<b>63,977.17</b>
<b>(3) Current Assets</b>			
(a) Current Investments		960.75	813.05
(b) Inventories	16	35,791.67	39,285.87
(c) Trade Receivables	17	85,307.45	83,772.04
(d) Cash and Bank Balances	18	2,228.85	3,167.90
(e) Short-Term Loans and Advances	19	11,473.86	15,483.88
(f) Other Current Assets	20	877.00	829.97
		<b>1,36,639.58</b>	<b>1,43,352.71</b>
<b>TOTAL</b>		<b>2,06,074.34</b>	<b>2,12,591.65</b>

SIGNIFICANT ACCOUNTING POLICIES & 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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and  
Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Note	Year Ended 31st March, 2014	Year Ended 31st March, 2013
I. Revenue from Operations (Gross)		1,38,588.87	1,64,561.33
Less : Excise Duty		(9,297.08)	(11,876.67)
Revenue from Operations (Net)	21	<b>1,29,291.79</b>	<b>1,52,684.66</b>
II. Other Income	22	1,533.94	738.17
<b>III. Total Revenue (I + II)</b>		<b>1,30,825.73</b>	<b>1,53,422.83</b>
<b>IV. Expenses:</b>			
a. Cost of Materials Consumed	23	58,786.62	77,431.52
b. Purchases of Stock-in-Trade		513.26	1,592.75
c. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	3,142.17	1,678.94
d. Manufacturing Expenses and Erection Charges	25	14,150.12	13,056.85
e. Employee Benefits Expense	26	17,401.66	18,471.55
f. Finance Costs	27	7,403.70	8,168.32
g. Depreciation and Amortization Expense		6,162.36	5,708.99
h. Other Expenses	28	20,327.65	19,630.63
<b>Total Expenses</b>		<b>1,27,887.54</b>	<b>1,45,739.55</b>
<b>V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		2,938.19	7,683.28
VI. Exceptional Items		-	(2,668.29)
<b>VII. Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>2,938.19</b>	<b>5,014.99</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>2,938.19</b>	<b>5,014.99</b>
X. Tax Expense:			
(a) Current Tax		1,667.80	2,268.90
(b) Deferred Tax		(84.21)	(111.58)
(c) MAT Credit Entitlement		(73.35)	-
(d) Excess/Short Provision of Taxation		1.22	(81.82)
<b>XI. Profit for the Year (IX-X)</b>		<b>1,426.73</b>	<b>2,939.49</b>
<b>XII. Minority Interest (Profit) / Loss</b>		(68.87)	(1,150.99)
<b>XIII. Share of Profit of Associates</b>		15.42	4.72
<b>XIV. Profit After Taxation, Minority Interest &amp; Share of Associates</b>		<b>1,373.28</b>	<b>1,793.22</b>
<b>XV. Earnings per equity share:</b>			
(1) Basic		1.26	1.65
(2) Diluted		1.26	1.65
Face Value Per Share (₹)		2.00	2.00

SIGNIFICANT ACCOUNTING POLICIES & 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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and  
Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>[A] CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Net Profit Before Tax & Minority Interest	2,938.19	5,014.99
2. Adjustments for:		
[i] Depreciation and Amortisation	6,162.36	5,708.99
[ii] Interest Expenses	7,403.70	8,168.32
[iii] Interest Income	(28.27)	(130.72)
[iv] Unrealised exchange (Gain) / Loss (Net)	(717.33)	115.63
[v] Profit on Sales of Fixed assets & Investments	(3.81)	(24.63)
[vi] Bad Debts Written Off / Provision for Doubtful Debts	206.06	759.45
[vii] Dividend Income	(61.26)	(51.67)
[viii] Exceptional Item	-	2,668.29
<b>Operating Profit Before Working Capital Changes (1+2)</b>	<b>15,899.64</b>	<b>22,228.65</b>
3. Adjustments for Working Capital changes:		
[i] Trade & Other Receivables (Increase) / decrease in Trade Receivables (Increase) / decrease in Other Receivables	(1,741.47) 979.48	16,941.37 (6,537.97)
[ii] Trade & Other Payables (Increase) / decrease in Trade Payables (Increase) / decrease in Other Payables	(4,579.53) 3,965.85	(5,744.21) (3,875.48)
[iii] Inventories	3,494.20	(3,210.22)
<b>Cash Generated From Operations</b>	<b>18,018.17</b>	<b>19,802.14</b>
4. Less: Direct Taxes Paid	(2,048.48)	(2,183.36)
<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>	<b>15,969.69</b>	<b>17,618.78</b>
<b>[B] CASH FLOW FROM INVESTING ACTIVITIES</b>		
1. Purchase of Fixed Assets	(3,511.98)	(13,672.04)
2. Sale of Fixed Assets	623.23	3,497.52
3. Purchase of Investments	(143.14)	-
4. Sale of Investments	-	148.63
5. Interest Received	18.62	130.72
6. Dividend Received	61.26	51.67
<b>NET CASH FROM INVESTING ACTIVITIES [B]</b>	<b>(2,952.01)</b>	<b>(9,843.50)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>[C] CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds / Repayment From / of Borrowings	(4,602.01)	3,224.45
2. Finance Cost Paid	(7,562.36)	(8,188.98)
3. Dividend Paid	(1,792.36)	(1,531.62)
<b>NET CASH FROM FINANCING ACTIVITIES [C]</b>	<b>(13,956.73)</b>	<b>(6,496.15)</b>
<b>[D] NET INCR./(DECR.) IN CASH &amp; CASH EQUIVALENTS [A+B+C]</b>	<b>(939.05)</b>	<b>1,279.13</b>
<b>[E] Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>3,167.90</b>	<b>1,888.77</b>
<b>[F] Cash &amp; Cash Equivalents at the end of the year</b>	<b>2,228.85</b>	<b>3,167.90</b>

### Notes :-

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**  
Chairman and  
Managing Director

**H. C. Shah**  
Chief Financial Officer

Place : Vallabh Vidyanagar  
Date : 23-05-2014

**Jal Patel**  
Director

**Paresh M. Shukla**  
Company Secretary



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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 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 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 profit and loss account, 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 27 – "Financial Reporting of Interests in Joint Ventures" notified by Companies (Accounting Standards) Rules, 2006.

### 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**

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 / Subsidiary 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.  
 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 Profit and Loss Account 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 Profit & Loss Account 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 3. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised Share Capital</b>		
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
	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued Subscribed and Paid-up Capital</b>		
10,89,35,843 Equity Shares of ₹ 2/- each (Previous Year 92,861,510 Equity Shares of ₹ 2/- each)	2,178.72	1,857.23
Share Suspense Account	-	321.49
<b>Total</b>	<b>2,178.72</b>	<b>2,178.72</b>

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

Particulars	31st March, 2014	31st March, 2013
Outstanding at the beginning of the Year	9,28,61,510	9,28,61,510
Add : Issued During the year	1,60,74,333	-
Outstanding at the end of the Year	10,89,35,843	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, 2014	31st March, 2013
Equity Shares of ₹ 2/- each fully paid		
(a) EMTICI Engineering Limited	Nos. 2,67,75,669	2,16,47,677
% Holding	24.58%	23.31%
(b) Prayas Engineering Limited	Nos. 1,11,66,394	1,00,78,471
% Holding	10.25%	10.85%
(c) K. B. Investments Pvt. Limited	Nos. 1,00,81,125	56,91,265
% Holding	9.25%	6.13%

#### (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, 2014	31st March, 2013
(a) Equity Shares allotted as fully paid up bonus shares by capitalisation 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
(c) Equity Share allotted as fully paid up shares by virtue of schemes of arrangement	1,60,74,333	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Capital Reserve on Consolidation</b>	<b>246.93</b>	<b>246.93</b>
<b>(b) Capital Reserve</b>		
As per Last Financial Statements	0.48	0.48
Closing Balance	<u>0.48</u>	<u>0.48</u>
<b>(c) Share Premium Account</b>		
As per Last Financial Statements	2,881.94	2,881.94
Closing Balance	<u>2,881.94</u>	<u>2,881.94</u>
<b>(d) General Reserve</b>		
As per Last Financial Statements	47,532.79	39,822.51
Add : Transferred from Surplus in Statement of Profit and Loss	799.07	407.69
Add : Transferred pursuant to the Scheme of Arrangement	-	7,302.59
Closing Balance	<u>48,331.86</u>	<u>47,532.79</u>
<b>(e) Surplus in Statement of Profit and Loss</b>		
As per Last Financial Statements	1,259.25	1,241.98
Add : Transferred during the year from Statement of Profit and Loss	1,373.28	1,793.22
Less : Appropriations		
Proposed Dividend	1,121.33	1,089.36
Tax on Proposed Dividend	104.41	278.90
Transfer to General Reserve	799.07	407.69
Net Surplus in Statement of Profit and Loss	<u>607.72</u>	<u>1,259.25</u>
<b>(f) Foreign Currency Translation Reserve</b>	(1,038.28)	(320.95)
<b>Total Reserves and Surplus</b>	<u><u>51,030.65</u></u>	<u><u>51,600.44</u></u>

### 5. LONG-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>(a) 11% Non Convertible Debentures</b>	2,500.00	2,500.00
<b>(b) Term loans</b>		
From Banks	11,279.84	15,572.54
<b>(c) Vehicle Loans</b>		
From Banks	-	66.95
<b>Unsecured</b>		
<b>(a) Other Loans and Advances</b>	-	264.05
	<u><u>13,779.84</u></u>	<u><u>18,403.54</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Deferred Tax Liabilities</b>		
In respect of difference between book & Tax W. D. V.	4,422.82	4,497.29
<b>(b) Deferred Tax Assets</b>		
In respect of disallowance under the Income Tax Act.	(421.81)	(361.68)
<b>Net Deferred Tax Liability</b>	<b>4,001.01</b>	<b>4,135.61</b>

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	4,319.01	4,394.43
Deferred Tax Assets	318.00	258.82
	<b>4,001.01</b>	<b>4,135.61</b>

### 7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Trade Payables	923.05	230.16
(b) Deposits	112.38	106.72
(c) Advance from Customers	7,734.49	8,034.43
(d) Pension Liabilities	5,129.44	4,451.54
	<b>13,899.36</b>	<b>12,822.85</b>

### 8. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for Employee Benefits :		
Provision for Gratuity	43.53	69.26
Provision for Leave Encashment	282.18	451.79
	<b>325.71</b>	<b>521.05</b>

### 9. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
(a) Loans Repayable on Demand:		
Working Capital Loans		
- From Banks	41,302.48	39,792.62
- From Others	239.08	-
<b>Unsecured</b>		
(a) Working Capital Loans		
- From Banks (Unsecured) (Including Commercial Paper)	2,099.68	3,596.22
(b) Other Loans		
- From Banks	320.29	551.00
	<b>43,961.53</b>	<b>43,939.84</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Current Maturities of		
Term Loan (Secured)	5,327.87	7,071.35
Vehicle Loan (Secured)	4.52	46.03
Finance Lease Obligations (Secured)	264.05	236.95
(b) Advance from Customers	14,851.26	9,749.97
(c) Interest Accrued but not due on Borrowings	175.75	338.51
(d) Interest Accrued and due on Borrowings	4.10	-
(e) Unpaid Dividends	14.20	117.26
(f) Statutory & Other Liabilities	711.04	681.04
(g) Unpaid Matured Deposits and Interest accrued thereon.	117.44	-
(h) Deposits	11.23	17.02
(i) Other Payable	29.17	20.01
	<b>21,510.63</b>	<b>18,278.14</b>

### 11. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for Employee Benefits:		
Provision for Leave Encashment	133.28	257.00
Provision for Gratuity	50.79	61.17
Provision for Supperannuation	178.39	282.69
(b) Proposed Dividend	1,121.33	1,462.87
(c) Dividend Tax on Proposed Dividend	104.41	335.86
(d) Other Provisions	577.50	639.20
	<b>2,165.70</b>	<b>3,038.79</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 12. FIXED ASSETS (Current Year)

(₹ in Lacs)

Sr. No.	Nature of Assets	Gross Block (At Cost)					Depreciation				Net Block			
		As at 1st April 2013	Additions during the Year	Additions pursuant to Scheme	Adjustment due to Slump Sale	Deductions during the Year	Exchange Rate Movements	As at 31st March 2014	Accumulated additions for the Year	For the year	Exchange Rate Movements	As at 31st March 2014	As at 31st March 2013	
<b>I. Tangible Assets</b>														
(a)	Land (Freehold)	2,161.70	55.36	-	-	-	(29.89)	2,187.17	-	-	-	-	2,161.70	
(b)	Buildings	9,046.71	492.52	-	-	-	(124.56)	9,414.67	2,881.98	557.13	52.11	3,491.22	6,164.73	
(c)	Plant and Machinery	64,070.51	734.49	-	-	(2,148.87)	302.57	62,958.70	25,544.18	4,095.07	153.82	27,758.52	38,526.33	
(d)	Furniture and Fixtures	922.99	34.90	-	-	(13.20)	12.07	956.76	478.71	126.19	4.08	604.30	444.28	
(e)	Vehicles	1,847.65	86.84	-	-	(927.31)	9.00	1,016.18	811.56	218.75	1.67	593.17	1,036.09	
(f)	Office Equipments	3,550.96	93.63	-	-	(20.89)	1.95	3,625.65	2,961.98	182.38	1.45	3,127.38	588.98	
(g)	Others :			-	-	-	-	-	-	-	-	-	-	
(i)	Electrical Installations	1,001.43	25.08	-	-	-	-	1,026.51	323.15	90.73	-	413.88	678.28	
(ii)	Electrical Fittings	218.19	12.39	-	-	-	-	230.58	64.65	25.61	-	90.26	153.54	
(iii)	Air Conditioning Plant	497.06	244.01	-	-	-	-	741.07	252.06	37.05	-	289.11	245.00	
(iv)	Sundry Equipments	1,255.92	47.37	-	-	(17.93)	295.69	1,581.05	981.59	88.11	28.16	1,085.36	274.33	
(v)	Site Office Equipments	67.48	1.99	-	-	-	11.41	80.88	38.52	17.36	3.02	58.90	28.96	
(vi)	R & D Equipments	1,211.55	8.17	-	-	(0.47)	-	1,219.25	342.05	119.98	-	461.75	869.50	
(viii)	Jigs	3.62	-	-	-	-	-	3.62	0.26	1.01	-	1.27	3.36	
<b>Total</b>		<b>85,855.77</b>	<b>1,836.75</b>	<b>-</b>	<b>-</b>	<b>(3,128.67)</b>	<b>478.24</b>	<b>85,042.09</b>	<b>34,680.69</b>	<b>5,559.37</b>	<b>244.31</b>	<b>37,975.12</b>	<b>47,066.97</b>	<b>51,175.08</b>
Previous Year		71,595.95	16,861.76	4,491.41	(2,636.46)	(4,390.39)	(66.50)	85,855.77	29,927.96	5,196.91	428.08	34,680.69	51,175.08	41,667.99
<b>II. Intangible Assets</b>														
(a)	Technical Knowhow Fees	615.86	-	-	-	-	-	615.86	447.09	74.20	-	521.29	94.57	168.77
(b)	Software	82.79	461.90	-	-	-	-	544.69	18.52	64.58	-	83.10	461.59	64.27
(c)	Goodwill Aquisition	2,822.78	-	-	-	-	593.05	3,415.83	-	-	-	-	3,415.83	2,822.78
(d)	Licenses	577.58	52.35	-	-	-	-	629.93	99.14	107.92	-	207.06	422.87	478.44
(e)	Others - IPR	3,313.54	8.06	-	-	-	693.01	4,014.61	760.82	356.27	98.69	1,215.78	2,798.83	2,552.72
<b>Total</b>		<b>7,412.55</b>	<b>522.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,286.06</b>	<b>9,220.92</b>	<b>1,325.57</b>	<b>602.97</b>	<b>98.69</b>	<b>2,027.23</b>	<b>7,193.69</b>	<b>6,086.98</b>
Previous Year		7,138.49	242.31	17.35	(31.81)	-	46.20	7,412.54	760.36	512.08	53.14	1,325.57	6,086.98	

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

### 12. FIXED ASSETS (Previous Year)

(₹ 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	Accumulated additions for the year	On Deductions during the Year	Exchange Rate Movements	As at 31st March 2013	As at 31st March 2012
<b>I. Tangible Assets</b>													
(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	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	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	-	79.74	444.28	278.16
(e)	Vehicles	1,564.56	105.43	280.04	37.31	(138.04)	(1.65)	1,847.65	583.68	(74.66)	288.14	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	(0.12)	231.86	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	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	252.06	249.35
(iv)	Sundry Equipments	378.18	982.96	3.13	(44.68)	-	(60.05)	1,259.54	249.90	750.08	124.87	277.69	43.57
(v)	Site Office Equipments	60.08	10.05	-	0.33	-	(2.98)	67.48	17.22	-	25.88	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	(917.48)	5,196.91	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	41,667.99	
<b>II. Intangible Assets</b>													
(a)	Technical Knowhow Fees	623.03	-	-	(7.18)	-	-	615.85	360.93	-	86.16	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 Aquisition	3,713.68	-	-	-	-	(890.90)	2,822.78	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	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	6,086.97	6,378.13
Previous Year		5,947.80	437.79	-	-	-	752.90	7,138.49	311.56	-	445.60	6,378.13	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 13. NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(A) Trade Investment (at Cost)</b>		
(1) Investment in Associates :		
Cost of Investment	13.00	13.00
Add : Share of Post Acquisition Profit (Net of Accumulated Losses)	197.89	182.47
	<b>210.89</b>	<b>195.47</b>
<b>(B) Other Investment (at Cost)</b>		
(1) Investment In Property	76.96	81.52
(2) Investment In Equity Instruments (fully paid-up) (Quoted):	50.24	50.24
(3) Investment In Equity Instruments (fully paid-up) (Unquoted):	45.24	45.24
(4) Investments in Bond Non Trade ( Quoted )	97.16	97.16
	<b>480.49</b>	<b>469.63</b>

### 14. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(A) Unsecured, Considered Good</b>		
(a) Capital Advances	18.06	38.00
(b) Deposits	917.33	548.00
(c) Advances Recoverable in Cash or Kind	12.51	13.00
(d) Prepaid Expenses	11.91	-
(e) Advance Payment of Tax (Net of Provision for Taxation)	819.07	490.00
(f) MAT Credit Entitlement	73.35	-
	<b>1,852.23</b>	<b>1,089.00</b>

### 15. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, Considered Good</b>		
(a) Long Term Trade Receivables	6,446.25	3,656.26
(b) Deposit with Original maturity of more than 12 months	66.59	224.23
(c) Margin Money Deposit	13.00	13.00
	<b>6,525.84</b>	<b>3,893.49</b>

- (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, 2014

### 16. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
At lower of cost or net realisable value		
(a) Raw Materials	12,282.57	12,687.12
(b) Raw Materials-in-Transit	-	24.09
(c) Semi-Finished Goods	6,554.02	20,169.18
(d) Finished Goods	3,704.10	3,304.04
(e) Stores and Spares	2,942.91	2,853.87
(f) Stock-in-Trade	308.07	235.14
(g) Goods-in-Transit	-	12.43
	<b>35,791.67</b>	<b>39,285.87</b>

(Inventories are as taken, valued and certified by the Management)

### 17. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good		
(a) Outstanding for a period exceeding six month from the Due date	32,334.60	23,769.03
(b) Others	52,972.85	60,003.01
Considered Doubtful	-	69.05
Less : Provision for Doubtful Debts	-	(69.05)
	<b>85,307.45</b>	<b>83,772.04</b>

### 18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Cash and Cash Equivalent</b>		
(a) Balance with Banks:		
In Current Account	1,991.11	2,902.33
Deposit with original maturity of less than 3 months	115.09	146.31
Unpaid Dividend Bank Account	119.52	115.20
(b) Cash on Hand	0.44	0.13
<b>Other Bank Balances</b>		
(a) Margin Money Deposit	2.69	3.93
	<b>2,228.85</b>	<b>3,167.90</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 19. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Unsecured, Considered Good :		
(a) Advances Recoverable in Cash/Kind	9,430.00	13,622.60
(b) Balance with Collector of Custom, Port Trust, Excise etc.	1,355.32	1,702.02
(c) Loan to Staff	75.40	4.90
(d) Advance Income Tax	-	60.18
(e) Prepaid Expenses	610.24	82.71
(f) Interest Receivable	-	9.65
(g) Security Deposits	2.90	1.82
	<b>11,473.86</b>	<b>15,483.88</b>

### 20. OTHER CURRENT ASSETS

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Other Receivables		
- From Others	877.00	829.97
	<b>877.00</b>	<b>829.97</b>

### 21. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Sale of Products		
Material Handling Equipments	42,482.84	60,737.40
Gear Sales	76,365.52	82,651.31
WTG Sales & Electricity Generation	41.90	7.93
Machinery, Spares and Others	3,177.18	2,804.85
	<b>1,22,067.44</b>	<b>1,46,201.49</b>
(b) Sale of Services		
Erection Charges	6,069.40	5,336.31
(c) Other Operating Revenues		
Miscellaneous/Scrap Sales	1,051.30	1,020.88
Duty Drawback	79.40	51.53
Machinery Hire Charges	13.32	67.06
Others	10.93	7.39
	<b>1,154.95</b>	<b>1,146.86</b>
	<b>1,29,291.79</b>	<b>1,52,684.66</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 22. OTHER INCOME

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Interest Income	28.27	130.72
(b) Dividend Income	61.26	51.67
(c) Profit on Sales of Assets	19.70	24.63
(d) Net Gain / Loss on Sale of Investments	26.10	-
(e) Gain on Account of Exchange Variation	879.04	65.64
(f) Excess/Short Provision of Earlier Year Written Back	215.68	-
(g) Miscellaneous Income	303.89	465.51
	<b>1,533.94</b>	<b>738.17</b>

### 23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Raw Materials Consumed	58,786.62	77,431.52
	<b>58,786.62</b>	<b>77,431.52</b>

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

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Opening 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
	<b>23,708.36</b>	<b>23,356.83</b>
(b) Adjustments as per Scheme of Arrangement		
Transferred on Slump Sale of MHE Undertaking	-	(9,403.64)
Addition on Merger	-	11,434.11
	<b>-</b>	<b>2,030.47</b>
(c) Closing Stock :		
Semi-Finished Goods (WIP)	16,554.02	20,169.18
Finished Goods	3,704.10	3,304.04
Stock-in-Trade	308.07	235.14
	<b>20,566.19</b>	<b>23,708.36</b>
	<b>3,142.17</b>	<b>1,678.94</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 25. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Stores, Tools and Spares Consumed	3,197.46	4,970.63
(b) Sub-Contracting Charges	7,058.50	4,082.59
(c) Power and Fuel	890.77	1,379.21
(d) Erection and Other Charges	1,510.65	1,500.38
(e) Other Manufacturing Expenses	1,492.74	1,124.04
	<b>14,150.12</b>	<b>13,056.85</b>

### 26. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Salaries and Wages (Incl. Managerial Remuneration)	13,389.45	14,459.72
(b) Contribution to Provident Fund	359.97	441.51
(c) Employees' Welfare Expenses	2,573.66	2,440.18
(d) Employees' Retirement Benefits	1,078.58	1,130.14
	<b>17,401.66</b>	<b>18,471.55</b>

### 27. FINANCE COST

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Interest Expense	6,981.66	6,666.43
(b) Other Borrowing Cost	410.02	869.04
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	12.02	632.85
	<b>7,403.70</b>	<b>8,168.32</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 28. OTHER EXPENSES

(₹ in Lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Technical Know How and Design Fees	187.51	127.06
(b) Rent	1,911.79	1,763.60
(c) Computer Software Charges	1,062.27	994.23
(d) Rates & Taxes (Incl. Wealth Tax Provision)	770.44	519.56
(e) Excise Duty (excluding duty recovered from Customers)	(25.31)	(227.71)
(f) Repairs and Maintenance :		
Buildings	370.26	360.47
Machineries	1,636.79	1,600.92
Others	314.79	296.24
(g) Insurance (Net of Recoveries)	287.87	256.96
(h) Travelling Expenses	1,068.08	1,244.87
(i) Bank Charges	566.62	814.28
(j) Directors' Fees	11.99	8.56
(k) Commission to Non Executive Director	419.68	144.98
(l) Packing, Forwarding & Distribution Expenses (Net of Recoveries)	2,486.56	2,367.92
(m) Commission & Brokerage	3,160.60	2,450.41
(n) Rectification Expenses	121.58	272.94
(o) Bad Debts Written Off	206.06	759.45
(p) Liquidated Damages	231.95	774.74
(q) Advertisements & Sales Promotion Expenses	341.55	570.42
(r) Payment to Auditors	67.51	138.35
(s) Donations	65.58	42.27
(t) Lease Rentals	1,148.76	875.44
(u) Royalty Paid	27.90	107.23
(v) Technical Inspection Consultancy Fees	0.31	3.81
(w) Other Professional Consultancy Fees	1,226.50	1,234.99
(x) General Administrative Charges	2,398.46	1,650.91
(y) Loss on account of Exchange Variation	128.44	-
(z) Provision for Warranty	0.45	(3.23)
(aa) Research & Development	47.29	467.79
(ab) Miscellaneous Expenses	69.48	13.17
(ac) Loss on Sale of Fixed Assets	15.89	-
	<b>20,327.65</b>	<b>19,630.63</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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, 2014	as at 31st March, 2013
<b>(a) Subsidiary Companies</b>			
Elecon EPC Projects Limited	India	60.48	60.48
Elecon Transmission International Limited	Mauritius	100.00	100.00
Elecon Singapore Pte. Limited	Singapore	100.00	100.00
Elecon Middle East FZCO	UAE	100.00	100.00
<b>(b) Step Down Subsidiary Companies</b>			
Benzlers Systems AB (Formerly known as David Brown Systems Sweden Limited)	Sweden	100.00	100.00
Radicon Transmission UK Limited	United Kingdom	100.00	100.00
AB Benzlers	Sweden	100.00	100.00
Elecon US Transmission Limited	USA	100.00	100.00
Benzler Transmission A.S.	Denmark	100.00	100.00
Benzler Antriebstechnik G.m.b.H	Germany	100.00	100.00
Benzler TBA B.V.	Netherlands	100.00	100.00
Benzler Antriebstechnik Ges.m.b.H	Austria	100.00	100.00
OY Benzler AB	Finland	100.00	100.00
Benzlers SDN BDH	Malaysia	100.00	100.00
Benzlers Italia s.r.l.	Italy	100.00	100.00
<b>(c) Joint Ventures</b>			
Eimco Elecon (India) Limited	India	16.62	16.62
<b>(d) Associate Companies</b>			
Elecon Eng. (Suzhou) Co. Limited	China	50.00	50.00
Elecon Africa Pty. Limited	South Africa	50.00	50.00
Elecon Australia Pty. Limited	Australia	50.00	50.00
Elecon Peripherals Limited	India	24.99	24.99

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 30. CONTINGENT LIABILITIES AND COMMITMENTS

(To the extent not provided for)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Contingent Liabilities :</b>		
<u>Claims not acknowledged as debt</u>		
(i) Disputed Excise Duty against Demand Notices received	2,624.01	1,493.70
(ii) Service Tax disputed and paid under protest	241.92	191.92
(iii) Disputed Sales Tax/Works Contract Tax	491.55	347.55
(iv) Disputed Income tax Demand-Disputed by Company	333.44	638.26
(v) Disputed Income tax Demand-Disputed by Income Tax Authorities	320.10	15.99
(vi) Sales Bills Discounted under LC with Banks	1,176.40	5,135.48
(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) Central Sales Tax demand 2008-09 and 2009-10	200.10	90.93
(ix) In respect of arbitration proceeding as directed by Honorable Gujarat High Court in response to an application made by one of the contractor of the Company for ₹ 206.07 Lacs however the Company has made a counter claim of ₹ 200.00 Lacs with the same arbitrator in response and as per the books of account ₹ 51.88 Lacs is due to him.	154.19	-
(x) AB Benzlers has a dispute with the customer FOAB. Due to the complexity of the case the law-firm involved does not want to make an assessment of the outcome. The case will be settled in arbitration on June 29th 2014.	Unascertained	-
(xi) Mortgage and Pledge	1,818.07	3,322.54
(xii) Contingent Liability with PRI for AB Benzlers (Sweden)	79.35	71.88
<u>Guarantees</u>		
(i) Guarantees issued by Company's Bankers	60,908.39	59,777.03
(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.	1,380.00	1,246.91
(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.	24,134.26	21,322.41
(iv) The Company has provided Corporate Guarantee to SBI, Consortium to the tune of ₹ 90,000.00 Lacs as a security for repayment of Financial facilities availed by Elecon EPC Projects Limited, a subsidiary of the Company.	90,000.00	-
(v) Guarantees for floating charges	1,843.99	1,670.48
<b>(b) Commitments :</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,436.57	-
(ii) Liability for Export Obligation under Export Promotion credit Guarantee	7,556.95	9,239.51

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

**(c) The share in contingent liabilities and capital commitments in relation to its interests in joint ventures is as follows :**

Contingent Liabilities

Disputed demands of Income Tax / Sales Tax / Excise Duty	130.62	180.39
Letters of Credit Outstanding	-	82.73
Guarantees given by the Company on behalf of third party	504.69	-
Guarantees given by the bankers on behalf of the Company	242.18	325.91
Estimated amount of contracts remaining to be executed on Capital Account	84.69	33.68

### 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, 2014	As at 31st March, 2013
<b>LIABILITIES</b>		
Reserves and Surplus	2,978.78	2,773.12
Non - Current Liabilities		
(a) Deferred Tax Liabilities	3.23	10.75
(b) Long-Term Provisions	8.62	8.77
Current Liabilities		
(a) Trade Payables	363.85	256.13
(b) Other Current Liabilities	123.37	51.15
(c) Short-Term Provisions	80.78	76.37
<b>ASSETS</b>		
Non-Current Assets		
(a) Fixed Assets	290.66	312.25
(b) Non-Current Investments	215.75	220.31
(c) Long-Term Loans and Advances	131.66	25.85
Current Assets		
(a) Current Investments	960.75	813.05
(b) Inventories	421.03	901.53
(c) Trade Receivables	1,500.87	800.22
(d) Cash and Bank Balances	65.85	59.73
(e) Short-Term Loans and Advances	58.50	107.99
<b>REVENUE</b>		
Revenue from Operations (Net)	3,196.02	2,824.64
Other Income	68.98	61.95
<b>EXPENSES</b>		
Cost of Materials Consumed	948.49	1,070.91
Purchases of Stock-in-Trade	444.84	416.47
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	293.32	(132.22)
Manufacturing Expenses and Erection Charges	68.03	67.95
Employee Benefits Expense	174.13	173.11
Finance Costs	0.27	0.02
Depreciation and Amortization Expense	84.96	86.10
Other Expenses	709.98	741.81
Tax Expense	129.55	83.24



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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
<b>Expense recognized in the Statement of Profit and Loss :-</b>				
Current Service Cost	2013-14	84.94	71.42	991.47
	2012-13	116.02	90.38	13.76
Interest Cost	2013-14	106.00	24.16	175.53
	2012-13	130.48	36.01	80.86
Expected Return on Plan Assets	2013-14	(86.40)	-	-
	2012-13	(99.55)	-	-
Net Actuarial (Gains) / Losses	2013-14	289.22	24.79	-
	2012-13	40.66	(10.88)	-
<b>Total Expenses</b>	2013-14	<b>393.77</b>	<b>120.37</b>	<b>1,167.00</b>
	2012-13	<b>187.61</b>	<b>115.50</b>	<b>(94.62)</b>

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

Present value of Defined Benefit Obligation	2013-14	1,249.46	320.55	5,129.44
	2012-13	1,691.61	487.95	4,451.65
Fair value of Plan Assets	2013-14	1,142.91	-	-
	2012-13	1,442.09	-	-
Funded status [Surplus / (Deficit)]	2013-14	(115.02)	(145.27)	5,129.44
	2012-13	(256.62)	(487.95)	-
<b>Net Asset / (Liability)</b>	2013-14	<b>(106.55)</b>	<b>(320.55)</b>	<b>5,129.44</b>
	2012-13	<b>(256.62)</b>	<b>(487.95)</b>	<b>(4,451.65)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	Gratuity	Leave Encashment	Pension Liability
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### Change in Obligation during the Year :-

Present value of Defined Benefit Obligation at beginning of the year	2013-14	1,286.39	292.88	4,124.82
	2012-13	1,535.15	423.63	4,086.15
Current Service Cost	2013-14	84.94	71.42	991.47
	2012-13	117.44	90.38	13.76
Interest Cost	2013-14	106.00	24.16	175.53
	2012-13	129.06	36.01	80.86
Liability Transferred In	2013-14	-	229.17	-
	2012-13	-	-	-
Liability Transferred Out	2013-14	-	(108.91)	-
	2012-13	-	-	-
Settlement cost	2013-14	-	-	84.18
	2012-13	-	-	-
Actuarial (Gains) / Losses	2013-14	306.94	24.79	-
	2012-13	54.66	(10.88)	-
Benefits Payments	2013-14	(534.82)	(212.97)	-
	2012-13	(152.48)	(51.19)	-
Increase / (Decrease) in obligation due to fluctuation in exchange rates	2013-14	-	-	(246.55)
	2012-13	-	-	(55.95)
Present value of Defined Benefit Obligation at the end of the year	2013-14	1,249.46	320.54	5,129.44
	2012-13	1,691.62	487.94	4,124.82

### Change in Assets during the Year :-

Plan assets at the beginning of the year	2013-14	993.01	-	-
	2012-13	1,171.31	-	-
Transfer From other company	2013-14	577.63	-	-
	2012-13	-	-	-
Transfer To other company	2013-14	(157.11)	-	-
	2012-13	-	-	-
Expected return on plan assets	2013-14	86.40	-	-
	2012-13	99.55	-	-
Contributions by Employer	2013-14	159.99	-	-
	2012-13	301.92	-	-
Actual benefits paid	2013-14	(534.82)	-	-
	2012-13	(152.47)	-	-
Actuarial (Gains) / Losses	2013-14	17.79	-	-
	2012-13	14.00	-	-
Plan assets at the end of the year	2013-14	1,142.90	-	-
	2012-13	1,442.09	-	-

### Actuarial Assumptions:

Discount Rate	2013-14	9.30%	9.30%	3.00%
	2012-13	8.00%	8.25%	2.75%
Expected rate of return on plan assets	2013-14	8.70%	-	7.00%
	2012-13	8.70%	-	7.00%
Turnover rate	2013-14	2.00%	2.00%	-
	2012-13	2.00%	2.00%	-
Rate of escalation in salary (p.a.)	2013-14	6.50%	6.50%	3.00%
	2012-13	7.00%	6.50%	3.00%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- 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, 2014	As at 31st March, 2013
<b>I. Business Segments</b>		
<b>Segment Revenue</b>		
Material Handling Equipment	50,203.45	66,442.23
Transmission Equipment	83,089.95	90,416.36
Others	3,213.26	2,850.60
<b>Total</b>	<b>1,36,506.66</b>	<b>1,59,709.19</b>
Less: Inter Segment Revenue	(7,214.87)	(7,024.53)
<b>Net Sales / Income from Operation</b>	<b>1,29,291.79</b>	<b>1,52,684.66</b>
<b>Segment Profit &amp; Loss Before Tax &amp; Interest</b>		
Material Handling Equipment	7,375.29	7,979.32
Transmission Equipment	2,425.34	7,537.55
Others	541.25	334.73
<b>Total</b>	<b>10,341.89</b>	<b>15,851.60</b>
Less: a) Finance Cost	(7,403.70)	(8,168.32)
<b>Total Profit Before Tax</b>	<b>2,938.19</b>	<b>7,683.28</b>
<b>Capital Employed</b>		
Segment wise Assets		
Material Handling Equipment	1,04,327.15	1,04,017.31
Transmission Equipment	98,102.13	1,05,074.58
Others	3,645.06	3,240.94
Segment wise Liabilities		
Material Handling Equipment	65,786.87	44,225.65
Transmission Equipment	86,497.24	47,456.60
Others	579.86	392.42
Segment wise Capital Employed		
Material Handling Equipment	38,540.29	59,791.66
Transmission Equipment	11,604.88	57,617.98
Others	3,065.20	2,848.51
<b>Total Capital Employed</b>	<b>53,210.37</b>	<b>1,20,258.15</b>

- 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.
- 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### II. Geographical Segments

Information about Geographical Segments

Particulars		India	ROW	Total
Revenue	2013-14	92,148.46	37,143.33	1,29,291.79
	2012-13	1,16,481.26	36,203.39	1,52,684.65
Carrying amounts of Segment Assets	2013-14	1,72,914.08	33,160.26	2,06,074.34
	2012-13	1,89,452.87	23,138.78	2,12,591.65
Capital Expenditure	2013-14	1,809.81	549.25	2,359.06
	2012-13	13,824.49	3,281.65	17,106.14

### 34. EARNING PER SHARE

(₹ in Lacs, except per share data)

	As at 31st March, 2014	As at 31st March, 2013
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	1,373.28	1,793.22
b) Weighted average number of Equity Shares	10,89,35,843	10,89,35,843
c) Earning Per Share (Basic & Diluted)	1.26	1.65
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 & Joint Ventures
  - (i) Eimco Elecon (India) Limited
  - (ii) Elecon Australia Pty. Limited
  - (iii) Elecon Africa Pty. Limited
  - (iv) Elecon Engineering (Suzhou) Co. Ltd., China
  - (v) Elecon Pheripharals Limited
- 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
- 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
  - (vii) Specialty Wood Pack Private Limited
  - (viii) Power Build Limited
  - (ix) Kirloskar Power Build Gears Limited
  - (x) Akaash Mechatronics Limited
  - (xi) Madhuban Prayas Resorts Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- (xii) Excel EPC Projects Pvt. Ltd.
- (xiii) Wizard Fincap Limited
- (xiv) Eimco Elecon Electricals Limited

### B) Nature of Transactions :

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Purchase of Material / Finished Goods</b>		
From Enterprises over which significant influence can be exercised		
(i) Speciality Wood Pack Pvt. Ltd.	664.71	896.89
(ii) Eimco Elecon Electricals Limited	44.24	926.90
(iii) Others	160.47	835.39
From Associates		
(i) Elecon Peripherals Limited	337.87	452.99
<b>Job Work Income</b>		
From Enterprises over which significant influence can be exercised		
(i) Power Build Limited	88.73	120.60
(ii) Others	6.30	0.19
From Associates		
(i) Elecon Peripherals Limited	5.52	7.12
<b>Job Work Expenses</b>		
From Enterprises over which significant influence can be exercised		
(i) Power Build Limited	15.23	255.37
(ii) Specialty Wood Pack Private Limited	6.69	13.78
(iii) Others	6.26	2.95
<b>Sale of Finished Goods / Consumable Stores</b>		
To Enterprises over which significant influence can be exercised		
(i) Eimco Elecon (India) Limited	429.41	-
(ii) Power Build Limited	109.28	561.66
(iii) Others	2.08	21.00
To Associates		
(i) Elecon Peripherals Limited	18.79	18.65
To Collaborators		
(i) Sandvik Asia Pvt. Ltd.	-	0.84
<b>Purchase of Fixed Assets</b>		
To Enterprises over which significant influence can be exercised		
(i) Elecon Information Technology Limited	6.63	73.65
(ii) Emtici Engineering Limited	54.44	0.19
(iii) Eimco Elecon Elecontricals Limited	-	30.93
(iv) Others	-	6.01
To Collaborators		
(i) Sandvik Asia Pvt. Limited	-	275.06
<b>Expenses Charged to Other Co.</b>		
To Enterprises over which significant influence can be exercised		
(i) Power Build Limited.	43.47	24.03
(ii) Prayas Engineering Limited	-	98.11
(iii) Emtici Engineering Limited	-	5.70
(iv) Others	120.82	-
To Associates		
(i) Elecon Peripherals Limited	-	14.83

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>Exp. Charged by Other Company</b>		
By Enterprises over which significant influence can be exercised		
(i) Akaaish Mechatronics Limited	731.59	1,173.35
(ii) Elecon Information Technology Limited	235.35	622.62
(iii) Emtici Engineering Limited	995.62	462.60
(iv) Prayas Engineering Ltd	288.68	-
(v) Others	213.24	321.10
By Associates		
(i) Elecon Peripherals Limited	-	0.55
<b>Sales Commission</b>		
To Enterprises over which significant influence can be exercised		
(i) Emtici Engineering Limited	-	366.64
(ii) Power Build Limited	-	7.39
<b>Subscription to Share Capital</b>		
(i) Excel EPC Projects Private Limited	-	1.00
<b>Dividend Received</b>		
From Joint Venture		
(i) Eimco Elecon (India) Limited	31.97	38.34
<b>Sale of Shares of Co.</b>		
(i) Excel EPC Projects Private Limited	-	1.00
<b>Others</b>		
(i) Emtici Engineering Limited	-	27.75
(ii) Power Build Limited	-	(17.16)
<b>Remuneration</b>		
(i) Shri Prayasvin B. Patel	215.77	224.07
(ii) Shri Prashant C. Amin	230.74	225.06

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### C) Balance at the year end :

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
<b>(i) Outstanding Payables:</b>		
(a) Associates & Joint Ventures		
(i) Elecon Peripherals Limited	446.20	378.97
(ii) Others	11.65	-
(b) Enterprises over which Note No. 35(A)(b) or 35(A)(d) of above have significant influence		
(i) Emtici Engineering Limited	519.93	807.72
(ii) Prayas Engineering Limited	262.34	467.79
(iii) Akaaish Mechatronics Limited	170.07	-
(iv) Eimco Elecon Electricals Limited	-	385.54
(v) Others	127.49	755.53
<b>(ii) Outstanding Receivables:</b>		
(a) Associates & Joint Ventures		
(i) Eimco Elecon (India) Limited	151.59	-
(ii) Elecon Peripherals Limited	0.81	0.79
(b) Enterprises over which Note No. 35(A)(b) or 35(A)(d) of above have significant influence		
(i) Emtici Engineering Limited	24.48	1,986.49
(ii) Power Build Limited	30.75	-
(iii) Prayas Engineering Limited	-	459.62
(iii) Others	3.51	190.91



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 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	8,820.12	1,04,435.26	95,570.49	-	50,242.68	349.97	180.42	169.55	-
Elecon Transmission International Limited	GBP	4,202.71	(2,752.86)	20,866.83	19,426.99	-	1,108.48	(58.52)	-	(58.52)	-
Elecon Singapore Pte. Limited	SGD	427.06	(54.33)	662.77	290.04	-	683.93	59.74	10.42	49.33	-
Elecon Middle East FZCO	AED	97.81	875.29	1,098.29	125.19	-	1,057.88	40.25	-	40.25	-
Benzler Systems AB	SEK	9,205.90	21,33,703.46	49,69,929.20	28,27,019.85	-	15,875.48	(27,24,665.62)	-	(27,24,665.62)	-
Radicon Transmission UK Limited	GBP	2,152.78	(552.66)	13,944.07	12,343.95	-	13,679.04	(100.51)	6.15	(106.66)	-
AB Benzlers	SEK	11,96,767.00	12,22,700.85	1,11,45,815.50	87,26,347.64	-	1,16,50,174.07	(9,75,914.79)	-	(9,75,914.79)	-
Radicon US	USD	300.50	(84.85)	3,324.17	3,108.52	-	6,148.90	29.86	-	29.86	-
Benzler Transmission A.S.	DKK	1,65,381.00	1,04,572.61	3,37,068.64	67,115.03	-	6,14,041.02	26,041.33	6,638.61	19,402.83	-
Benzler Antriebstechnik G.m.b.h	EURO	84.23	382.67	611.38	144.48	1,765.76	1,765.76	21.25	6.33	14.92	-
Benzler TBA B.V.	EURO	168.70	546.29	1,241.51	526.52	-	3,168.97	24.71	2.63	22.08	-
OY Benzler AB	EURO	125.00	5.46	237.32	106.86	-	612.50	6.98	1.52	5.47	-
Benzlers Italia s.r.l.	EURO	8.26	13.12	299.93	278.55	-	642.58	27.03	15.93	11.09	-

As on 31.03.14: 1 GBP = 99.85INR, 1 USD = 60.10 INR, 1 EURO = 82.58 INR, 1 MYR = 18.30 INR, 1 SGD = 47.57 INR, 1 DKK = 11.03 INR, 1 AED = 16.30 INR, 1 SEK = 9.21 INR

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

37. Figures of previous year are regrouped and recast wherever necessary.

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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 : 28-05-2014

**For and on behalf of the Board of Directors**

**P. B. Patel**

Chairman and  
Managing Director

**Jal Patel**

Director

**H. C. Shah**

Chief Financial Officer

**Paresh M. Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 23-05-2014

## NOTICE

NOTICE IS HEREBY GIVEN THAT the 54th 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 4th day of August, 2014 at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, Statement of Profit & Loss for the year ended on that date and Cash Flow Statements (Both Standalone 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 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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013; M/s Thacker Butala Desai, Chartered Accountants, (Firm Regn. No. 110864W) be and are hereby appointed as Auditors of the Company to hold office for a period of one (1) year from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting 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

5. To consider and if thought fit to pass, with or without modification(s) following Resolution as an Ordinary Resolution to appoint an Independent Director :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri H. S. Parikh (holding DIN 00127160), Director of the Company who retires by rotation at the 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 Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

6. To consider and if thought fit to pass, with or without modification(s) following Resolution as an Ordinary Resolution to appoint an Independent Director :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Jal R. Patel (holding DIN 00065021), Director of the Company who retires by rotation at the 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 Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

7. To consider and if thought fit to pass, with or without modification(s) following Resolution as an Ordinary Resolution to appoint an Independent Director :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Chirayu R. Amin (holding DIN 00242549), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

8. To consider and if thought fit to pass, with or without modification(s) following Resolution as an Ordinary Resolution to appoint an Independent Director :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Jai S. Diwanji (holding DIN 00910410), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby

appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V, approval of members be and is hereby accorded for the re-appointment of Shri Prayasvin B. Patel as the Chairman & Managing Director of the Company for a period of 3 years with effect from 1st July, 2014 on the terms and conditions of appointment and remuneration as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Shri Prayasvin B. Patel.

**RESOLVED FURTHER THAT** notwithstanding anything contained to the contrary in the Companies Act, 2013, wherein any financial year the Company has no profits or inadequate profit, Shri Prayasvin B. Patel will be paid minimum remuneration of ₹ 28,80,000/- (Rupees Twenty Eight Lacs Eighty Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the approval of the Central Government and other compliance with the provisions of Schedule V of the Companies Act, 2013 or any modification or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of any statutory amendment or modification by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and are hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prayasvin B. Patel within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prayasvin B. Patel without any further reference to the Company in General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V, approval of members be and is hereby accorded for the re-appointment of Shri Prashant Amin as an Executive Director of the Company for a period of 3 years with effect from 1st June, 2014 on the terms and conditions of appointment and remuneration as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting with a liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Shri Prashant Amin.

**RESOLVED FURTHER THAT** notwithstanding anything contained to the contrary in the Companies Act, 2013, wherein any financial year the Company has no profits or inadequate profit, Shri Prashant Amin will be paid minimum remuneration ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the approval of the Central Government and other compliance with the provisions of Schedule V of the Companies Act, 2013 or any modification or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of any statutory amendment or modification by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and is hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prashant Amin within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prashant Amin without any further reference to the Company in General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution.”

11. 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 197 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, 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 approx. ₹ 75.00 Lacs paid/to be paid to Mr. Prayasvin B. Patel Chairman & Managing Director of the Company over and above the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013 for the financial year 2013-14.

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

12. 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 197 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, 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 approx. ₹ 25.00 Lacs paid/to be paid to Mr. Prashant C. Amin, Executive Director of the Company over and above the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013 for the financial year 2013-14.

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

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

**"RESOLVED THAT** in supersession of the Ordinary Resolution passed at the 46th Annual General Meeting held on 12th September, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the

consent of the Company be and is hereby accorded to the Board of Directors to borrow monies for the business of the Company, whether unsecured or secured, in Indian or Foreign currency or by way of debentures/bonds or any other security(ies), from time to time from any bank(s)/financial institution(s) or any other institution(s), firms, body corporate(s) or other person(s), in India or abroad, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business provided that the sum(s) so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of ₹ 500 Crores (Rupees Five Hundred Crores) in excess of and in addition to the aggregate of paid-up capital and free reserves of the Company from time to time."

14. 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 Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By order of Board of Directors**

**Registered office:**

Anand Sojitra Road,  
Vallabh Vidyanagar – 388 120,  
Gujarat.

Date : 23-05-2014

**Paresh M. Shukla**  
Company Secretary

## NOTES

1. Statement as required under Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company.  
The instruments of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority as applicable.
3. All documents referred to in the Notice or in the accompanying Statement are available for inspection by members on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting and will also be available for inspection at the meeting.
4. 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.
5. Members are requested to send all their documents and communications pertaining to shares to Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited), Share Transfer Agent of the Company at their address at B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Telephone No. 0265-2356573, 2356794, Fax. : 0265-2356791 for both physical and demat segments of Equity Shares.  
Please quote on all such correspondence – "Unit – Elecon Engineering Company Limited." For Shareholders queries – Telephone No. 0265-2356573, 2356794.  
E-mail ID : vadodara@linkintime.co.in.
6. Information under Clause 49 of the listing agreement(s) regarding re-appointment of Directors (Item No. 3 & 5 to 10) are annexed hereto.
7. The Register of Members and Share Transfer Books will remain closed from Tuesday, 22nd July, 2014 to Friday, 25th July, 2014 (both days inclusive).
8. Members are requested to bring their copy of Annual Report at the meeting. Spare copies will not be available.
9. 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.
10. The annual listing fees of all the stock exchanges where Company's shares are listed for the year 2014-2015 have been paid.
11. 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.
12. 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, Information should be furnished directly to their respective depository participant only.
13. 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.
14. The payment of dividend on equity shares as recommended by the Directors for the year ended 31st March, 2014 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 25th day of July, 2014.
  - (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 21st day of July, 2014.
15. The Company has designated an email ID called [pmshukla@elecon.com](mailto:pmshukla@elecon.com) for Redressal of Shareholders'/ Investors' Complaints/Grievances. Hence, please write to us at [pmshukla@elecon.com](mailto:pmshukla@elecon.com).
16. Voting through electronic means  
E-Voting:  
The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative, for All Members of the Company to enable them to cast their votes electronically.  
The instructions for E-Voting are as under:
  - Step 1.** Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Step 2.** Now click on "Shareholders" tab.
  - Step 3.** Now, select the "Elecon Engineering Co. Ltd." from the drop down menu and click on "SUBMIT".
  - Step 4.** Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID.
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - Step 5.** Enter the Image Verification (Captcha Code) as displayed and Click on Login.
  - Step 6.** If you are holding shares in demat form and had earlier logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for any company, then your existing password is to be used.



**Step 7.** If you are a first time user follow the steps given below.

	<b>For members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. <u>Eg. If your name is Ramesh Kumar with CI ID IN301799-10079431, then enter RA10079431 in the PAN field.</u></li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number after the first two characters of the name in CAPITAL letters. <u>Eg. If your name is Ramesh Kumar with folio number R110256, then enter RA00110256 in the PAN field.</u></li> </ul>
<b>DOB</b>  <b>Dividend Bank Details</b>	<p>Please enter the DOB <b>OR</b> Dividend Bank Details in order to login.</p> <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>If the DOB <b>OR</b> Dividend Bank details are not recorded with the depository or company, please enter <b>the number of shares held by you as on the cut off date</b> (28th June, 2014) in the <b>Dividend Bank details field.</b></li> </ul>

**Step 8.** After entering these details appropriately, click on "SUBMIT" tab.

**Step 9.** (i) Members holding shares in physical form will then reach directly the Company selection screen.

However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

**Step 10.** Click on the "EVSN - 140701004 - Elecon Engineering Company Limited".

**Step 11.** On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

**Step 12.** Click on the "RESOLUTIONS FILE" link if you wish to view the entire Resolution details.

**Step 13.** After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

**Step 14.** Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

**Step 15.** You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

**Step 16.** If Demat account holder has forgotten the changed password then Enter the User ID and Image verification (Captcha Code) and click on "Forgot Password" & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.



- (iv) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- (v) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (vi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://www.evotingindia.co.in> under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS**

- i. The e-Voting period commences on 28th July, 2014 (9.00 am) and ends on 30<sup>th</sup> July, 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.  
  
The scrutinizer shall, within a period of not exceeding three (3) working days from the conclusion of the e-Voting, unblock the votes in the presence of at least two (2) witnesses, who are not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, and forward to the Chairman of the Company.  
  
The Results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.elecon.com](http://www.elecon.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- ii. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- iii. Mr. Dinesh Bhimani, Practising Company Secretary (Membership No. ACS: 12192; CP No: 6628) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
- iv. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**By order of Board of Directors**

**Registered Office :**

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

Date : 23-05-2014

**Paresh M. Shukla**  
Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 5

Shri H. S. Parikh is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 29th June, 1998. Shri H. S. Parikh is Chairman of the Nomination and Remuneration Committee, Member of Audit Committee and Corporate Social Responsibility Committee, Shareholders' / Investors' Grievance Committee, of the Board of Directors of the Company.

Shri H. S. Parikh is Senior Chartered Accountant with Accounting, Finance & Audit background. He is partner in M/s. Parikh & Shah, Chartered, Accountants, Mumbai.

Apart from his experience in the field of Accounting, Finance & Audit, he has been actively associated with various other Corporates. Shri H. S. Parikh is a Director in Eimco Elecon (I) Limited, Supreme Industries Ltd. and Simplex Castings Ltd.; a Chairman of the Audit and Remuneration Committee of Supreme Industries Ltd., a Member of the Audit, Shareholders'/Investors' Grievance Committee and Remuneration Committee of Simplex Castings Limited and a Member of the Audit, Shareholders'/Investors' Grievance Committee, CSR Committee and Remuneration Committee of Eimco Elecon (India) Ltd.

He holds by himself 32,400 equity shares and also holds, on a beneficial basis, 1,500 equity shares for H. S. Parikh HUF in the Company.

Shri H. S. Parikh retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri H. S. Parikh being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri H. S. Parikh as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri H. S. Parikh fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri H. S. Parikh as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri H. S. Parikh as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri H. S. Parikh as an Independent Director, for the approval by the shareholders of the Company.

Except Shri H. S. Parikh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### Item No. 6

Shri Chirayu Amin is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 29th June, 1998. Shri Chirayu Amin is member of the Nomination and Remuneration Committee and Audit Committee of the Board of Directors of the Company.

At present, Shri Chirayu Amin is Chairman cum Managing Director of Alembic Limited. He has been appointed as Director of Alembic Limited on 20th August, 1967. He was appointed as Managing Director in Alembic Limited in 1983. During his tenure as Managing Director, the Company has been able to maintain the growth in sale despite of 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.

He is a Director in Elecon EPC Projects Ltd., Alembic Pharmaceuticals Ltd., Alembic Ltd., Alembic Exports Ltd., Shreno Ltd., Nirayu Private Ltd., Paushak Ltd., AGI Developers Ltd., Quick Flight Ltd., Sierra Investments Ltd., Sierra Healthcare Ltd. and Panasonic Energy India Company Ltd.; a Chairman of Shareholders'/Investors' Grievance Committee of Paushak Ltd; Chairman of CSR Committee of Elecon EPC Projects Ltd.

He does not hold by himself or for any other person on a beneficial basis, any Shares in the Company.

Shri Chirayu Amin is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Chirayu Amin being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Chirayu Amin as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Chirayu Amin fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Chirayu Amin as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Chirayu Amin as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment

of Shri Chirayu Amin as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Chirayu Amin, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **ITEM NO. 7**

Shri Jal R. Patel is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 12th May, 2012. Shri Jal R. Patel is Chairman of Audit Committee and member of the Management Committee of the Board of Directors of the Company. Shri Jal R. Patel is Senior Chartered Accountant and Company Secretary with Legal, Accounting, Finance & Audit background. He had been the Chairman of FAG Bearings India Ltd.

Apart from his experience in the field of Corporate Laws, Accounting, Finance & audit, he has been actively associated with various Corporates. Shri Jal R. Patel is a Director in Gujarat Gas Co. Ltd., FAG Bearings India Ltd., Shri Dinesh Mills Ltd., ABC Bearings Ltd., Styrolution ABS (India) Ltd., Munjal Auto Ind. Ltd. and Jewel Consumer Care Pvt. Ltd.

He is also holding positions –

In Gujarat Gas Co. Ltd. – as a Chairman of the Audit Committee and Member of Shareholders'/ Investors' Grievance Committee;

In Shri Dinesh Mills Ltd.- as a Member of the Shareholders'/ Investors' Grievance Committee;

In ABC Bearings Ltd., as a Chairman of Audit Committee;

In Styrolution ABS (India) Ltd., as a Chairman of Shareholders'/ Investors' Grievance Committee and as a Member of Audit Committee.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri Jal R. Patel retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Jal R. Patel being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Jal R. Patel as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Jal R. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Shri Jal R. Patel as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Jal R. Patel as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Jal R. Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Jal R. Patel, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **ITEM NO. 8**

Shri Jai S. Diwanji is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 1st November, 2012.

At present, Shri Jai S. 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. Shri Jai S. Diwanji completed his schooling in Mumbai and his law degree from Downing College, Cambridge University, U.K.

Apart from his experience in the field of Corporate Laws, he has been actively associated with various Corporates. Shri Jai S. Diwanji is a Director of Manugraph India Ltd., Nesco Ltd., Pardi Investments Pvt. Ltd. and Myanmar Ventures (India) Pvt. Ltd.

He holds by himself 28,050 equity shares in the Company but does not hold for any other person on a beneficial basis, any shares in the Company.

Shri Jai S. Diwanji is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Jai S. Diwanji being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Jai S. Diwanji as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Jai S. Diwanji fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Jai S. Diwanji as an Independent Director setting out the terms and conditions would be available for inspection without any fee by

the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Jai S. Diwanji as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Jai S. Diwanji as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Jai S. Diwanji, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Statement may also be regarded as a Disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### ITEM NO. 9

Shri Prayasvin B. Patel has been acting as the Managing Director of the Company for the last 22 years. Earlier, he was working as Joint Managing Director of the Company. The members at the 51st Annual General Meeting of the Company held on 29th August, 2011 re-appointed Shri Prayasvin B. Patel as Chairman & Managing Director for a period of 3 years with effect from 1st July, 2011 on the terms and conditions as approved by them. The term of his present appointment will expire on 30 June, 2014.

The excellent growth and reputation enjoyed by the Company is attributable to the concentrated efforts and hard work put in by Shri Prayasvin B. Patel.

The Remuneration Committee at its meeting held on 23rd May, 2014 recommended and the Board at its meeting held on 23rd May, 2014 have re-appointed him as a Chairman & Managing Director, subject to the approval of the members in the General Meeting, for a further period of three years with effect from 1st July, 2014 on the terms and conditions set out in the draft agreement to be entered into by the Company with him, copy of which is available for inspection to the Members at the Registered Office of the Company on working days except Saturday and Sunday between 10 a.m. and 12 Noon till the date of Annual General Meeting. The brief particulars of his remuneration are as mentioned herein below:

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment: Three years with effect from 1st July, 2014.
3. Remuneration payable to Shri Prayasvin B. Patel when the Company earns adequate profits:
  - (a) Salary : ₹ 28,80,000/- per month with effect from 1st July, 2014 plus incentive upto 20% linked to the performance of the Company as may be decided by the Board of Directors on annual basis.
  - (b) i. Perquisites and allowances :
 

In addition to salary, the Managing Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, reimbursement of actual expenditure on medical treatment for self and family in India or overseas including traveling expenses for the purpose, reimbursement of expenditure incurred on travel & stay abroad including that of accompanying person, Club fees, Leave Travel concession for self and family, Medical Insurance and such other perquisites and allowances in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 197 and Schedule V of the Companies Act, 2013.

    - ii. Contribution to Provident Fund will be made to the extent, this either singly or put together are not taxable under the Income-Tax Act, 1961.
    - iii. Gratuity will be payable as per the rules of the Company applicable from time to time.
    - iv. Encashment of leave at the end of the tenure.
    - v. Superannuation upto ₹ 100,000/- p.a.
    - vi. Two Cars for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

For the purpose of calculating the above ceiling the perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable.
  - (c) Commission :
 

In addition to the salary and perquisites and allowances payable, commission as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 197 and Schedule V of the Companies Act, 2013.
  - (d) Minimum Remuneration :
 

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure of the Managing Director, will be paid minimum remuneration of ₹ 28,80,000/- (Rupees Twenty Eight Lacs Eighty

Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Schedule V of the Companies Act, 2013 or any amendment made hereinafter in this regard.

Apart from the above, the agreement contains further terms and conditions, the powers and duties, reimbursement of entertainment, travelling and all other expenses incurred by Shri Prayasvin B. Patel for the business of the Company, provision for earlier determination of the appointment by either party by giving three months notice in writing to the other party etc.

The re-appointment of Shri Prayasvin B. Patel on the terms & conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting.

The draft agreement between the Company and Shri Prayasvin B. Patel is available for inspection by the Members of the Company at its Registered Office between 10 a.m. and 12 noon on any working day of the Company till the date of Annual General Meeting.

The Board of Directors recommends passing of the resolution set out at item No. 9 of the Notice convening the Meeting. Shri Prayasvin B. Patel may be deemed to be concerned or interested in the resolution.

None of the other Directors is in any way concerned or interested in the above resolution.

#### ITEM NO. 10

Shri Prashant Amin is an MBA (Finance) and having Master Degree in Engineering & Management. He has approximately 33 years of experience in various companies. He oversees the matters related to finance, legal, secretarial, information technology and information systems and taxation of the Company.

The Board of Directors felt that it is in the interest of the Company to continue to avail services of Shri Prashant Amin as an Executive Director.

On the recommendation of the Remuneration Committee of the Company, the Board at its meeting held on 23rd May, 2014, have appointed Shri Prashant Amin as an Executive Director unanimously for a period of three years with effect from 1st June, 2014 subject to the approval of the shareholders in the General Meeting. The brief particulars of his remuneration are as mentioned herein below:

1. The Executive Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment : Three years with effect from 1st June, 2014.
3. Remuneration payable to Shri Prashant C. Amin when the Company earns adequate profits:

- (a) Salary : ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) Per Month with effect from 1st June, 2014 plus incentive upto 20% linked to the performance of the Company as may be decided by the Board of Directors on annual basis.

Leave Travel Allowance : As per Income Tax Rules, not exceeding ₹ 1,20,000 p.a. for self and family.

Medical Allowance : ₹ 15,000 p.a. for Medical Allowance

- (b) i. Perquisites and Allowances :

In addition to salary, the Executive Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, reimbursement of actual expenditure on medical treatment major illness for self and family with the approval of the Board of Directors, Club fees, Leave Travel concession for self and family and such other perquisites and allowances in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 197 and Schedule V of the Companies Act, 2013.

ii. Contribution to Provident Fund will be made as per the Company's rules.

iii. Gratuity will be payable as per the rules of the Company applicable from time to time.

iv. Encashment of leave at the end of the tenure.

v. Superannuation upto ₹ 100,000/- p.a.

vi. Two Cars for use on Company's business and telephone and other communication facilities at residence.

For the purpose of calculating the above ceiling the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable.

- (c) Commission :

In addition to the salary and perquisites and allowances payable, commission, if any, as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 197 and Schedule V of the Companies Act, 2013.

- (d) Minimum Remuneration :

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure of the Executive Director, will be paid minimum remuneration ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Schedule V of the Companies Act, 2013 or any amendment made hereinafter in this regard.

Apart from the above, the agreement contains further terms and conditions, the powers and duties, reimbursement of other expenses incurred by Shri Prashant Amin for the business of the Company, provision for earlier determination of the appointment by either party by giving three months notice in writing to the other party etc.

The appointment of Shri Prashant Amin on the terms & conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting.

The Executive Director shall not be liable to retire by rotation and shall not be paid any sitting fees for attending any meetings of Board or Committees thereof.

The draft agreement between the company and Shri Prashant Amin is available for inspection by the Members of the Company at its Registered Office between 10 a.m. and 12 noon on any working day of the Company till the date of Annual General Meeting.

The Board recommends the resolutions as set out at item nos. 10 of the Notice for your approval. Shri Prashant Amin is deemed to be interested in the said resolutions as they relate to his appointment.

None of the other Directors of the Company is in any way deemed to be concerned or interested in the above resolutions.

#### **ITEM NO. 11**

As per Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V, the Company can pay remuneration to one managerial personnel upto 5% of the net profit calculated as per Sections 197 & 198 of the Companies Act, 2013.

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. from 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 Old Companies Act, 1956 (Corresponding Section 196, 197, 203 read with Schedule V of the Companies Act, 2013) 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, 2014 have recommended the waiver of recovery of excess Managerial Remuneration paid to him during the year 2013-14 as set forth in the resolution in view of the inadequate profit for the year 2013-14 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, 2014 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, Sundays 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.

#### **ITEM NO. 12**

As per Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V, the Company can pay remuneration to one managerial personnel upto 5% of the net profit calculated as per Sections 197 & 198 of the Companies Act, 2013.

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. from 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 Old Companies Act, 1956 (Corresponding Section 196, 197, 203 read with Schedule V of the Companies Act, 2013) 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 V and other applicable provisions of the Act, the Remuneration Committee and the Board of Directors at their respective meetings held on 23rd May, 2014 have recommended the waiver of recovery of excess Managerial Remuneration paid to him during the year 2013-14 as set forth in the resolution in view of the inadequate profit for the year 2013-14 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, 2014, 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, Sundays 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.



**Item No. 13**

The members of the Company at their 46th Annual General Meeting held on 12th September, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 500 Crores (Rupees Five Hundred Crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 13 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 500 Crores (Rupees Five Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 13.

**Item No. 14**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees (₹)
1	Y. S. Thakar & Co.	Engineering	52,500/- Plus Govt. Levies/Taxes as applicable and out of pocket expense at actual.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution.

**By order of Board of Directors**

**Registered Office :**

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

Date : 23-05-2014

**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)**

<b>Name of Director</b>	<b>Shri Pradip M. Patel</b>	<b>Shri Prayasvin B. Patel</b>	<b>Shri Prashant C. Amin</b>
<b>Date of Birth</b>	05-11-1947	03-04-1958	09-08-1956
<b>Date of Appointment</b>	14-11-1977	01-07-1983	29-07-2008
<b>Expertise in specific Functional areas</b>	<p>Associated with the Bearing Industry for over three decades. Joined ABC Bearing Ltd. on 7th September, 1973.</p> <p>Directors in ABC Bearings Ltd. since 1st August, 1976.</p> <p>Managing Director of ABC Bearings Limited since 1st August, 1981.</p>	<p>Shri Prayasvin B. Patel has 38 years of experience in Engineering industry. He started his career as Sales Director of Prayas Casting Pvt. Ltd., Vallabh Vidyanagar. Thereafter, he joined Elecon Engineering Co. Ltd as Joint Managing Director on 1st July 1983. From 1st July 1993, he has taken over the responsibility of the Managing Director of the Company. On joining the organization, Shri Prayasvin Patel took charge of the entire responsibility of both the Gear and MHE divisions of the business. His keenness to improvise, hands on approach and his active participation has seen the Gear Division rise to become Asia's Largest manufacturer of Industrial Gears. He was also Managing Director of Eimco (Elecon) India Ltd.</p>	<p>Shri Prashant Amin has 33 years of experience in successfully founding various new ventures in different geographies and operating small enterprises with strong leadership and operational direction. His business acumen and 'hands on' approach has been the key to his success with companies he has founded and nurtured.</p> <p>A true entrepreneur and a visionary, Shri Prashant Amin has taken the responsibility of driving Elecon to new heights of growth and social responsibility since joining as Group Director in Oct 2006. He intends to bring the agility of small enterprise and successfully merge it with the legacy and culture of ELECON Group to make the group ready for the next stage of development and growth. His valuable contribution in the areas of Strategic planning, marketing, operations, business development and financial management has put Elecon on the path of fast growth and energised the Company to the core. His enthusiasm and zeal to achieve makes him a role model for the ELECON group.</p> <p>On completion of his MBA, Shri Prashant Amin spent 3 years as a Cost Estimator, at Sargent Industries, where he proved his financial acumen in manufacturing planning and pricing. He returned to India in 1983, to start his first venture, a container/packaging company.</p> <p>He founded Caltronics, a California, USA based company specializing in printed circuit board manufacture and turnkey solutions for the high tech electronics industry. Under his leadership as the COO, Caltronics grew from a five people</p>

<b>Name of Director</b>	<b>Shri Pradip M. Patel</b>	<b>Shri Prayasvin B. Patel</b>	<b>Shri Prashant C. Amin</b>
			company, to a forty people employer with annual revenues exceeding \$10M.
<b>Qualifications</b>	<i>M.B.A. (U.S.A)</i>	<i>B.E. (Mech.) M.B.A (U.S.A)</i>	<i>M.B.A. (Finance) (U.S.A.) &amp; Master Degree in Engineering &amp; Management</i>
<b>List of Public/Private Companies in which outside Directorship held as on 31st March, 2014.</b>	<ul style="list-style-type: none"> <li>- ABC Bearings Ltd.</li> <li>- Eimco Elecon (India) Ltd.</li> <li>- Power Build Ltd.</li> <li>- NSK-ABC Bearings Ltd.</li> <li>- Emtici Engineering Ltd.</li> <li>- Manoway Investment Pvt. Ltd.</li> <li>- Ziwani Properties Pvt. Ltd.</li> <li>- Mipco Investments Pvt. Ltd.</li> <li>- Maple Investments Co. Pvt.Ltd.</li> <li>- Emsons Leasing Co. Pvt. Ltd.</li> <li>- Taveta Properities Pvt. Ltd.</li> <li>- Elecon EPC Projects Ltd.</li> <li>- Excel EPC Projects Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Eimco Elecon (I) Ltd.</li> <li>- Power Build Ltd.</li> <li>- Emtici Engineering Ltd.</li> <li>- Kirloskar Power Build Gears Ltd.</li> <li>- Marck Biosciences Ltd.</li> <li>- Prayas Engineering Ltd.</li> <li>- Elecon Information Technology Ltd.</li> <li>- Akaaish Mechatronics Ltd.</li> <li>- Elecon Peripherals Ltd.</li> <li>- Eimco Elecon Electricals Ltd.</li> <li>- Madhuban Prayas Resorts Ltd.</li> <li>- K.B. Investments Pvt. Ltd.</li> <li>- Bipra Investments &amp; Trusts Pvt. Ltd.</li> <li>- Devkishan Investments Pvt. Ltd.</li> <li>- Jamko Consultants Pvt. Ltd.</li> <li>- Excel EPC Projects Pvt. Ltd.</li> <li>- Aakaish Investments Private Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Eimco Elecon (India) Ltd.</li> <li>- Power Build Ltd.</li> <li>- Prayas Engineering Ltd.</li> <li>- Elecon Peripherals Ltd.</li> <li>- Akaaish Mechatronics Ltd.</li> <li>- Emtici Engineering Ltd.</li> <li>- Elecon Information Technology Ltd.</li> <li>- Madhuban Prayas Resorts Ltd.</li> <li>- Eimco Elecon Electricals Ltd.</li> <li>- Elecon EPC Projects Ltd.</li> <li>- Excel EPC Projects Pvt. Ltd.</li> </ul>
<b>Chairman/Member of the Committees of the Public Companies on which he is a Director as on 31st March 2014.</b>	<ul style="list-style-type: none"> <li>- <b>ABC Bearings Limited</b> Transfer-cum-Shareholders/ Investors Grievance Committee - Member</li> <li>- <b>Eimco Elecon (India) Limited</b> Audit Committee - Member Remuneration Committee - Member</li> <li>- <b>Power Build Limited</b> Audit Committee - Member</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Eimco Elecon (India) Limited</b> Shareholders/Investors' Grievance Committee – Member</li> <li>- <b>Power Build Limited</b> Audit Committee - Member</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Eimco Elecon (India) Limited</b> Audit Committee - Member</li> <li>- <b>Power Build Limited</b> Audit Committee – Chairman</li> </ul>

#### **Appointment of other Directors (Item Nos. 5 to 8)**

For the details of Shri H. S. Parikh, Shri Chirayu Amin, Shri Jal R. Patel and Shri Jai Diwanji, please refer to the above Statement in respect of the Special Business set out at Item Nos. 5 to 8 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.



**ELECON ENGINEERING COMPANY LIMITED**

CIN : L29259GJ1960PLC001082

Anand-Sojitra Road,  
Vallabh Vidyanagar – 388 120  
Tal. & Dist. Anand, Gujarat.  
Tel No. (02692) 227109, 230166  
Fax No. (02692) 227484, 227020  
Website : [www.elecon.com](http://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 form given overleaf.**

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. Current A/c. or Cash Credit) with code : 
 

S.B.	Current	Cash Credit

7. 9-Digit MICR Code Number of the Bank : & Branch appearing on the MICR cheque issued by the Bank.
 

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

8. \*11-Digit IFSC Code : 
 

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(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

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN : L29259GJ1960PLC001082  
Name of the Company : ELECON ENGINEERING COMPANY LIMITED  
Registered Office : Anand-Sojitra Road, Vallabh Vidyanagar, Anand, Gujarat, Pin 388 120.

Name of the members (s)	
Registered Address	
Email ID	
Folio No./Client ID	
DP ID	

I/We, being the member(s) of ..... Shares of the above named Company, hereby appoint.

- Name :  
Address :  
Email ID : Signature :..... or falling him
- Name :  
Address :  
Email ID : Signature :..... or falling him
- Name :  
Address :  
Email ID : Signature :..... or falling him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the AGM of the Company, to be held on the Monday, 4<sup>th</sup> August, 2014 at 2.30 p.m. at Vallabh Vidyanagar at any adjournment thereof in respect of such resolution as is indicated below:

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

### ELECON ENGINEERING COMPANY LIMITED

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

CIN : L29259GJ1960PLC001082

### ATTENDANCE SLIP

Only Shareholders or the Proxies will be allowed to attend the meeting

D.P. ID		L.F. No.	
Client ID		No. of Shares held	

I/We hereby record my / our presence at the Annual General Meeting of the Company held on the Monday, 4<sup>th</sup> August, 2014 at 2.30 p.m. at Vallabh Vidyanagar.

Name of the Shareholder \_\_\_\_\_  
(in capital letters) (in capital letters)

Signature

Note : Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

**ELECON ENGINEERING COMPANY LIMITED**

CIN : L29259GJ1960PLC001082

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.  
Tel No. (02692) 227109, 230166, Fax No. (02692) 227484, 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 filled 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  
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necessary  
if posted  
in India

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

— FOLD —





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**ELECON ENGINEERING COMPANY LIMITED**

CIN No.:L29259GJ1960PLC001082

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](http://www.elecon.com)