

**FORM A**

**Format of covering letter of the annual audit report to be filed with the  
Stock Exchanges**

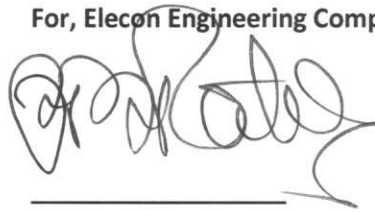
1.	<b>Name of the Company</b>	Elecon Engineering Company Ltd.
2.	<b>Annual standalone financial statements for the year ended</b>	31st March 2015
3.	<b>Type of Audit observation</b>	Un-qualified
4.	<b>Frequency of observation</b>	Not Applicable

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

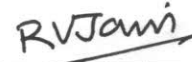


M. T. Desai  
Partner  
Membership No. 030911

For, Elecon Engineering Company Ltd.



Prayasvin B. Patel  
CEO/ Managing Director



Rajat Jain  
CFO



Jal R. Patel  
Chairman of Audit  
Committee

Place: Vallabh Vidyanagar

Date: 19/07/2015

# MAKING IN INDIA SINCE 1951

55<sup>th</sup>  
ANNUAL REPORT  
2014-15



# ABOUT COVER

## Making in India since 1951

For over 60 years Elecon Group has been proudly making in India and today is the largest manufacturer of Industrial gears in Asia and a prominent player in bulk material handling and mining equipment industry. During these years we supplied highly sophisticated equipments for core sectors like fertilizers, cement, coal, power generation, mining, chemical, steel, port mechanization, minerals and metal processing, etc.

Our gears are performing well for Indian Space Research Organization (ISRO) and also for Naval Aircraft carriers. Our gear powers **INS Shivalik** which is the first stealth warship built in India.

In line of our vision to create a global presence in power transmission by innovating and developing products to enhance value and satisfaction of our customers, we have expanded our wings and our new acquisitions are helping us in taking our vision forward. **Elecon Engineering has been making in India and providing high quality products that add value to our customers throughout the globe from our subsidiaries in UK, USA and Sweden.**

We strive for inclusive growth and sustainable development and make concentrated efforts towards this. We live by our motto of 'Let's preserve the environment' and all our facilities consciously work towards preserving, nurturing and sustaining the nature. Some of our efforts are appreciated by United Nations Environment Program.







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## ELECON AT A GLANCE

Elecon Group was established in 1951 in Goregaon, Mumbai by Ishwarbhai B. Patel. The Company's early focus was on Engineering, Procurement and Construction projects in India. It initially manufactured 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 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 the 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 per 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 are 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 Jal R. Patel



Shri Hasmukhlal S. Parikh



Shri Jai S. Diwanji



Dr. Sonal V. Ambani

## **Chief Financial Officer**

Shri Rajat Jain

## **Company Secretary**

Shri Paresh M. Shukla

## **Auditors**

Thacker Butala Desai  
Chartered Accountants  
Navsari

## **Bankers**

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

## **Registered Office**

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



# FIVE YEARS AT A GLANCE

PARTICULARS	Consolidated#		Standalone#		Consolidated#		Standalone#		Consolidated#		Standalone#		Consolidated#		Standalone#		Consolidated#		Standalone#		( ₹ in Mn.)	
	2014-2015		2014-2015		2013-2014		2013-2014		2012-13		2012-13		2011-12		2011-12		2010-11		2010-11			
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	212.6	13,289	80.5	5,032	12,929	5,012	15,268	5,952	16,132	13,317	11,739											
TOTAL INCOME	215.3	13,455	84.1	5,259	13,083	5,188	15,342	6,063	16,212	13,391	12,024											
EARNING BEFORE DEPRECIATION, INTEREST & TAX	27.2	1,698	17.0	1,065	1,497	1,001	2,082	1,027	2,102	2,027	1,814											
DEPRECIATION & AMORTISATION EXPENSES	11.5	716	8.3	516	616	454	571	420	486	424	394											
PROFIT AFTER TAX & MINORITY INTEREST	2.6	163	5.3	332	137	274	179	85	611	696	879											
EQUITY DIVIDEND	1.9	120	1.9	120	112	109	109	109	171	167	167											
DIVIDEND%	-	-	-	55%	-	50%	-	50%	-	90%	90%											
EQUITY SHARE CAPITAL	3.5	218	3.5	218	218	218	218	218	186	186	186											
RESERVE & SURPLUS	82.2	5,138	78.2	4,886	5,103	4,699	5,160	4,543	4,401	4,262	3,760											
NET WORTH	85.7	5,356	81.7	5,104	5,321	4,917	5,378	4,761	4,587	4,448	3,946											
GROSS FIXED ASSETS	148.3	9,270	101.2	6,325	9,500	6,346	9,427	6,325	8,291	6,912	5,762											
NET FIXED ASSETS	75.9	4,743	53.7	3,356	5,500	3,805	5,827	4,186	5,222	4,469	3,719											
TOTAL ASSETS	314.8	19,676	168.9	10,556	20,607	10,624	21,259	10,792	19,198	16,794	14,674											
NUMBER OF EMPLOYEES(Nos.)				638		579		697		1,290	1,197											
KEY INDICATORS	US \$		US \$																			
BASIC EARNINGS PER SHARE(₹)	0.2	1.50	0.05	3.05	1.26	2.52	1.65	0.78	6.58	7.49	9.47											
DEBT EQUITY RATIO																						
(TOTAL DEBT:EQUITY)	-	1.03	-	0.49	1.19	0.53	1.30	0.54	1.45	1.21	1.34											
EBIDTA*/TURNOVER %	-	12.77	-	21.16	11.58	19.97	13.64	17.26	13.03	15.22	15.45											
NET PROFIT MARGIN%	-	1.23	-	6.60	1.06	5.47	1.17	1.43	3.79	5.23	7.49											
RETURN ON NET WORTH%	-	3.05	-	6.50	2.58	5.58	3.33	1.79	13.32	15.65	22.28											
RETURN ON CAPITAL EMPLOYED%	-	1.52	-	4.30	1.19	3.60	1.50	1.17	5.65	7.23	9.81											

# Financial details of FY 15, FY 14, FY 13, FY 12 & FY 11 are as per Revised Schedule VI format.

Exchange Rate: 1 US\$ = ₹ 62.495 (as on 31-3-2015).

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

# PERFORMANCE INDICATORS

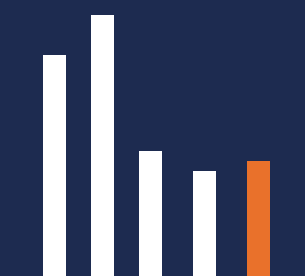
## Net Sales

₹ in Mn

(0.40%)

increase from 2014

₹ 5,032	2015
₹ 5,012	2014
₹ 5,952	2013*
₹ 13,317	2012
₹ 11,739	2011



2011 - 2015

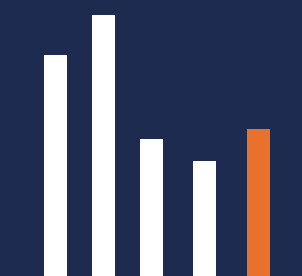
## EBIDTA

₹ in Mn

(6.43%)

increase from 2014

₹ 1,065	2015
₹ 1,001	2014
₹ 1,027	2013*
₹ 2,027	2012
₹ 1,814	2011



2011 - 2015

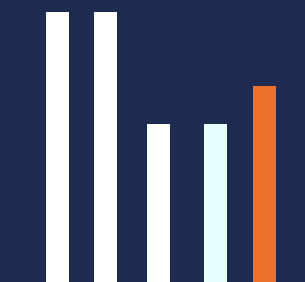
## Dividend

₹ in %

(10%)

increase from 2014

55%	2015
50%	2014
50%	2013
90%	2012
90%	2011



2011 - 2015

\*Decrease because of Scheme of Arrangement.



# MANAGEMENT INSIGHT



"The 'Make in India' program launched to facilitate investment, foster innovation, build best in class manufacturing infrastructure, enhance skill development and to protect intellectual property has added a much needed vibrancy to the market.

Elecon Group of Companies supplies hi-tech equipments to major core sectors and with a spurt in the manufacturing we are confident of making brisk progress. Our CAPEX over the years has helped us establish best in the class facilities and with operational excellence inculcated in our systems we are geared for gearing the future."

**Prayasvin Patel**

- Chairman & Managing Director



"Decisive focus on 'Manufacturing Sector' from the government has yet to show significant results at your company level, but we continue to concentrate on being lean and efficient.

Internal improvements and increased productivity will be the focus of 'Team Elecon' as the Indian and the world economy turns around slowly.

The management is dedicated to stay the course with the strong willed support of its employees and stakeholders."

**Prashant Amin**

- Executive Director



We have closed this year on a positive note despite the challenging environment. An important aspect of our financial strategy has been the continuous evaluation of processes to improve efficiency, effectiveness and accountability. Streamlined operations and adoption of cellular manufacturing concept has greatly reduced our turnaround time. TPM has also been another effective tool.

Disciplined financial practices have been an area of focus. Concrete steps towards weeding out of small and non profitable accounts while tightening controls on inventory and receivables management has helped us shrink our working capital cycle by over 15%.

Our belief is that economy is on the verge of a lift off and any additional business generated would significantly affect the bottom line positively. We strive for consistent growth with sustainable margins that will deliver value to the stakeholders.

**Rajat Jain** - Chief Financial Officer



"The overall economic situation in the country has been gloomy. There is a dearth of fresh requirements with a long standing pause on opportunities. Lack of fund infusion has forced the declarations and project outlines to the files.

There are able hands but lack of policy guidelines has hindered growth. The campaigns like 'Make in India', 'Smart Cities', 'Metro Projects' need push by way of initiatives and fund infusion to kick start the fast paced growth.

We believe that the Government is moving towards the stated goals and the economy should see positive movements. The first sector to be benefited would be the infrastructure industry and our company should be able to get the maximum benefit out of it."

**Vilas Kalyankar** - Chief Executive Officer



# CORPORATE SOCIAL RESPONSIBILITY



## EL CARE – For the people by Elecon

El Care our social service wing has been very active in and around Vallabh Vidyanagar, at the same time not limiting themselves to geographical boundaries and constantly expanding their reach for societal benefit.

### Our key activities this year were:

Ensuring that financially backward people get the best medical services and attention and lack of financial capability does not hinder their treatment.

Ever since we realized that there is a shortage of blood due to lack of blood donation, El Care makes it a point to organize regular blood donation camps and educates and motivates people to join hands in donating blood.

El Care also organizes eye check up camps in villages near to our facilities and motivates people for noble causes such as eye donation, organ donations. El Care also supports orphanages and old age homes.

Bhanubhai and Madhuben Patel Cardiac Centre generously donated to Shri Krishna Hospital at Karamsad has created a special place in India in handling pediatric cardiology and vascular care. It has successfully performed

some of the most complicated cardiac procedures and surgeries, many of which are rarely managed elsewhere in India. With superior infrastructure and a highly skilled and dedicated team the word is out and the centre gets patients from other states in India and abroad.

We through El Care have been supporting bright students from economically weaker backgrounds with scholarships. Engineering students from B.V.M. are the beneficiaries of these scholarships. 15 students each year receive this scholarship which includes amount for their tuition fees, examination fees, hostel fees as well as food charges. We have been granting this scholarships from 2007 onwards, and this year the cheque was handed over to Dr. F.S. Umarigar – Principal of B.V.M. by Shri Prashant Amin our Executive Director.

We take pride in informing our friends that our sponsored and donated Madhuben and Bhanubhai Patel Women's Institute of Engineering for Studies and Research in Computer and Communication Technology (MBICT), that we gave to Charutar Vidya Mandal has released its first batch of engineers. The first batch result came at a flawless 100%. We feel the pride as we are moving ahead in our objective of empowering women to empower the



society.

Children with special needs have a special place in our heart. We through El Care arranged a tour for students of P.C. Bhatt Dumb and Deaf School to Unai, Saputara, Tithal (Valsad), Udwada, Daman and Bharuch with a special interest shown in this activity by our Group Chairman – Shri Prayasvin Patel.

### **ELF – Elecon Ladies Forum – Bringing Smiles, spreading joy**

The Elecon Ladies Forum is a group of ladies who have joined hands for welfare activities. This group is an active participant to all the CSR activities done by us. However these ladies believe in doing a bit extra, walking the extra mile to bring joy and happiness on the faces of the lives



they touch.

They plan and execute various activities and pick up an area and put full strength to bring positive changes in the areas they can cover. Last year they executed a series of activities under 'Khushali – Joyful learning and living'. Khushali is a girl who is always happy, healthy and cheerful. Under this banner various campaigns were done so that every little girl gets a Healthy, Happy and Joyous atmosphere through which each girl becomes the Khushali for their family.

The focus of ELF activities this year but not limiting to it would be 'Education for the Girl Child'. Under this information on Girl Child education would be spread and parents would be motivated to educate their girls. Schools would be educated on having the right kind of infrastructure and facilities that accommodate the needs of a girl child.

ELF carries out various activities in schools for children and not as preachers but friends inculcates good and

healthy habits in them. They also gift generously to children who attend school regularly.

Elecon Ladies Forum also organises activities for working women, so that in their extremely busy schedules which leaves the women with little time for themselves, their health does not take the backseat. ELF organised one such event for the ladies working in Elecon which threw light on ways for High Energy Life, High Energy Working, Healthy Happy Working and Positive Work Attitude to promote work life equilibrium.

Elecon Ladies Forum has surely touched on many lives making positive contributions in the areas they work in. Their spirit and passion towards the causes is a motivation for us all to do something more, to walk the extra mile and as they put it 'Spreading smiles on Faces'.

# STRENGTH & GROWTH DRIVERS

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

At Elecon we believe in setting industry benchmarks through continuous improvement.

We have built a state of the art manufacturing plant as an expansion of the Elecon Gear manufacturing facilities. This ultra modern plant helps us double our gear box manufacturing capacity while ensuring world class quality and ensuring timely delivery backed by shortest possible lead time.

Our new facility Bhanubhai Memorial Center of Excellence (BMCE) is helping us improve the total throughput time and also in bringing down costs. Our recently launched EON/EOS series of catalogue gears are amongst the most cost effective in the market.

A robust impetus has been added due to the modernizing of our existing capacity to augment increased demand. Expansion of our range of products in new areas like manufacturing gear boxes for wind turbines of 1MW and 2MW capacity has also taken place. Elecon is poised to enjoy first mover advantage and with it sustained growth, higher margins and revenues.

## Growth Drivers

The recession posed some tough questions for Elecon. However, we have succeeded in maintaining our operational momentum and are geared up for continuing this trend by maintaining competitive manpower cost and high level of technology.

Our years of experience give us specialized expertise and knowledge in the manufacturing of Transmission Equipments. The Gear Division over the past years has witnessed growth driven by industrial Capex as our gears have applications in core and key sectors like Power, Steel, Cement, Sugar, etc.

We are looking to extensively penetrate in the Sugar Planetary Gear Boxes and Marine Gear Boxes. We are also exploring new segments like 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 along with steps to counter recession, which in turn will provide more thrust to stability in the price and production of essential commodities resulting into steady growth momentum for the Indian economy.



## Gear

Net Sales  
₹ in Mn

**0.40%**

Increase from 2014

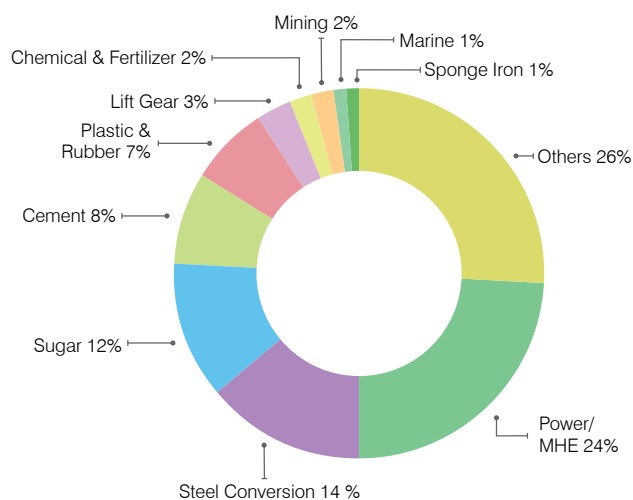
₹ 5,032	2015
₹ 5,012	2014
₹ 5,952	2013



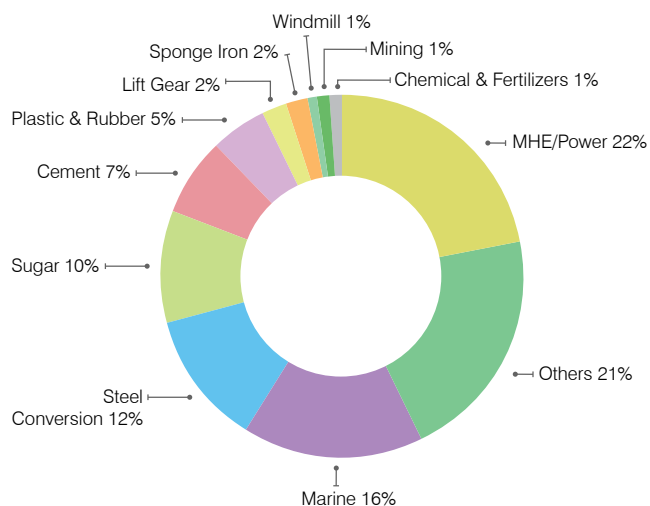
2013 - 2015

NET  
SALES  
INCREASED  
BY 0.40 %  
**₹ 5,032 MN**  
IN 2014-15  
FROM  
**₹ 5,012 MN**  
IN 2013-14

## Sales Industry wise



## Order in hand Industry wise



# DIRECTORS' REPORT



▲ Main Hoist Drive Gearbox for Hot Metal Ladle Crane

Dear Members,

Your Directors have pleasure in presenting this 55th Annual Report together with the Audited Statements of Accounts for the year ended on March 31, 2015.

You being our valued partners 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 March 31, 2015, the Company has achieved a Turnover of ₹ 50,319.24 Lacs as against ₹ 50,123.19 Lacs in the previous year, representing a marginal increase in Turnover by 0.40%.

For the year ended on March 31, 2015, the Company

has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹10,650.35 Lacs as against the EBIDTA of ₹10,006.97 Lacs during the previous year, representing increase in EBIDTA by 6.43%. The increase was driven by reduction in operational and finance cost during the year.

The Company holds total unexecuted orders worth ₹ 23,387 Lacs as on March 31, 2015. This will help us to continue to have sustainable growth in coming years.

### Consolidated operations

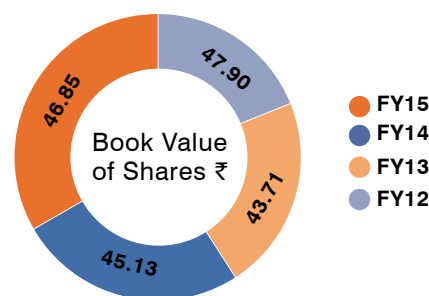
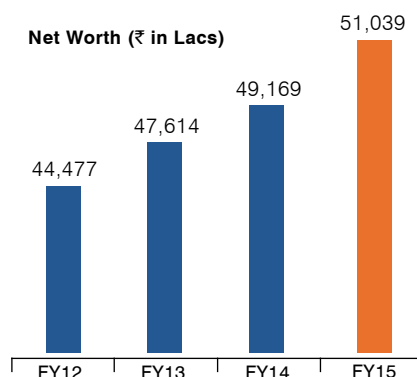
In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standards on Consolidated Financial Statements (AS 21, AS 23 & AS 27) issued by the Institute of Chartered Accountants of India.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





(₹ in Lacs)

Particulars	Standalone		Consolidated	
	31/03/15	31/03/14	31/03/15	31/03/14
Profit Before Tax, Finance cost, Depreciation & Amortization and Adjustment for previous year (EBIDTA)	10,650.35	10,006.97	16,976.04	15,098.74
<b>Add:</b> Other Income	2,267.74	1,755.37	1,661.74	1,405.50
<b>EBIDTA</b> (Including other income)	12,918.09	11,762.34	18,637.78	16,504.24
<b>Less :</b> Finance Cost	2995.03	3324.78	8087.00	7403.70
Depreciation & Amortization	5158.37	4542.22	7157.87	6162.36
Profit Before Tax	4764.69	3895.34	3392.91	2938.19
<b>Less/(Add) :</b> Exceptional Items	--	--	--	--
<b>Less:</b> Provision for Tax	2076.27	1402.67	2416.20	1667.80
Deferred Tax	(630.16)	(250.31)	(741.39)	(84.21)
Mat Credit Entitlement	--	--	--	(73.35)
Short/(Excess) Prov. of earlier years	--	--	3.87	1.22
<b>Profit After Tax</b>	3318.58	2742.98	1714.23	1426.72
<b>Add:</b>				
Minority Interest	--	--	(100.19)	(68.87)
Share of Profit of Associates	--	--	20.39	15.42
Previous Year Balance Brought Forward	2979.80	1924.09	607.72	1259.25
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	6298.38	4667.07	2242.15	2632.53
<b>APPROPRIATIONS:</b>				
Proposed Dividend	1198.29	1089.36	1198.29	1121.33
Income Tax on Dividend	250.74	97.91	250.74	104.41
Transfer to General Reserve	1500.00	500.00	1500.00	799.07
Balance Carried Forward	3349.35	2979.80	706.88	607.72



Your Company's total consolidated turnover for the year ended on March 31, 2015 was ₹1,32,889.05 Lacs as against ₹1,29,291.79 Lacs for previous year, representing an increase of 2.78 %.

For the year ended on March 31, 2015, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹16,976.04 Lacs as against the EBIDTA of ₹15,098.74 Lacs during the previous year, representing increase in EBIDTA by 12.43%. During the year under review, your Company's consolidated net worth is ₹53,556.81 Lacs as against ₹53,209.37 Lacs for previous year.

### Dividend

Your Directors are pleased to recommend dividend of ₹1.1/- 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 March 31, 2015.

The total outgo for the current year amounts to ₹1,449.03 Lacs, including dividend distribution tax of ₹250.74 Lacs as against ₹1,187.27 Lacs including dividend distribution tax of ₹97.91 Lacs in the previous year.

During the year, the unclaimed dividend pertaining to the financial year 2006-07 was transferred to the Investor Education & Protection Fund.

### Share Capital

The paid up Equity Share Capital as on March 31, 2015 was ₹2,178.72 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. Directors' shareholding in the Company, as on March 31, 2015, is given in Corporate Governance Report.

### Finance

Cash and cash equivalent as at March 31, 2015 was ₹305.68 Lacs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### Non-Convertible Debentures

During the year, the Non-Convertible Debentures aggregating ₹2,500.00 Lacs were redeemed. Accordingly all the debentures stand extinguished.

## Deposits

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits as on March 31, 2015.

## Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## Directors

### Retire by rotation

In accordance with the provisions of the Companies Act, 2013 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.

### New Appointment

As per Section 161 of the Companies Act, 2013, Dr. Sonal V. Ambani, was appointed as an Additional Director of the Company from the 3rd day of February 2015, to comply with the requirement of Woman Director under Section 149 of the Companies Act, 2013 and as per Clause 49 of the Listing Agreement. Her experience in the field of investment banking and business management will provide essential guidance for the Company. She holds office upto the date of the ensuing Annual General Meeting of the Company.

The Board welcomes Dr. Sonal V. Ambani and considers it an advantage to the Company to get benefit from her expertise and knowledge.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, an Independent Director shall hold office for a term of five consecutive years and not be liable to retire by rotation.

Accordingly, Dr. Sonal V. Ambani shall be appointed as an Independent Woman Director to hold office for a term of five consecutive years from the date of ensuing Annual General Meeting of the Company and shall not be liable to retire by rotation.

Dr. Sonal V. Ambani fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Woman Director of the Company and is independent of the management and has also given declaration that she

meets the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Members' approval for her appointment as an Independent Woman Director, under Section 149 & 152 of the Companies Act, 2013 has been sought in the Notice convening the Annual General Meeting of the Company.

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the "Annexure A".

## Meetings

During the year five Board Meetings, five Audit Committee Meetings and one separate meeting of Independent Directors were convened and held. The details of which are given in the Corporate Governance Report. The intervening gaps between the Meetings were within the period prescribed under the Companies Act, 2013.

## Composition of Audit Committee

The Audit Committee comprises of following Directors:

Shri Jal R. Patel, Chairman

Shri Hasmukhlal S. Parikh, Member

Shri Pradip M. Patel, Member

Shri Chirayu R. Amin, Member

All recommendations made by the Audit Committee during the year were accepted by the Board.

## Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.



## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis; and
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All materially significant related party transactions made by the Company with related parties are given in "Annexure B". Members' approval is sought for such related party transactions in the notice of the AGM.

A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. The statement is supported by a Certificate from the CEO & MD and the CFO.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

## Auditors

### Statutory Auditors

Section 139 of the Companies Act 2013 read with 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.

Since, the Company's Auditors M/s. Thacker Butala Desai, Chartered Accountants, Navsari (who holds office of Auditors for more than 10 years at the time of commencement of the Companies Act, 2013) has already been appointed as Statutory Auditors of the Company for one term of one (1) year, they can be appointed as Statutory Auditors of the Company to hold the office for another term of two (2) years from the ensuing Annual General Meeting of the Company. They will hold office for two (2) years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 57<sup>th</sup> Annual General Meeting.

They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company. As required under Clause 49 of the Listing Agreement, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company in respect of its manufacturing activity are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Y.S.Thakar & Co., Cost Auditor to audit the cost accounts of the Company for the year ended on March 31, 2015 on a remuneration of ₹ 52,500/- p.a. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in the General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Y.S. Thakar & Co., Cost Auditors is included at Item No. 8 of the Notice convening the Annual General Meeting.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Ashwin Shah, a Company Secretary in Practice to undertake the

Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure C".

## **Subsidiary, Joint Venture & Associate Companies**

### **Financial Performance - Subsidiary Companies**

#### **Elecon Transmission International Ltd (Mauritius – consolidation)**

Against a challenging global economic environment, Benzlers Radicon group managed to maintain their sales at GBP 32.5 million. SG&A cost have reduced by 10%. Against the backdrop of depreciation of SEK and Euro against GBP and that of GBP against the USD the provision for loss due to exchange rate is GBP 1.3 million. PAT has deteriorated from GBP -1.3 million to GBP -2.6 million.

#### **Benzlers-Radicon Group**

To meet the challenge of the tough economic environment not to mention the competition the Benzler-Radicon group along with the support from Elecon India introduced three new products: Series E range of industrial reducers, Series P range of planetary gears and the integrated motor range. This new product range gives us a price competitive products with a good acceptability in the European market. These products were formally launched in UK and Europe in September 2014. In the current year we expect these products to be the growth drivers.

To complete our product portfolio and as a step towards gaining experience in the growing business of integrated electro-mechanical solution; Radicon UK signed an MOU agreement with Mitsubishi Electric UK, Automation System for the supply of Mitsubishi Electric automation products and services and the supply of Radicon power transmission products and services.

Radicon has a very strong name in the erstwhile common wealth countries. To capitalize on this and as part of our expansion plan to grow in Africa, we now have dedicated sales personnel to aggressively grow our business in this high potential market. Following this Radicon participated in the Electramining Trade Fair to make our presence. We expect to bring in a business of GBP 750,000 from Africa in the current year.

#### **Benzlers group (Nordic and Europe)**

The business model in Benzlers has changed from being a manufacturing company to sales driven engineering company. The benefits of outsourcing have started to trickle in the second half of 2014-15 and are expected to increase in the current Financial Year. Though in local currency SEK we have seen a sales growth of 2% the GBP sales have dropped from GBP 15.5 million to

GBP 14.1 million and the EBITDA has deteriorated from GBP 167k to GBP -249k due to weakening of SEK as compared to GBP. For 2015-16 the sales forecast is to increase by 15% to GBP 16.1 million.

One of the key economic challenges of doing business in Europe and Nordic region is the foreign exchange risk. Euro, Danish kroner and Swedish kroner all have depreciated by almost 25% in last one year. The loss due to exchange fluctuation is GBP 250,000 for the year.

#### **Radicon Transmission UK Ltd.**

Radicon Transmission UK Ltd. has achieved a sales growth of 12%, from GBP 13.6 million (2013-14) to GBP 15.1 million (2014-15) and an EBITDA growth of 63% from GBP 608k to GBP 1 million. For 2015-16 the sales forecast is to increase by 11% to GBP 16.6 million.

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

Elecon USA Transmission Ltd. has maintained its sales at GBP 6.3 million however due to the operational efficiency have doubled their EBITDA to GBP 403k. For 2015-16 the sales forecast is to increase by 30% to GBP 8.1 million.

#### **Elecon Singapore Pte. Ltd.**

Elecon Singapore Pte. Ltd., Singapore is a Wholly-Owned Subsidiary of the Company. It is a marketing arm of your Company and engages in the business of selling and supply of your Company's products in Singapore, Indonesia, Malaysia, Laos, Vietnam, Philippines, Taiwan, South Korea, North Korea, Cambodia, Russia, China, Japan, Myanmar, Thailand, Mongolia and other far East countries.

Elecon Singapore Pte. Ltd. has achieved a total revenue growth of 66.58%, from S\$ 0.14 million (2013-14) to S\$ 0.24 million (2014-15) and an EBITDA growth of 190% from S\$ 137k to S\$ 398K.

#### **Elecon Middle East FZCo, Dubai**

Elecon Middle East FZCo, Dubai is a Wholly-Owned Subsidiary of the Company. It is a marketing arm of your Company and engages in the business of sales and supply of your Company's products in U.A.E. (Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah), Saudi Arabia, Oman, Yemen, Jordan, Kuwait, Iran, Iraq, Syria, Turkey, Bahrain, Qatar, Pakistan, Afghanistan, Palestine, Algeria, Comoros, Djibouti, Lebanon and other Middle East Countries.

Elecon Middle East FZCo, has achieved a total revenue growth of 79.69%, from AED 0.65 million (2013-14) to AED 1.17 million (2014-15) and an EBITDA growth of 551% from GBP 297k to GBP 0.19 million.



### Elecon EPC Projects Limited (EEPL)

During the year under review, turnover of EEPL was ₹51,742.65 Lacs against ₹50,203.45 Lacs during previous year.

(₹ In Lacs)

PARTICULARS	31/03/2015	31/03/2014
Profit before Depreciation, Interest & provision for Taxation (EBIDTA)	4,095.44	4,370.28
<b>Add: Other Income</b>	271.59	39.23
<b>EBIDTA (Including other income)</b>	4,367.03	4,409.51
<b>Less: Finance Cost</b>	2,868.04	3,125.13
Depreciation	1,170.80	934.42
Profit Before Tax	328.19	349.96
<b>Add/Less: Provision for Taxation</b>	146.00	73.35
Deferred Tax	(71.42)	180.42
MAT Credit entitlement	--	(73.35)
Profit After Tax	253.61	169.54
<b>APPROPRIATION :</b>		
Transfer to General Reserve	--	150.00
Proposed Dividend - Equity Shares	--	--
Tax on distributed dividend	--	--
Previous year's balance brought forward	1,640.72	1,621.18
Balance carried forward to balance sheet	1,894.33	1,640.72

### Financial Performance - Joint Venture Company

#### Eimco Elecon (India) Ltd.

Eimco Elecon (India) Ltd. (EEIL), a listed Company, was promoted by Elecon Engineering Company Ltd. and Envirotech Corporation, USA in 1974. In 1989, Tamrock OY, a Finnish Corporate Giant acquired stake held by Envirotech Corporation, USA in EEIL. In 1997, Sandvik AB, a Swedish company, has acquired major shares of Tamrock OY, thereby taken its controlling interest. At present, Sandvik Group holds 25.10% shares in EEIL.

EEIL is engaged in the business of manufacturing of a very wide range of underground mining machinery viz. Air Powered Rocker Shovels, Electro Hydraulic Side Dump Loaders and Electro-hydraulic and Air powered Load Haul Dumpers used as loading machines in both the underground Coal mines and Metalliferous mines. EEIL is the market leader in the underground mining machinery business. It enjoys market share of more than 80% which is a very big achievement for any Company.

During the year ended on March 31, 2015, EEIL has achieved a Turnover of ₹19,640.71 Lacs as against ₹19,339.35 Lacs in the previous year, representing a marginal increase in Turnover by 1.56%.

For the year ended on March 31, 2015, EEIL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of

₹3,485.65 Lacs as against the EBIDTA of ₹3,344.53 Lacs during the previous year, representing increase in EBIDTA by 4.22%.

### Financial Performance - Associate Company

#### Elecon Peripherals Ltd.

Your Company holds 24.99% shares in Elecon Peripherals Ltd. (EPL), which is engaged in the business of manufacture and supply of Holdbacks, Shrink Disc, Locking Assembly, Electro Hydraulic Thrustor Operated Brakes & Jaw Clutch Coupling, etc.

During the year ended on March 31, 2015, EPL has achieved a Turnover of ₹1,038.98 Lacs as against ₹618.89 Lacs in the previous year, representing an increase in Turnover by 67.88%.

For the year ended on March 31, 2015, EPL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹152.36 Lacs as against the EBIDTA of ₹103.50 Lacs during the previous year, representing increase in EBIDTA by 47.21%.

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.

### Vigil Mechanism / Whistle Blower Policy

The Company has established Vigil Mechanism and adopted a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Policy are explained in the Corporate Governance Report and also posted on the website 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 is committed to maintain the highest standards of Corporate Governance, reinforcing the



valuable relationship between the Company and its Stakeholders.

### **Corporate Social Responsibility Initiatives**

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has contributed funds for the schemes of eradicating hunger and poverty, promotion of education and medical aid. The contributions in this regard have been made to the registered trust which is undertaking these schemes. The company has also undertaken schemes of distributing food to the poor directly as part of the CSR initiative. The Annual Report on CSR activities is annexed herewith as "Annexure D".

### **Significant and Material Orders passed by the Regulators or Courts**

There are no significant material orders passed by the Regulators /courts which would impact the going concern status of the Company and its future operations.

### **Risk Management**

There is already in place a Risk Management Policy for the Company formulated by M/s. Sharp & Tannan Associates, Baroda to identify and evaluate elements of business risk. Consequently a revised robust Business Risk Management framework is in place. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of such risks.

During the year, your Directors have constituted a Risk Management Committee, which has been entrusted with the responsibility to assist the Board in managing and monitoring the enterprise wide risk management framework.

### **Consolidated Financial Statements**

The Consolidated Financial Statements of the Company have been prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of this Annual Report.

### **Energy Conservation, Technology Absorption and Foreign exchange earnings and outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure E".

### **Particulars of Employees**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule, 5 of The Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed to this Report as "Annexure F", forming part of this Report.

### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure G".

### **Statutory Disclosures**

None of the Directors of your Company is disqualified as per provisions of Section 164(2) of the Companies Act, 2013. 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, Bankers, Financial Institutions, Shareholders and the Society at large.

The Directors also acknowledge the support of the Auditors, 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**  
**DIN: 00037394**

**Place:** Vallabh Vidyanagar

**Date:** May 1, 2015



# MANAGEMENT DISCUSSION & ANALYSIS



▲ Inside view of Bhanubhai Memorial Centre of Excellence (BMCE) - Gear manufacturing plant

## Global Economy Overview

The world is gradually coming out of worst recession. The global economy is yet to gain momentum as the developed economies are still facing after effects of global financial crisis while the developing economies are less dynamic than in the past. Global GDP growth in 2014 was merely 2.6%. Major drivers of slow growth can be attributed to soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade.

US economy rebounded in 2014 with lesser inflationary pressure and further decline in unemployment rate, supported with lower oil prices. The dollar appreciated against most currencies. The Euro area continues to face challenges largely on account of weak investment, inflation and the recovery is projected to be slower than expected.

The economic situation in Europe is precarious, particularly in the euro area, where growth is exceptionally weak, with some countries already in recession.

Investment growth in China declined in 2014, and leading indicators point to a further slowdown. Slower growth in China will also have important regional effects, which partly explains the downward revisions to growth in much of emerging Asia.

A major weakness in the macroeconomic picture remains the employment situation, as GDP growth continued to be subdued and below potential in many parts of the world, and therefore did not create a sufficient number of productive jobs. In the developed economies, unemployment figures remain elevated in several countries, especially in the euro area, while wage levels continue to be affected by the financial crisis.

Global growth in 2015 should receive a boost from lower oil prices, but this boost is projected to be more than offset by negative factors, including investment weakness as adjustment to diminished expectations about medium-term growth in many advanced and emerging market economies.

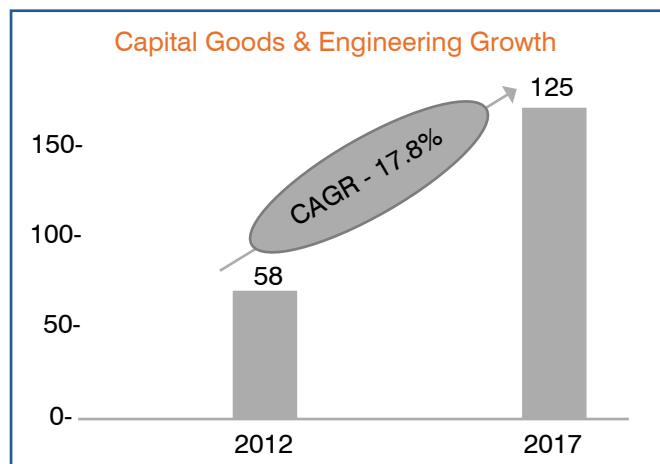
Looking ahead, the US economy has shown signs of gradual growth with reduced jobless claims. The Organization for Economic Co-operation and

Development (OECD) has sharply upgraded its economic forecasts for eurozone due to lower oil prices and European Central Bank's (ECB) programme of quantitative easing. The OECD predicted a positive growth for Japan as well and expects it to grow by 1% this year and 1.4% in 2016. Global economy is expected to grow by 3.0% in 2015 with an average estimate of 3.3% through 2017.

### The India Story

India went through its parliamentary elections in the year gone by. The new government in its budget has taken various steps to bring back confidence in the economy by committing to bring down fiscal deficit to a level of 3% by FY 18, though its target for FY 16 is slightly higher than estimated by the previous government.

Macroeconomic indicators are improving and seem to be headed in the right direction. The GDP growth for FY 15 is expected to be 7.5% and is expected to accelerate to 8.0%-8.5% in FY 16, the CPI is expected to be 5% by end FY 15 and Current Account Deficit (CAD) at 1.3% in FY 15.



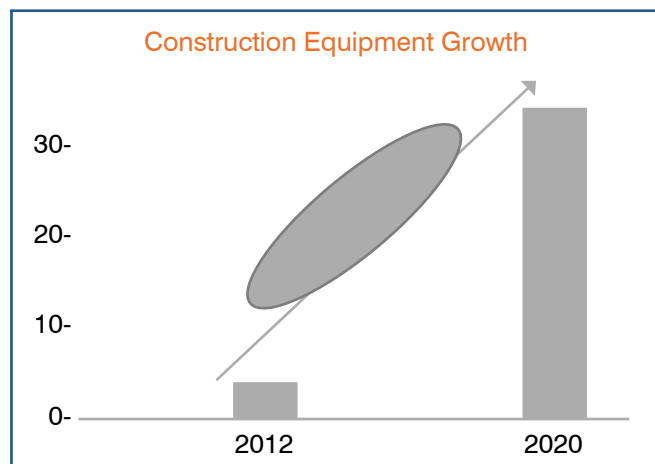
Outside of the budget, the government is taking major economic initiatives in areas like coal, power, mining, renewable energy, defense, railways etc. which should translate to higher economic and earnings growth over the next 2-3 years. In the near term, low commodity prices, falling interest rates and improved business and consumer sentiments should help drive earnings growth in FY 16. Corporate tax is also expected to be reduced from current rate of 30% to 25% over the next four years while eliminating many exemptions.

The Prime Minister's "Make in India" programme is expected to yield greater returns and talks are on where few companies are thinking to shift their manufacturing base to India. According to an IBEF report, the

increasing industrialization and economic development is expected to drive the capital goods and engineering market to reach a turnover of US \$125 bn in 2017 from about US \$58 bn in 2012. The report also forecast the construction equipment market to grow seven fold from 2012 to 2020 to reach about US \$23 bn from the levels of US \$3 bn in 2012.

Some of the key drivers of Indian engineering sector that would drive growth would include:

- The material handling equipment sector is expected to gain from robust demand from mining, steel, power and other infrastructure industries.
- Government initiative of allowing private sector participation by opening up the defense sector to 26% FDI.
- An additional plan of 12,000 MW of nuclear capacity under 12th five-year plan (2012-2017) representing a huge business opportunity for the engineering industry
- Comparative advantage vis-à-vis other countries in terms of manufacturing costs, market knowledge,



technology and creativity.

This apart, the Global Industrial Gear Motors and Drives market has also been witnessing the increased demand for precision geared products. However, the availability of alternative technologies like variable frequency drives could pose a challenge to the growth of this market.

### Financial Performance

During the year ended on March 31, 2015, the Company has achieved a Turnover of ₹50,319.24 Lacs as against ₹50,123.19 Lacs in the previous year, representing a marginal increase in Turnover by 0.40%.



For the year ended on March 31, 2015, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹10,650.35 Lacs as against the EBIDTA of ₹ 10,006.97 Lacs during the previous year, representing increase in EBIDTA by 6.43%.

### Outlook

As per a recent survey the global gear manufacturing market is expected to grow at a CAGR of 5.33% over the period 2014-19. One of the key factors contributing to this growth is the growth in emerging markets. Another study expects global gear demand to grow to US \$217 billion by 2018.

On the export front, driven by strong demand for engineering goods, exports from India registered a double digit growth at 10.22% to touch US \$26.4 billion in FY 2014. This growth can be credited to the robust expansion in shipments of aircraft, spacecraft parts and automobiles. Engineering exports from India are expected to cross US \$70 billion in FY 15 registering a growth of 15% over the previous fiscal, as demand in key markets such as the US and the UAE is on the rise. Apart from these traditional markets, markets in Eastern and Central European countries such as Poland also hold huge promise.

The engineering sector is a growing market. Current spending on engineering services is projected to increase to US \$1.1 trillion by 2020. With development in associated sectors such as automotive, industrial goods and infrastructure, coupled with a well-developed technical human resources pool, engineering exports are expected to touch US \$120 billion by 2015.

The Company is confident that the economic upturn could lead to a pipeline of opportunities that could be mined to register a strong growth in the fiscal 2016.

### Risk and Concerns

A discussion of key risks and concerns, and measures aimed at mitigating them, are discussed in the following paragraphs.

**Strategic Risks:** The Company could be susceptible to strategy, innovation, and business or product portfolio related risks if there is any significant and unfavorable shift in industry trends, customer preferences, or returns on R&D investments. Elecon does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks

are mitigated to an extent. The Company's investments in intellectual property creation too are being done in a measured manner and are focused more on extending and strengthening existing offerings rather than on new business or end-use/application areas.

**Macro-Economic Risks:** Risks emanating from changes in the global markets such as the recent financial meltdown, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movements in economic cycles in the Company's target markets and volatility in foreign currency exchange rates could have a negative impact on the Company's performance. This risk is mitigated to some extent due to the Company's presence in multiple and diverse markets. The Company also takes necessary steps such as forex hedging to mitigate exchange rate risks.

**Competition-Led Risks:** Elecon operates in a highly competitive industry, replete with multiple competitors, in both India and abroad. Shifts in clients' and prospective clients' dispositions could affect its business. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.

**Contractual, Execution and Delivery Related Risks:** The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. Elecon does have mechanism in place to try and prevent such situations, as well as taking insurance cover as necessary.

**Acquisition/M&A Related Risks:** Well-considered, properly evaluated and strategic acquisitions form part of the Company's growth strategy. There is no guarantee, however that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the Company would undertake all due care and diligence in the process of making any acquisition.

In addition to the aforementioned issues, there are multiple other risk factors that the Company believes it will need to take cognizance of and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions.

The Company does take necessary insurance or related cover in cases as necessary.



### Internal Control System

The Company has mechanisms in place to establish and maintain adequate internal controls over all operational and financial functions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines, and regulations as applicable in a transparent manner.

Internal Controls are continuously evaluated by the Internal Auditors and Management. Findings from internal audits are reviewed by the Management and the Audit Committee. The 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

The Company has a strong committed work force nurtured and backed up by its professional culture coupled with innovative HR process aimed at strategic alignment with the business objectives. It has been the tradition of the Company to maintain excellent industrial relations at all levels. This has ensured that we have a committed and dedicated workforce with a high level of enthusiasm.

The number of employees as on March 31, 2015 was 638 as against 579 as on March 31, 2014.

### Cautionary Note

The following discussion and analysis should be read in conjunction with the Company's Financial Statements included herein and the notes thereto. The Financial

Statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. The Company's management accepts responsibility for the integrity and objectivity of these Financial Statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the Financial Statements have been made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading "Risk factors" in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates.





# ANNEXURE - A TO DIRECTORS' REPORT

## Nomination, Remuneration and Evaluation Policy

### Preamble

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 23rd May, 2014 changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and reconstituted the Committee.

The Policy as formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement goes as under.

### THE NOMINATION AND REMUNERATION POLICY

#### Introduction

In accordance with terms of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, entered into by the Company with Stock Exchanges, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated February 3, 2015. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees. The key features of this Company's policy shall be included in the Board's Report.

#### Definitions

In this Policy unless the context otherwise requires:

- (1) **"Act"** means Companies Act, 2013 and rules thereunder.
- (2) **"Company"** means "Elecon Engineering Company Limited".
- (3) **"Board of Directors"** or **"Board"**, in relation to the Company, means the collective body of the directors of the Company.
- (4) **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- (5) **"Key Managerial Personnel"** (KMP) means
  - i) Chief Executive Officer or the Managing Director or the Manager,
  - ii) Company Secretary,
  - iii) Wholtime Director,
  - iv) Chief Financial Officer and
  - v) Such other officer as may be prescribed.

- (6) **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- (7) **"Policy"** means, "Nomination and Remuneration Policy."
- (8) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (9) **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.
- (10) **"Ministry"** means the Ministry of Corporate Affairs.
- (11) **"Regulations"** refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy.
- (12) **"Employees' Stock Option"** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

#### Objective

The policy is framed to ensure that a balanced fit is maintained between the level and composition of remuneration paid to the directors, key managerial personnel and senior management which is reasonable and sufficient enough to attract, retain and motivate them.

#### Membership / Composition

The Nomination and Remuneration Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

Membership of the Committee shall be disclosed in the Annual Report.

#### CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed

as a member of the Committee but shall not be a Chairman of the Committee.

- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### QUORUM

Minimum two (2) members shall constitute a quorum for the Committee meeting.

#### COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### TERM

Term of the Committee shall be continued unless terminated by the Board of Directors.

#### Applicability

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company

#### Effective Date

This policy shall be operational with immediate effect after its adoption and approval by the Board of Directors at its meeting held on 3rd February, 2015.

#### Role / Duties

The Nomination and Remuneration Committee is responsible for:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to

the Board to complement the Company's corporate strategy, with the objective to diversify the Board;

- identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- recommending to the Board on the selection of individuals nominated for directorship;
- making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed/reappointed;
- assessing the independence of independent directors;
- such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- to devise a policy on Board diversity;
- to develop a succession plan for the Board and to regularly review the plan;

#### EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities
- contributing to clearly define corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approval achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks
- assess policies, structures & procedures
- direct, monitor & evaluate KMPs, senior officials
- review management's succession plan



- effective meetings
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

#### **APPOINTMENT OF DIRECTORS/KMPS/SENIOR OFFICIALS**

- Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:
  - assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
  - the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
  - the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
  - the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- Personal specifications for Directors
  1. Qualification
    - Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
    - Recognised specialist

2. Experience
  - Experience of management in a diverse organisation
  - Experience in accounting and finance, administration, corporate and strategic planning or fund management
  - Demonstrable ability to work effectively with a Board of Directors
3. Skills
  - Excellent interpersonal, communication and representational skills
  - Demonstrable leadership skills
  - Extensive team building and management skills
  - Strong influencing and negotiating skills
  - Having continuous professional development to refresh knowledge and skills
4. Abilities and Attributes
  - Commitment to high standards of ethics, personal integrity and probity
  - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace
5. Political inclinations and opinions.
6. Other Specifications as under:
  - Degree holder in relevant disciplines;
  - Experience of management in a diverse organization;
  - Excellent interpersonal, communication and representational skills;
  - Demonstrable leadership skills;
  - Commitment to high standards of ethics, personal integrity and probity;
  - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
  - Having continuous professional development to refresh knowledge and skills.

#### **REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other Senior Officials. The Directors, Key Management Personnel and other senior official's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with

the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company.

(i) Remuneration:

a) Base Compensation (Fixed Salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable Salary

The Nomination and Remuneration Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

(ii) Statutory Requirements:

- Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government

may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

- The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
  - The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
  - The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.
  - The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
  - The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

#### REMOVAL

The Committee may recommend, to the Board removal of a Director, KMP or Senior Management Personnel due to following reasons:

- Any disqualification
- Misconduct
- Breach of Contract or trust
- Conflict in interest

Such recommendation to the Board shall be with reasons recorded in writing.

#### OTHER GENERAL MATTERS

The Committee shall ensure that –



1. The policy is in accordance with the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force);
2. The composition of the Board is in accordance with the Companies Act, 2013, and the rules made thereunder, and Listing Agreement as amended from time to time;
3. The Board of the Company may consciously consist of directors from expertise field as may be considered fit by the Committee which is essential and beneficial for the growth of the Company;
4. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
5. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
6. Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
7. The policy is disclosed in the Boards' Report.



## ANNEXURE - B TO DIRECTORS' REPORT

### FORM NO. AOC-2 RELATED PARTY TRANSACTIONS DURING THE YEAR 2014-15

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2015, which were not at arm's length basis.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party	Nature of relationship	Duration of contracts	Salient terms	Amount ₹ In lacs
<b>Nature of Contracts</b>				
<b>Investments</b>				
In Equity Shares#				
Elecon Transmission International Ltd., Mauritius	Subsidiary	N.A.	N.A.	3485.27
In Preference Shares*				
Elecon EPC Projects Ltd.	Subsidiary	N.A.	N.A.	12732.00
<b>Purchase of goods</b>				
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	552.05
Specialty Wood Pack Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	698.79
Elecon Peripherals Ltd.	Associate	On going	Based on transfer pricing guidelines	713.66
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	41.80
Eimco Elecon Electricals Ltd.	Related Party@	On going	Based on transfer pricing guidelines	38.31
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	19.90
Elecon Information Technology Ltd.	Related Party@	On going	Based on transfer pricing guidelines	4.56
Akaish Mechatronics Ltd.	Related Party@	On going	Based on transfer pricing guidelines	3.97
Radicon Transmission UK Ltd.	Step Down	On going	Based on transfer pricing guidelines	0.73
	Subsidiary			
Emtici Engineering Ltd.	Related Party@	On going	Based on transfer pricing guidelines	0.73
				<b>2074.50</b>
<b>Sales of goods</b>				
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	678.11
Radicon Transmission UK Ltd.	Step Down	On going	Based on transfer pricing guidelines	1601.32
	Subsidiary			
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	2738.01
Elecon Singapore Pte. Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	427.49
Elecon Middle East FZCO	Subsidiary	On going	Based on transfer pricing guidelines	690.10
Ab Benzlers	Step Down	On going	Based on transfer pricing guidelines	181.49
	Subsidiary			
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	177.00
Elecon USA Transmission Ltd.	Step Down	On going	Based on transfer pricing guidelines	104.09
	Subsidiary			
Benzlers T.B.A B.V	Step Down	On going	Based on transfer pricing guidelines	43.01
	Subsidiary			
Elecon Peripherals Ltd.	Associate	On going	Based on transfer pricing guidelines	0.09
				<b>6640.71</b>



Name(s) of the related party	Nature of relationship	Duration of contracts	Salient terms	Amount ₹ In lacs
<b>Availing of Job Work</b>				
Elecon Peripharals Ltd.	Associate	On going	Based on transfer pricing guidelines	39.15
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	6.03
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	95.48
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	1.48
Specialty Wood Pack Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	1.19
Elecon Information Technology Ltd.	Related Party@	On going	Based on transfer pricing guidelines	1.11
Akaaish Mechatronics Ltd.	Related Party@	On going	Based on transfer pricing guidelines	0.53
				<b>144.97</b>
<b>Rendering of Job Work</b>				
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	34.44
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	42.24
Elecon Peripharals Ltd.	Associate	On going	Based on transfer pricing guidelines	7.80
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	0.64
Emtici Engineering Ltd.	Related Party@	On going	Based on transfer pricing guidelines	0.44
				<b>85.56</b>
<b>Purchase of Fixed Assets</b>				
Elecon Information Technology Ltd.	Related Party@	-	Based on transfer pricing guidelines	6.11
Eimco Elecon (India) Ltd.	Joint Venture	-	Based on transfer pricing guidelines	68.38
Elecon EPC Projects Ltd.	Subsidiary	-	Based on transfer pricing guidelines	192.73
Emtici Engineering Ltd.	Related Party@	-	Based on transfer pricing guidelines	4.73
Power Build Pvt. Ltd.	Related Party**	-	Based on transfer pricing guidelines	2.51
				<b>274.46</b>
<b>Sales of Fixed Assets</b>				
Eimco Elecon (India) Ltd.	Joint Venture	-	Based on transfer pricing guidelines	1005.00
Power Build Pvt. Ltd.	Related Party**	-	Based on transfer pricing guidelines	45.00
Emtici Engineering Ltd.	Related Party@	-	Based on transfer pricing guidelines	2.55
Elecon Information Technology Ltd.	Related Party@	-	Based on transfer pricing guidelines	0.84
Elecon EPC Projects Ltd.	Subsidiary	-	Based on transfer pricing guidelines	0.03
				<b>1053.42</b>
<b>Expenses Charged to other Co.</b>				
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	871.21
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	159.00
Elecon Transmission International Ltd., Mauritius	Subsidiary	On going	Based on transfer pricing guidelines	459.10
Emtici Engineering Ltd.	Related Party@	On going	Based on transfer pricing guidelines	81.62
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	26.49
Elecon Peripherals Ltd.	Associate	On going	Based on transfer pricing guidelines	22.57
Elecon Information Technology Ltd.	Related Party@	On going	Based on transfer pricing guidelines	18.34
Elecon Middle East Fzco	Subsidiary	On going	Based on transfer pricing guidelines	2.20
Radicon Transmission UK Ltd.	Step Down Subsidiary	On going	Based on transfer pricing guidelines	2.03
Specialty Wood Pack Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	1.97
Benzlers T.B.A B.V	Step Down Subsidiary	On going	Based on transfer pricing guidelines	1.52
Eimco Elecon Electricals Ltd.	Related Party@	On going	Based on transfer pricing guidelines	0.12
				<b>1646.17</b>

Name(s) of the related party	Nature of relationship	Duration of contracts	Salient terms	Amount ₹ In lacs
<b>Expenses Charged by other Co.</b>				
Akaaish Mechatronics Ltd.	Related Party@	On going	Based on transfer pricing guidelines	823.19
Elecon Information Technology Ltd.	Related Party@	On going	Based on transfer pricing guidelines	155.40
Emtici Engineering Ltd.	Related Party@	On going	Based on transfer pricing guidelines	872.30
Prayas Engineering Ltd.	Related Party@	On going	Based on transfer pricing guidelines	274.94
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	84.00
Power Build Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	75.35
Wizard Fincap Ltd.	Related Party@	On going	Based on transfer pricing guidelines	59.49
Elecon EPC Projects Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	12.44
Elecon Singapore Pte Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	24.53
K.B.Investment Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	9.04
Eimco Elecon Electricals Ltd.	Related Party@	On going	Based on transfer pricing guidelines	0.23
Specialty Wood Pack Pvt. Ltd.	Related Party**	On going	Based on transfer pricing guidelines	0.10
				<b>2391.01</b>
<b>Sales Commission</b>				
Elecon Singapore Pte. Ltd.	Subsidiary	On going	Based on transfer pricing guidelines	88.74
Elecon Middle East FZCO	Subsidiary	On going	Based on transfer pricing guidelines	52.91
				<b>141.65</b>
<b>Deposit / Loan / Advances given</b>				
Elecon Transmission International Ltd., Mauritius	Subsidiary	On going	Based on transfer pricing guidelines	1525.78
<b>Interest on above Loan/ Deposit</b>				
Elecon Transmission International Ltd., Mauritius	Subsidiary	On going	Based on transfer pricing guidelines	84.94
<b>Receipt of Dividend</b>				
Eimco Elecon (India) Ltd.	Joint Venture	On going	Based on transfer pricing guidelines	39.47
<b>Remuneration</b>				
Shri Prayasvin B. Patel	Director	1st July, 2014 to 30th June, 2017		466.47
Shri Prashant C. Amin	Director	1st June, 2014 to 31st May, 2017		238.39
				<b>704.86</b>

Appropriate approvals have been taken for related party transactions. Advances paid have been adjusted against billings, wherever applicable.

# Loan converted to Equity Shares.

\* Outstanding slump sale consideration converted to Non-cummulative Non-convertible Redeemable Preference Shares.

\*\* Related Party as per Section 2(76)(iv) of the Companies Act, 2013.

@ Related Party as per Section 2(76)(v) & (vi) of the Companies Act, 2013.

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

**Prayasvin B. Patel**

Chairman and Managing Director

DIN : 00037394

Place : Vallabh Vidyanagar

Date : 01-05-2015



## ANNEXURE - C TO DIRECTORS' REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

**To The Members,  
ELECON ENGINEERING COMPANY LIMITED  
Vallabh Vidyanagar - 388 120.**

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

Based on my verification of the Elecon Engineering Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Elecon Engineering Company Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
- vi. Following other laws as applicable to the Company
  - a. Factories Act, 1948
  - b. Payment Of Wages Act, 1936, and rules made thereunder,
  - c. The Minimum Wages Act, 1948, and rules made thereunder,
  - d. Employees' State Insurance Act, 1948, and rules made thereunder,
  - e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
  - f. The Payment of Bonus Act, 1965, and rules made thereunder,
  - g. Payment of Gratuity Act, 1972, and rules made thereunder,
  - h. The Contract Labour (Regulation) and Abolition Act, 1970
  - i. The Maternity Benefit Act, 1961
  - j. The Child Labour Prohibition and Regulation Act, 1986
  - k. The Industrial Employment (Standing Order), 1946
  - l. The Employees Compensation Act, 1923
  - m. The Apprentice Act, 1961

- n. Equal Remuneration Act, 1976
- o. The Environment (Protection) Act, 1986
- p. The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975,
- q. Industrial Dispute Act, 1947
- r. Sexual Harassment of Women at workplace Act, 2013

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchanges;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

**I further report that** during the audit period the Company has

- 1. Redeemed 11% non-convertible debentures aggregating to Rs. 2500 lacs.
- 2. Passed a special resolution under Section 180(1)(C) of the Companies Act, 2013 through postal ballot.

Place : Ahmedabad  
Date : 29th April, 2015

**CS Ashwin Shah**  
Company Secretary  
C. P. No. 1640

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE I' and forms an integral part of this report.

#### **'ANNEXURE I'**

**To,  
The Members,  
Elecon Engineering Company Limited  
Vallabh Vidyanagar - 388 120.**

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

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

Place : Ahmedabad  
Date : 29th April, 2015

**CS Ashwin Shah**  
Company Secretary  
C. P. No. 1640





## ANNEXURE - D TO DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.  
CSR Policy is stated herein below:  
Weblink: <http://elecon.com/wp-content/uploads/2015/02/Elecon-CSR-Policy.pdf>
- Composition of the CSR Committee:  
Shri Hasmukhlal S. Parikh, Chairman  
Shri Prayasvin B. Patel, Member  
Shri Prashant C. Amin, Member
- Average net profit of the Company for last three financial years (2011-12, 2012-13 & 2013-14):  
Average net profit: ₹ 6876.57 lacs
- Prescribed CSR Expenditure (two percent of the amount as in item 3 above):  
The Company was required to spend ₹ 137.53 lacs towards CSR.
- Details of CSR spend for the financial year:
  - Total amount spent for the financial year :  
₹ 141.92 lacs
  - Amount unspent, if any:  
Nil
  - Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects / Activities	Sector	Locations	Amt. Outlay (Budget) – Project/Programme wise	Amt. spent on projects or programme Sub Heads:- 1) Direct Exp. 2) Overheads	Cumulative Expenditure Upto reporting period	Amount spent: Direct or through implementing agency*
						₹ Lacs	₹ Lacs
1.	Educational Scholarship, providing educational aid to needy student and Scholarship to meritorious students	Education	Dist.: Anand, State: Gujarat	-	141.41	141.41	141.41
2.	Social welfare	Charity	Dist.: Anand, State: Gujarat	-	0.51	0.51	0.51

\*Details of implementing agencies :- 1) B. I. Patel Charitable Trust, 2) Hari Om Shanti Charitable Trust and 3) Charutar Vidya Mandal

- CSR Policy has been implemented and the CSR Committee monitors the implementation of the CSR project and activities with our CSR objectives.

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

**Prayasvin B. Patel**  
Chairman and  
Managing Director  
DIN : 00037394

**Hasmukhlal S. Parikh**  
Chairman of  
CSR Committee  
DIN : 00127160

Place : Vallabh Vidyanagar  
Date : 01-05-2015

## ANNEXURE – E TO DIRECTORS' REPORT

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.

### 1. CONSERVATION OF ENERGY

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

#### (a) Energy Conservation measures taken

- Energy conservation by adopting new technology with more focus on continuous improvement & process, through improved maintenance practices like Time Base Maintenance, Condition Base Maintenance etc.
- The power consumption saving by use of LED lights for machine works areas, overhead lights in some shop floor areas, testing laboratories etc.
- Conserving energy by taking various steps like; installing the AC variable frequency drives in old cranes hoist application; reduction in use of Compressor air by reducing over usages, idling of compressors; reduction in lighting fixtures without effecting lumens in some offices where it found excessive.
- Reduced the use of natural resources like Oil, Water, and Energy by introducing Total Productive Maintenance (TPM) practice.
- Reduce machine power consumption by implementing reduction of over usages, under usages, idling, synchronization & transmission losses.
- In some areas air condition use is restricted by providing shielding & hence over usages reduced & it leads towards saving of energy. Company has also started to use Inverter type Air Conditioner unit to achieve the Goal of energy conservation.
- Furnace efficiency increased by optimum usages, controlling heat losses & proper material planning.

#### (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 requirement 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 has 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, Import substitution, 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 9.83% in EBIDTA as compared to last year.

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

Future R & D efforts will include –

- (i) Development of new products.
- (ii) Continuous improvement of existing products.
- (iii) Product optimisation using advanced technology.
- (iv) Reduction of product cost
- (v) 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 2014-15 is as under:

	₹ in Lacs
Capital Expenditure	--
Revenue Expenditure	218.17
<b>Total</b>	<b>218.17</b>

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

- Elecon R & D team introduced moduler concept in planetary gear unit to reduce varieties of components meaning any planetary stage can



be used in input or intermediate or output stage based on torque requirement of individual stage. Number of planets is increased from three to four as well tooth width of to reduce size of gearbox. By these changes we achieved higher torque to weight ratio and less space requirement to our clients.

- During product development we used Value Engineering / Value Analysis technique to reduce product cost with the help of analysis by Ansys software to optimize design and validated product performance as per actual condition in field.
- Corresponding to the increasing demand of the twin-screw extruder, the Company had developed the series of high performance gearboxes for the twin-screw extruder. Extruders are commonly used equipment in the industrial production of plastics. Twin Screw extruder's machines require highly sophisticated gearbox to drive the co-rotating or counter rotating

extruder screws with following Features :

- i. Highest gearbox structure strength ensures minimum rotation vibration.
- ii. High torque and high output speed rate design.
- iii. Thrust bearing coupled in tandem way.
- iv. Precision gear grinding to keep operation noise below 80db.
- v. Forced lubrication and built in cooling
- vi. Pack of thrust bearings form reputed manufacturers.

### 3. FOREIGN EXCHANGE DETAILS (₹ in Lacs)

Particulars	2014-2015	2013-2014
Earnings	7315.77	6000.14
Outgo	3270.90	2031.15

Please refer Notes 36 to 38 in Notes to Financial Statements.

## ANNEXURE – F TO DIRECTORS' REPORT

- a. Information pursuant to Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of this Directors' Report for the financial year ended on 31st March, 2015.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Lacs)	Experience in years	Last Employment
Shri Prayasvin Patel	57 Yrs.	B. E.(Mech.) M.B.A. (U. S. A.)	1st July, 1983	Chairman & Managing Director	279.51	39	Business
Shri Prashant Amin	59 Yrs.	M.B.A. Finance (U.S.A.), M.B.A. (Eng. & Mngt.)	1st June, 2011	Executive Director	184.76	34	Emtici Engineering Ltd.

### Notes :

- The appointment is contractual.
  - The gross remuneration received includes Salary, Housing Allowance, Medical Allowance, Commission, and Company's Contribution to Provident Fund, Superannuation and Gratuity Fund. Monetary value of perquisites is in accordance with provision of Income Tax Act, 1961.
  - Experience includes number of years of service elsewhere, wherever applicable.
  - Shri Prayasvin B. Patel, Chairman and Managing Director of the Company is relative of Shri Pradip M. Patel, Director of the Company.
- 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 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Lacs)	Experience in years	Last Employment
Shri Rajat Jain	46 Yrs.	Chartered Accountant	4th Nov., 2014	Group CFO	21.28	18	Walchandnagar Industries Ltd.

### Notes :

- The gross remuneration received includes Salary, Housing Allowance, Medical Allowance and Company's Contribution to Provident Fund, Superannuation and Gratuity Fund. Monetary value of perquisites is in accordance with provision of Income Tax Act, 1961.
- Experience includes number of years of service elsewhere, wherever applicable.
- Shri Rajat Jain is not a relative of any Director or Manager of the Company.



- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of the CMD, ED & KMP	Designation	Remuneration p.a. (Excluding perquisites)	Increase in Remuneration in FY 2014-15	Ratio (Remuneration of Director to Median Remuneration)	Comparison of the Remuneration of the KMP against the performance of the Company
1	Prayasvin B. Patel	Chairman & Managing Director	2,74,36,796	Nil	69.22	Profit After Tax increased by 21%
2	Prashant C. Amin	Executive Director	1,79,75,619	Nil	45.35	
3	Rajat Jain	Chief Financial Officer	20,62,952	#	##	
4	Paresh M. Shukla	Company Secretary	8,87,544	Nil	2.24	

# Details not given as Rajat Jain was not Chief Financial Officer in the FY 2013-14.

## Details not given as Rajat Jain was appointed as Chief Financial Officer w.e.f. 04.11.2014 i.e. during the FY 2014-15.

Sr. No.	Name of the Other Directors	Designation	Details of Remuneration	Remuneration p.a. for the year 2014-15	Remuneration p.a. for the year 2013-14	% Increase in remuneration (2015 over 2014)
1	Pradip M. Patel	Non-Independent NED	Sitting Fees	2,40,000	2,00,000	5.71
			Commission	5,00,000	5,00,000	
2	Chirayu R. Amin	Independent NED	Sitting Fees	80,000	1,40,000	(9.38)
			Commission	5,00,000	5,00,000	
3	Jal R. Patel	Independent NED	Sitting Fees	2,00,000	1,60,000	13.27
			Commission	5,00,000	4,58,000	
4	H. S. Parikh	Independent NED	Sitting Fees	3,00,000	2,00,000	14.28
			Commission	5,00,000	5,00,000	
5	Jai Diwanji	Independent NED	Sitting Fees	40,000	60,000	101.49
			Commission	5,00,000	2,08,000	
6	Sonal V. Ambani	Additional Independent NED	Sitting Fees	-	-	NA*
			Commission	-	-	

\* Dr. Sonal V. Ambani has been appointed as an Additional Director w.e.f. 03/02/2015.

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 3.96 lakh
- (iii) In the financial year, there was an increase of 25.75% in the median remuneration of employees. (No. of employees have been increased from 579 to 638 as on March 31, 2015)
- (iv) There were 638 permanent employees on the rolls of Company as on March 31, 2015
- (v) Relationship between average increase in remuneration and company performance :- The Profit After Tax for the financial year ended March 31, 2015 increased by 21% whereas the increase in median remuneration was 25.75%. The average increase in median remuneration was in line with the performance of the Company.
- (vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel declined by 8.49% from ₹ 548.11 lakh in 2013-14 to ₹ 501.58 lakh in 2014-15 whereas the Profit before Tax increased by 22.31% to ₹ 4,764.69 lakh in 2014-15 (₹ 3,895.34 lakh in 2013-14).



- (vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2015 was ₹ 72,660 lacs (₹ 36,820 lacs as on March 31, 2014)
- b) Price Earnings ratio of the Company was 21.90 as at March 31, 2015 and was 13.42 as at March 31, 2014.
- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 1962. An amount of ₹ 1,000 invested in the said IPO would be worth ₹ 3,335 as on March 31, 2015 indicating a Compounded Annual Growth Rate of 6.84%. This is excluding the dividend accrued thereon and benefit on account of bonus shares or shares received at the time of demerger.
- (viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 23.07% whereas the decrease in the key managerial remuneration for the same financial year was 8.49%.
- (ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not Applicable; and
- (xi) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



## ANNEXURE - G TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURN - Form No. MGT – 9

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L29259GJ1960PLC001082
ii)	Registration Date	11/01/1960
iii)	Name of the Company	ELECON ENGINEERING COMPANY LIMITED
iv)	Category / Sub-Category of the Company	PUBLIC COMPANY
v)	Address of the Registered office and contact details	ANAND – SOJITRA ROAD, VALLABH VIDYANAGAR – 388 120, GUJARAT TEL : 02692 236469 / 236513 FAX : 02692 227484 Website : www.elecon.com
vi)	Whether listed company	YES
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PVT. LTD. B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Chhar Rasta, Akota. Vadodara 390 020 TEL. No. +91 (265) 2356 573 / 2356 794 FAX No. +91 (265) 2356 791 E-MAIL : vadodara@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Gears (Reduction Gears)	84834000	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLI- CABLE SECTION
1	Elecon EPC Projects Limited	U29219GJ1991PLC015379	Subsidiary	98.66*	2(87)(ii)
2	Elecon Transmission International Ltd.	98062	Wholly-Owned Subsidiary	100	2(87)(ii)
3	Elecon Singapore Pte. Ltd.	200006402R	Wholly-Owned Subsidiary	100	2(87)(ii)
4	Elecon Middle East FZCO	834	Wholly-Owned Subsidiary	100	2(87)(ii)
5	Benzlers Systems AB, Sweden	556723-0817	WO Step Down Subsidiary Company	100	2(87)(ii)
6	Radicon Transmission UK Ltd.	7397993	WO Step Down Subsidiary Company	100	2(87)(ii)
7	AB Benzlers, Sweden	556043-6007	WO Step Down Subsidiary Company	100	2(87)(ii)
8	Elecon US Transmission Ltd.	SRV 100998235 - 4885125 FILE	WO Step Down Subsidiary Company	100	2(87)(ii)
9	Benzler Transmission A.S.	64445618	WO Step Down Subsidiary Company	100	2(87)(ii)
10	Benzler Antriebstechnik G.M.B.H, Germany	HRB61122	WO Step Down Subsidiary Company	100	2(87)(ii)
11	Benzler TBA B.V. Netherlands	12021081	WO Step Down Subsidiary Company	100	2(87)(ii)
12	Benzler Antriebstechnik Ges.M.B.H, Austria	FN 88631 S	WO Step Down Subsidiary Company	100	2(87)(ii)
13	OY Benzler AB, Finland	0106993-1	WO Step Down Subsidiary Company	100	2(87)(ii)
14	Benzlers SDN BDH, Malaysia	107816-K	WO Step Down Subsidiary Company	100	2(87)(ii)
15	Benzlers Italia S.R.L., Italy	107816-K	WO Step Down Subsidiary Company	100	2(87)(ii)
16	Eimco Elecon (India) Limited	L29199GJ1974PLC002574	Joint Venture	16.62	2(6)
17	Elecon Eng. (Suzhou) Co. Ltd.		Associate	50	2(6)
18	Elecon Africa Pty. Limited	2002/023798/07	Associate	50	2(6)
19	Elecon Australia Pty. Limited	ACN 099 879 517	Associate	50	2(6)
20	Elecon Peripherals Limited	U29224GJ1998PLC034233	Associate	24.99	2(6)

\* Includes % of Preference Shares held by the Company.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	3176874	0	3176874	2.92	3176874	0	3176874	2.92	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	59165553	0	59165553	54.31	59165553	0	59165553	54.31	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
f-i) Trust	928492	0	928492	0.85	928492	0	928492	0.85	0.00
<b>Total shareholding of Promoter (A)</b>	<b>63270919</b>	<b>0</b>	<b>63270919</b>	<b>58.08</b>	<b>63270919</b>	<b>0</b>	<b>63270919</b>	<b>58.08</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	8075595	0	8075595	7.41	3954447	0	3954447	3.63	-0.51
b) Banks / FI	40987	23940	64927	0.06	139591	23940	163531	0.15	1.52
c) Central Govt	278648	0	278648	0.26	278648	0	278648	0.26	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	338000	0	338000	0.31	494071	0	494071	0.45	0.46
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>8733230</b>	<b>23940</b>	<b>8757170</b>	<b>8.04</b>	<b>4866757</b>	<b>23940</b>	<b>4890697</b>	<b>4.49</b>	<b>-0.44</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	3322696	31905	3354601	3.08	4939355	31905	4971260	4.56	0.48
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	23588662	2967500	26556162	24.38	24841172	2772730	27613902	25.35	0.04
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	3960929	181870	4142799	3.80	4534151	181870	4716021	4.33	0.14
<b>c) Others (specify)</b>									
Non Resident Indians	1090952	390	1091342	1.00	1065808	390	1066198	0.98	-0.02
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	867816	0	867816	0.80	1498918	0	1498918	1.38	0.73
Trusts	12500	0	12500	0.01	1000	0	1000	0.00	-0.92
Foreign Bodies- D R	0	0	0	0.00	0	0	0	0.00	0.00
HUF	424429	0	424429	0.39	376478	0	376478	0.35	-0.11
Directors & Their Relatives	432711	0	432711	0.40	449211	0	449211	0.41	0.04
Market Maker	25394	0	25394	0.02	81239	0	81239	0.07	2.20



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(2):-	33726089	3181665	36907754	33.88	37787332	2986895	40774227	37.43	0.10
Total Public Shareholding (B)=(B)(1)+ (B)(2)	42459319	3205605	45664924	41.92	42654089	3010835	45664924	41.92	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+.B+C)	105730238	3205605	108935843	100	105925008	3010835	108935843	100	0.00

## (ii) Shareholding of Promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year [As on 01-April-2014]			Shareholding at the end of the year [As on 31-March-2015]			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbe-red to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbe-red to total shares	
1	Emtici Engineering Limited	26775669	24.58	5.82	26775669	24.58	5.82	0.00
2	Prayas Engineering Limited	11166394	10.25	1.38	11166394	10.25	0.00	0.00
3	Power Build Private Limited	15960	0.01	0.00	15960	0.01	0.00	0.00
4	Bipra Investments And Trusts Private Ltd.	5876621	5.39	0.00	5876621	5.39	0.00	0.00
5	Devkishan Investments Private Limited	1195779	1.10	0.00	1195779	1.10	0.00	0.00
6	Elecon Information Technology Limited	1946624	1.79	0.00	1946624	1.79	0.00	0.00
7	K B Investments Pvt. Ltd.	10081125	9.25	0.00	10081125	9.25	0.00	0.00
8	Akaaish Mechatronics Ltd.	1786187	1.64	0.00	1786187	1.64	0.00	0.00
9	Speciality Woodpack Pvt. Ltd.	160597	0.15	0.00	160597	0.15	0.00	0.00
10	Wizard Fincap Limited	160597	0.15	0.00	160597	0.15	0.00	0.00
11	Prayasvin Bhanubhai Patel	99962	0.09	0.00	99962	0.09	0.00	0.00
12	Prayasvin Bhanubhai Patel /Taruna P. Patel	36019	0.03	0.00	36019	0.03	0.00	0.00
13	Prayasvin Bhanubhai Patel	1190529	1.09	0.00	1190529	1.09	0.00	0.00
14	Prayasvin B. Patel (On Behalf of Bhanubhai I. Patel -HUF)	227490	0.21	0.00	227490	0.21	0.00	0.00
15	Taruna Patel	191816	0.18	0.00	191816	0.18	0.00	0.00
16	Trupti Pradip Patel	1431058	1.31	0.00	1431058	1.31	0.00	0.00
17	Prayasvin B. Patel (C/O S.I.Patel Trust)	928492	0.85	0.00	928492	0.85	0.00	0.00
	<b>TOTAL</b>	<b>63270919</b>	<b>58.08</b>	<b>7.20</b>	<b>63270919</b>	<b>58.08</b>	<b>5.82</b>	<b>0.00</b>

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Promoters' Shareholding	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year (1st April, 2014)	63270919	58.08	63270919	58.08
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change	No change	No change	No change
At the end of the year (31st March, 2015)	63270919	58.08	63270919	58.08

There is no change in the shareholding of the Promoter Group.

iv) Shareholding Pattern of top ten Shareholders:  
(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2014		Date	Increase/ Decrease	Reason	Culative Shareholding during the year 2014-2015		Shareholding at the end of the year 31st March, 2015	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	ICICI PRUDENTIAL DISCOVERY FUND 2014	3544552	3.25	9-May-14	-12,00,000	Transfer	23,44,552	2.15	0	0.00
				16-May-14	-23,44,552	Transfer	0.00	0.00		
2.	ICICI PRUDENTIAL VALUE DISCOVERY FUND	0	0.00	16-May-14	23,44,552	Transfer	23,44,552	2.15	0	0.00
				31-Dec-14	-2,00,000	Transfer	21,44,552	1.97		
				2-Jan-15	-16,603	Transfer	21,27,949	1.95		
				9-Jan-15	-5,70,474	Transfer	15,57,475	1.43		
				16-Jan-15	-3,22,281	Transfer	12,35,194	1.13		
				23-Jan-15	-3,53,693	Transfer	8,81,501	0.81		
				6-Feb-15	-1,23,187	Transfer	7,58,314	0.70		
				20-Feb-15	-16,999	Transfer	7,41,315	0.68		
				27-Feb-15	-5,44,155	Transfer	1,97,160	0.18		
				6-Mar-15	-1,97,160	Transfer	0	0.00		
3.	RELIANCE CAPITAL TRUSTEE CO. LTD. 2014 A/C RELIANCESMALL CAP FUND	1500000	1.38	29-Aug-15	-41,000	Transfer	14,59,000	1.34	0	0.00
				5-Sep-15	-14,59,000	Transfer	0	0.00		
4.	UTI- INFRASTRUCTURE FUND	1200000	1.10	-	-	-	-	-	1200000	1.10
5.	AMBIT CAPITAL PRIVATE LIMITED 2014	500000	0.46	4-Apr-14	-5,00,000	Transfer	0	0.00	0	0.00
				13-Mar-15	2,766	Transfer	2,766	0.00		
				20-Mar-15	-2,766	Transfer	0	0.00		
6.	AMBIT CAPITAL PRIVATE LIMITED 2014	500000	0.46	4-Apr-14	-5,00,000	Transfer	0	0.00	0	0.00
				13-Mar-15	10,234	Transfer	10,234	0.01		
				20-Mar-15	-10,234	Transfer	0	0.00		
7.	TATA TRUSTEE CO. LTD. A/C TATA MUTUAL FUND - TATA EQUITY P/E FUND	0	0.00	23-May-14	1,25,000	Transfer	1,25,000	0.11	640230	0.59
				30-May-14	5,15,230	Transfer	6,40,230	0.59		
8.	TATA TRUSTEE CO. LTD. A/C TATA MUTUAL FUND A/C TATA MID CAP GROWTH FUND	0	0.00	23-May-14	4,00,000	Transfer	4,00,000	0.37	400000	0.37





Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2014		Date	Increase/ Decrease	Reason	Cululative Shareholding during the year 2014-2015		Shareholding at the end of the year 31st March, 2015	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND SERIES - I	0	0.00	13-Feb-15	6,00,656	Transfer	6,00,656	0.55	600656	0.55
10.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES I	239503	0.22	11-Apr-14	-9,796	Transfer	2,29,707	0.21	0	0.00
				13-Feb-15	-2,29,707	Transfer	0	0.00		
11.	HEMANG RAICHAND DHARAMSHI HARSHA HEMANG DHARAMSHI	500000	0.46	-	-	-	-	-	500000	0.46
12.	KALPRAJ DAMJI DHARAMSHI HINA KALPRAJ DHARAMJI	500000	0.46	-	-	-	-	-	500000	0.46
13.	MADHAVAN KUNNIYUR	0	0.00	20-Jun-14	1,00,000	Transfer	1,00,000	0.09	500000	0.46
				30-Jun-14	50,000	Transfer	1,50,000	0.14		
				4-Jul-14	50,000	Transfer	2,00,000	0.18		
				20-Mar-15	50,000	Transfer	2,50,000	0.23		
				27-Mar-15	1,50,000	Transfer	4,00,000	0.37		
				31-Mar-15	1,00,000	Transfer	5,00,000	0.46		
14	UTI - ENERGY FUND	450000	0.41	-	-	-	-	-	450000	0.41
15	SURESH BHATIA	0	0.00	13-Mar-15	60,000	Transfer	60,000	0.06	400297	0.37
				20-Mar-15	3,40,297	Transfer	4,00,297	0.37		
16	VIJAYA S SHYAM S KOUSHIK S	25312	0.02	30-May-14	21,206	Transfer	46,518	0.04	317390	0.29
				13-Jun-14	-46,518	Transfer	0	0.00		
				10-Oct-14	2,038	Transfer	2,038	0.00		
				17-Oct-14	64,538	Transfer	66,576	0.06		
				31-Oct-14	38,662	Transfer	1,05,238	0.10		
				7-Nov-14	750	Transfer	1,05,988	0.10		
				14-Nov-14	9,000	Transfer	1,14,988	0.11		
				21-Nov-14	3,250	Transfer	1,18,238	0.11		
				28-Nov-14	14,000	Transfer	1,32,238	0.12		
				5-Dec-14	17,250	Transfer	1,49,488	0.14		
				12-Dec-14	17,500	Transfer	1,66,988	0.15		
				31-Dec-14	12,947	Transfer	1,79,935	0.17		
				30-Jan-15	47,300	Transfer	2,27,235	0.21		
				6-Feb-15	35,952	Transfer	2,63,187	0.24		
				13-Feb-15	54,203	Transfer	3,17,390	0.29		
17.	ICICI PRUDENTIAL CHILD CARE PLAN - GIFT PLAN 2014	752582	0.69	18-Apr-14	-5,934	Transfer	7,46,648	0.69	0	0.00
				25-Apr-14	-2,04,382	Transfer	5,42,266	0.50		
				6-Jun-14	-3,42,266	Transfer	2,00,000	0.18		
				25-Jul-14	-54,562	Transfer	1,45,438	0.13		
				1-Aug-14	-1,45,438	Transfer	0	0.00		
18.	EMERGING INDIA FOCUS FUNDS 2014	300000	0.28	4-Apr-14	-3,00,000	Transfer	0.00	0.00	0	0.00
19.	THE ORIENTAL INSURANCE COMPANY LTD.	278648	0.26	-	-	-	-	-	278648	0.26

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>Prayasvin B. Patel - CMD</b>				
	At the beginning of the year on 1st April, 2014	1326510	1.22	1326510	1.22
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc):	0	0.00	0	0.00
	At the end of the year on 31st March, 2015	1326510	1.22	1326510	1.22

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	<b>Prashant C. Amin - ED</b>				
	At the beginning of the year on 1st April, 2014	37675	0.03	37675	0.03
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	0	0.00	0	0.00
	At the end of the year on 31st March, 2015	<b>37675</b>	<b>0.03</b>	<b>37675</b>	<b>0.03</b>

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3.	<b>Pradip M. Patel - NED</b>				
	At the beginning of the year on 1st April, 2014	43161	0.04	43161	0.04
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	0	0.00	0	0.00
	At the end of the year on 31st March, 2015	<b>43161</b>	<b>0.04</b>	<b>43161</b>	<b>0.04</b>

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	<b>Chirayu R. Amin - NED &amp; ID</b>				
	At the beginning of the year on 1st April, 2014	Nil	Nil	Nil	Nil
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year on 31st March, 2015	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	<b>Jal R. Patel - NED &amp; ID</b>				
	At the beginning of the year on 1st April, 2014	Nil	Nil	Nil	Nil
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year on 31st March, 2015	Nil	Nil	Nil	Nil

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6.	<b>Hasmukhlal S. Parikh - NED &amp; ID</b>				
	At the beginning of the year on 1st April, 2014	48900	0.04	48900	0.04
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	0	0.00	0	0.00
	At the end of the year on 31st March, 2015	<b>48900</b>	<b>0.04</b>	<b>48900</b>	<b>0.04</b>

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7.	<b>Jai S. Diwanji - NED &amp; ID</b>				
	At the beginning of the year on 1st April, 2014	28050	0.03	28050	0.03
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	0	0.00	0	0.00
	At the end of the year on 31st March, 2015	<b>28050</b>	<b>0.03</b>	<b>28050</b>	<b>0.03</b>

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8.	<b>Sonal V. Ambani - NED &amp; ID</b>				
	At the beginning of the year on 1st April, 2014	Nil	Nil	Nil	Nil
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year on 31st March, 2015	Nil	Nil	Nil	Nil

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
9.	<b>Paresh Shukla - CS</b>	<b>No. of Shares</b>	<b>% of total Shares of the Company</b>	<b>No. of Shares</b>	<b>% of total Shares of the Company</b>
	At the beginning of the year on 1st April, 2014	Nil	Nil	Nil	Nil
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year on 31st March, 2015	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
10.	<b>Rajat Jain - CFO</b>	<b>No. of Shares</b>	<b>% of total Shares of the Company</b>	<b>No. of Shares</b>	<b>% of total Shares of the Company</b>
	At the beginning of the year on 1st April, 2014	Nil	Nil	Nil	Nil
	<b>Date wise</b> Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year on 31st March, 2015	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**V. INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,346,830,459.40	238,525,160.85		2,585,355,620.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,876,293.00			11,876,293.00
<b>Total (i+ii+iii)</b>	<b>2,358,706,752.40</b>	<b>238,525,160.85</b>	<b>-</b>	<b>2,597,231,913.25</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	996,970,042.00			996,970,042.00
* Reduction	944,870,501.23	150,359,124.72		1,095,229,625.95
<b>Net Change</b>	<b>52,099,540.77</b>	<b>150,359,124.72</b>	<b>-</b>	<b>2,092,199,667.95</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,398,930,000.17	88,166,036.13		2,487,096,036.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,841,114.00	-	-	7,841,114.00
<b>Total (i+ii+iii)</b>	<b>2,406,771,114.17</b>	<b>88,166,036.13</b>	<b>-</b>	<b>2,494,937,150.30</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri Prayasvin Patel (CMD)	Shri Prashant Amin (WTD)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	2,74,36,796	1,79,75,619	4,54,12,419
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	514,031	500,527	10,14,558
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	2,79,50,827	18,476,146	4,64,26,977
	Ceiling as per the Act	5% of Net Profit	5% of Net Profit	10% of Net Profit

### B. Remuneration to Other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Pradip Patel	Hasmukhlal Parikh	Chirayu Amin	Jal Patel	Jai Diwanji	Sonal Ambani	
1.	Independent Directors							
	Fee for attending board committee meetings	--	3,00,000/-	80,000/-	2,00,000/-	40,000/-	--	6,20,000/-
	Commission	--	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	--	20,00,000/-
	Others, please specify	--	--	--	--	--	--	--
	Total (1)	--	8,00,000/-	5,80,000/-	7,00,000/-	5,40,000/-	--	26,20,000/-
2.	Other Non-Executive Directors							
	Fee for attending board committee meetings	2,40,000/-	--	--	--	--	--	2,40,000/-
	Commission	5,00,000/-	--	--	--	--	--	5,00,000/-
	Others, please specify	--	--	--	--	--	--	--
	Total (2)	7,40,000/-	--	--	--	--	--	7,40,000/-
	Total (B)=(1+2)	7,40,000/-	8,00,000/-	5,80,000/-	7,00,000/-	5,40,000/-	--	33,60,000/-
	<b>Total Managerial Remuneration</b>	<b>7,40,000/-</b>	<b>8,00,000/-</b>	<b>5,80,000/-</b>	<b>7,00,000/-</b>	<b>5,40,000/-</b>	<b>--</b>	<b>33,60,000/-</b>
	<b>Ceiling as per the Act</b>	1% of Net Profit						
	<b>Overall Ceiling as per the Act</b>	11% of Net Profit (for Remuneration of all Directors together)						



C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Paresh Shukla (CS)	Shri Rajat Jain (CFO)	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	8,87,544	20,62,952	29,50,496
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	---	---	
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	---	---	
2	Stock Option	---	---	
3	Sweat Equity	---	---	
4	Commission	---	---	
	- as % of profit	---	---	
	others, specify...	---	---	
5	Others, please specify – Retirals	43,923	65,163	1,09,086
	<b>Total</b>	<b>9,31,467</b>	<b>21,28,115</b>	<b>30,59,582</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					



# 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 uploading the core values of transparency, integrity, honest, 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. Dr. Sonal V. Ambani, who is appointed as an Additional Independent Director by the Board is hereby recommended to be appointed as an Independent Non-Executive Director by the Shareholders at the ensuing meeting to be held on 14th August, 2015. The Board of Directors consists of 8 Directors including one Chairman & Managing Director, one Executive Director, one Non-Independent Non-Executives Director and Five Independent Non-Executive Directors including One Woman Director. 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 (IID) of Listing Agreement) across all the Companies in which he or she is a Director. Necessary disclosures have been made by the Directors.

#### Profile of Directors

The brief profile of each Director is given below:

<b>Name</b>	<b>Shri Prayasvin B. Patel</b>
<b>Date of Birth</b>	3rd April, 1958
<b>DIN</b>	00037394
<b>Date of Appointment</b>	12th March, 1983
<b>Qualification</b>	B. E. (Mech.) & M. B. A. (U.S.A.)
<b>Occupation</b>	Business
<b>Skill &amp; Experience</b>	Shri Prayasvin B. Patel has 39 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. 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.
<b>Category</b>	Chairman & Managing Director
<b>No. of Shares Held</b>	13,26,510

Directorship in Public Companies	Name of the Company	Name of the Committee	Nature of Interest
	1. Emtici Engineering Ltd.	-	-
	2. Prayas Engineering Ltd.	-	-
	3. Elecon Peripherals Ltd.	-	-
	4. Elecon Information Technology Ltd.	-	-
	5. Akaaish Mechatronics Ltd.	-	-
	6. Eimco Elecon Electricals Ltd.	-	-
	7. Madhuban Prayas Resorts Ltd.	-	-
	8. Kirloskar Power Build Gears Ltd.	-	-

<b>Name</b>	<b>Shri Prashant C. Amin</b>		
<b>Date of Birth</b>	9th August, 1956		
<b>DIN</b>	01056652		
<b>Date of Appointment</b>	29th July, 2008		
<b>Qualification</b>	M.B.A. (Finance) (U.S.A.) & M.B.A.(Engineering & Management)		
<b>Occupation</b>	Business		
<b>Skill &amp; Experience</b>	Shri Prashant C. Amin has 34 years of experience in successfully founding various new ventures in different geographies. As a true entrepreneur, a visionary and having business acumen and 'hands on' approach, he has been the key to his success with companies he has founded and nurtured.		
<b>Category</b>	Executive Director		
<b>No. of Shares Held</b>	37,675		
Directorship in Public Companies	Name of the Company	Name of the Committee	Nature of Interest
	1. Eimco Elecon (India) Ltd.	Audit Committee	Member
	2. Eimco Elecon Electricals Ltd.	-	-
	3. Elecon EPC Projects Ltd.	Audit Committee	Member
	4. Emtici Engineering Ltd.	-	-
	5. Prayas Engineering Ltd.	-	-
	6. Elecon Information Technology Ltd.	-	-
	7. Elecon Peripherals Ltd.	-	-
	8. Akaaish Mechatronics Ltd.	-	-
	9. Madhuban Prayas Resorts Ltd.	-	-

<b>Name</b>	<b>Shri Pradip M. Patel</b>		
<b>Date of Birth</b>	5th November, 1947		
<b>DIN</b>	00012138		
<b>Date of Appointment</b>	14th November, 1977		
<b>Qualification</b>	M. B. A. (U.S.A.)		
<b>Occupation</b>	Business		
<b>Skill &amp; Experience</b>	Shri Pradip M. Patel has been associated with the Bearing Industry for almost four decades. He Joined ABC Bearing Ltd. on 7th September, 1973. Managing Director of ABC Bearings Ltd. since 1st August, 1981.		
<b>Category</b>	Non-Independent Non-Executive Director		
<b>No. of Shares Held</b>	43,161		



Directorship in Public Companies	Name of the Company	Name of the Committee	Nature of Interest
	1. ABC Bearings Ltd.	Stakeholder Relationship Committee	Member
	2. Eimco Elecon (I) Ltd.	Audit Committee Stakeholder Relationship Committee	Member Member
	3. Emtici Engineering Ltd.	-	-
	4. Elecon EPC Project Ltd.	-	-

<b>Name</b>	<b>Shri Hasmukhlal S. Parikh</b>		
<b>Date of Birth</b>	16th March, 1927		
<b>DIN</b>	00127160		
<b>Date of Appointment</b>	29th June, 1998		
<b>Qualification</b>	B. Com. & C.A.		
<b>Occupation</b>	Professional		
<b>Skill &amp; Experience</b>	Shri Hasmukhlal S. Parikh is Senior Chartered Accountant with Accounting, Finance & Audit background. He is partner in M/s. Parikh & Shah, Chartered Accountants, Mumbai and has experience in the field of Accounting, Finance & Audit.		
<b>Category</b>	Independent Non-Executive Director		
<b>No. of Shares Held</b>	48,900		
Directorship in Public Companies	Name of the Company	Name of the Committee	Nature of Interest
	1. Eimco Elecon (India) Ltd.	Audit Committee Stakeholder Relationship Committee	Member Chairman
	2. Simplex Castings Ltd.	Audit Committee Stakeholder Relationship Committee	Member Member
	3. Supreme Industries Ltd.	Audit Committee	Member

<b>Name</b>	<b>Shri Chirayu R. Amin</b>		
<b>Date of Birth</b>	4th December, 1946		
<b>DIN</b>	00242549		
<b>Date of Appointment</b>	29th June, 1998		
<b>Qualification</b>	M.B.A. (U.S.A.)		
<b>Occupation</b>	Business		
<b>Skill &amp; Experience</b>	Shri Chirayu R. Amin has been appointed as Director of Alembic Limited on 20th August, 1967. At present, he is Chairman cum-Managing Director of Alembic Limited. He is having very vast experience in business strategic management, administration, etc.		
<b>Category</b>	Independent Non-Executive Director		
<b>No. of Shares Held</b>	Nil		
Directorship in Public Companies	Name of the Company	Name of the Committee	Nature of Interest
	1. Elecon EPC Projects Ltd.	Audit Committee	Chairman
	2. Alembic Ltd.	-	-
	3. Alembic Pharmaceuticals Ltd.	-	-
	4. Paushak Ltd.	-	-
	5. Shreno Ltd.	-	-
	6. Quick Flight Ltd.	-	-
	7. Sierra Investments Ltd.	-	-

<b>Name</b>	<b>Shri Jal R. Patel</b>		
<b>Date of Birth</b>	17th September, 1937		
<b>DIN</b>	00065021		
<b>Date of Appointment</b>	12th May, 2012		
<b>Qualification</b>	B.Com, & ACA & ACS		
<b>Occupation</b>	Professional		
<b>Skill &amp; Experience</b>	Shri Jal R. Patel is Senior Chartered Accountant and Company Secretary with Legal, Accounting, Finance & Audit background. Apart from his experience in the field of Corporate Laws, Accounting, Finance & Audit, he has been actively associated with various Corporates.		
<b>Category</b>	Independent Non-Executive Director		
<b>No. of Shares Held</b>	Nil		
<b>Directorship in Public Companies</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Nature of Interest</b>
	1. Gujarat Gas Co. Ltd.	Audit Committee Stakeholder Relationship Committee	Chairman Member
	2. Shri Dinesh Mills Ltd.	Audit Committee Stakeholder Relationship Committee	Member Member
	3. ABC Bearings Ltd.	Audit Committee	Chairman
	4. Styrolution ABS (India) Ltd.	Audit Committee Stakeholder Relationship Committee	Member Chairman
	5. Munjal Auto Ind. Ltd.	-	-

<b>Name</b>	<b>Shri Jai S. Diwanji</b>		
<b>Date of Birth</b>	4th February, 1973		
<b>DIN</b>	00910410		
<b>Date of Appointment</b>	1st November, 2012		
<b>Qualification</b>	B.S.M. (U.S.A), Degree of Law (U.K)		
<b>Occupation</b>	Business		
<b>Skill &amp; Experience</b>	Shri Jai S. Diwanji is a partner with the law firm Desai & Diwanji and advises on corporate law. Apart from his experience in the field of Corporate Laws, he has been actively associated with various Corporates.		
<b>Category</b>	Independent Non-Executive Director		
<b>No. of Shares Held</b>	28,050		
<b>Directorship in Public Companies</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Nature of Interest</b>
	1. Manugraph India Ltd.	-	-
	2. Nesco Ltd.	Audit Committee	Member





<b>Name</b>	<b>Dr. Sonal V. Ambani</b>		
<b>Date of Birth</b>	19th April, 1959		
<b>DIN</b>	02404841		
<b>Date of Appointment</b>	3rd February, 2015		
<b>Qualification</b>	B.SC. (Chemistry), M.B.A (U.S.A), Ph.D. (Business Management)		
<b>Occupation</b>	Business		
<b>Skill &amp; Experience</b>	Dr. Sonal V. Ambani began her career in investment banking and was a Vice President with Morgan Stanley Dean Witter in New York. She holds a PhD in Business Management, and is the founder Chairperson of FICCI Ladies Organization (FLO) Ahmedabad. She is the Vice Chairman of the CII Indian Women Network (IWN) whose objective is women empowerment in India.		
<b>Category</b>	Additional Director (Independent Non-Executive)		
<b>No. of Shares Held</b>	Nil		
<b>Directorship in Public Companies</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Nature of Interest</b>
	-	-	-

## BOARD MEETINGS AND PROCEDURES

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

- 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.
- 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.
- 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.
- 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.
- 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, 2013.

### (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 2014-2015, the Board Meetings were held on 23rd May, 2014, 4th August, 2014, 4th November, 2014, 11th December, 2014 and 3rd February, 2015 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, 2015 are given below:

Name of Directors	Nature of Directorship	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at AGM	No. of other Directorship	No. of Committee Chairmanship/ Membership	
						Chairman-ship	Member-ship
Shri Prayasvin B. Patel (Chairman & Managing Director)	Non-Independent Executive Director	5	5	Yes	8	-	-
Shri Pradip M. Patel	Non-Independent Non-Executive Director	5	4	Yes	4	-	3
Shri Prashant C. Amin	Non-Independent Executive Director	5	5	Yes	9	-	2
Shri Chirayu R. Amin	Independent Non-Executive Director	5	2	No	7	1	-
Shri Hasmukhlal S. Parikh	Independent Non-Executive Director	5	5	Yes	3	1	4
Shri Jal R. Patel	Independent Non-Executive Director	5	4	No	5	3	4
Shri Jai S. Diwanji	Independent Non-Executive Director	5	2	No	2	-	1
Dr. Sonal V. Ambani #	Additional Director	5	0	No	-	-	-

# Dr. Sonal V. Ambani has been appointed as an Additional Independent Director w.e.f. 03.02.2015.

Number of other directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in Foreign Companies, Section 8 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 2014-2015.

**(D) 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 Dr. Sonal V. Ambani, as Independent Directors not liable to retire by rotation at ensuing Annual General Meeting.

**(E) Appointment of Independent Directors**

On appointment of new Independent Directors, Company issues a formal letter of appointment to Independent Directors describing their duties, responsibilities, etc.

Terms and conditions of appointment of all Independent Directors is disclosed on the website of the Company.

**(F) Performance Evaluation :-**

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the Individual Directors and the Board. The framework of performance evaluation of the Independent Directors will capture the following points:

- Leadership & stewardship abilities;
- Contributing to clearly define corporate objectives & plans;
- Communication of expectations & concerns clearly with subordinates;
- Obtain adequate, relevant & timely information from external sources;



- Review & approval achievement of strategic and operational plans, objectives, budgets;
- Regular monitoring of corporate results against projections;
- Identify, monitor & mitigate significant corporate risks;
- Assess policies, structures & procedures;
- Direct, monitor & evaluate KMPs, senior officials;
- Review management's succession plan;
- Effective meetings;
- Assuring appropriate board size, composition, independence, structure;
- Clearly defining roles & monitoring activities of committees; and
- Review of corporation's ethical conduct.

The evaluation was carried out by means of the replies given / observations made by all the Independent Directors on the set of questions developed by them which brought out the key attributes of the Directors quality of interactions among them and its effectiveness.

#### **(G) Separate meeting of Independent Directors**

A separate meeting of Independent Directors was held on 3rd February, 2015 to evaluate the performance of Non-Independent Directors and the Board as a whole as well as the performance of the Chairman of the Company. In that meeting, Independent Directors has also review the flow and availability of information from the Management to the Board.

#### **(H) Familiarisation Programme for Independent Directors**

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. During the first Board Meeting attended, each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director & CEO on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The Familiarisation Programme for Independent Directors includes a detailed presentation by Business and Functional Heads, visit to the manufacturing site etc.

#### **(I) Code of Conduct**

##### **i) For prevention of Insider Trading (Code of Fair Disclosure & Conduct)**

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 of Fair Disclosure & Conduct":

##### **ii) For Board of Directors (including Independent Directors) and Senior Management**

The Board of Directors of the Company has laid down a "Code of Conduct" for all Board Members including Independent Directors and Members of Senior Management of the Company. The code of conduct is posted on the website of the Company at <http://elecon.com>. The Board Members (including Independent Directors) and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2015.

#### **(J) Whistle Blower Policy**

The Company has established Vigil Mechanism and adopted Whistleblower Policy to encourage employees to report questionable accounting practices, and fraudulent financial transactions. Employees use this channel to voice concerns related to discrimination, retaliation and harassment and are assured of complete anonymity and confidentiality.

The details of such mechanism is communicated to all the directors and employees and is also disclosed on the website of the Company <http://elecon.com/index.php/investor-relations>.

#### **(K) 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 IX of the Listing Agreement.

#### **(III) Audit Committee**

The terms of reference of the Audit Committee is in accordance with the Section 177 of the Companies Act, 2013 and Clause 49 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, 2015 is as follows:

Name of Directors	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 Five times on the following dates during the last financial year:

23-05-2014	04-08-2014	04-11-2014	11-12-2014	03-02-2015
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#### Attendance at Audit Committee Meetings:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri Jal R. Patel	5	4
Shri Hasmukhlal S. Parikh	5	5
Shri Pradip M. Patel	5	4
Shri Chirayu R. Amin	5	2

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 was present at all the above meetings.

As Shri Jal R. Patel, Chairman of the Audit Committee was unable to remain present at the meeting held on 4th August, 2014, Hence, Members who were present at the meeting elected Shri Hasmukhlal S. Parikh to chair the Audit Committee Meeting held on 4th August, 2014 and he, as a Chairman, remained present at the Annual General Meeting held on the same date.

#### (IV) Nomination and Remuneration Committee (Formerly known as Remuneration Committee)

Pursuant to the provisions of Section 178 of Companies Act, 2013, as applicable w.e.f. 01.04.2014 and Clause 49 of the Listing Agreement, as applicable w.e.f. 01.10.2014, the nomenclature Remuneration Committee was changed to **"Nomination and Remuneration Committee"** on 23rd May, 2014.

Nomination and Remuneration Committee has been constituted to recommend the remuneration package of Directors and KMPs based on the performance and defined criteria.

Terms of reference of Nomination and Remuneration Committee are as under :-

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of Independent Directors and the Board;
- (3) Devising a policy on Board diversity;
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Nomination and Remuneration Committee of the Company as on 31st March, 2015 consists of the following Directors:

Name of Directors	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

The Nomination and Remuneration Committee met Three times on the following dates during the last financial year:

23-05-2014	04-11-2014	03-02-2015
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#### Attendance at Nomination and Remuneration Committee Meetings:

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

Shri Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee and he was present at all the above mentioned meetings.



## (A) Nomination & Remuneration Policy

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company <http://elecon.com/index.php/investor-relations>.

Remuneration of the Executive Directors is determined by the Nomination and Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by Board of Directors and shareholders. The Company's remuneration policy is driven by the success and performance of the managerial personnel. While reviewing the remuneration of managerial personnel, the Committee takes into account the following:

- Financial position of the Company
- Scales prevailing in the industry
- Appointee's qualification and expertise
- Past performance
- Past remuneration etc.

## (B) 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 March 31, 2014. 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 2014-2015 is as follows:

(Amount in ₹)

Name of Directors	Sitting Fees for 2014-15	Commission on annual basis for the year 2013-14
Shri Pradip M. Patel	2,40,000	5,00,000
Shri Chirayu R. Amin	80,000	5,00,000
Shri Hasmukhlal S. Parikh	3,00,000	5,00,000
Shri Jal R. Patel	2,00,000	5,00,000
Shri Jai S. Diwanji	40,000	5,00,000

**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.

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 2013-14. Approvals of MCA for both applications were granted.

The remuneration paid to the Managing Director and Executive Director for the year 2014-2015 is as follow:

(₹ in Lacs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel	274.37	5.14	--	279.51
Shri Prashant C. Amin	179.76	5.00	--	184.76

\* 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 payment of minimum managerial remuneration to Shri Prayasvin B. Patel, Chairman & Managing Director and Shri Prashant C. Amin, Executive Director during their respective tenure, in case of loss or absence of adequate profit. Approval of MCA was granted for both the applications.

**(V) Stakeholders Relationship Committee (Formerly known as Shareholders'/Investors' Grievance Committee)**

Pursuant to the provisions of Section 178 of Companies Act, 2013, as applicable w.e.f. 01.04.2014 and Clause 49 of the Listing Agreement, as applicable w.e.f. 01.10.2014, the nomenclature Shareholders' Grievance Committee is changed to **"Stakeholders Relationship Committee"** on 23rd May, 2014.

**Terms of Reference:** To consider and resolve the grievances not only of equity shareholders but also of debentures/ other securities holders, if any. Besides that the Committee also considers and approves the transactions as may be referred to it by the Board of Directors.

The Stakeholders Relationship Committee comprises of the following Directors:

Name of Directors	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, 2014 and he was present at the meeting.

**Attendance at Stakeholders Relationship Committee Meeting:**

Name of Directors	No. of Meeting Held	No. of Meeting 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 2014-2015:**

Nature of Queries (Correspondence)	Total Received	Total Replied	Pending	Remark
Inquiry pertaining to Non-Receipt of Shares	2	2	-	-
Inquiry on Dematerialization of Shares	1	1	-	-
Name Correction/Deletion	29	29	-	-
Address Correction	26	26	-	-
Letter Received from SEBI/Other Statutory Bodies	2	2	-	-
Loss of Shares & Issue of Duplicate Shares	26	26	-	-
Split/Consolidation of Shares	0	0	-	-
Transmission of Shares	10	10	-	-
Demat	0	0	-	-

**(VI) Risk Management Committee**

Pursuant to the provisions of Clause 49 of the Listing Agreement, as applicable w.e.f. 01.10.2014, the Company has formed 'Risk Management Committee' on 4th November, 2014 to consider and review various risks associated with business activities of the Company.

The Risk Management Committee comprises of the following persons:

Name of Persons	Designation	Category
Shri Prayasvin B. Patel	Chairman	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Executive Director
Shri V. B. Kalyankar	Member	CEO

Shri Paresh Shukla, Company Secretary is the Compliance Officer and Secretary of the Committee. No Meeting of the Committee was held, during the financial year.





### (VII) Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of Companies Act, 2013, as applicable w.e.f. 01.04.2014 and Clause 49 of the Listing Agreement, as applicable w.e.f. 01.10.2014, the Company has formed a separate 'Corporate Social Responsibility Committee' to ensure that the Company complies with its 'Corporate Social Responsibility Policy'.

The Corporate Social Responsibility Committee comprises of the following Directors:

Name of Directors	Designation	Category
Shri Hasmukhlal S. Parikh	Chairman	Independent & Non-Executive Director
Shri Prayasvin B. Patel	Member	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & 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 3rd February, 2015 and he was present at the meeting.

#### Attendance at Corporate Social Responsibility Committee Meeting:

Name of Directors	No. of Meeting Held	No. of Meeting Attended
Shri Hasmukhlal S. Parikh	1	1
Shri Prayasvin B. Patel	1	1
Shri Prashant C. Amin	1	1

### (VIII) Management Committee:

In addition to the above Committees, the Board has constituted a Management Committee comprising of following Directors as on 31st March, 2015:

Name of Directors	Designation
Shri Prayasvin B. Patel	Chairman
Shri Prashant C. Amin	Member
Shri Chirayu R. Amin	Member
Shri Jal R. Patel	Member

The Management Committee met Two Times during the last financial year, viz. 17-10-2014 and 17-01-2015:

#### Attendance at the Management Committee Meetings :

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri Prayasvin B. Patel	2	1
Shri Prashant C. Amin	2	1
Shri Chirayu R. Amin	2	-
Shri Jal R. Patel	2	2

## (IX) 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
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
2013-14	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Div., Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	04-08-2014	Monday	02.30 p.m.	5

### Postal Ballot

During the year, the Company has passed following resolutions through Postal Ballot process:-

On 04-08-2014 :

- To sell, lease or otherwise dispose of whole or substantially the whole of any such undertaking of the Company or to create mortgage and / or charge and/or hypothecation in addition to the existing mortgages, charges and hypothecation created by the Company on all or any of the movable and/or immovable assets of the Company, both present and future, upto a limit under Section 180(1)(c), as revised / increased / enhanced from time to time.

On 24-01-2015 :

- As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any loan, investment or give any guarantee or provide any security beyond the prescribed ceiling of:
  - Sixty percent of the aggregate of the paid up share capital and free reserves or,
  - Hundred percent of its free reserves, whichever is more, if Special Resolution is passed by the shareholders of the lending Company.

Mr. D. G. Bhimani, Practising Company Secretary was appointed as Scrutinizer to conduct the said both Postal Ballot process in a fair and transparent manner, wherein the said resolutions as proposed were passed by way of requisite majority and passed as Special Resolutions. The details of voting on both Postal Ballot process are as under:

Voting Results – For 04-08-2014 Postal Ballot

Promoter/Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes in favour	No. of Votes against	% of Votes in favour on votes polled	% of Votes against on votes polled
	1	2	3	4	5	6	7
<b>Mode of Voting: (E-voting)</b>							
Promoter and Promoter Group	63270919	63270919	100.0000%	63270919	0	100.0000%	0.0000%
Public Institutional holders	5594552	5594552	100.0000%	5594552	0	100.0000%	0.0000%
Public-Others	781081	781081	100.0000%	773035	8046	98.9699%	1.0301%
<b>Total (A)</b>	69646552	69646552	100.0000%	69638506	8046	99.9884%	0.0116%



Promoter/Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes in favour	No. of Votes against	% of Votes in favour on votes polled	% of Votes against on votes polled
	1	2	3	4	5	6	7
<b>Mode of Voting: (Physical Ballot)</b>							
Promoter and Promoter Group	0	0	0.0000%	0	0	0.0000%	0.0000%
Public Institutional holders	48942	48942	100.0000%	48942	0	100.0000%	0.0000%
Public-Others	65468	64378*	98.3351%	63675	703	98.9080%	1.0920%
<b>Total (B)</b>	114410	113320	99.0473%	112617	703	99.3796%	0.6204%
<b>Result (A + B)</b>	<b>69760962</b>	<b>69759872</b>	<b>99.9984%</b>	<b>69751123</b>	<b>8749</b>	<b>99.9875%</b>	<b>0.0125%</b>

\*Votes casted for 1090 shares were invalid / voted neither in favour nor against the resolution.

Voting Results – For 24-01-2015 Postal Ballot

Promoter/Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes in favour	No. of Votes against	% of Votes in favour on votes polled	% of Votes against on votes polled
	1	2	3	4	5	6	7
<b>Mode of Voting: (E-voting)</b>							
Promoter and Promoter Group	63270919	63270919	100.00%	63270919	0	100.00%	0.00%
Public Institutional holders	2956670	2956670	100.00%	400000	2556670	13.53%	86.47%
Public-Others	620718	620718	100.00%	607327	13391	97.84%	2.16%
<b>Total (A)</b>	66848307	66848307	100.00%	64278246	2570061	96.16%	3.84%
<b>Mode of Voting: (Physical Ballot)</b>							
Promoter and Promoter Group	0	0	0.00%	0	0	0.00%	0.00%
Public Institutional holders	640230	640230	100.00%	640230	0	100.00%	0.00%
Public-Others	81116	81116	100.00%	81116	0	100.00%	0.00%
<b>Total (B)</b>	721346	721346	100.00%	721346	0	100.00%	0.00%
<b>Result (A + B)</b>	<b>67569653</b>	<b>67569653</b>	<b>100.00%</b>	<b>64999592</b>	<b>2570061</b>	<b>96.20%</b>	<b>3.80%</b>

### Special resolutions proposed to be conducted through Postal Ballot

Currently, there is no proposal to pass any Special resolution through Postal Ballot. Special resolutions by way of Postal Ballot, if required to be passed in the future, will be decided at the relevant time.

### Procedure for Postal Ballot

The procedure for Postal Ballot shall be as per the provisions contained in this behalf in the Companies Act, 2013 and rules made there under, viz., Companies (Management and Administration) Rules, 2014 and any amendments thereof from time to time.

### 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. 34 of Notes to Financial Statements.

### 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.

#### **Disclosure of Accounting Treatment**

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.

#### **Dividend History**

<b>Year</b>	<b>Rate (%)</b>	<b>Per Share (₹)</b>	<b>Amount (in ₹)</b>
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
2013-2014	50%	1.00	10,89,35,843

#### **Stock Options**

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

#### **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 - 388120 (Gujarat).  
Phone No.: +91 2692 227109, 230166  
Email : [investor.relations@elecon.com](mailto:investor.relations@elecon.com)



(X) **GENERAL SHAREHOLDER INFORMATION**

- a) Annual General Meeting**  
**Date and Time** : Friday, 14th August, 2015 at 4.00 p.m.  
**Venue** : Audio Visual Hall, Eimco Elecon Building,  
 Anand-Sojitra Road,  
 Vallabh Vidyanagar – 388120, Gujarat.
- b) Financial Calendar** : April 01 to March 31
- c) Date of Book Closure** : Saturday, 8th August, 2015 to Thursday, 13th August, 2015.  
 (both days inclusive)
- d) Dividend Payment Date** : Credit/dispatch of Dividend Warrants on or after Tuesday, 18th August, 2015
- 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 2015-2016.
- 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 2014-15 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2014	42.80	33.25	37,98,310	42.90	33.30	83,20,177
May – 2014	68.30	36.10	94,46,442	68.65	35.90	1,47,34,820
June– 2014	70.40	61.40	36,17,992	70.60	61.00	89,52,710
July – 2014	68.55	52.60	21,96,294	68.70	51.80	48,67,038
August – 2014	57.70	43.30	21,02,986	57.80	43.15	43,06,028
September – 2014	57.35	43.20	71,70,047	57.40	43.10	1,88,56,303
October – 2014	55.00	45.20	12,51,558	54.90	45.10	30,27,105
November – 2014	58.30	48.40	31,97,967	58.35	48.00	89,16,326
December – 2014	54.75	44.60	19,57,706	54.80	44.15	67,79,514
January – 2015	56.20	50.05	21,86,056	56.15	50.00	77,27,812
February–2015	58.80	47.90	37,48,597	58.75	47.80	1,12,86,157
March-2015	71.80	52.30	1,20,79,961	71.85	50.45	3,35,81,537

**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](mailto:vadodara@linkintime.co.in)  
Phone : 0265-2356573, 2356794  
Fax. : 0265-2356791

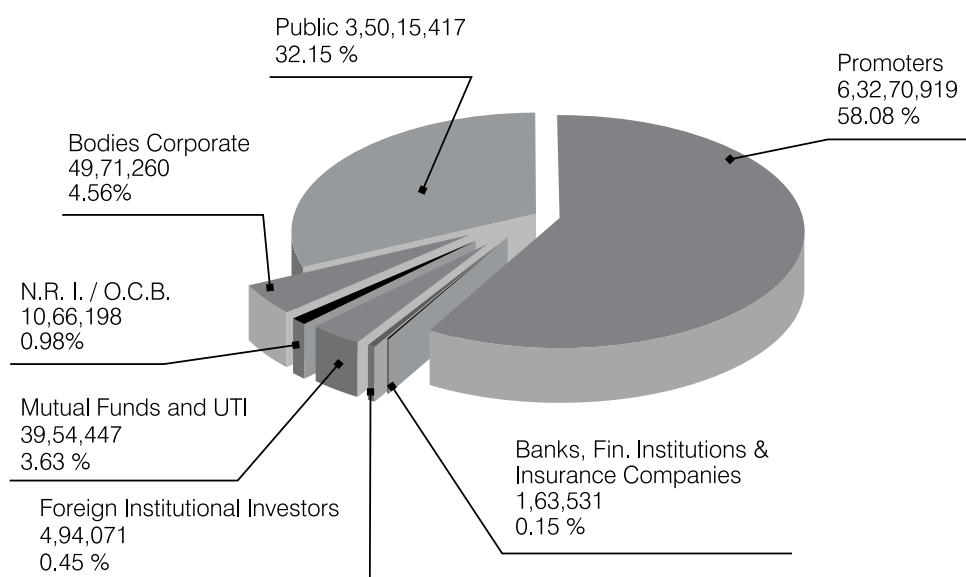
**i) Share Transfer System :**

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, 2015**

Category	No. of Shares held	(%) of total
Promoters	63270919	58.08
Banks, Financial Institutions and Insurance Companies	163531	0.15
Foreign Institutional Investors	494071	0.45
Mutual Funds and UTI	3954447	3.63
N.R. I. / O.C. B.	1066198	0.98
Bodies Corporate	4971260	4.56
Public	35015417	32.15
<b>TOTAL</b>	<b>10,89,35,843</b>	<b>100.00</b>

**Shareholding Pattern**







**k) Distribution of Shareholding as on 31st March, 2015**

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	38104	80.48	6439288	5.91
501 - 1000	4164	8.79	3423445	3.14
1001 - 2000	2351	4.97	3595318	3.30
2001 - 3000	852	1.80	2199638	2.02
3001 - 4000	408	0.86	1470789	1.35
4001 - 5000	348	0.74	1639917	1.51
5001 - 10000	588	1.24	4337654	3.98
Above 10001	532	1.12	85829794	78.79
<b>TOTAL</b>	<b>47347</b>	<b>100.00</b>	<b>108935843</b>	<b>100.00</b>

**l) Dematerialization of Shares and Liquidity**

As on 31st March, 2015, 10,59,25,008 Shares were in dematerialized form representing 97.24% 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, 2015:**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2015.

**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*	Amount lying unpaid (₹) as on 31.03.2015
2007-2008	29-07-2008	28-08-2015	14,89,021.00
2008-2009	30-07-2009	29-08-2016	15,63,906.00
2009-2010	04-08-2010	04-09-2017	19,62,786.00
2010-2011	29-08-2011	28-09-2018	22,36,152.60
2011-2012	31-07-2012	30-08-2019	28,39,734.00
2012-2013	26-08-2013	25-09-2020	11,65,878.00
2013-2014	04-08-2014	03-09-2021	12,97,359.00
<b>Total amount lying unpaid as on March 31, 2015</b>			<b>1,25,54,836.60</b>

\* 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, 2015, Eight (8 Nos.) shareholders have claimed total Thirty Two Thousand Seven Hundred Forty (32,740 Nos.) Equity Shares of ₹ 2/- each lying unclaimed in Elecon Engineering Co. Ltd. – Unclaimed Suspense Account. Closing balance of Elecon Engineering Co. Ltd. – Unclaimed suspense Account as on 31st March, 2015 was Four Lacs Forty Eight Thousand Four Hundred Thirty Five (4,48,435 Nos.) Equity Shares of ₹ 2/- each.

**q) Plant Locations : Works**

1. Gear Division  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120. Gujarat.
2. Alternate Energy Division  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120. Gujarat.

**Address of Regd. Office :** Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120. Gujarat.

**Internet Website :** [www.elecon.com](http://www.elecon.com)

**Address for Correspondence :**

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

**Mr. Paresh M. Shukla**

Company Secretary and Compliance Officer  
Elecon Engineering Company Limited  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120, Tal. & Dist. Anand (Gujarat).  
Tel No. (02692) 227109, 230166, Fax No. (02692) 227020, 227484  
Email address : [investor.relations@elecon.com](mailto:investor.relations@elecon.com)

**B. NON-MANDATORY REQUIREMENTS**

**1) AUDIT QUALIFICATIONS**

Company may move towards a regime of unqualified financial statements.

**2) REPORTING OF INTERNAL AUDITOR**

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members.



**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**  
**Vallabh Vidyanagar - 388 120.**

We have examined the compliance of the conditions of Corporate Governance by **Elecon Engineering Company Limited for the year ended on 31st March, 2015** 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, 2015**, no investor grievances are pending against the Company as per records maintained by the Company and presented to the Stakeholders Relationship 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 **THACKER BUTALA DESAI**  
Chartered Accountants

Place : Navsari  
Date : 05-05-2015

**M. T. DESAI**  
Partner  
M. No. : 030911  
Firm Regn. No. 110864W

## DECLARATION

To

The Members,

**Elecon Engineering Company Limited**

**Vallabh Vidyanagar - 388 120.**

I, Prayasvin B. Patel, Chairman and Managing Director and Chief Executive Officer of the Company, do hereby declare that the Directors (including Independent Director) 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

DIN : 00037394

Place : Vallabh Vidyanagar

Date : 01-05-2015

### **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 145 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 - 388 120.

## Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **ELECON ENGINEERING COMPANY LIMITED** (the "Company"), which comprise the Balance Sheet as at **March 31, 2015**, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the Standalone Financial Statements.

## Opinion

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

- in the case of the **Balance Sheet**, of the state of affairs of the Company as at **March 31, 2015**;
- in the case of the **Statement of Profit and Loss**, of the **profit** for the year ended on that date; and
- 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

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), as amended, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 & 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - 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;
  - In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;
    - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **THACKER BUTALA DESAI**

Chartered Accountants  
Firm Regn. No. 110864W

**M. T. DESAI**

Partner

Place : Navsari

Date : 05-05-2015

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.
- (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 189 of the Companies Act, 2013.
- (b) In view of clause (iii) (a) above, this clause regarding receipt of principal amount and interest thereon is not applicable.
- (c) In view of (iii) (a) above, this clause regarding overdue amounts of such loans and interest thereon is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate Internal Control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) 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 3(v) of the Order are not applicable to the Company.
- (vi) 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 148(1) of the Companies Act, 2013 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.
- (vii) (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, VAT, Service Tax, Cess and other material statutory dues applicable to it with appropriate authorities.  
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, VAT, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (b) 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 and Service Tax Act	Excise Duty, Service Tax & Penalties	1750.99 Lacs	2004-05 to 2014-15	C.E.S.T.A.T
2.	Central Excise Act, 1944 and Service Tax.	Excise Duty, Service Tax & Penalties	7.68 Lacs	2004-05 to 2007-08	Central Excise Commissioner (Appeal)
3.	Central Sales Tax Act, 1956 & Sales Tax Acts of various States.	Sales Tax / Work Contract Tax	891.73 Lacs	2008-09, 2009-10 & 2010-11	Commissioner of Commercial tax (Appeal) Gujarat
4.	Income Tax Act, 1961.	Income Tax	336.05 Lacs	2011-12	Commissioner of Income Tax (Appeal)

- (c) The Company has transferred the due amount within time to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under.





- (viii) 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.
- (ix) 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.
- (x) 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 others from Banks or Financial Institutions are not prima-facie prejudicial to the interest of the Company.
- (xi) 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.
- (xii) 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

**M. T. DESAI**  
Partner

Place : Navsari  
Date : 05-05-2015

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

# BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Lacs)

	Notes	As at 31st March, 2015	As at 31st March, 2014
<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	48,860.25	46,990.70
		<b>51,038.97</b>	<b>49,169.42</b>
<b>2) NON - CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	8,926.15	6,553.99
(b) Deferred Tax Liabilities (Net)	6	3,280.32	3,910.48
(c) Other Long Term Liabilities	7	106.83	106.77
(d) Long-Term Provisions	8	243.16	196.06
		<b>12,556.46</b>	<b>10,767.30</b>
<b>3) CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	9	13,844.41	16,623.71
(b) Trade Payables		20,870.44	20,856.03
(c) Other Current Liabilities	10	5,625.09	7,303.35
(d) Short-Term Provisions	11	1,625.12	1,521.67
		<b>41,965.06</b>	<b>46,304.76</b>
<b>TOTAL</b>		<b>1,05,560.49</b>	<b>1,06,241.48</b>
<b>II. ASSETS</b>			
<b>1) NON - CURRENT ASSETS</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		32,906.71	36,798.57
(ii) Intangible Assets		456.15	584.72
(iii) Capital Work-in-Progress		199.21	670.90
		<b>33,562.07</b>	<b>38,054.19</b>
(b) Non-Current Investments	13	19,924.15	3,706.88
(c) Long-Term Loans and Advances	14	1,540.28	4,147.75
(d) Other Non-Current Assets	15	79.31	79.59
		<b>55,105.81</b>	<b>45,988.41</b>
<b>2) CURRENT ASSETS</b>			
(a) Inventories	16	13,022.26	12,125.03
(b) Trade Receivables	17	22,675.62	16,862.05
(c) Cash and Bank Balances	18	305.68	436.04
(d) Short-Term Loans and Advances	19	1,691.99	1,386.09
(e) Other Current Assets	20	12,759.13	29,443.86
		<b>50,454.68</b>	<b>60,253.07</b>
<b>TOTAL</b>		<b>1,05,560.49</b>	<b>1,06,241.48</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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 01-05-2015



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Notes	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>I. Revenue from operations</b>	21		
(a) Sale of Products (Gross)		53,448.01	54,057.03
Less : Excise Duty		(4,020.26)	(4,806.83)
Sale of Products (Net)		<b>49,427.75</b>	<b>49,250.20</b>
(b) Sales of Services		350.67	382.69
(c) Other Operating Revenues		540.82	490.30
<b>Total (a+b+c)</b>		<b>50,319.24</b>	<b>50,123.19</b>
<b>II. Other Income</b>	22	2,267.74	1,755.37
<b>III. Total Revenue (I + II)</b>		<b>52,586.98</b>	<b>51,878.56</b>
<b>IV. Expenses:</b>			
(a) Cost of Materials Consumed	23	21,563.18	19,512.95
(b) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	1,288.57	2,697.37
(c) Manufacturing Expenses and Erection Charges	25	4,841.71	4,815.93
(d) Employee Benefits Expenses	26	3,691.71	4,321.83
(e) Research and Development Expenses	27	218.17	394.68
(f) Finance Costs	28	2,995.03	3,324.78
(g) Depreciation and Amortization Expenses		5,158.37	4,542.22
(h) Other Expenses	29	8,065.55	8,373.46
<b>Total Expenses (a to h)</b>		<b>47,822.29</b>	<b>47,983.22</b>
<b>V. PROFIT BEFORE EXCEPTIONAL ITMES &amp; TAX (III-IV)</b>		<b>4,764.69</b>	<b>3,895.34</b>
<b>VI. EXCEPTIONAL ITEMS</b>		-	-
<b>VII. PROFIT BEFORE TAX (V-VI)</b>		<b>4,764.69</b>	<b>3,895.34</b>
<b>VIII. Tax Expenses :</b>			
(a) Current Tax		2,076.27	1,402.67
(b) Deferred Tax		(630.16)	(250.31)
<b>IX. PROFIT AFTER TAX (VII-VIII)</b>		<b>3,318.58</b>	<b>2,742.98</b>
<b>X. Earnings per Equity Share :</b>			
(1) Basic		3.05	2.52
(2) Diluted		3.05	2.52
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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

Place : Vallabh Vidyanagar

Date : 01-05-2015

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Year Ended 31st March, 2015		Year Ended 31st March, 2014	
	Amount	Amount	Amount	Amount
<b>[A] CASH FLOW FROM OPERATING ACTIVITIES</b>				
1. Net Profit Before Tax		4,764.69		3,895.34
2. Adjustments for:				
(i) Depreciation and Amortisation	5,158.37		4,542.22	
(ii) Finance Cost	2,995.03		3,324.78	
(iii) Profit on Sale of Fixed Assets (Net)	(951.03)		(19.70)	
(iv) Interest Income	(114.35)		(113.89)	
(v) Dividend Income	(39.65)		(560.24)	
(vi) Bad Debts Written Off	699.22		108.37	
		7,747.59		7,281.54
Operating Profit Before Working Capital Changes ( 1 + 2 )		12,512.28		11,176.88
3. Adjustments for Working Capital changes :				
[i] Trade & Other Receivables				
* Trade Receivables	(6,512.79)		(2,846.26)	
* Loans and Advances	20,411.58		(3,003.44)	
[ii] Trade & Other Payables				
* Trade payables	14.41		(4,454.41)	
* Other payables	(2,316.85)		(501.65)	
[iii] Inventories	(897.23)	10,699.12	2,740.12	(8,065.64)
CASH GENERATED FROM OPERATIONS		23,211.40		3,111.24
4. Less : Direct Taxes Paid		(1,425.00)		(839.00)
<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>		<b>21,786.40</b>		<b>2,272.24</b>
<b>[B] CASH FLOW FROM INVESTING ACTIVITIES</b>				
1. Purchase of Fixed Assets	(1,748.14)		(1,358.44)	
2. Sale of Fixed Assets	1,089.54		640.37	
3. Purchase of Investments	(16,217.27)		-	
4. Interest Received	114.35		113.89	
5. Dividend Received	39.65		560.24	
<b>NET CASH (USED IN) INVESTING ACTIVITIES [B]</b>	<b>(16,721.87)</b>	<b>(16,721.87)</b>	<b>(43.94)</b>	<b>(43.94)</b>



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Year Ended 31st March, 2015		Year Ended 31st March, 2014	
	Amount	Amount	Amount	Amount
<b>[C] CASHFLOW FROM FINANCING ACTIVITIES</b>				
1. Proceeds from Long Term Borrowings	9,969.70		-	
2. Repayments against Long Term Borrowings	(8,170.76)		(2,760.84)	
3. Short Term Borrowings (Net)	(2,779.30)		4,818.44	
4. Finance Cost Paid	(3,035.38)		(3,324.78)	
5. Dividends Paid (incl. tax thereon)	(1,179.16)		(1,274.50)	
<b>NET CASH FROM FINANCING ACTIVITIES [C]</b>	<b>(5,194.89)</b>	<b>(5,194.89)</b>	<b>(2,541.68)</b>	<b>(2,541.68)</b>
<b>[D] NET INCR./(DECR.) IN CASH &amp; CASH EQUIVALENTS [A+B+C]</b>		(130.36)		(313.38)
<b>[E] Cash &amp; Cash Equivalents at the beginning of the year</b>		436.04		749.42
<b>[F] Cash &amp; Cash Equivalents at the end of the year</b>		<b>305.68</b>		<b>436.04</b>

## 1 Components of Cash & Cash Equivalents :-

Cash on Hand	0.10	0.06
Balances with Banks		
In Current Accounts	180.03	318.54
Unclaimed Dividend Account	125.55	117.44
	<b>305.68</b>	<b>436.04</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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 1. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

### 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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method on Plant & Machineries and on written down value on all other fixed assets as per the useful life prescribed in Schedule II to The Companies Act, 2013.

Intangible Assets are amortised using the Straight-Line Method over estimated useful life as under :-

- i) Software & Licenses : over a period of six (6) years
- ii) Technical Know-How : over a period of six (6) years from the date of actual production

#### d) Inventories

Inventories are valued at the lower of cost (e.g. on FIFO / weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-Progress and Finished Goods include appropriate proportion of overheads and, where applicable, excise duty.

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 recognized 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.
- ii) Credits are taken for claims in respect of cost escalation and extra work as and when and to the extent admitted by customers.
- 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 when the right to receive dividend is established.
- v) Export incentives are accounted for as and when the claims thereof have been admitted by the authorities.
- vi) Revenue in respect of other income is recognized when a reasonable certainty as to its realization 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 recognized as exchange difference and the premium paid on forward contracts is recognized 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 recognized on a straight-line basis over the average period until the amended benefits become vested. Recognized immediately in the statement of profit and loss account 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 recognized 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 applicable tax rates and 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 recognized 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, 2015

## 3. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Authorised Share Capital</b>		
i) 22,50,00,000 (Previous Year 22,50,00,000) Equity Shares of ₹ 2/- each	4,500.00	4,500.00
ii) 2,50,00,000 (Previous Year 2,50,00,000) Cumulative Redeemable Preference Shares of ₹ 2/- each	500.00	500.00
<b>Total</b>	<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 10,89,35,843 Equity Shares of ₹ 2/- each)	2,178.72	2,178.72
<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	As at 31st March, 2015	As at 31st March, 2014
Outstanding at the beginning of the Year	10,89,35,843	9,28,61,510
Add : Issued During the Year	-	1,60,74,333
Outstanding at the end of the Year	10,89,35,843	10,89,35,843

### (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	As at 31st March, 2015	As at 31st March, 2014*
Equity Shares of ₹ 2/- each fully paid		
(a) EMTICI Engineering Limited	Nos. 2,67,75,669 % Holding 24.58%	2,67,75,669 24.58%
(b) Prayas Engineering Limited	Nos. 1,11,66,394 % Holding 10.25%	1,11,66,394 10.25%
(c) K. B. Investments Pvt. Ltd.	Nos. 1,00,81,125 % Holding 9.25%	1,00,81,125 9.25%

\* 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	As at 31st March, 2015	As at 31st March, 2014
(a) Equity Share allotted as fully paid up shares by virtue of schemes of arrangement	1,60,74,333	1,60,74,333

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

## 4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<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	41,132.76	40,632.76
Add : Transferred from Surplus in Statement of Profit and Loss	1,500.00	500.00
Closing Balance	<b>42,632.76</b>	<b>41,132.76</b>
<b>(c) Surplus in Statement of Profit and Loss</b>		
As per Last Financial Statements	2,979.80	1,924.09
Add : Transferred during the year from Statement of Profit and Loss	3,318.58	2,742.98
Less : Appropriations		
Proposed Dividend	1,198.29	1,089.36
Tax on Proposed Dividend	250.74	97.91
Transfer to General Reserve	1,500.00	500.00
Total Appropriations	<b>2,949.03</b>	<b>1,687.27</b>
Net Surplus in Statement of Profit and Loss	<b>3,349.35</b>	<b>2,979.80</b>
<b>Total Reserves and Surplus</b>	<b>48,860.25</b>	<b>46,990.70</b>

## 5. LONG-TERM BORROWINGS

(₹ in Lacs)

### Secured

	As at 31st March, 2015	As at 31st March, 2014
(a) 11% Non Convertible Debentures		
- From banks	-	2,500.00
(b) Term loans		
- From banks	5,961.15	4,053.99
(c) Corporate Loans		
- From banks	2,965.00	-
	<b>8,926.15</b>	<b>6,553.99</b>
(a) Nature of Securities For Term Loans & Corporate Loans		
i) Term Loans [(b) above] obtained from Indusind Bank Limited is secured by exclusive charge by way of Hypothecation on specific assets for which payments were made out of the term loan. The same is further, secured by Corporate Guarantee of Elecon EPC Projects Limited, since been repaid in full.		
Term Loans [(b) above] obtained from GE Capital Limited is secured by exclusive charge by way of Hypothecation on specific assets. The same is further, secured by exclusive charge over commercial property of Emtici Engineering Limited at Pune, Maharashtra & Corporate Guarantee of Emtici Engineering Limited.		
ii) Corporate Loans [(c) above] granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Export Import Bank of India and IDBI Bank are secured by :-		
1) First Pari passu charge with all corporate loan lenders, over fixed assets of the company including Plant & Machinery but excluding assets specifically charged to other Term Lenders.		
2) First pari passu charge Registered Mortgage over land of the company.		
3) Second pari passu hypothecation charge over the Current Assets of the company.		
4) The same is, secured by Corporate Guarantee of Elecon EPC Projects Limited and Prayas Engineering Limited. Also, Corporate Guarantee of Emtici Engineering Limited was provided as security, however the same is waived by some of the consortium members including Lead Bank, SBI and other member banks are in the process of necessary approval for the waiver.		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- 5) Non Disposal Undertaking for 13 land parcels situated at village Mogri bearing Survey No.114,153,154,155/P 157/P and 159/P and land situated at Village Karamsad bearing survey No. 344,345,346/2,347/2,348/3 and 371/2.

### (b) Terms of repayment of 11% Non Convertible Debentures, Term Loans and Other Loans

#### 1. 11% Non Convertible Debentures

(₹ in Lacs)

Lender	As at 31st March, 2015	As at 31st March, 2014	Terms of Repayment
(i) Corporation Bank	-	2,500.00	Repayment will be as under:- > 30% at the end of 3rd year from the date of allotment > 30% at the end of 4th year from the date of allotment > 40% at the end of 5th year from the date of allotment However, Put/Call option can be exercised on or before 22-Sep-2014.
	<u>-</u>	<u>2,500.00</u>	

(₹ in Lacs)

#### 2. Terms Loans

Lender	As at 31st March, 2015	As at 31st March, 2014	Terms of Repayment
(i) Indusind Bank Limited	381.03	1,128.91	Repayable in equated quarterly installments of ₹ 175.27 Lacs starting from November 2012.
(ii) DBS Bank Limited	-	2,194.06	Repayable in equated quarterly installments of ₹ 313.44 Lacs starting from February 2013.
(iii) State Bank of India	-	243.05	Repayable in equated quarterly installments of ₹ 39.66 Lacs, ₹ 14.00 Lacs and ₹ 37.15 Lacs starting from September 2008, June 2009 and March 2012 respectively.
(iv) Bank of Baroda	-	487.97	Repayable in equated monthly installments of ₹ 6.37 Lacs and ₹ 14.00 Lacs starting from March 2013, and May 2012, respectively
(v) GE Capital Term Loan	5,580.12	-	Repayable in quarterly installments starting from January 2015.
	<u>5,961.15</u>	<u>4,053.99</u>	

#### 3. Corporate Loans

(₹ in Lacs)

Lender	As at 31st March, 2015	As at 31st March, 2014	Terms of Repayment
(i) State Bank of India	1,050.00	-	Repayable in quarterly installments of ₹ 75.00 lacs starting from October 2015.
(ii) Exim Bank	1,040.00	-	Repayable in quarterly installments of ₹ 130.00 lacs starting from December 2015
(iii) IDBI Bank Ltd.	875.00	-	Repayable in quarterly installments of ₹ 62.50 Lacs starting from October 2015
	<u>2,965.00</u>	<u>-</u>	

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Deferred Tax Liabilities</b>		
In respect of difference between book & Tax W. D. V.	3,434.99	3,972.03
<b>(b) Deferred Tax Assets</b>		
In respect of disallowance under the Income Tax Act.	(154.67)	(61.55)
<b>Net Deferred Tax Liability</b>	<b>3,280.32</b>	<b>3,910.48</b>

### 7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Deposits	106.83	106.77
	<b>106.83</b>	<b>106.77</b>

### 8. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Provision for Employee Benefits:		
Provision for Gratuity	-	43.53
Provision for Leave Encashment	174.09	152.53
(b) Provision for Income tax (Net of Advance Tax paid)	69.07	-
	<b>243.16</b>	<b>196.06</b>

### 9. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
(a) Loans Repayable on Demand:		
Working Capital Loans		
- From Banks	12,962.75	14,507.03
<b>Unsecured</b>		
(a) Working Capital Loans		
- From Banks	864.66	2,099.68
(b) Other Loans		
- From Related Parties	17.00	17.00
	<b>13,844.41</b>	<b>16,623.71</b>

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

Working Capital Loans from banks granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Export Import Bank of India, HDFC Bank, IDBI Bank, Axis Bank Limited, Standard Chartered Bank & Indusind Bank Limited (Including guarantees issued by them in favour of various clients of the Company) are secured by:-

- 1) First Pari Passu hypothecation charge over all the Current Assets of the Company,
- 2) First Pari Passu hypothecation charge over Fixed Assets of the Company including Plant & Machinery excluding certain assets specifically/ exclusively charged to other banks/ financial institutions,
- 3) Registered Mortgage on the immovable properties,
- 4) Registered Mortgage, on first pari passu basis, of land bearing survey No.365 & 366 of Prayas Eng. Ltd.,
- 5) Pledge of 100,000 shares of Eimco Elecon (I) Limited owned by the Company.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- 6) Non Disposal Undertaking for 13 land parcels situated at village Mogri bearing Survey No.114, 153, 154, 155/P, 157/P and 159/P and land situated at Village Karamsad bearing survey No. 344, 345, 346/2, 347/2, 348/3 and 371/2.
- 7) Corporate Guarantee of Elecon EPC Projects Limited and Prayas Engineering Limited. Also, Corporate Guarantee of Emtici Engineering Limited was provided as security, however the same is waived by some of the consortium members including Lead Bank, SBI and other member banks are in the process of necessary approval for the waiver.

### 10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Current Maturities of		
Term Loan (Secured)	1,567.64	2,407.29
Corporate Loan (Secured)	535.00	-
Vehicle Loan (Secured)	-	4.52
Finance from other (Unsecured)	-	264.05
(b) Advance from Customers	3,076.06	3,935.25
(c) Interest Accrued but not due on Borrowings	78.41	118.76
(d) Unpaid Dividends	125.55	117.44
(e) Statutory & Other Liabilities	242.43	456.04
	<b>5,625.09</b>	<b>7,303.35</b>

### 11. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Provision for Employee Benefits:		
Provision for Gratuity	137.82	133.28
Provision for Leave Encashment	27.44	22.75
Provision for Superannuation	10.83	178.37
(b) Proposed Dividend	1,198.29	1,089.36
(c) Dividend Tax on Proposed Dividend	250.74	97.91
	<b>1,625.12</b>	<b>1,521.67</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 12. FIXED ASSETS (Current Year)

(₹ in Lacs)

Sr. No.	Nature Of Assets	Gross Block (At Cost)				Depreciation				Net Block	
		At Cost As On 01.04.2014	Addition & Transfer During year At Cost	Deduction/ Transfer & Adjustment During Year At Cost	Cost As On 31.03.2015	As On 01.04.2014	Accumulated Depreciation or Deduction/ Transfers And Adjustments	Depreciation During the Year	Accumulated Depreciation As On 31.03.2015	As at 31.3.2015	As at 31.03.2014
<b>I. <u>Tangible Assets</u></b>											
1.	Land (Freehold)	2,218.61	-	58.55	2,160.06	-	-	-	-	2,160.06	2,218.61
2.	Buildings	8,292.28	889.37	155.57	9,026.08	2,745.27	88.00	716.66	3,373.93	5,652.15	5,547.01
3.	Plant and Machinery	45,946.54	273.24	577.73	45,642.05	19,312.42	571.98	3,487.83	22,228.27	23,413.78	26,634.12
4.	Electrical Installations	842.21	0.67	-	842.88	293.72	-	168.17	461.88	381.00	548.49
5.	Electrical Fittings	163.28	-	-	163.28	32.12	-	48.07	80.18	83.10	131.16
6.	Office Equipments	1,719.64	75.80	0.95	1,794.49	1,391.43	0.66	205.78	1,596.55	197.94	328.21
7.	Air Conditioning Plant	375.35	6.97	-	382.32	152.57	-	145.89	298.46	83.86	222.78
8.	Sundry Equipments	150.88	-	3.52	147.36	118.41	2.99	22.11	137.53	9.83	32.47
9.	Furniture and Fixtures	380.34	11.21	0.19	391.36	201.07	0.15	54.58	255.50	135.86	179.27
10.	Vehicles	430.20	2.51	15.48	417.23	219.87	9.70	75.32	285.49	131.73	210.33
11.	Research & Development Assets	1,194.75	-	-	1,194.75	450.98	-	88.27	539.25	655.50	743.77
12.	Tools, Jigs & Dies	3.62	-	-	3.62	1.27	-	0.45	1.72	1.90	2.35
<b>Total A</b>		<b>61,717.70</b>	<b>1,259.77</b>	<b>811.99</b>	<b>62,165.48</b>	<b>24,919.13</b>	<b>673.48</b>	<b>5,013.11</b>	<b>29,258.76</b>	<b>32,906.71</b>	<b>36,798.57</b>
<b>II. <u>Intangible Assets</u></b>											
1.	Technical Knowhow Fees	341.63	-	-	341.63	318.26	-	23.36	341.62	0.01	23.37
2.	Software	347.80	6.12	-	353.92	36.23	-	58.57	94.81	259.11	311.57
3.	Licenses	377.51	10.56	-	388.07	127.73	-	63.32	191.04	197.03	249.78
<b>Total B</b>		<b>1,066.94</b>	<b>16.68</b>	<b>-</b>	<b>1,083.62</b>	<b>482.22</b>	<b>-</b>	<b>145.25</b>	<b>627.47</b>	<b>456.15</b>	<b>584.72</b>
<b>Total A+ B</b>		<b>62,784.64</b>	<b>1,276.45</b>	<b>811.99</b>	<b>63,249.10</b>	<b>25,401.35</b>	<b>673.48</b>	<b>5,158.36</b>	<b>29,886.22</b>	<b>33,362.86</b>	<b>37,383.29</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 12A. FIXED ASSETS (Previous Year)

(₹ in Lacs)

Sr. No.	Nature Of Assets	Gross Block (At Cost)				Depreciation			Net Block		
		At Cost As On 01.04.2013	Addition & Transfer During year At Cost	Deduction/ Transfer & Adjustment During Year At Cost	Cost As On 31.03.2014	As On 01.04.2013	Accumulated Depreciation or Deduction/ Transfers And Adjustments	Depreciation During the Year	Accumulated Depreciation As On 31.03.2014	As at 31.3.2014	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>											
1.	Technical Knowhow Fees	341.63	-	-	341.63	273.42	-	44.84	318.26	23.37	68.21
2.	Software	25.63	322.17	-	347.80	4.04	-	32.19	36.23	311.57	21.59
3.	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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<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) 80,36,419 Shares (Previous Year 42,09,035 shares) of GBP 1/- each of Elecon Transmission International Limited - Mauritius	6,551.32	3,066.05
(i) The Company has pledged 42,09,035 shares of Elecon Transmission International Limited, Mauritius with the Bank of Baroda, Dubai towards security for repayment of loan.		
(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 SGD 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>6,921.00</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 Eimco Elecon (India) Limited (Market Value ₹ 3,737.86 Lacs - Previous year ₹ 2,013.17 Lacs)	217.29	217.29
	<b>217.29</b>	<b>217.29</b>
<b>(B) Other Investment (at Cost)</b>		
<b>(1) Investment In Equity Instruments (Fully Paid-up) (Quoted):</b>		
(a) 2,500 Shares (Previous year 2,500 shares) of ₹ 10/- each of HDFC Bank Ltd. (Market Value ₹ 25.57 Lacs) (Previous Year ₹ 18.72 Lacs)	0.05	0.05
(b) 53,945 Shares (Previous Year 10,789 shares) of ₹ 2/- each of Bank of Baroda (Market Value ₹ 88.09 Lacs) (Previous Year ₹ 79.27 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) 80 Shares (Previous Year 80 shares) of ₹ 10/- each of Karamsad Urban Co-operative Limited	0.01	0.01
(d) 100 Shares (Previous Year 100 shares) of ₹ 10/- each of Anand Auto Vehicle Owners Co-operative Credit Society Ltd.	0.01	0.01
(e) 30 Shares (Previous Year 30 shares) of ₹ 500/- each of Charotar Gas Sahakari Mandali Limited	0.15	0.15
	<b>32.62</b>	<b>32.62</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(C) Investment In Preference Instruments (Fully Paid-up) (Unquoted):</b>		
(i) Investment in Subsidiary Companies :		
(a) 1,27,32,000 Non-cumulative Non-convertible Redeemable Preference Shares (Previous Year Nil shares ) of ₹ 100/- each of Elecon EPC Projects Limited	12,732.00	-
	<b>19,924.15</b>	<b>3,706.88</b>
(a) Aggregate amount of quoted investments	238.53	238.53
(b) Aggregate amount of unquoted investments	19,685.62	3,468.35
(c) Aggregate Market Value of quoted investments	3,851.52	2,111.16

## 14. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good		
(a) Capital Advances	32.84	-
(b) Deposits	352.84	319.50
(c) Advances Recoverable in Cash or Kind	12.04	12.04
(d) Advance Payment of Tax (Net of Provision for Taxation)	-	282.69
(e) Loans and Advances to Related Parties	1,142.56	3,533.52
	<b>1,540.28</b>	<b>4,147.75</b>

## 15. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good		
(a) Deposit with original maturity of more than twelve (12) months	66.31	66.59
(b) Margin Money Deposit	13.00	13.00
	<b>79.31</b>	<b>79.59</b>

## 16. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
At lower of cost or net realisable value		
(a) Raw Materials	6,192.12	3,821.32
(b) Semi-Finished Goods	5,168.13	6,259.30
(c) Finished Goods	815.90	1,013.30
(d) Stores and Spares	846.11	1,031.11
	<b>13,022.26</b>	<b>12,125.03</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 17. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good :		
(a) Outstanding for a period exceeding six (6) month from the Due Date	3,563.82	1,661.45
(b) Others	19,111.80	15,200.60
	<b>22,675.62</b>	<b>16,862.05</b>

### 18 CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Cash and Cash Equivalent		
(a) Balance with Banks:		
In Current Account	180.03	318.54
Unpaid Dividend Bank Account	125.55	117.44
(b) Cash on Hand	0.10	0.06
	<b>305.68</b>	<b>436.04</b>
(i) Balances with Banks (Fixed Deposit & Margin Money Deposit) having original / remaining maturity of more than twelve (12) months from Balance Sheet date shown under Note No.15 "Other Non Current Assets"	<b>79.31</b>	<b>79.59</b>

### 19. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good :		
(a) Advances Recoverable in Cash/Kind	800.07	880.66
(b) Balance with Collector of Custom, Port Trust, Excise etc.	631.97	419.19
(c) Prepaid Expenses	259.95	86.24
	<b>1,691.99</b>	<b>1,386.09</b>

### 20. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Other Receivables		
From Related Parties	12,578.70	16,159.84
Receivable as per Scheme of Arrangement	-	12,732.44
From Others	180.43	551.58
	<b>12,759.13</b>	<b>29,443.86</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 21. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Sale of Products		
Transmission Equipment Sales	42,053.15	43,026.96
WTG Sales	25.63	41.90
Export Sales	7,348.97	6,181.34
	<b>49,427.75</b>	<b>49,250.20</b>
(b) Sale of Services		
Erection Charges	<b>350.67</b>	<b>382.69</b>
(c) Other Operating Revenues		
Scrap Sales	456.81	413.09
Machinery Hire Charges	13.32	13.32
Duty Drawback	70.69	63.89
	<b>540.82</b>	<b>490.30</b>
	<b>50,319.24</b>	<b>50,123.19</b>

### 22. OTHER INCOME

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Interest Income	114.35	113.89
(b) Dividend Income (from Long Term Investment)	39.65	560.24
(c) Profit on Sales of Assets (Net of Losses)	951.03	19.70
(d) Profit/(Loss) on Account of Exchange Variation	105.15	86.43
(e) Rent Income	675.52	690.84
(f) Miscellaneous Income	382.04	284.27
	<b>2,267.74</b>	<b>1,755.37</b>

### 23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
Raw Materials Consumed	21,563.18	19,512.95
	<b>21,563.18</b>	<b>19,512.95</b>
a. Raw Materials Consumed in Broad Heads :		
Iron & Steel	2,822.33	3,007.75
Forgings	3,909.76	3,083.34
Bearings	2,815.50	2,614.89
Electricals	83.87	48.36
Castings	2,493.86	2,298.75
Other Components	9,437.86	8,459.86
	<b>21,563.18</b>	<b>19,512.95</b>
b. Value of Indigenous and Imported Raw Materials Consumed during the Year :		
Imported Value	2,574.20	360.97
Percentage	12%	2%
Indigenous Value	18,988.98	19,151.98
Percentage	88%	98%

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Opening 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) Closing Stock :		
Semi-Finished Goods (WIP)	5,168.13	6,259.30
Finished Goods	815.90	1,013.30
	<b>5,984.03</b>	<b>7,272.60</b>
	<b>1,288.57</b>	<b>2,697.37</b>

### 25. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Stores, Tools and Spares Consumed	2,242.08	2,475.53
(b) Sub-Contracting Charges	1,266.64	1,184.64
(c) Power and Fuel	654.49	472.56
(d) Erection and Other Charges	40.72	33.18
(e) Other Manufacturing Expenses	637.78	650.02
	<b>4,841.71</b>	<b>4,815.93</b>
a. Value of Indigenous and Imported Stores, Tools and Spares consumed during the Year :		
Imported Value	244.89	369.07
Percentage	11%	15%
Indigenous Value	1,997.19	2,106.46
Percentage	89%	85%

### 26. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Salaries and Wages (Incl. Managerial Remuneration)	3,374.26	3,675.79
(b) Contribution to Provident Fund	154.37	182.97
(c) Employees' Welfare Expenses	75.91	80.60
(d) Employees' Retirement Benefits	87.18	382.47
	<b>3,691.72</b>	<b>4,321.83</b>

### 27. RESEARCH AND DEVELOPMENT EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Material for prototyping	9.93	27.81
(b) Salaries and Wages, Contribution to Provident Fund & Other Funds & Related Expenses	185.26	324.86
(c) Travelling, Conveyance and Other Expenses	22.98	42.01
	<b>218.17</b>	<b>394.68</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 28. FINANCE COST

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Interest Expense	2,760.34	3,195.28
(b) Other Borrowing Cost	234.69	117.48
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	-	12.02
	<b>2,995.03</b>	<b>3,324.78</b>

### 29. OTHER EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
(a) Technical Know how and Design Fees	1.24	48.41
(b) Rent	946.84	1,102.70
(c) Computer Software Charges	259.89	375.70
(d) Rates & Taxes	348.18	472.72
(e) Excise Duty (excluding Duty recovered from Customers)	(20.80)	(51.38)
(f) Repairs and Maintenance :		
Buildings	187.80	290.96
Machineries	1,023.18	1,106.40
Others	125.57	226.31
(g) Insurance (Net of Recoveries)	108.60	68.25
(h) Travelling Expenses	310.63	284.08
(i) Directors' Fees	8.60	7.60
(j) Commission to Non Executive Director	25.83	25.00
(k) Packing, Forwarding & Distribution Expenses (Net of Recoveries)	942.89	827.19
(l) Commission & Brokerage	1,268.31	1,501.59
(m) Warranty Claim Replacement	3.72	0.45
(n) Bad Debts Written Off	699.22	108.37
(o) Liquidated Damages	222.37	148.75
(p) Advertisements & Sales Promotion Expenses	193.53	201.09
(q) Payment to Auditors	17.54	22.22
(r) Donations	-	42.91
(s) Expenditure on Corporate Social Responsibility	141.92	-
(t) Lease Rentals	141.87	119.21
(u) Royalty Paid	-	0.22
(v) Technical Inspection Consultancy Fees	14.76	0.31
(w) Other Professional Consultancy Fees	391.07	437.68
(x) General Administrative Charges	702.79	1,006.72
	<b>8,065.55</b>	<b>8,373.46</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>Auditors' Remuneration</b>		
Auditors' remuneration includes the following amounts paid or adjusted as paid to them during the year :		
(i) As Auditors	9.20	9.20
(ii) For Tax Audit	1.52	1.52
(iii) For Taxation Matters	0.85	5.10
(iv) For Other Services	4.72	5.17
(v) Re-imbursement of Expenses	1.25	1.23
	<b>17.54</b>	<b>22.22</b>

Over & above the aforesaid payments an amount of ₹ 0.69 Lacs (Previous Year ₹ 1.06 Lacs) has been paid to a concern of which one of the partners of the statutory auditors is a proprietor.

### 30. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<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	1,758.65	329.83
(ii) Disputed Income Tax Demand-Disputed by Company	637.03	333.44
(iii) Disputed Income Tax Demand-Disputed by Income Tax Authorities	377.64	320.10
(iv) Sales Bills Discounted under LC with Banks	528.65	283.55
(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 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
(vii) Company has received assessment order for the year 2009-10 under the Central Sales (Gujarat) Tax Act with a demand of ₹ 293.54 lacs. The Company has deposited ₹ 184 lacs and Company has preferred to go for appeal against this order. However Company has not provided for the differential amount.	293.54	109.17
(viii) Company has received Assessment order for the year 2010-11 under the Central Sales (Gujarat) Tax Act with a demand of ₹ 691.27 Lacs. Company has preferred to go for appeal	691.27	-
<u>Guarantees</u>		
(i) The Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US\$ 28,299,876 as a security for repayment of Financial facility availed by Elecon Transmission International Limited, Mauritius, a Wholly Owned Subsidiary of the Company.	24,344.64	24,134.26
(ii) The Company has provided Corporate Guarantee to State Bank of India, to the tune of ₹ 91,880.00 Lacs as a security for repayment of Financial facility availed by Elecon EPC Projects Ltd., a subsidiary of the Company.	91,880.00	90,000.00
(iii) Guarantees issued by Company's Bankers	4,959.67	5,241.76
(iv) Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 15.00 Million as a security, in replacement of earlier guarantee given	1,082.30	1,380.00



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
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.		
<b>(b) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,436.47	1,436.57
(ii) Liability for Export Obligation under Export Promotion Credit Guarantee	1,525.92	7,556.95

## 31. RETIREMENT BENEFITS

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

	Gratuity		Leave Encashment	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Expense recognized in the Statement of Profit and Loss :-</b>				
Current Service Cost	38.21	43.77	29.59	45.32
Interest Cost	58.36	52.14	16.35	12.81
Employer Contribution	-	-	-	-
Expected Return on Plan Assets	(39.04)	(41.63)	-	-
Net Actuarial (Gains) / Losses	46.54	188.34	23.10	111.78
Past Service Cost	-	-	-	-
Settlement Cost	-	-	-	-
<b>Total Expenses</b>	<b>104.07</b>	<b>242.62</b>	<b>69.05</b>	<b>169.91</b>
<b>Net Asset/(Liability) recognized in the Balance Sheet :-</b>				
Present value of Defined Benefit Obligation	702.48	625.53	201.54	175.28
Fair value of Plan Assets	564.66	448.72	-	-
<b>Funded Status [Surplus / (Deficit)]</b>	<b>(137.82)</b>	<b>(176.81)</b>	<b>(201.54)</b>	<b>(175.28)</b>
<b>Net Asset / (Liability)</b>	<b>(137.82)</b>	<b>(176.81)</b>	<b>(201.54)</b>	<b>(175.28)</b>
Current Liability	(137.82)	(133.28)	(27.44)	(22.75)
Non Current Liability	-	(43.53)	(174.09)	(152.53)
<b>Change in Obligation during the Year :-</b>				
Present value of Defined Benefit Obligation at Beginning of the Year	(625.53)	631.97	175.27	155.25
Current Service Cost	38.21	43.77	29.59	45.32
Interest Cost	58.36	52.14	16.35	12.81
Settlement Cost	-	-	-	-
Past Service Cost	-	-	-	-
Employer Contributions	-	-	-	-
Liability Transferred In	-	-	-	71.89
Liability Transferred Out	-	-	-	(108.91)
Actuarial (Gains) / Losses	25.07	182.53	23.10	111.78
Benefits Payments	(44.68)	(284.88)	(42.79)	(112.87)
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>(702.48)</b>	<b>(625.53)</b>	<b>(201.53)</b>	<b>(175.27)</b>
<b>Change in Assets during the Year :-</b>				
Plan Assets at the beginning of the year	448.72	478.45	-	-
Settlements	-	-	-	-
Expected return on Plan Assets	39.03	41.63	-	-
Contributions by Employer	143.07	158.89	-	-
Transfer from other Company	-	217.55	-	-
Transfer to other Company	-	(157.11)	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Gratuity		Leave Encashment	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Actual Benefits paid	(44.68)	(284.88)	-	-
Actuarial (Gains) / Losses	(21.48)	(5.81)	-	-
Plan Assets at the end of the Year	564.66	448.72	-	-
<b>Expected contribution during the year</b>	-	-	-	-
<b>Actuarial Assumptions</b>				
Discount Rate	9.33%	9.30%	9.33%	8.25%
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	2010-11	2011-12	2012-13	2013-14
	Present value of defined benefit obligation at the end of the Year	1,107.00	1,152.97	885.34	625.53
	Fair value of Plan Assets at the end of the Year	590.80	756.37	717.07	448.72
	<b>Actuarial Assumptions:</b>				
	Discount Rate	7.93%	8.50%	8.50%	9.30%
	Expected Rate of Return on Plan Assets	9.25%	8.50%	8.50%	8.70%
	Mortality Pre-Retirement	-	-	-	-
	Turnover Rate	3% TO 1%	2.00%	2.00%	2.00%
	Rate of Escalation in Salary (P.A.)	4.50%	6.50%	6.50%	6.50%

- 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 ₹137.82 Lacs (Previous Year ₹176.81 Lacs) as shown in the Balance Sheet is after adjusting the Fair value of Plan Assets (Invested with LIC/SBI) as at March 31, 2015 of ₹ 564.66 Lacs (Previous Year ₹ 448.72 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 ₹ 173.70 Lacs (Previous Year ₹ 202.63 Lacs).

## 32. 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.

## 33. EARNING PER SHARE

(₹ in Lacs, except per share data)

	As at 31st March, 2015	As at 31st March, 2014
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### 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	3,318.58	2,742.98
b)	Weighted average number of equity shares	10,89,35,843	10,89,35,843
c)	Earning Per Share (Basic & Diluted)	3.05	2.52
d)	Face Value per Share	2.00	2.00





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 34. RELATED PARTY TRANSACTIONS

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

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

##### a) Subsidiary Companies

- (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

##### 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 Private 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
- (xv) Aishpra Properties Private Limited
- (xvi) Akaaipra Infracon Private Limited
- (xvii) BIP Buildcon Private Limited
- (xviii) Madhubhan Heights Private Limited
- (xix) MTC Buildcon Private Limited
- (xx) Aakaaish Investments Private Limited

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

## B) Nature of Transactions :

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Purchase of Material / Fin. Goods</b>		
(i) Elecon EPC Projects Limited	552.05	711.78
(ii) Specialty Wood Pack Private Limited	658.69	664.71
(iii) Elecon Peripharals Limited	713.66	337.87
(iv) Others	150.10	209.37
<b>Job work Income from Other Co.</b>		
(i) Power Build Private Limited	34.44	88.73
(ii) Elecon EPC Projects Limited	42.24	59.71
(iii) Elecon Peripharals Limited	7.80	-
(iv) Others	1.08	6.46
<b>Job work Expenses to Other Co.</b>		
(i) Elecon Peripharals Limited	39.15	18.79
(ii) Power Build Private Limited	6.03	15.23
(ii) Elecon EPC Projects Limited	95.48	-
(iii) Specialty Wood Pack Private Limited	-	6.69
(ii) Others	4.30	7.75
<b>Sale of Fin. Goods / Consumable Stores</b>		
(i) Eimco Elecon (India) Limited	678.11	515.00
(ii) Radicon Transmission UK Limited	1,601.32	747.71
(iii) Elecon EPC Projects Limited	2,738.01	4,034.89
(iv) Elecon Singapore Pte. Limited	427.49	-
(v) Elecon Middle East FZCO	690.10	-
(vi) Others	505.68	1,365.83
<b>Purchase of Fixed Assets</b>		
(i) Elecon Information Technology Limited	6.11	6.63
(ii) Eimco Elecon (India) Limited	68.38	-
(iii) Elecon EPC Projects Limited	192.73	44.31
(iv) Emtici Engineering Limited	-	54.44
(v) Others	7.24	-
<b>Sales Fixed Assets</b>		
(i) Eimco Elecon (India) Limited	1,005.00	-
(ii) Others	48.42	-
<b>Expenses Charged to Other Co.</b>		
(i) Elecon EPC Projects Limited	871.21	481.05
(ii) Power Build Private Limited	159.00	43.47
(iii) Elecon Transmission International Limited, Mauritius	459.10	196.88
(iv) Others	156.86	127.81
<b>Exp. Charged by Other Co.</b>		
(i) Akaaish Mechatronics Limited	823.19	731.59
(ii) Elecon Information Technology Limited	155.40	235.35
(iii) Emtici Engineering Limited	824.37	995.62
(iv) Prayas Engineering Limited	274.94	288.68
(v) Others	313.11	213.24



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Sales Commission</b>		
(i) Elecon Singapore Pte. Limited	88.74	138.44
(ii) Elecon Middle East FZCO	52.91	106.02
<b>Deposit/ Loan / Advances given</b>		
(i) Elecon Transmission International Limited, Mauritius	1,525.78	1,565.44
<b>Int. on above Loan/ Deposit</b>		
(i) Elecon Transmission International Limited, Mauritius	84.94	116.10
<b>Receipt of Dividend</b>		
(i) Elecon Middle East FZCO	-	4.92
(ii) Elecon EPC Projects Limited	-	513.32
(iii) Eimco Elecon (India) Limited	39.47	38.34
<b>Recovery of Loan</b>		
(i) Elecon Transmission International Limited, Mauritius, converted to investment	3,485.27	-
<b>Slump sale of MHE Undertaking pursuant to Scheme of Arrangement converted to investment/recovered</b>		
(i) Elecon EPC Projects Limited	12,732.44	-
<b>Remuneration</b>		
(i) Shri Prayasvin B. Patel	466.47	215.77
(ii) Shri Prashant C. Amin	238.39	230.74

## C) Balance at Year End

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(i) Outstanding Payable</b>		
(a) Associates and Joint Ventures		
(i) Elecon Peripherals Limited	250.63	446.20
(ii) Others	70.01	13.98
(b) Enterprises over which Note No. 34(A)(d) or 34(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	80.24	519.93
(ii) Prayas Engineering Limited	22.88	262.34
(iii) Akaash Mechatronics Limited	104.63	170.07
(iv) Kirlosker Power Build Gear Limited	17.00	17.00
(v) Elecon Information Technology Limited	-	135.42
(vi) Others	86.57	127.49
(c) Subsidiary Companies		
(i) Elecon Singapore Pte. Limited	83.96	-
(ii) Elecon Middle East FZCO	6.05	184.89
(ii) Elecon EPC Projects Limited	94.86	150.36

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(ii) Outstanding Receivables:</b>		
(a) Subsidiary Company		
(i) Elecon Transmission International Limited, Mauritius	639.42	3,558.51
(ii) Elecon EPC Projects Limited	18,787.89	33,434.67
(iii) Elecon Singapore Pte. Limited	278.86	182.25
(iv) Elecon Middle East FZCO	127.62	-
(b) Step down Subsidiaries		
(i) Radicon Transmission UK Limited, U.K.	1,636.32	295.78
(ii) AB Benzlers, Sweden	212.32	39.06
(iii) Elecon USA Transmission Limited, USA	123.20	131.40
(iv) Benzlers TBA B.V.,	-	46.82
(c) Associates and Joint Ventures		
(i) Eimco Elecon (India) Limited	44.86	181.81
(ii) Elecon Peripherals Limited	14.55	0.81
(d) Enterprises over which Note No. 34(A)(d) or 34(A)(e) of above have significant influence		
(i) Emtici Engineering Limited	0.94	24.48
(ii) Power Build Private Limited	118.06	40.65
(iii) Others	-	3.51
<b>(iii) Investments:</b>		
(a) Subsidiary Companies		
<b>1. In Equity Shares</b>		
(i) Elecon Transmission International Limited, Mauritius	6,551.32	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>2. In Preference Shares</b>		
(i) Elecon EPC Projects Limited	12,732.00	-
(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. 34(A)(d) or 34(A)(e) of above have significant influence		
(i) Wizard Fincap Limited	12.45	12.45
(ii) Eimco Elecon Electricals Limited	20.00	20.00

### 35. DISCLOSURES SPECIFIED BY THE MSMED ACT

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

### 36. CIF VALUE OF IMPORTS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
a) Raw Material	2,763.83	360.97
b) Stores and Spares	143.19	369.07
c) Capital Goods	5.79	55.84



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
a) Interest	87.08	746.40
b) Technical Consultancy Fees	104.02	113.68
c) Legal and Professional fees	10.66	21.83
d) Others	156.33	363.36

### 38. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
a) Export of Goods calculated on F.O.B. basis Reduction Gears	7,315.77	5,988.94
b) Servicing Income	-	11.20

### 39. PROPOSED DIVIDEND

The Board of Directors have proposed equity dividend of ₹ 1.10 (Previous Year ₹ 1.00) per Equity Share of ₹ 2.00 each. The aggregate amount of equity dividend proposed to be distributed is ₹ 1,449.03 Lacs (Previous Year ₹ 1,187.27 Lacs). Including Dividend Distribution Tax of ₹ 250.74 Lacs (Previous Year ₹ 97.91 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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECON ENGINEERING COMPANY LIMITED**

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

We have audited the accompanying Consolidated Financial Statements of ELECON ENGINEERING COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.



### Other Matter

- (a) We did not audit the financial statements of subsidiaries and jointly controlled entities, whose financial statements reflect total assets of ₹ 35,115.64 Lacs as at 31st March, 2015, total revenues of ₹ 38,285.31 Lacs and net cash flows amounting to ₹ 998.88 Lacs for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 20.39 Lacs for the year ended 31st March, 2015, as considered in the Consolidated Financial Statements, in respect of associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2015 taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:-
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note 31 to the Consolidated Financial Statements.
    - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

**For THACKER BUTALA DESAI**

Chartered Accountants  
Firm Regn. No. 110864W

**M. T. DESAI**

Partner

M. No. : 030911

Place : Navsari  
Date : 05-05-2015



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Our reporting on the Order includes one subsidiary company, one jointly controlled company and one associate company incorporated in India, to which the order is applicable, which have been audited by other auditors except one subsidiary company and our report in respect of these entities is based solely on reports of other auditors, to the extent considered applicable for reporting under the Order in the case of the Consolidated Financial Statements and does not include seventeen subsidiary companies which are incorporated outside India.

- (i) In respect of the fixed assets of the holding company, subsidiary company, associate company and jointly controlled company incorporated in India:
  - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management of the respective entities in accordance with a programme of verification, which in our opinion and the opinion of the other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.
- (ii) In respect of the inventories of the holding company, subsidiary company, associate company and jointly controlled company incorporated in India:
  - (a) As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
  - (b) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
  - (c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us and the other auditors, the holding company, subsidiary company and jointly controlled company incorporated in India have not granted loans, secured or unsecured, to companies, firms or other parties covered under Section 189 of the Companies Act, 2013 but the associate company has granted loans to company covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loan:
  - (a) The receipt of principal amounts and interest is as per the terms of the loan agreements and are regular.
  - (b) There is no overdue amount of loans granted to a company listed in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and other auditors, there is an adequate internal control system in the holding company, subsidiary company, associate company and jointly controlled company incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our and the other auditors audit no continuing failure to correct major weaknesses in such internal control system has been observed.
- (v) According to the information and explanations given to us, the holding company, subsidiary company, associate company and jointly controlled company incorporated in India has not accepted any deposits during the year.
- (vi) According to the information and explanations given to us, the holding company, subsidiary company, associate company and jointly controlled company incorporated in India have, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. Neither we nor the other auditors have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the holding company, subsidiary company, associate company and jointly controlled company incorporated in India:
  - (a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
  - (b) There were no undisputed amounts payable by respective entities in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.



- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2015 on account of disputes by the aforesaid entities are given below:-

(₹ in Lacs)

Sr. No.	Nature of Dues	Forum where Dispute	Aggregate Amount Involved
1	Excise Duty, Service Tax & Penalties	CESTAT, VADODARA	8,130.39
2	Service Tax, & Penalties	Central Excise Commissioner (Appeal)	15.82
3	Sales Tax / Work Contract Tax	Joint Commissioner of Commercial tax (Appeal)-Gujarat	891.73
4	Sales Tax / Work Contract Tax	Odisha High Court	347.55
5	Sales Tax / Work Contract Tax	Dy. Commissioner of Commercial Tax, Maharashtra	439.29
6	Sales Tax / Work Contract Tax	Senior Joint Commissioner (West Bengal)	18.48
7	Sales Tax / Work Contract Tax	President, Commercial Tax, Appellate Revisional Board	233.39
8	Sales Tax / Work Contract Tax	Additional Commissioner, West Bengal	117.00
9	Income Tax	Commissioner of Income Tax (Appeal)	336.05
10	Income Tax	ITAT	49.47

- (d) The aforesaid entities have been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Group, its associate and jointly controlled entity does not have consolidated accumulated losses at the end of the financial year and the Group, its associate and jointly controlled entity have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and other auditors, the holding company, subsidiary company, associate company and jointly controlled company incorporated in India have not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (x) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the terms and conditions of the guarantees given by the holding company, subsidiary company, associate company and jointly controlled company incorporated in India for loans taken by others outside of the Group its associate and jointly controlled entity from banks and financial institutions are not, prima facie, prejudicial to the interests of the group, its associate and jointly controlled entity.
- (xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans obtained during the period under review have been applied by the holding company during the year for the purposes for which they were obtained. subsidiary company, associate company and jointly controlled company incorporated in India have not obtained any term loan during the year covered under audit.
- (xii) To the best of our knowledge and according to the information and explanations given to us and to other auditors, no fraud by the holding company, its subsidiary company, associate company and jointly controlled company incorporated in India and no material fraud on the holding company, its subsidiary company, associate company and jointly controlled company incorporated in India has been noticed or reported during the year.

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

Place : Navsari  
Date : 05-05-2015

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

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Lacs)

	Notes	As at 31st March, 2015	As at 31st March, 2014
<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	51,378.09	51,030.65
		<b>53,556.81</b>	<b>53,209.37</b>
<b>(2) Minority Interest</b>		<b>3,603.53</b>	<b>3,503.34</b>
<b>(3) Non - Current Liabilities</b>			
(a) Long-Term Borrowings	5	16,316.58	13,779.84
(b) Deferred Tax Liabilities	6	3,614.21	4,319.01
(c) Other Long Term Liabilities	7	11,305.06	13,899.36
(d) Long-Term Provisions	8	317.47	325.71
		<b>31,553.32</b>	<b>32,323.92</b>
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	9	33,964.00	43,961.53
(b) Trade Payables		51,527.13	49,399.85
(c) Other Current Liabilities	10	20,429.86	21,510.63
(d) Short-Term Provisions	11	2,125.62	2,165.70
		<b>1,08,046.61</b>	<b>1,17,037.71</b>
<b>TOTAL</b>		<b>1,96,760.27</b>	<b>2,06,074.34</b>
<b>II. ASSETS</b>			
<b>(1) Goodwill on Consolidation</b>		<b>5,261.77</b>	<b>5,261.77</b>
<b>(2) Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		40,906.42	47,066.97
(ii) Intangible Assets		6,141.16	7,193.69
(iii) Capital Work-in-Progress		379.87	735.77
		<b>47,427.45</b>	<b>54,996.43</b>
(b) Non-Current Investments	13	607.59	480.49
(c) Net Deferred Tax Assets	6	339.71	318.00
(d) Long-Term Loans and Advances	14	1,709.91	1,852.23
(e) Other Non-Current Assets	15	5,374.97	6,525.84
		<b>55,459.63</b>	<b>64,172.99</b>
<b>(3) Current Assets</b>			
(a) Current Investments		927.15	960.75
(b) Inventories	16	34,629.26	35,791.67
(c) Trade Receivables	17	85,822.46	85,307.45
(d) Cash and Bank Balances	18	3,150.52	2,228.85
(e) Short-Term Loans and Advances	19	10,880.34	11,473.86
(f) Other Current Assets	20	629.14	877.00
		<b>1,36,038.87</b>	<b>1,36,639.58</b>
<b>TOTAL</b>		<b>1,96,760.27</b>	<b>2,06,074.34</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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015



		Year Ended 31st March, 2015	Year Ended 31st March, 2014
	Note		(₹ in Lacs)
<b>I. Revenue from Operations (Gross)</b>		1,40,270.67	1,38,588.87
Less : Excise Duty		(7,381.62)	(9,297.08)
Revenue from Operations (Net)	21	<b>1,32,889.05</b>	<b>1,29,291.79</b>
<b>II. Other Income</b>	22	1,661.74	1,405.50
<b>III. Total Revenue (I + II)</b>		<b>1,34,550.79</b>	<b>1,30,697.29</b>
<b>IV. Expenses:</b>			
(a) Cost of Materials Consumed	23	64,045.06	58,786.62
(b) Purchases of Stock-in-Trade		654.03	513.25
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	2,977.14	3,142.17
(d) Manufacturing Expenses and Erection Charges	25	14,690.51	14,150.12
(e) Employee Benefits Expense	26	14,325.83	17,401.66
(f) Research & Development Expense	27	290.98	441.98
(g) Finance Costs	28	8,087.00	7,403.70
(h) Depreciation and Amortization Expense		7,157.87	6,162.36
(i) Other Expenses	29	18,929.46	19,757.24
<b>Total Expenses</b>		<b>1,31,157.88</b>	<b>1,27,759.10</b>
<b>V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		3,392.91	2,938.19
<b>VI. Exceptional Items - Income from Sale of Business</b>		-	-
<b>VII. Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>3,392.91</b>	<b>2,938.19</b>
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>3,392.91</b>	<b>2,938.19</b>
<b>X. Tax Expense:</b>			
(a) Current Tax		2,416.20	1,667.80
(b) Deferred Tax		(741.39)	(84.21)
(c) MAT Credit Entitlement		-	(73.35)
(d) Excess/Short Provision of Taxation		3.87	1.22
<b>XI. Profit for the Year (IX-X)</b>		<b>1,714.23</b>	<b>1,426.73</b>
<b>XII. Minority Interest (Profit) / Loss</b>		(100.19)	(68.87)
<b>XIII. Share of Profit of Associates</b>		20.39	15.42
<b>XIV. Profit After Taxation, Minority Interest &amp; Share of Associates</b>		<b>1,634.43</b>	<b>1,373.28</b>
<b>XV. Earnings per equity share:</b>			
(1) Basic		1.50	1.26
(2) Diluted		1.50	1.26
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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>[A] CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Net Profit Before Tax & Minority Interest	3,392.91	2,938.19
2. Adjustments for:		
[i] Depreciation and Amortisation	7,157.87	6,162.36
[ii] Interest Expenses	8,087.00	7,403.70
[iii] Interest Income	(51.92)	(28.27)
[iv] Unrealised Exchange (Gain) / Loss (Net)	1,467.17	(717.33)
[v] Profit on Sales of Fixed Assets & Investments	(843.98)	(3.81)
[vi] Bad Debts Written Off / Provision for Doubtful Debts	893.62	206.06
[vii] Dividend Income	(57.26)	(61.26)
<b>Operating Profit Before Working Capital Changes (1+2)</b>	<b>20,045.41</b>	<b>15,899.64</b>
3. Adjustments for Working Capital changes:		
[i] Trade & Other Receivables		
(Increase) / Decrease in Trade Receivables	(1,408.82)	(1,741.47)
(Increase) / Decrease in Other Receivables	1,940.74	979.48
[ii] Trade & Other Payables		
Increase / (Decrease) in Trade Payables	2,103.06	(4,579.53)
Increase / (Decrease) in Other Payables	(3,878.95)	3,965.85
[iii] Inventories	1,162.41	3,494.20
<b>Cash Generated From Operations</b>	<b>19,963.85</b>	<b>18,018.17</b>
4. Less: Direct Taxes Paid	(2,226.04)	(2,048.48)
<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>	<b>17,737.81</b>	<b>15,969.69</b>
<b>[B] CASH FLOW FROM INVESTING ACTIVITIES</b>		
1. Purchase of Fixed Assets	(1,664.50)	(3,511.98)
2. Sale of Fixed Assets	1,602.83	623.23
3. Purchase of Investments	(106.71)	(143.14)
4. Sale of Investments	69.44	-
5. Interest Received	51.92	18.62
6. Dividend Received	57.26	61.26
<b>NET CASH FROM INVESTING ACTIVITIES [B]</b>	<b>10.24</b>	<b>(2,952.01)</b>



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>[C] CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds / Repayment from / of Borrowings	(7,460.79)	(4,602.01)
2. Finance Cost Paid	(8,139.85)	(7,562.36)
3. Dividend Paid	(1,225.74)	(1,792.36)
<b>NET CASH FROM FINANCING ACTIVITIES [C]</b>	<b>(16,826.38)</b>	<b>(13,956.73)</b>
<b>[D] NET INCR./(DECR.) IN CASH &amp; CASH EQUIVALENTS [A+B+C]</b>	921.67	(939.05)
<b>[E] Cash &amp; Cash Equivalents at the beginning of the year</b>	2,228.85	3,167.90
<b>[F] Cash &amp; Cash Equivalents at the end of the year</b>	<b>3,150.52</b>	<b>2,228.85</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 : 05-05-2015

## For and on behalf of the Board of Directors

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 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 Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). 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. 30 (collectively referred to as 'the Group').

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

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

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

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

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

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

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

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

## 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 as per the useful life prescribed in Schedule II to the Companies Act, 2013.

In respect of all other Fixed Assets, depreciation is provided on Written Down Value Method as per the useful life prescribed in Schedule II to the Companies Act, 2013

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 (6) years
- ii) Technical know-how : over a period of six (6) 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 Trade Receivable.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

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

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

### **h) Foreign Currency Transactions**

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

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

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

### **i) Employee Benefits**

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

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

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

### **j) Impairment of Assets**

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

### **k) Accounting for Tax**

#### **Indian Companies**

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

#### **Foreign Companies**

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



## 3. SHARE CAPITAL

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Authorised Share Capital</b>		
i) 22,50,00,000 (Previous Year 22,50,00,000) Equity Shares of ₹ 2/- each	4,500.00	4,500.00
ii) 2,50,00,000 (Previous Year 2,50,00,000) Cumulative Redeemable Preference Shares of ₹ 2/- each	500.00	500.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>

### Issued Subscribed and Paid-up Capital

10,89,35,843 Equity Shares of ₹ 2/- each (Previous Year 10,89,35,843 Equity Shares of ₹ 2/- each)	2,178.72	2,178.72
<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	As at 31st March, 2015	As at 31st March, 2014
Outstanding at the beginning of the Year	10,89,35,843	9,28,61,510
Add : Issued during the year	-	1,60,74,333
Outstanding at the end of the Year	10,89,35,843	10,89,35,843

### (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		As at 31st March, 2015	As at 31st March, 2014
Equity Shares of ₹ 2/- each fully paid			
(a) EMTICI Engineering Limited	Nos.	2,67,75,669	2,67,75,669
	% Holding	24.58%	24.58%
(b) Prayas Engineering Limited	Nos.	1,11,66,394	1,11,66,394
	% Holding	10.25%	10.25%
(b) K. B. Investments Pvt. Ltd.	Nos.	1,00,81,125	1,00,81,125
	% Holding	9.25%	9.25%

### (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	As at 31st March, 2015	As at 31st March, 2014
(a) Equity Share allotted as fully paid up shares by virtue of schemes of arrangement	1,60,74,333	1,60,74,333

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<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	48,331.86	47,532.79
Add : Transferred from Surplus in Statement of Profit and Loss	1,500.00	799.07
Less : Depreciation Adjustment (Net of Deferred Tax)	(10.23)	-
Closing Balance	<u>49,821.63</u>	<u>48,331.86</u>
<b>(e) Surplus in Statement of Profit and Loss</b>		
As per Last Financial Statements	607.72	1,259.25
Add : Transferred during the year from Statement of Profit and Loss	1,634.43	1,373.28
Less : Appropriations		
Proposed Dividend	(1,198.29)	1,121.33
Tax on Proposed Dividend	(250.74)	104.41
Transfer to General Reserve	(1500.00)	799.07
Net Surplus in Statement of Profit and Loss	<u>(706.88)</u>	<u>607.72</u>
<b>(f) Foreign Currency Translation Reserve</b>	(866.01)	(1,038.28)
<b>Total Reserves and Surplus</b>	<u><u>51,378.09</u></u>	<u><u>51,030.65</u></u>

### 5. LONG-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
<b>(a) 11% Non Convertible Debentures</b>	-	2,500.00
<b>(b) Term loans</b>		
- From Banks	13,351.58	11,279.84
<b>(c) Corporate Loans</b>		
- From Banks	2,965.00	-
	<u><u>16,316.58</u></u>	<u><u>13,779.84</u></u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



## 6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Deferred Tax Liabilities</b>		
In respect of difference between book & Tax W. D. V.	4,452.11	4,422.82
<b>(b) Deferred Tax Assets</b>		
In respect of disallowance under the Income Tax Act.	(1,177.61)	(421.81)
<b>Net Deferred Tax Liability</b>	<b>3,274.50</b>	<b>4,001.01</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	3,614.21	4,319.01
Deferred Tax Assets	339.71	318.00
	<b>3,274.50</b>	<b>4,001.01</b>

## 7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Trade Payables	1,253.03	923.05
(b) Deposits	112.29	112.38
(c) Advance from Customers	5,909.35	7,734.49
(d) Pension Liabilities	4,030.39	5,129.44
	<b>11,305.06</b>	<b>13,899.36</b>

## 8. LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Provision for Employee Benefits:		
Provision for Gratuity	-	43.53
Provision for Leave Encashment	317.47	282.18
	<b>317.47</b>	<b>325.71</b>

## 9. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
(a) Loans Repayable on Demand:		
Working Capital Loans		
- From Banks	32,050.34	41,302.48
- From Others	-	239.08
<b>Unsecured</b>		
(a) Working Capital Loans		
- From Banks (Unsecured)	864.66	2,099.68
(b) Other Loans		
- From Others	1,049.00	320.29
	<b>33,964.00</b>	<b>43,961.53</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 10. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Current Maturities of		
Term Loan (Secured)	4,353.84	5,327.87
Corporate Loan (Secured)	535.00	-
Vehicle Loan (Secured)	-	4.52
Finance Lease Obligations (Secured)	-	264.05
(b) Advance from Customers	14,554.80	14,851.26
(c) Interest Accrued but not due on Borrowings	127.00	175.75
(d) Interest Accrued and due on Borrowings	-	4.10
(e) Unpaid Dividends	127.71	131.64
(f) Statutory & Other Liabilities	557.56	711.04
(g) Deposits	11.23	11.23
(h) Other Payable	162.72	29.17
	<b>20,429.86</b>	<b>21,510.63</b>

### 11. SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
(a) Provision for Employee Benefits:		
Provision for Leave Encashment	137.82	133.28
Provision for Gratuity	52.37	50.79
Provision for Supperannuation	10.83	178.39
(b) Proposed Dividend	1,198.29	1,121.33
(c) Dividend Tax on Proposed Dividend	250.74	104.41
(d) Other Provisions	475.57	577.50
	<b>2,125.62</b>	<b>2,165.70</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 12. FIXED ASSETS

(₹ in Laos)

Sr. No.	Nature of Assets	Gross Block (At Cost)					Depreciation			Net Block			
		As at 1st April 2014	Additions during the Year	Deductions during the Year	Exchange Rate Movements	As at 31st March 2015	As at 1st April 2014	For the year	On Deductions during the Year	Transfer To GR	Exchange Rate Movements	As at 31st March 2015	As at 31st March 2014
<b>I. Tangible Assets</b>													
(a)	Land (Freehold)	2,187.17	-	(48.82)	-	2,138.35	-	-	-	-	(0.55)	2,138.90	2,187.17
(b)	Land (Leasehold)	-	8.38	-	-	8.38	-	-	-	-	-	8.38	-
(c)	Buildings	9,414.67	964.78	(144.34)	(401.19)	9,833.92	3,491.22	851.36	(88.00)	1.03	(221.29)	5,799.60	5,923.45
(d)	Plant and Machinery	62,958.70	507.67	(810.42)	(725.61)	61,930.34	27,758.52	4,513.62	(656.03)	7.62	(254.71)	30,561.32	35,200.18
(e)	Furniture and Fixtures	956.76	32.99	(2.00)	(8.27)	979.48	604.30	123.64	(1.60)	2.31	(4.89)	255.72	352.46
(f)	Vehicles	1,016.18	12.29	(59.26)	(1.53)	967.68	593.17	149.78	(35.38)	-	(1.02)	261.13	423.01
(g)	Office Equipments	3,625.65	86.10	(16.89)	(4.04)	3,690.82	3,127.38	289.85	(11.02)	3.89	(1.49)	282.21	498.27
(h)	Others :												
(i)	Electrical Installations	1,026.51	0.67	-	-	1,027.18	413.88	185.17	-	-	-	428.13	612.63
(ii)	Electrical Fittings	230.58	-	-	-	230.58	90.26	53.75	-	0.64	-	85.93	140.32
(iii)	Air Conditioning Plant	741.07	17.19	(153.77)	(2.00)	602.49	289.11	161.33	(0.27)	-	(0.36)	152.68	451.96
(iv)	Sundry Equipments	1,581.05	10.84	1.41	(309.82)	1,283.48	1,085.36	100.90	(2.99)	-	(148.57)	248.78	495.69
(v)	Site Office Equipments	80.88	4.93	-	(5.33)	80.48	58.90	20.70	-	-	(3.20)	4.08	21.98
(vi)	R&D Equipments	1,219.25	1.32	-	-	1,220.57	461.75	91.77	-	-	(10.57)	677.62	757.50
(vii)	Jigs	3.62	-	-	-	3.62	1.27	0.51	-	-	(0.10)	1.94	2.35
<b>Total</b>		<b>85,042.09</b>	<b>1,647.15</b>	<b>(1,234.09)</b>	<b>(1,457.79)</b>	<b>83,997.37</b>	<b>37,975.12</b>	<b>6,542.38</b>	<b>(795.29)</b>	<b>15.49</b>	<b>(646.75)</b>	<b>40,906.42</b>	<b>47,066.97</b>
Previous year		85,855.77	1,836.75	(3,128.67)	478.24	85,042.09	34,680.69	5,559.37	(2,509.25)	-	244.31	47,066.97	51,175.08
<b>II. Intangible Assets</b>													
(a)	Technical Knowhow Fees	615.86	-	-	-	615.86	521.29	49.46	-	-	(0.01)	45.12	94.57
(b)	Software	544.69	6.79	-	-	551.48	83.10	99.43	-	-	(15.58)	384.53	461.59
(c)	Goodwill on Acquisition	3,415.83	-	-	(211.22)	3,204.61	-	141.93	-	-	(30.69)	3,093.37	3,415.83
(d)	Licenses	629.93	10.57	-	-	640.50	207.06	104.88	-	-	0.01	328.55	422.87
(e)	Others - IPR	4,014.61	-	-	(329.11)	3,685.50	1,215.78	219.79	-	-	(39.66)	2,289.59	2,798.83
<b>Total</b>		<b>9,220.92</b>	<b>17.35</b>	<b>-</b>	<b>(540.33)</b>	<b>8,697.95</b>	<b>2,027.23</b>	<b>615.49</b>	<b>-</b>	<b>-</b>	<b>(85.93)</b>	<b>6,141.16</b>	<b>7,193.69</b>
Previous year		7,412.55	522.31	-	1,286.06	9,220.92	1,325.57	602.97	-	-	98.69	7,193.69	6,086.98
<b>Grand Total</b>		<b>94,263.01</b>	<b>1,664.52</b>	<b>(1,234.09)</b>	<b>(1,998.12)</b>	<b>92,695.32</b>	<b>40,002.35</b>	<b>7,157.87</b>	<b>(795.29)</b>	<b>15.49</b>	<b>(732.68)</b>	<b>47,047.58</b>	<b>54,260.66</b>
Previous year		93,268.32	2,359.06	(3,128.67)	1,764.30	94,263.01	36,006.26	6,162.34	(2,509.25)	-	343.00	54,260.66	57,262.06



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<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)	218.28	197.89
	<u>231.28</u>	<u>210.89</u>
<b>(B) Other Investment (at Cost)</b>		
(1) Investment In Property	72.62	76.96
(2) Investment In Equity Instruments (Fully Paid-up) (Quoted):	50.95	50.24
(3) Investment In Equity Instruments (Fully Paid-up) (Unquoted):	155.55	45.24
(4) Investments in Bond Non Trade (Quoted)	97.19	97.16
	<u><b>607.59</b></u>	<u><b>480.49</b></u>

### 14. LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good		
(a) Capital Advances	77.02	18.06
(b) Deposits	921.99	917.33
(c) Advances Recoverable in Cash or Kind	12.51	12.51
(d) Prepaid Expenses	-	11.91
(e) Advance Payment of Tax (Net of Provision for Taxation)	625.04	819.07
(f) MAT Credit Entitlement	73.35	73.35
	<u><b>1,709.91</b></u>	<u><b>1,852.23</b></u>

### 15. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good		
(a) Long Term Trade Receivables	5,295.66	6,446.25
(b) Deposit with Original Maturity of more than 12 months	66.31	66.59
(c) Margin Money Deposit	13.00	13.00
	<u><b>5,374.97</b></u>	<u><b>6,525.84</b></u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



## 16. INVENTORIES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
At lower of cost or net realisable value		
(a) Raw Materials	13,641.52	12,282.57
(b) Raw Materials-in-Transit	2,447.03	1,628.39
(c) Semi-Finished Goods	13,766.44	16,554.02
(d) Finished Goods	3,458.68	3,704.10
(e) Stores and Spares	1,130.01	1,314.52
(f) Stock-in-Trade	185.58	308.07
	<b>34,629.26</b>	<b>35,791.67</b>

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

## 17. TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good		
(a) Outstanding for a period exceeding six (6) month from the Due date	32,942.40	32,334.60
(b) Others	52,880.06	52,972.85
	<b>85,822.46</b>	<b>85,307.45</b>

## 18. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Cash and Cash Equivalent		
(a) Balance with Banks:		
In Current Account	2,901.93	1,991.11
Deposit with original maturity of less than three (3) months	115.13	115.09
Unpaid Dividend Bank Account	127.71	119.52
(b) Cash on Hand	0.66	0.44
Other Bank Balances		
(a) Margin Money Deposit	5.09	2.69
	<b>3,150.52</b>	<b>2,228.85</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 19. SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Unsecured, Considered Good :		
(a) Advances Recoverable in Cash/Kind	8,185.98	9,430.00
(b) Balance with Collector of Custom, Port Trust, Excise etc.	1,768.32	1,355.32
(c) Loan to Staff	40.12	75.40
(d) Prepaid Expenses	883.15	610.24
(e) Security Deposits	2.77	2.90
	<b>10,880.34</b>	<b>11,473.86</b>

### 20. OTHER CURRENT ASSETS

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Other Receivables		
- From Others	629.14	877.00
	<b>629.14</b>	<b>877.00</b>

### 21. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Sale of Products		
Material Handling Equipments	40,796.06	42,482.84
Gear Sales	80,058.61	76,365.52
WTG Sales & Electricity Generation	25.63	41.90
Machinery, Spares and Others	3,219.74	3,177.18
	<b>1,24,100.04</b>	<b>1,22,067.44</b>
(b) Sale of Services		
Erection Charges	<b>7,077.32</b>	<b>6,069.40</b>
(c) Other Operating Revenues		
Miscellaneous/Scrap Sales	1,337.93	1,051.30
Duty Drawback	75.06	79.40
Machinery Hire Charges	13.32	13.32
Others	285.38	10.93
	<b>1,711.69</b>	<b>1,154.95</b>
	<b>1,32,889.05</b>	<b>1,29,291.79</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



### 22. OTHER INCOME

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Interest Income	51.92	28.27
(b) Dividend Income	57.26	61.26
(c) Profit on Sales of Assets	808.14	19.70
(d) Net Gain / Loss on Sale of Investments	35.84	26.10
(e) Gain on account of Exchange Variation	-	750.60
(f) Excess/Short Provision of Earlier Year Written Back	175.67	215.68
(g) Miscellaneous Income	532.91	303.89
	<b>1,661.74</b>	<b>1,405.50</b>

### 23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Raw Materials Consumed	64,045.06	58,786.62
	<b>64,045.06</b>	<b>58,786.62</b>

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

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Opening 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) Closing Stock :		
Semi-Finished Goods (WIP)	13,770.36	16,554.02
Finished Goods	3,633.11	3,704.10
Stock-in-Trade	185.58	308.07
	<b>17,589.05</b>	<b>20,566.19</b>
	<b>2,977.14</b>	<b>3,142.17</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 25. MANUFACTURING EXPENSES AND ERECTION CHARGES

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Stores, Tools and Spares Consumed	2,847.32	3,197.46
(b) Sub-Contracting Charges	8,021.15	7,058.50
(c) Power and Fuel	997.96	890.77
(d) Erection and Other Charges	1,500.15	1,510.65
(e) Other Manufacturing Expenses	1,323.93	1,492.74
	<b>14,690.51</b>	<b>14,150.12</b>

### 26. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Salaries and Wages (Incl. Managerial Remuneration)	11,472.65	13,389.45
(b) Contribution to Provident Fund	293.34	359.97
(c) Employees' Welfare Expenses	2,067.64	2,573.66
(d) Employees' Retirement Benefits	492.20	1,078.58
	<b>14,325.83</b>	<b>17,401.66</b>

### 27. RESEARCH AND DEVELOPMENT EXPENSES

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Material for prototyping	53.05	42.79
(b) Salaries and Wages, Contribution to Provident Fund & Other Funds & Related Expenses	209.57	352.64
(c) Travelling, Conveyance and Other Expenses	28.36	46.55
	<b>290.98</b>	<b>441.98</b>

### 28. FINANCE COST

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Interest Expense	6,111.96	6,981.66
(b) Other Borrowing Cost	1,234.84	410.02
(c) Applicable Net Gain/Loss on Foreign Currency Transaction/Translation	740.20	12.02
	<b>8,087.00</b>	<b>7,403.70</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



### 29. OTHER EXPENSES

(₹ in Lacs)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
(a) Technical Know how and Design Fees	362.01	187.51
(b) Rent	1,515.91	1,911.79
(c) Computer Software Charges	790.11	1,062.27
(d) Rates & Taxes (Incl. Wealth Tax Provision)	801.96	770.44
(e) Excise Duty (excluding Duty recovered from Customers)	(12.84)	(25.31)
(f) Repairs and Maintenance :		
Buildings	276.15	370.26
Machineries	1,432.93	1,636.79
Others	210.05	314.79
(g) Insurance (Net of Recoveries)	326.34	287.87
(h) Travelling Expenses	1,089.23	1,068.08
(i) Bank Charges	619.25	566.62
(j) Directors' Fees	14.18	11.99
(k) Commission to Non Executive Director	28.74	25.00
(l) Packing, Forwarding & Distribution Expenses (Net of Recoveries)	2,508.09	2,486.56
(m) Commission & Brokerage	2,516.85	3,160.60
(n) Rectification Expenses	96.42	121.58
(o) Bad Debts Written Off	893.62	206.06
(p) Liquidated Damages	299.50	231.95
(q) Advertisements & Sales Promotion Expenses	316.81	341.55
(r) Payment to Auditors	97.94	67.51
(s) Donations	10.65	65.58
(t) Expenditure on Corporate Social Responsibility	143.97	-
(u) Lease Rentals	1,140.63	1,148.76
(v) Royalty Paid	151.02	27.90
(w) Technical Inspection Consultancy Fees	14.76	0.31
(x) Other Professional Consultancy Fees	1,347.96	1,226.50
(y) General Administrative Charges	1,811.17	2,398.46
(z) Loss on Account of Exchange Variation	24.22	-
(aa) Provision for warranty	37.03	0.45
(ab) Miscellaneous Expenses	63.06	69.48
(ac) Sundry Debit Balance Written off	1.74	-
(ad) Loss on Sale of Fixed Assets	-	15.89
	<b>18,929.46</b>	<b>19,757.24</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 30. DESCRIPTION OF THE GROUP

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

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary	
		As at 31st March, 2015	As at 31st March, 2014
<b>(a) Subsidiary Companies</b>			
Elecon EPC Projects Limited	India	60.49	60.49
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 Inc	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, 2015

## 31. CONTINGENT LIABILITIES AND COMMITMENTS

(To the extent not provided for)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Contingent Liabilities :</b>		
<u>Claims not acknowledged as debt</u>		
(i) Disputed Excise Duty against Demand Notices received	7,139.30	2,624.01
(ii) Service Tax disputed and paid under protest	241.92	241.92
(iii) Disputed Sales Tax/Works Contract Tax	1,155.01	491.55
(iv) Disputed Income Tax Demand-Disputed by Company	637.03	333.44
(v) Disputed Income Tax Demand-Disputed by Income Tax Authorities	377.64	320.10
(vi) Sales Bills Discounted under LC with Banks	1,042.65	1,176.40
(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, 2009-10 and 2010-11	1,075.74	200.10
(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	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 has been settled in arbitration on June 29th 2014.	-	Unascertained
(xi) Mortgage and Pledge	2,578.27	1,818.07
(xii) Contingent Liability with PRI for AB Benzlers (Sweden)	74.15	79.35
<u>Guarantees</u>		
(i) Guarantees issued by Company's Bankers	55,447.07	60,908.39
(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.	1,082.30	1,380.00
(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.	24,344.64	24,134.26
(iv) The Company has provided Corporate Guarantee to State Bank of India, Consortium to the tune of ₹ 91,880.00 Lacs as a security for repayment of Financial facilities availed by Elecon EPC Projects Limited, a Subsidiary of the Company.	91,880.00	90,000.00
(v) Guarantees for floating charges	1,526.37	1,843.99
<b>(b) Commitments :</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,436.47	1,436.57
(ii) Liability for Export Obligation under Export Promotion credit Guarantee	1,525.92	7,556.95

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
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**(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	195.02	130.62
Guarantees given by Company on behalf of Third Party	461.00	504.69
Estimated amount of contracts remaining to be executed on capital account	20.18	84.69

## 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
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**Expense recognized in the Statement of Profit and Loss :-**

Current Service Cost	2014-15	70.50	46.42	34.89
	2013-14	84.94	71.42	991.47
Interest Cost	2014-15	56.19	29.90	164.20
	2013-14	106.00	24.16	175.53
Expected Return on Plan Assets	2014-15	(39.03)	-	-
	2013-14	(86.40)	-	-
Net Actuarial (Gains) / Losses	2014-15	82.40	53.47	-
	2013-14	289.22	24.79	-
<b>Total Expenses</b>	2014-15	<b>170.06</b>	<b>129.79</b>	<b>199.09</b>
	2013-14	<b>393.77</b>	<b>120.37</b>	<b>1,167.00</b>

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

Present value of Defined Benefit Obligation	2014-15	1,361.16	357.07	4,029.90
	2013-14	1,249.46	320.55	5,129.44
Fair value of Plan Assets	2014-15	1,254.46	-	-
	2013-14	1,142.91	-	-
Funded Status [Surplus / (Deficit)]	2014-15	(106.70)	(357.07)	(4,029.90)
	2013-14	(106.55)	(320.55)	(5,129.44)
<b>Net Asset / (Liability)</b>	2014-15	<b>(106.70)</b>	<b>(357.07)</b>	<b>(4,029.90)</b>
	2013-14	<b>(106.55)</b>	<b>(320.55)</b>	<b>(5,129.44)</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



(₹ in Lacs)

Gratuity | Leave Encashment | Pension Liability

## Change in Obligation during the Year :-

Present value of Defined Benefit Obligation at beginning of the year	2014-15	1,249.46	320.55	5,129.44
	2013-14	1,286.39	292.88	4,124.82
Current Service Cost	2014-15	70.50	46.42	34.89
	2013-14	84.94	71.42	991.47
Interest Cost	2014-15	116.58	29.90	164.20
	2013-14	106.00	24.16	175.53
Liability Transferred In	2014-15	-	-	-
	2013-14	-	229.17	-
Liability Transferred Out	2014-15	-	-	-
	2013-14	-	(108.91)	-
Settlement Cost	2014-15	-	-	-
	2013-14	-	-	84.18
Actuarial (Gains) / Losses	2014-15	55.47	53.47	-
	2013-14	306.94	24.79	-
Benefits Payments	2014-15	(130.85)	(93.27)	-
	2013-14	(534.82)	(212.97)	-
Increase / (Decrease) in obligation due to fluctuation in Exchange Rates	2014-15	-	-	(1,298.63)
	2013-14	-	-	(246.55)
Present value of Defined Benefit Obligation at the end of the Year	2014-15	1,361.16	357.07	4,029.90
	2013-14	1,249.46	320.55	5,129.44

## Change in Assets during the Year :-

Plan Assets at the beginning of the Year	2014-15	1,142.90	-	-
	2013-14	993.01	-	-
Transfer From Other Company	2014-15	-	-	-
	2013-14	577.63	-	-
Transfer To Other Company	2014-15	-	-	-
	2013-14	(157.11)	-	-
Expected Return on Plan Assets	2014-15	99.42	-	-
	2013-14	86.40	-	-
Contributions by Employer	2014-15	169.92	-	-
	2013-14	159.99	-	-
Actual Benefits Paid	2014-15	(130.85)	-	-
	2013-14	(534.82)	-	-
Actuarial (Gains) / Losses	2014-15	(26.94)	-	-
	2013-14	17.79	-	-
Plan Assets at the end of the Year	2014-15	1,254.46	-	-
	2013-14	1,142.90	-	-

## Actuarial Assumptions:

Discount Rate	2014-15	9.33%	9.33%	3.00%
	2013-14	9.30%	9.30%	3.00%
Expected Rate of Return on Plan Assets	2014-15	8.70%	-	7.00%
	2013-14	8.70%	-	7.00%
Turnover Rate	2014-15	2.00%	2.00%	-
	2013-14	2.00%	2.00%	-
Rate of escalation in Salary (p.a.)	2014-15	6.50%	6.50%	3.00%
	2013-14	6.50%	6.50%	3.00%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- 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.
- 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.

### 33. SEGMENT INFORMATION

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>I. Business Segments</b>		
<b>Segment Revenue</b>		
Material Handling Equipment	51,742.65	50,203.45
Transmission Equipment	85,458.10	83,089.95
Others	3,264.29	3,213.26
<b>Total</b>	<b>1,40,465.04</b>	<b>1,36,506.66</b>
Less: Inter Segment Revenue	(7,575.99)	(7,214.87)
<b>Net Sales / Income from Operation</b>	<b>1,32,889.05</b>	<b>1,29,291.79</b>
<b>Segment Profit &amp; Loss Before Tax &amp; Interest</b>		
Material Handling Equipment	3,296.41	3,475.09
Transmission Equipment	7,675.89	6,400.70
Others	507.61	466.10
<b>Total</b>	<b>11,479.91</b>	<b>10,341.89</b>
Less : Finance Cost	(8,087.00)	(7,403.70)
<b>Total Profit Before Tax</b>	<b>3,392.91</b>	<b>2,938.19</b>
<b>Capital Employed</b>		
Segment wise Assets		
Material Handling Equipment	97,750.81	1,04,327.15
Transmission Equipment	94,796.75	98,102.13
Others	3,873.00	3,645.06
Segment wise Liabilities		
Material Handling Equipment	43,734.43	44,027.85
Transmission Equipment	44,984.84	46,518.10
Others	589.40	576.63
Segment wise Capital Employed		
Material Handling Equipment	54,016.38	60,299.30
Transmission Equipment	49,811.91	51,584.03
Others	3,283.60	3,068.43
<b>Total Capital Employed</b>	<b>1,07,111.89</b>	<b>1,14,951.76</b>

- Since, the figures of Alternate Energy Division (AED) are not reportable segment, as per the requirements of AS - 17, they are not shown separately.
- The Company has disclosed Business Segment as primary segment.
- 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.
- The Segment Revenue, Results, Assets and Liability include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- 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, 2015

### II. Geographical Segments

Information about Geographical Segments

(₹ in Lacs)

Particulars		India	ROW	Total
Revenue	2014-15	90,405.06	42,483.99	1,32,889.05
	2013-14	92,148.46	37,143.33	1,29,291.79
Carrying amounts of Segment Assets	2014-15	1,63,869.36	32,551.20	1,96,420.56
	2013-14	1,72,914.08	33,160.26	2,06,074.34
Capital Expenditure	2014-15	1,204.61	459.91	1,664.52
	2013-14	1,809.81	549.25	2,359.06

### 34. EARNING PER SHARE

(₹ in Lacs, except per share data)

	As at 31st March, 2015	As at 31st March, 2014
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	1,634.43	1,373.28
b) Weighted average number of Equity Shares	10,89,35,843	10,89,35,843
c) Earning Per Share (Basic & Diluted)	1.50	1.26
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. Limited
  - (ii) Sandvik Asia Private 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 Investment 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 Private Limited
  - (ix) Kirloskar Power Build Gears Limited
  - (x) Akaash Mechatronics Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- (xi) Madhuban Prayas Resorts Limited
- (xii) Wizard Fincap Limited
- (xiii) Eimco Elecon Electricals Limited
- (xiv) Excel EPC Projects Private Limited
- (xv) Aishpra Properties Private Limited
- (xvi) Akaaipra Infracon Private Limited
- (xvii) BIP Buildcon Private Limited
- (xviii) Madhuban Heights Private Limited
- (xix) MTC Buildcon Private Limited
- (xx) Akaaish Investment Private Limited

### B) Nature of Transactions :

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Purchase of Material / Finished Goods</b>		
From Enterprises over which significant influence can be exercised		
(i) Speciality Wood Pack Private Limited	663.23	664.71
(ii) Eimco Elecon Electricals Limited	21.05	44.24
(iii) Others	161.99	160.47
From Associates		
(i) Elecon Peripherals Limited	714.99	337.87
<b>Job Work Income</b>		
From Enterprises over which significant influence can be exercised		
(i) Power Build Private Limited	34.44	88.73
(ii) Others	1.08	6.30
From Associates		
(i) Elecon Peripherals Limited	7.80	5.52
<b>Job Work Expenses</b>		
From Enterprises over which significant influence can be exercised		
(i) Power Build Private Limited	6.03	15.23
(ii) Others	4.30	12.95
From Associates		
(i) Elecon Peripherals Limited	39.15	18.79
<b>Sale of Finished Goods / Consumable Stores</b>		
To Enterprises over which significant influence can be exercised		
(i) Power Build Private Limited	177.00	109.28
(ii) Others	0.52	2.08
To Joint Venture		
(i) Eimco Elecon (India) Limited	565.40	429.41
To Collaborators		
(i) Sandvik Asia Private Limited	7.35	-
<b>Purchase of Fixed Assets</b>		
To Enterprises over which significant influence can be exercised		
(i) Elecon Information Technology Limited	31.89	6.63
(ii) Emtici Engineering Limited	4.73	54.44
(iii) Others	2.51	-
<b>Sale of Fixed Assets</b>		
To Enterprise over which significant influence can be exercised		
(i) Power Build Private Limited	45.83	-
(ii) Others	3.50	-
To Joint Venture		
(i) Eimco Elecon (India) Limited	837.97	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015



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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Expenses Charged to Other Co.</b>		
To Enterprises over which significant influence can be exercised		
(i) Power Build Private Limited	162.22	43.47
(ii) Emtici Engineering Limited	81.62	-
(iii) Others	21.70	120.82
To Associates and Joint Venture		
(i) Elecon Peripherals Limited	22.57	-
(ii) Eimco Elecon (India) Limited	22.09	-
<b>Exp. Charged by Other Company</b>		
By Enterprises over which significant influence can be exercised		
(i) Akaaish Mechatronics Limited	840.07	731.59
(ii) Elecon Information Technology Limited	168.22	235.35
(iii) Emtici Engineering Limited	1,246.37	995.62
(iv) Prayas Engineering Limited	274.94	288.68
(v) Others	197.30	213.24
To Joint Venture		
(i) Eimco Elecon (India) Limited	70.04	-
<b>Dividend Received</b>		
From Joint Venture		
(i) Eimco Elecon (India) Limited	32.91	31.97
<b>Remuneration</b>		
(i) Shri Prayasvin B. Patel	466.47	215.77
(ii) Shri Prashant C. Amin	238.39	230.74

## C) Balance at the Year end :

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>(i) Outstanding Payables:</b>		
(a) Associates & Joint Ventures		
(i) Elecon Peripherals Limited	250.63	446.20
(ii) Others	70.01	11.65
(b) Enterprises over which Note No. 35(A)(b) or 35(A)(d) of above have significant influence		
(i) Emtici Engineering Limited	165.68	519.93
(ii) Prayas Engineering Limited	22.88	262.34
(iii) Akaaish Mechatronics Limited	105.89	170.07
(iv) Eimco Elecon Electricals Limited	89.59	-
(v) Others	2.40	127.49
<b>(ii) Outstanding Receivables:</b>		
(a) Associates & Joint Ventures		
(i) Eimco Elecon (India) Limited	45.66	151.59
(ii) Elecon Peripherals Limited	14.55	0.81
(b) Enterprises over which Note No. 35(A)(b) or 35(A)(d) of above have significant influence		
(i) Emtici Engineering Limited	0.94	24.48
(ii) Power Build Private Limited	118.06	30.75
(iii) Others	7.15	3.51



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

## 36. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity in the Group	Net assets, i.e., Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Lacs)	As % of Consolidated Profit or Loss	Amount (₹ in Lacs)
<b>Parent</b>				
1. Elecon Engineering Company Limited	16.32%	8,742.25	188.17%	3,075.59
<b>Subsidiaries</b>				
<b>Indian</b>				
1. Elecon EPC Projects Limited	75.44%	40,405.07	21.65%	353.79
<b>Foreign</b>				
1. Elecon Transmission International Limited	3.97%	2,124.17	-157.08%	(2,567.38)
2. Elecon Middle East FZCO	3.34%	1,790.00	19.14%	312.78
3. Elecon Singapore Pte. Limited	1.07%	574.13	11.11%	181.62
Minority Interests in all Subsidiaries	-6.73%	(3,603.53)	-6.13%	(100.19)
Associates (Investment as per the equity method)				
<b>Indian</b>				
1. Elecon Peripharals Limited	0.43%	231.28	1.25%	20.39
<b>Joint Ventures (as per proportionate consolidation)</b>				
<b>Indian</b>				
1. Eimco Elecon (India) Limited	6.15%	3,293.43	21.89%	357.83
<b>Total</b>	<b>100.00%</b>	<b>53,556.81</b>	<b>100.00%</b>	<b>1,634.43</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES COMPANIES AS PER COMPANIES ACT, 2013

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Subsidiary, Associate Companies and Joint Ventures

### Annexure - A

(All figures in Lacs except %)

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	% of Shareholding
Elecon EPC Projects Limited	INR	12,776.66	9,073.71	98,091.37	76,241.00	-	52,014.24	328.19	74.58	253.61	-	60.49
Elecon Transmission International Limited	INR GBP	8,024.35 80.36	(4,324.65) (46.77)	17,787.11 192.38	14,681.36 158.79	-	357.21 3.62	(1,891.73) (19.19)	1.00 0.01	(1,892.73) (19.20)	-	100.00
Elecon Singapore Pre. Limited	INR SGD	427.06 8.98	121.85 2.69	960.82 21.18	431.57 9.51	-	1,163.10 24.51	186.26 3.93	4.63 0.10	181.62 3.83	-	100.00
Elecon Middle East FZCO	INR AED	98.02 6.00	1,229.17 72.49	1,897.71 111.91	566.79 33.43	-	1,940.42 116.60	312.78 18.80	-	312.78 18.80	-	100.00
Benzler Systems AB	INR SEK	9.21 1.00	2,603.94 358.86	3,748.22 516.56	1,137.02 156.70	-	(7.54) (0.90)	(10.41) (1.24)	-	(10.41) (1.24)	-	100.00
Radicon Transmission UK Limited	INR GBP	2,152.78 21.56	(240.96) (2.61)	14,317.88 154.86	12,565.40 135.90	-	15,043.67 152.63	252.03 2.56	(36.64) (0.37)	288.67 2.93	-	100.00
AB Benzlers	INR SEK	1,197.30 130.00	1,821.70 251.06	11,402.28 1,571.41	8,637.30 1,190.35	-	13,222.92 1,575.30	992.49 118.24	-	992.49 118.24	-	100.00
Elecon US Transmission Inc.	INR USD	300.50 5.00	233.50 3.74	4,384.73 70.16	3,838.75 61.42	-	6,248.11 102.17	339.30 5.55	24.46 0.40	314.84 5.15	-	100.00
Benzler Transmission A.S.	INR DKK	165.45 15.00	102.66 11.41	288.74 32.08	51.09 5.68	-	521.62 50.21	26.69 2.57	6.72 0.65	19.97 1.92	-	100.00
Benzler Antriebstechnik G.m.b.h	INR EURO	84.44 1.02	318.10 4.75	596.18 8.91	209.62 3.13	-	1,479.95 19.11	13.67 0.18	4.34 0.06	9.33 0.12	-	100.00
Benzler TBA B.V.	INR EURO	168.71 2.04	460.58 6.88	1,534.83 22.93	937.50 14.01	-	3,274.59 42.29	29.64 0.38	9.12 0.12	20.51 0.26	-	100.00
OY Benzler AB	INR EURO	125.00 1.51	10.30 0.15	152.34 2.28	40.71 0.61	-	641.21 8.28	14.90 0.19	2.99 0.04	11.91 0.15	-	100.00
Benzlers Italia s.r.l.	INR EUR,O	8.26 0.10	11.84 0.18	277.44 4.14	258.91 3.87	-	520.30 6.72	0.55 0.01	(0.84) (0.01)	1.39 0.02	-	100.00

As on 31.03.15: 1 GBP = 92.459 INR, 1 USD = 62.495 INR, 1 EURO = 66.940 INR, 1 MYR = 16.922 INR, 1 SGD = 47.375 INR, 1 DKK = 9.000 INR, 1 AED = 16.957 INR, 1 SEK = 7.256 INR

**SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES  
AS PER COMPANIES ACT, 2013**

**Statement pursuant to Section 129 (3) of the Companies Act , 2013 related to Associate Companies and Joint Ventures**

**Part B: Associates and Joint Ventures**

<b>Name of Associates and Joint Ventures</b>	<b>Eimco Elecon (India) Limited</b>	<b>Elecon Peripherals Limited</b>
1. Latest audited Balance Sheet Date	31-Mar-15	31-Mar-15
2. Shares of Associate/Joint Ventures held by the Company on the Year end:-		
➤ No. of shares	9,58,426	1,29,965
➤ Amount of Investment in Associates/Joint Venture (₹ In Lacs)	217.29	13.00
➤ Extend of Holding %	16.62%	24.99%
3. Description of how there is significant influence	Note - A	Note - A
4. Reason why the Associate / Joint Venture is not consolidated	-	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ In Lacs)	3,463.00	228.26
6. Profit / Loss for the year		
i. Considered in Consolidation (₹ In Lacs)	357.83	20.39
ii. Not Considered in Consolidation	-	-

Note : There is significant influence due to percentage(%) of Share Capital.

**37. PREVIOUS YEAR FIGURES**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**38.** Note 1 to 37 form an integral part of the financial statements.

Signature to Balance Sheet and Statement of Profit and Loss and note 1 to 37.

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 : 05-05-2015

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

**P. B. Patel**

Chairman and Managing Director

DIN : 00037394

**Rajat Jain**

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : 01-05-2015

**Jal Patel**

Director

DIN : 00065021

**Paresh Shukla**

Company Secretary



## **NOTICE**

NOTICE IS HEREBY GIVEN THAT the 55th Annual General Meeting of members of Elecon Engineering Company Limited will be held at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat on Friday, the 14th day of August, 2015 at 4.00 p.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015, 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 (DIN 00012138), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014; 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 Two (2) years from the conclusion of this Annual General Meeting till the conclusion of 57th Annual General Meeting subject to ratification by the shareholders 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 Board of Directors of the Company.”

### **SPECIAL BUSINESS**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Dr. Sonal V. Ambani (DIN 02404841), who was appointed as an Additional Director of the Company with effect from 3rd February, 2015 pursuant to Section 161 of the Act, and who holds office as such upto the date of this Annual general Meeting and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from the date of this Annual General Meeting and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

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

**“RESOLVED THAT** in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, (the Act) read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to all applicable approval(s) as may be required, consent of the Members be and is hereby accorded to the payment of commission for a period of five (5) years commencing from April 1, 2015 to the Non Executive Directors of the Company as may be decided by the Board from time to time, provided that the total commission payable to the Non Executive Directors per annum shall not exceed one percent of the net profits of the Company for that year as computed in the manner specified under Section 198 of the Act, with authority to the Board to determine the manner and proportion in which the amount be distributed among Non Executive Directors.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), Articles of Association, copy of which is placed before the meeting, be and is hereby approved and adopted in substitution, and to the entire exclusion, of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deed and things as may be necessary, proper or expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass, with or without modification(s), 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(s) 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, 2016, 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.”

9. 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 Clause 49 of the Listing Agreement with the Stock Exchange(s), (as amended from time to time by Stock Exchange or by the Securities and Exchange Board of India and for the time being in force), and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) for entering into transactions, contracts or arrangements on such terms and conditions as the Board may think proper and beneficial for the Company with related parties of the Company, during the every financial year commencing after 31st March, 2014 up to the maximum amounts per financial year, as mentioned herein below :

Sr. No.	Name of Related Party	Nature of transaction as per Companies Act, 2013 or Clause 49 of Listing Agreement	Amount (₹ In Lacs)	Name of the Director/KMP who is related	Relationship
1.	Elecon EPC Projects Ltd.	Sale/Purchase of goods	3,544.44	Pradip M. Patel Prashant C. Amin	Subsidiary
		Leasing/Availing of leasing of any property	518.78		
		Availing/Rendering of any services	621.88		
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		
		Corporate Guarantee provided by Elecon Eng. Co. Ltd.	96,680.00		
		<b>Total</b>	<b>145,490.10</b>		
2.	Emtici Eng. Ltd.	Sale/Purchase of goods	0.04	Prayasvin B. Patel Pradip M. Patel Prashant C. Amin	Associate
		Selling/Disposing/Buying of any property	5.30		
		Leasing /Availing of leasing of any property	765.16		
		Availing/Rendering of any services	241.29		
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		



Sr. No.	Name of Related Party	Nature of transaction as per Companies Act, 2013 or Clause 49 of Listing Agreement	Amount (₹ In Lacs)	Name of the Director/KMP who is related	Relationship
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	5,000.00		
		Securities Provided to Elecon Eng. Co. Ltd.	6,600.00		
		<b>Total</b>	<b>56,736.79</b>		
3.	Prayas Eng. Ltd.	Leasing /Availing of leasing of any property	291.58	Prayasvin B. Patel Pradip M. Patel Prashant C. Amin	Associate
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		
		Securities Provided to Elecon Eng. Co. Ltd.	39,125.00		
		<b>Total</b>	<b>83,541.58</b>		

**RESOLVED FURTHER THAT** the Directors of the Company be and are hereby authorized to do all such acts and deeds as may be required to give effect to the above resolution and are authorised to delegate all or any of the power herein conferred, to any other Officer(s)/Authorised Representative(s) of the Company."

**By order of Board of Directors**

**Registered office:**

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

Date : 01-05-2015

**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 ten (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. 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 - 390 015 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 Email ID [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in).
6. Information under Clause 49 of the listing agreement(s) regarding re-appointment of Directors (Item No.3 & 5 to 9) are annexed hereto.
7. The Register of Members and Share Transfer books will remain closed from Saturday, 8th August, 2015 to Thursday, 13th August, 2015 (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 2015-2016 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, then 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, 2015 when declared at the meeting will be paid:
  - (i) to those members whose names appear in the Register of Members of the Company on Thursday, the 13th day of August, 2015.
  - (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 Friday, the 7th day of August, 2015.
15. The Company has designated an email ID called [investor.relations@elecon.com](mailto:investor.relations@elecon.com) for Redressal of Shareholders'/Investors' Complaints/Grievances. Hence, please write to us at [investor.relations@elecon.com](mailto:investor.relations@elecon.com).
16. **The instructions and other information relating to Remote E-Voting are as under:**
  - (i) The voting period begins on Tuesday, August 11, 2015 at 9.00 a.m. and ends on Thursday, August 13, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized





form, as on the cut-off date (record date) of Friday, August 7, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) 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.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
<b>PAN Number</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>Physical Members who have not updated their PAN with the Company are requested to use the lowest certificate number in the PAN field. In case the certificate number is less than 10 digits enter the applicable number of 0's before the number. Eg. If your certificate number is 1000 then enter 0000001000 in the PAN field.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member ID / Folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the "EVS-150702006-Elecon Engineering Co. Ltd."
- (xii) 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.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- 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.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) 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).

#### **COMMENCEMENT OF REMOTE E-VOTING PERIOD:**

1. The e-voting period commences on 11-08-2015 (09.00 a.m.) and ends on 13-08-2015 (05.00 p.m.). 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, on conclusion of the e-voting, unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast

in favour or against, if any, 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 alongwith the Scrutinizer's Report shall be placed on the Company's website [www.elecon.com](http://www.elecon.com) and 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.

2. The voting rights of Shareholders shall be in proportion to their shares of the paid up Equity Share Capital of the Company.
3. Mr. Dinesh Bhimani, Practising Secretary (Membership No.ACS:12192;CP No;6628) has been appointed as the Scrutinizer to scrutinize the e-voting process.
4. Facility for voting through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
5. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
6. Voting rights be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 7th August, 2015.

**By order of Board of Directors**

#### **Registered Office :**

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

Date : 01-05-2015

**Paresh M. Shukla**  
Company Secretary



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

### Item No. 5

Pursuant to the provisions of Section 161 of the Companies Act, 2013 (the Act) and applicable rules made thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchanges, the Company had, appointed Dr. Sonal V. Ambani (DIN 02404841) as an Additional Director (Independent Director) w.e.f. 3rd February, 2015. In terms of Section 149, 152 and 161 of the Act, read with the relevant Rules, she holds office as an Additional Director upto the date of the ensuing Annual General Meeting and being eligible, offers herself for appointment as a Director.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Sonal V. Ambani as a Non-Executive Independent Director of the Company.

The Nomination & Remuneration Committee has recommended and the Board has approved the appointment of Dr. Sonal V. Ambani as an Independent Director as per her letter of appointment for a period of five (5) years from the ensuing Annual General Meeting.

Dr. Sonal V. Ambani has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, she fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and she is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 her appointment as a Non-Executive Independent Director is now being placed before the Members for their approval.

The terms and conditions of the appointment of Dr. Sonal V. Ambani as an Independent Director of the Company shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays and Sundays and on the website of the Company.

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

Except Dr. Sonal V. Ambani, 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. 5.

A brief profile of Dr. Sonal V. Ambani is attached to the notice.

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

### Item No. 6

The Members had, at the Annual General Meeting of the Company held on 29th August, 2011, passed a Special Resolution under Section 309(4) of the Companies Act, 1956, approving the payment of commission to Non Executive Directors of the Company, of a sum not exceeding one (1) percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956. The approval is valid upto and including 31st March, 2015.

The current competitive business environment, stringent accounting standards and corporate governance norms require considerably enhanced levels of involvement of the Directors in the decision making process. The responsibility of the Directors has become more onerous and the Directors are required to give more time and attention to the business of the Company. It is therefore proposed to continue the payment of commission to the Non Executive Directors of the Company. The Board of Directors will determine each year, the specific amount to be paid as commission to the Non Executive Directors which shall not exceed one (1) percent of the net profits of the Company for that year, as computed in the manner referred to in Section 198 of the Companies Act, 2013.

In view of the above, the Members approval is being sought pursuant to Sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the payment of commission to the Non Executive Directors of the Company for a period of five (5) years commencing from 1st April, 2015. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

All the Non Executive Directors of the Company are interested in the Resolution set out at Item No. 6 of the accompanying Notice, since it relates to their respective remuneration.

The Chief Executive Officer and Managing Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested in the said Resolution.

The Board of Directors recommend the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

### ITEM NO. 7

The Articles of Association of the Company, as presently in force, are in accordance with the provisions of Companies Act, 1956. With the enactment of the Companies Act, 2013, most of the regulations contained in the Articles of Association of

your Company have either become redundant or are not in line with the provisions of the said Act. Under the Companies Act, 2013, draft Articles (in case of a Company limited by shares) are provided in Schedule F thereto.

In view of the aforesaid, it is proposed to replace the existing set of Articles of Association with a new set of Articles of Association containing regulations in accordance with the provisions of the new Act and the Rules made thereunder.

The draft articles are available for your inspection at the Registered Office of the Company, at any time during the working hours on any working day till the date of AGM. The same are also placed on the website of the Company.

Pursuant to the provisions of Section 14 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, any alteration to the Articles of Association of the Company requires prior approval of shareholders by way of Special Resolution.

Hence, the Board recommends the Resolution for your approval.

None of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the said Resolution except to the extent of their shareholding in the Company.

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

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 31st March, 2016 as per the following details:

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

In accordance with the provisions of Section 148 of the Companies Act, 2013 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.

#### **ITEM NO. 9**

Section 188(1) of the Companies Act, 2013 provides that subject to such conditions as prescribed in rules framed in this regard, no company shall enter into any contract or arrangement with a related party with respect to transactions specified therein. It is further provided that in case of a Company having paid up share capital of not less than such amount or transactions not exceeding such sums as are prescribed in the rules framed in this regard, no contract or arrangement shall be entered into except with the prior approval of the company by a Special Resolution. It is further provided that nothing in Section 188(1) shall apply to any transactions entered into by the Company which are entered in its ordinary course of business and are at arm's length.

In terms of the Clause 49 of the Listing Agreement, all material related party transactions even though exempted under Section 188(1) of the Companies Act, 2013, have to be approved by the Members by way of a Special Resolution.

The Company in the course of its business is required to enter into contracts or arrangements with its related parties as defined under the Companies Act, 2013, for purchase & sale of both raw material and finished goods and are also required to provide financial assistance in the form of corporate guarantee, investment, loans & advances.

Your Company's transactions with Elecon EPC Projects Ltd. (Subsidiary of the Company), Emtici Engineering Ltd. and Prayas Engineering Ltd. qualifies as 'Related Parties Transactions' pursuant to the applicable provisions of the Companies Act, 2013 and/or Clause 49 of the Listing Agreement with the Stock Exchange(s), (as amended and made applicable with effect from 1st October, 2014 by Stock Exchange/ Securities and Exchange Board of India and herein after referred as "the Clause 49"). The transactions relate to rendering or availing of corporate guarantees, providing securities and commission thereon.

It is therefore, proposed to seek approval of such transactions which are either existing or proposed to be entered into by the Company with its related parties as stated in the resolution by way of a Special Resolution on an ongoing basis in every financial year commencing after 31st March, 2014 subject to an aggregate limit as stated for the total value of all such transactions in each financial year of the Company.

Your Company always strives to enter into transactions with its related parties in the course of business at arm's length basis and, the Management also believes that related party transactions are on arm's length basis as explained under Section 188 of the Companies Act, 2013. However, Members' approval is sought under the relevant provisions of the Act as an abundant caution.



The details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 is given below:

Sr. No.	Name of Related Party	Nature of transaction as per Companies Act, 2013 or Clause 49 of Listing Agreement	Amount (₹ In Lacs)	Name of the Director/KMP who is related	Relationship
1.	Elecon EPC Projects Ltd.	Sale/Purchase of goods	3,544.44	Pradip M. Patel Prashant C. Amin	Subsidiary
		Leasing/Availing of leasing of any property	518.78		
		Availing/Rendering of any services	621.88		
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		
		Corporate Guarantee provided by Elecon Eng. Co. Ltd.	96,680.00		
		<b>Total</b>	<b>145,490.10</b>		
2.	Emtici Eng. Ltd.	Sale/Purchase of goods	0.04	Prayasvin B. Patel Pradip M. Patel Prashant C. Amin	Associate
		Selling/Disposing/Buying of any property	5.30		
		Leasing /Availing of leasing of any property	765.16		
		Availing/Rendering of any services	241.29		
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	5,000.00		
		Securities Provided to Elecon Eng. Co. Ltd.	6,600.00		
		<b>Total</b>	<b>56,736.79</b>		
3.	Prayas Eng. Ltd.	Leasing /Availing of leasing of any property	291.58	Prayasvin B. Patel Pradip M. Patel Prashant C. Amin	Associate
		Corporate Guarantee received by Elecon Eng. Co. Ltd.	44,125.00		
		Securities Provided to Elecon Eng. Co. Ltd.	39,125.00		
		<b>Total</b>	<b>83,541.58</b>		

The proposed transactions qualify as material related party transactions as defined under Clause 49(VII) of the Listing Agreement and monetary value of transactions are in excess of limit prescribed under Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The Company is accordingly proposing this resolution to authorize the Board of Directors to enter into the related party transactions upto such limit as provided in the resolution and for the consideration of the Members except those members falling under the definition of related parties. The members who are falling under the definition of related parties are in terms of Section 188 of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement required to be abstain from voting irrespective of whether such member(s) is/ are party to the transaction or not.

Your Directors recommend the Special Resolution in terms of the provisions of Clause 49 of the Listing Agreement and Section 188 of the Companies Act, 2013 for your approval.

Save and except Shri Prayasvin B. Patel, Shri Pradip M. Patel and Shri Prashant C. Amin, Directors of the Company and their respective relatives, none of the other Directors, Key Managerial Personnel of the Company and/or their respective relatives are, in any way, concerned or interested financially or otherwise in the said Resolution.

#### Registered Office :

Anand-Sojitra Road, Vallabh Vidyanagar - 388 120.  
Gujarat.  
Date : 01-05-2015

#### By order of Board of Directors

**Paresh M. Shukla**  
Company Secretary

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

<b>Name of Director</b>	<b>Shri Pradip M. Patel</b>	<b>Dr. Sonal V. Ambani</b>
<b>Date of Birth</b>	05-11-1947	19-04-1959
<b>Date of Appointment</b>	14-11-1977	03-02-2015
<b>DIN</b>	00012138	02404841
<b>Nationality</b>	British	U.S.A.
<b>Expertise in specific Functional areas</b>	<p>Associated with the Bearing Industry for over three decades.</p> <p>Joined ABC Bearing Ltd. on 7th September, 1973.</p> <p>Director in ABC Bearings Ltd since 1st August, 1976.</p> <p>Managing Director of ABC Bearings Ltd. since 1st August, 1981.</p>	<p>Dr. Sonal V. Ambani began her career in investment banking and was a Vice President with Morgan Stanley Dean Witter in New York. She holds a PhD in Business Management, and is the founder Chairperson of FICCI Ladies Organization (FLO) Ahmedabad. She is the Vice Chairman of the CII Indian Women Network (IWN) whose objective is women empowerment in India. She holds two patents granted in the US, "Systems and Method for Providing Financial Services to Children and Teenagers" and "Purchase Management System and Electronic Receipts."</p> <p>Dr. Ambani is also a member of the United Nations Development Fund for Women (UNIFEM), the founder of the Cancer Screening and Research Trust (CSRT), and founder of World Peace 2040, a movement that has received significant support, with Mohammed Yunnus on the Advisory Board and received a Pfeffer Peace Prize in New York for the same.</p> <p>In addition to this, she is the curator and founder of Samara Art Gallery promoting young artists and is a sculptor herself having created works in a variety of materials.</p>
<b>Qualifications</b>	M.B.A. (U.S.A)	<p>B.Sc. (Chemistry)</p> <p>M.B.A (U.S.A)</p> <p>Ph.D. (Business Management)</p>
<b>List of Public/Private Companies in which outside Directorship held as on 31st March, 2015.</b>	<ul style="list-style-type: none"> <li>- ABC Bearings Limited</li> <li>- Eimco Elecon (I) Limited</li> <li>- Power Build Pvt. Limited</li> <li>- NSK-ABC Bearings Pvt. Ltd.</li> <li>- Emtici Engineering Limited</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 Properties Pvt. Ltd</li> <li>- Elecon EPC Projects Limited.</li> <li>- Excel EPC Projects Pvt. Ltd.</li> <li>- Elecon Hydraulics Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Anjali Fiscal Pvt. Ltd.</li> </ul>
<b>Chairman/Member of the Committees of the Public Companies on which he is a Director as on 31st March 2015.</b>	<ul style="list-style-type: none"> <li>- <b>ABC Bearings Limited</b></li> <li>- Stakeholders Relationship Committee - Member</li> <li>- <b>Eimco Elecon (India) Limited</b></li> <li>- Audit Committee - Member</li> <li>- Stakeholders Relationship Committee - Member</li> </ul>	Nil
<b>No. of Shares held</b>	43,161	Nil
<b>Relationship with any Director of the Company</b>	Brother-in-Law of Shri Prayasvin B. Patel, Chairman & Managing Director	Not related to any Director of the Company.





## 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

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 : .....

(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.

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

## ATTENDANCE SLIP

55<sup>th</sup> Annual General Meeting  
on Friday, 14<sup>th</sup> August, 2015  
at 4.00 p.m. at Audio Visual Hall,  
Eimco Elecon Building,  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388120.  
Gujarat.

Folio No/Client ID & DP ID

- \* A member/proxy wishing to attend the meeting must complete this Attendance Slip before coming to the Meeting and hand it over at the entrance.
- \* If you intend to appoint a proxy, please complete the Proxy Form and deposit it at the Company's Registered Office, at least 48 hours before the Meeting.
- \* Please bring copy of the Annual Report to the Meeting.

I record my presence at the  
55<sup>th</sup> Annual General Meeting

Name of Proxy in BLOCK LETTERS  
(If the proxy attends instead of the Member)

Signature of Member/Proxy

## 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 - 388 120, Anand, Gujarat.

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 my/our behalf at the 55<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 14<sup>th</sup> August, 2015 at 04.00 p.m. at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388120, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below :

- Adoption of Audited Financial Statements (Both Standalone and Consolidated) of the Company for the Financial Year ended on 31-03-2015 together with the Report of the Board of Directors and Auditors thereon.
- Declaration of Dividend for the Financial Year ended on 31-03-2015.
- Appointment of a Director in place of Shri Pradip M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- Appointment of M/s. Thacker Butala Desai, Chartered Accountants, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
- Appointment of Dr. Sonal V. Ambani as an Independent Director of the Company.
- Approval of payment of Commission to Non Executive Directors of the Company.
- To adopt new set of Articles of Association of the Company as per the Companies Act, 2013.
- To ratify remuneration to M/s. Y. S. Thakar & Co. as Cost Accountants of the Company for F.Y. 2015-16.
- Approval of Related Party Transactions.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder(s) : \_\_\_\_\_

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

Affix  
Revenue  
Stamp

- Notes :**
- 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.
  - For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the 55<sup>th</sup> Annual General Meeting.



## 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 you 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



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