

Date: 4th August, 2017

To,

The Manager (Listing), The BSE Ltd. Mumbai	The Manager (Listing), National Stock Exchange of India Ltd. Mumbai
Company's Scrip Code: 505700	Company's Scrip Code: ELECON

Sub: 57th Annual Report of the Company
Ref : Regulation 34 of SEBI (LODR) Regulations, 2015

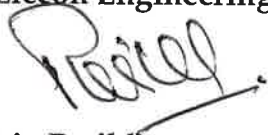
Dear Sir,

In terms of the subject referred regulations, we submit herewith 57th Annual Report of Elecon Engineering Company Limited for the year 2016-17, being approved and adopted in the 57th Annual General Meeting held on 3rd August, 2017.

You are requested to kindly take the same on your records.

Thanking You.

Yours faithfully,
 For Elecon Engineering Company Limited


 Parthiv Parikh
 Company Secretary



Encl: a/a.



Cranes



Rubber Industry



Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry

Gearing industries. Gearing economies.

India ready
We are ready



57th annual report
2016-17





about cover

As India gears up for the next growth revolution, making us a front-runner amongst the “Third World Nations”, the whole world has started to look at us as a land of opportunities. After historical amendments into the financial system, it may seem that the roadmap for the nation’s growth is set and is firm.

For over six decades, Elecon has established its reputation of trust and most modern innovations in the realm of Industrial Gears, Power Transmission and labor-less Material Handling. Elecon has emerged as the largest manufacturer of Industrial gears in Asia and continues to be so.

As the Pioneer and the market leader, our prime focus remains on research and development, providing support to growth sectors such as fertilizer, cement, coal, power generation, mining, chemical, steel, port-mechanisation, minerals & metals processing sectors. As our prophecy states - “Technological innovation is the key to excel”.

As a Company, Elecon focuses largely on staying ahead in technological innovation.

Understanding the market trends and then innovating to create opportunities and capitalising on them by providing the best potential solutions, to take on any challenges.

Our excellence can be adjudged by our successful contracts with ISRO and The Indian navy for their power transmission needs. We also have the longest Material Handling projects completed successfully, to our name.

Elecon rather than just being a successful company is more of a responsible organisation. When it is about inclusive growth and sustainable development our team takes on our CSR as a priority.

Living to our motto of ‘Lets preserve the environment’, all our facilities consciously work towards preserving, nurturing and sustaining the nature for a better future.

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elecon at a glance

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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 Limited 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 BSE Limited and in November, 2006 on National Stock Exchange of India Limited.

In 1963, the Company started manufacturing of Transmission Equipment's. In 1976, the Company established its separate Gear Division, specializing 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".

Elecon EPC Projects Limited merged with the Company when the Hon'ble High Court of Gujarat, approved the scheme of amalgamation of Elecon EPC Projects Limited (Transferor Company) with the Company. The appointed date of the scheme was March 30, 2015 and it became effective from October, 2016. With this, the Material Handling Equipments (MHE) business of Elecon EPC Projects Limited transferred to the Company. Now the Company is having two segments/divisions – Gear Division & MHE Division.

Our operations are spread strategically, so that we are always near to our customers. Our teams of highly skilled and experienced professionals help in root cause analysis and then providing optimum, feasible and cost effective solutions. We are successful in cutting through national and international geographies with significant presence in India and abroad.

Our business activities of Elecon are spread out in the area covering wide space in lakhs of sq. meters together with all infrastructure facilities, buildings and structures thereon.

board of directors



Shri Prayasvin B. Patel
Chairman & Managing Director



Shri Prashant C. Amin
Executive Director



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Jal R. Patel



Shri Jai S. Diwanji



Dr. Sonal V. Ambani

Chief Financial Officer

Shri Rajat Jain

Company Secretary

Shri Parthiv Parikh

Auditors

Thacker Butala Desai,
Chartered Accountants
B S R & Co. LLP,
Chartered Accountants

Bankers

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

R & T Agent

Link Intime India Private Limited

Registered Office

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

five years at a glance

	2016-17 #				2015-16 #		2014-15		2013-14		2012-13	
Particulars	Consolidated		Standalone		Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
	US \$ Mn.	₹ Mn.	US \$ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	196.6	12,747	153.7	9,965	13,655	10,647	13,289	5,032	12,929	5,012	15,268	5,952
TOTAL INCOME	197.9	12,832	154.9	10,043	13,952	10,960	13,455	5,259	13,083	5,188	15,342	6,063
EARNING BEFORE DEPRECIATION, INTEREST & TAX	25.30	1,640	24.0	1,558	1,638	1,424	1,698	1,065	1,497	1,001	2,082	1,027
DEPRECIATION & AMORTISATION EXPENSES	8.2	532	7.4	481	621	557	716	516	616	454	571	420
PROFIT AFTER TAX & MINORITY INTEREST	1.7	108	3.2	211	374	365	163	332	137	274	179	85
EQUITY DIVIDEND	0.9	56	0.9	56	120	120	120	120	112	109	109	109
DIVIDEND%	-	-	-	25%	-	55%	-	55%	-	50%	-	50%
EQUITY SHARE CAPITAL	3.5	224	3.5	224	218	218	218	218	218	218	218	218
RESERVE & SURPLUS	106.0	6,874	109.0	7,069	6,825	7,016	5,138	4,886	5,103	4,699	5,160	4,543
NET WORTH	93.50	6,066	111.4	7,223	5,911	7,155	5,356	5,104	5,321	4,917	5,378	4,761
GROSS FIXED ASSETS	144.7	9,385	135.2	8,769	9,177	8,651	9,270	6,325	9,500	6,346	9,427	6,325
NET FIXED ASSETS	116.5	7,553	115.6	7,496	7,862	7,825	4,743	3,356	5,500	3,805	5,827	4,186
TOTAL ASSETS	323.0	20,944	286.6	18,587	22,061	19,759	19,676	10,556	20,607	10,624	21,259	10,792
NUMBER OF EMPLOYEES(Nos.)				1,143		1,244		638		579		697
KEY INDICATORS	US \$		US \$									
BASIC EARNINGS PER SHARE (₹)	0.01	0.96	0.03	1.88	3.33	3.25	1.50	3.05	1.26	2.52	1.65	0.78
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.82	-	0.63	0.79	0.79	1.03	0.49	1.19	0.53	1.30	0.54
EBIDTA*/TURNOVER %	-	12.87	-	15.64	12.00	13.37	12.77	21.16	11.58	19.97	13.64	17.26
NET PROFIT MARGIN%	-	0.84	-	2.11	2.74	3.43	1.23	6.60	1.06	5.47	1.17	1.43
RETURN ON NET WORTH%	-	1.77	-	2.92	6.32	5.10	3.05	6.50	2.58	5.58	3.33	1.79
RETURN ON CAPITAL EMPLOYED%	-	0.52	-	2.84	2.82	4.94	1.52	4.30	1.19	3.60	1.50	1.17

Financial details of FY 17 & FY 16 are as per IndAS, notified by MCA and after giving effect of Scheme of Amalgamation.

Exchange Rate: 1 US\$ = ₹ 64.845 (as on 31-03-2017)

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

performance indicators

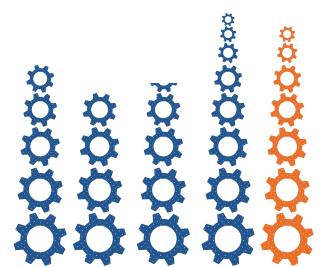
Net Sales

₹ in Mn.

(6.41%)

Decrease from 2016

₹ 9,965	2017*
₹ 10,647	2016*
₹ 5,032	2015
₹ 5,012	2014
₹ 5,952	2013



2013 - 2017

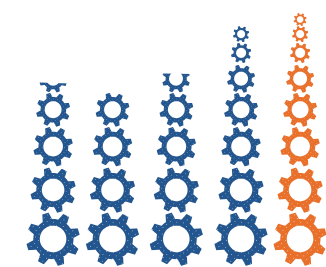
EBIDTA

₹ in Mn.

(9.43%)

Increase from 2016

₹ 1558	2017*
₹ 1424	2016*
₹ 1065	2015
₹ 1001	2014
₹ 1027	2013

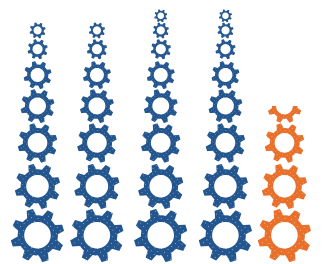


2013 - 2017

Dividend

in %

25%	2017
55%	2016
55%	2015
50%	2014
50%	2013



2013 - 2017

*Change because of Scheme of Amalgamation.

management insight



Fiscal 2017 was a mixed year for our business as the economy witnessed macro events that led to a subdued demand in few of the core sectors. The drop in the business activity seems to have bottomed out as we anticipate a recovery in the economy going forward which should translate into business opportunity for Elecon. At Elecon, we continue to remain focused on operations and execution as we intend to maintain our stronghold both in the gears as well as the material handling business.

Prayasvin Patel - Chairman & Managing Director



Amidst a subdued business environment, the focus continued to center around execution and operational efficiencies. While operations at our customer end were affected by the government's demonetization drive, our business showed positive trends on account of improved efficiencies, new technology initiatives and cost reduction. We believe our gear and material handling divisions are well placed to benefit from an uptick in the overall economy.

Prashant Amin - Executive Director



We are happy to conclude fiscal 2017 with the objectives set for the year. We now are a consolidated entity with our two businesses synergizing under a single brand. While this has now been achieved, our next goal is to align our efficiencies to improve performance and recalibrate our business towards the emerging opportunities that we anticipate over a period of time. We believe that the years going forward would witness improvement in the overall economic activity as the government continues to emphasize on various initiatives supporting the sectors we operate in.

Rajat Jain - Chief Financial Officer

corporate social responsibility



"We make a living by what we get; we make a life by what we give." – Anonymous

Elecon group of companies are the true philanthropist who have been generously contributing towards the betterment of the society and the planet, much before there was a mandate from the Government.

Elecon takes on its CSR initiatives through two dedicated wings; namely EI-care and ELF, under M/s. B. I. Patel Charitable Trust, headed by Mr. Prayasvin Patel – Group Chairman and Mrs. Taruna Patel – CEO Emtici Engineering.

They have been recognized for their contributions made and have been honoured with 'Charotar Ratna' and 'Achiever of Excellence' respectively.

At Elecon, we plan and conduct various awareness activities, health camps, contribute towards education, work towards saving the environment and also help standalone cases.

Though our contributions are made towards several noble causes, the important ones are highlighted as follows.



ELECON LADIES FORUM (ELF) INITIATIVE – KHUSHALI

Elecon ladies forum adopted an initiative called Khushali – Towards joyful learning and living. This initiative was a vision for healthy, happy and colorful atmosphere for girl child. It focuses primarily on girls aged between 6 years to 16 years and work on the overall motto of saving the girl child, girl child education, awareness on health & hygiene, teaching self-protection.

It is essential to understand and educate that as we enter into the new era where women are given equal respect and opportunities as men, it is also their right to be happy.

EDUCATION

At Elecon, we're believers who preach that education can bring about great changes in the society. Elecon facilitates scholarships to meritorious but financially poor students, the ones who need it the most. Elecon funds 60 engineering students of BVM Engineering College each year, and has been doing it for many years. We also fund the "Best Business Idea Award" for the Semcom College to promote the spirit of entrepreneurship amongst young students.



Elecon supports a differently abled school in Sojitra and hence contributes towards uplifting them. We at Elecon have also adopted a village called Gana and support their municipal school.

Other than these, Elecon donates and supports various other educational institutions and causes and also makes contribution to Anoopam Mission – An NGO that works towards uplifting differently abled children.

HEALTHCARE

If one has the gift of good health, they can achieve great heights. Believer of the prophecy, Elecon cares for people around and their good health. We generously donate towards Bhanubhai and Madhuben Patel Cardiac Centre at Shree Krishna Hospital, Karamsad - a state of art cardiac center for all kinds of pediatric and adult heart diseases.

Blood donation is the greatest form of donation. We, with the help and support of the local blood banks, organize blood donation camps. Leadership drives the noble cause as most top leaders at Elecon themselves donate blood and thus lead by example, followed by volunteers.



Elecon also facilitates health check-up camps, eye-camps, eye-gear distribution camps, health and hygiene camps in and around Charutar region. Elecon is also educating people on the importance of organ donation by organising seminars with noteworthy medical doctors.

ENVIRONMENT

As the Pioneer in the realm of engineering innovative solutions, we at Elecon are sensitive towards the environment. Not only our product ranges comply with non-polluting standards, we're also gradually adopting Green building model systems into our organization.

Not only has Elecon given three public gardens to the town, we have actively participated in tree plantation activities at schools and offices to inspire others.

As we lead by example, we help the ones who support such causes and to motivate them. Elecon strongly supports a local NGO named Voluntary Nature Conservancy (VNC) who actively work towards saving the environment and creating the awareness towards sustainable development.

material handling equipment division



▲ 5 Km. long high speed Downhill conveyor system, NMDC KIOP, Donimalai, Bellary district of Karnataka.

Strengths

At Elecon, we have a state of the art manufacturing facility spanning 1,17,000 sq. meters, equipped with new generation CNC and NC machines tools and equipment for manufacturing, quality control and testing. Our superior manufacturing infrastructure coupled with our highly skilled and experienced workforce ensures that our products and solutions are robust and dependable for years to come.

We, being the pioneer in the industry are always on the lookout for new developments, expansion of our product range and continuous improvement of our current offerings. Some of our new advancements include pipe conveyors, high speed rollers, as well as yard management and man-less machine operation.

Achievements

- Successfully commissioned 5 km long and 2000 TPH capacity downhill conveyor system, a highly complex and challenging project because of its topography, for NMDC-KIOP at Donimalai, Bellary district of Karnataka.
- Successfully completed project for pipe conveyor of 7.5 km and 1500 TPH capacity, one of the longest conveyors in the world for Manikgarh Cement.
- Only company in India successful in getting RDSO approval in compliance with G-33 Rev-I for C-type wagon tippler at Wonder Cement and Rota Side wagon tippler at Haldia Energy Limited.
- Designed and manufactured largest barrel reclaimer

in India having diameter 6.58m and span of 40m for TISCO, Jamshedpur.

- Increased capacity of existing wagon tippler for handling of new box NHL type of wagon from 90 MT to 110MT at MSPGCL, Koradi.
- Successfully completed PG test of two pusher cars at Durgapur plant, hauling 52 loaded wagons.

Growth Drivers

For sustainable growth, the company will focus on its core strengths which are design and manufacture of bulk material handling products, renovation and modernization of existing bulk handling plants and offer extensive service support.

Net Sales
MHE
Division
₹ 4,950 MN
In
2016-17

MHE
Net Sales
₹ in Mn.

4.68%

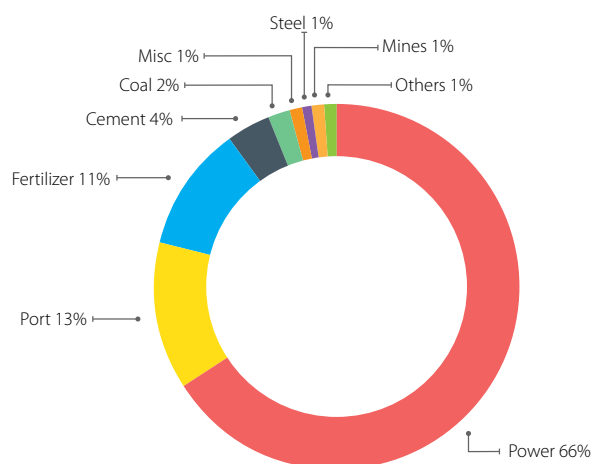
decrease from 2016

₹ 4,950 2017
₹ 5,193 2016

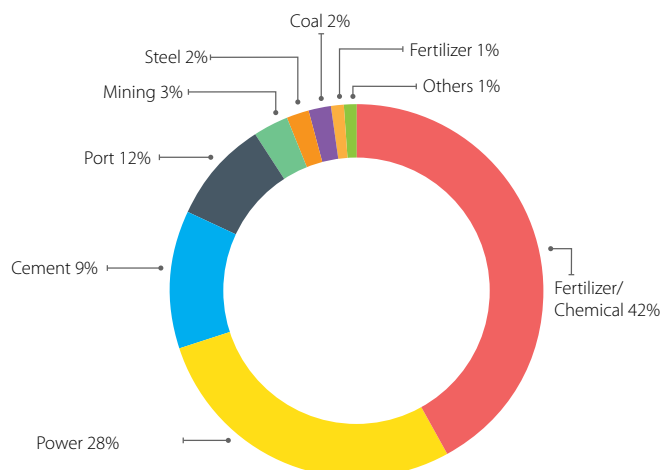


2016 - 2017

Sales Industry wise



Order in hand Industry wise



gear division



Heavy Duty Plate Mill Drive Gearbox

Manufacturing Strength

At Elecon, we are continuously upgrading and improving our manufacturing set-up to reduce costs and meeting customer requirements.

We have a state of the art gear manufacturing and gear assembly plant. This ultra modern plant helps us in ensuring world class quality and ensuring timely delivery backed by shortest possible lead time.

Our new facility Bhanubhai Memorial 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. On the same lines we have updated our assembly shop to have more outputs.

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 for mounted and shaft mounted type gearboxes for sugar mill upto 7.5 Mi. Nm torque, Steel Mill heavy duty gearboxes with weight upto 60 Ton, VRM gearboxes with weight upto 110 Ton 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 gives 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, Mining, Defence, etc.

We are in Power sector by supplying Vertical Roller Mill drive Gearboxes. We have already received large orders for supply of marine gear boxes and we are looking for more opportunities in near future.

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.



Winch Drive Gearbox for Mining Industry

Net Sales
Gear
Division
₹ 5,015 MN
In
2016-17

Gear
Net Sales
₹ in Mn.

8.05%

Decrease from 2016

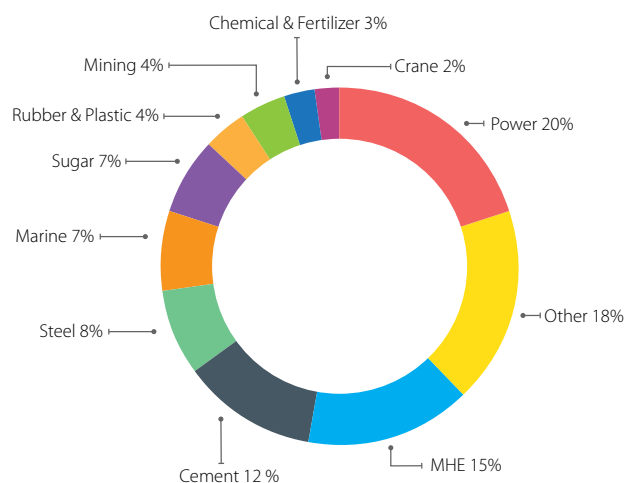
₹ 5,015 2017

₹ 5,454 2016

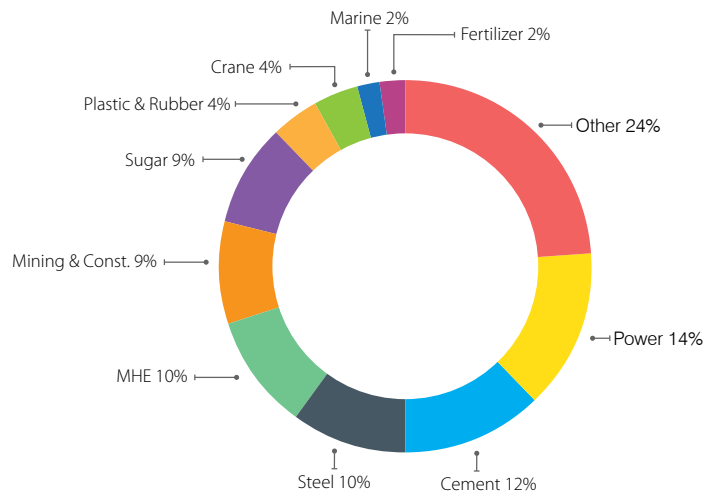


2016 - 2017

Sales Industry wise



Order in hand Industry wise



board's report



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

Dear Members,

Your Directors have pleasure in presenting this 57th Annual Report together with the Audited Financial Statements for the year ended on March 31, 2017.

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.

Performance of the Company

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("IndAS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Financial statements for the year ended and as at March 31, 2016 have been restated to conform to IndAS Note 43 to the standalone & consolidated financial statement provides further explanation on the transition to Ind AS.

Standalone Financial Performance

For the year ended on March 31, 2017, the Company has achieved a Turnover of ₹99,648.05 Lakhs as against ₹106,473.41 Lakhs in the previous year.

For the year ended on March 31, 2017, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹15,579.96 Lakhs as against the EBIDTA of ₹14,236.49 Lakhs during the previous year, representing a marginal increase in EBIDTA by 9.43%.

The Net Profit of the Company for the year 2016-17 was ₹ 2,106.22 Lakhs compared to ₹3,651.10 Lakhs during the previous year.

The Company holds total unexecuted orders about ₹115,780 Lakhs (₹ 67,959 Lakhs for Gear Division and ₹47,821 Lakhs of MHE Division) as on March 31, 2017. This will help us to continue to have sustainable growth in coming years.

The financial performance of the Company in the fiscal remained soft as it witnessed challenges on multiple counts. At the macro level, the economic activity in the country remained low and it resulted in the slow pick up of orders and poor execution of the operation at the client level. The Company's customers also got affected by Demonetization, event which led to some disruption of activity. At the micro level, the integration process of merger of Elecon EPC Projects Limited, which is a significant step forward for the Company's growth, also added momentary interruption to the normalcy. With the major events already executed, the Company now aims to consolidate its business and expand its operations on the core strengths. It expects the activity at the macro level to smoothen soon and thus anticipates a strong recovery in its business in the near term future.

Consolidated Operations

The Audited Consolidated Financial Statements of your Company as on March 31, 2017, which forms part of the Annual Report, have been prepared pursuant to the provisions of SEBI (LODR) Regulations, 2015 and also as per the applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

Particulars	Standalone		Consolidated	
	31/03/17	31/03/16	31/03/17	31/03/16
Turnover	99648.05	106473.41	127465.54	136554.80
Profit Before Tax, Finance cost, Depreciation & Amortization and Adjustment for previous year (EBIDTA)	15579.96	14236.49	16402.42	16380.24
Add: Other Income	785.34	3125.10	856.26	2967.50
EBIDTA (Including other income)	16365.30	17361.59	17258.68	19347.73
Less : Finance Cost	6304.87	6243.73	7957.32	7471.96
Depreciation & Amortization	4813.76	5567.22	5323.82	6212.26
Profit Before Tax	5246.67	5550.64	3977.54	5663.52
Less: Provision for Tax	2079.08	1419.53	2246.03	1663.35
Deferred Tax	1026.81	489.62	1030.32	570.19
Short/(Excess) Prov. of earlier years	34.56	(9.61)	34.56	(9.61)
Profit After Tax	2106.22	3651.10	666.63	3439.59
Add:				
Others Comprehensive Income	(75.04)	(29.02)	923.84	157.04
Share of Profit of Associates	--	--	408.39	297.33
Previous Year Balance Brought Forward	18827.02	18153.99	16476.71	15531.81
PROFIT AVAILABLE FOR APPROPRIATION	20858.20	21776.07	18475.57	19425.76
APPROPRIATIONS:				
Dividend paid	1198.29	1198.29	1198.29	1198.29
Income Tax on Dividend paid	243.94	250.76	243.94	250.76
Transfer to General Reserve	--	1500.00	--	1500.00
Balance Carried Forward	19415.97	18827.02	17033.34	16476.71

Your Company's total consolidated turnover for the year ended on March 31, 2017 was ₹127,465.54 Lakhs as against ₹136,554.80 Lakhs for previous year.

For the year ended on March 31, 2017, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹16,402.42 Lakhs as against the EBIDTA of ₹16,380.24 Lakhs during the previous year.

The Consolidated Net Profit of the Company for the year 2016-17 after minority interest and share of profit/loss of associates was ₹1,998.86 Lakhs compared to ₹3,893.96 Lakhs during the previous year.

During the year under review, your Company's consolidated net worth is ₹70,984.97 Lakhs as against ₹70,428.35 Lakhs for previous year.

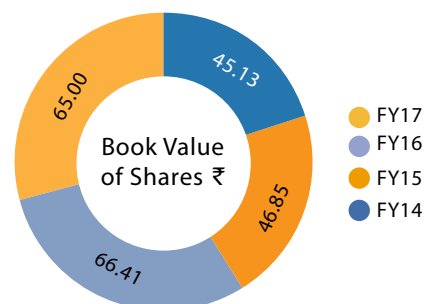
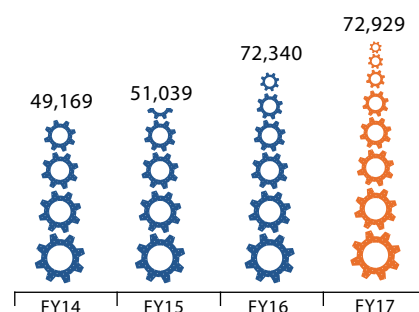
Dividend

Your Directors have recommended dividend of 25% i.e. ₹0.50/- per share on 11,21,99,965 equity shares of ₹2/- each for the year ended on March 31, 2017 (previous year ₹1.10/- per share on 10,89,35,843 equity shares of ₹2/- each).

The said dividend, if approved by the shareholders, would involve a cash outflow of ₹675.21 Lakhs, including dividend

(₹ in Lakhs)

Net Worth (₹ in Lakhs)



distribution tax of ₹114.21 Lakhs against ₹1,442.23 Lakhs including dividend distribution tax of ₹243.94 Lakhs in the previous year.

During the year, the unclaimed dividend pertaining to the financial year 2008-09 has been transferred to the Investor Education & Protection Fund.

Transfer to Reserves

The Company proposes to retain the entire amount of ₹19,415.97 Lakhs in the profit and loss account.

Amalgamation of Elecon EPC Projects Limited with Elecon Engineering Company Limited

During the year under review, the Hon'ble High Court of Gujarat, vide its Orders dated October 7, 2016 approved the Scheme of Arrangement of Elecon EPC Projects Limited (Transferor Company) with the Company and their respective Shareholders and Creditors. The appointed date of the Scheme was March 30, 2015. The Scheme became effective upon filing of the certified copy of order with Registrar of Companies, Gujarat on October 24, 2016.

The Scheme of Amalgamation inter alia, envisages following benefits:

- Enable Company to use the resources of Transferor Company and generate significant synergy in operations;

- ii. The consolidated entity would be able to utilize its full potential and leverage on the combined financial strength as well as optimize the use of resources for the purpose of future growth;
- iii. Reduction of overheads and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources.

Share Capital

The paid up Equity Share Capital as on March 31, 2017 was ₹ 2,244.00 Lakhs. Pursuant to the Scheme of Amalgamation duly approved by the Hon'ble High Court of Gujarat vide its order dated October 7, 2016, the Company has issued 32,64,122 Equity Shares to the shareholders of Elecon EPC Projects Limited (Transferor Company) on November 10, 2016.

During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Directors' shareholding in the Company, as on March 31, 2017, is given in extract of Annual Return.

Finance

Cash and cash equivalent as at March 31, 2017 was ₹ 470.84 Lakhs. 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.

Fixed Deposits

The Company has not accepted any fixed deposits 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 unpaid/unclaimed deposits as on March 31, 2017.

Particulars of Loans, Guarantees or Investments

The details of Loans given, Guarantees and Securities provided and Investments made by the Company in compliance with the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Directors

Director 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.

The Board recommends his appointment for your approval. Your Directors expressed their profound grief on the sad demise of Shri Hasmukhlal S. Parikh, an Independent Director of the Company on May 8, 2016. The Board expressed its heartfelt condolence to his family members to bear the irreparable loss. The Board paid glowing tribute to him and put on record highest appreciation of his association with the Company as a highly respected Director.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015, 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.

Meetings

During the year four Board Meetings, four Audit Committee Meetings, one Corporate Social Responsibility Committee Meeting, three Nomination and Remuneration Committee Meetings, three Stakeholders Relationship Committee Meeting and one Separate Meeting of Independent Directors were held. The details of which are given in the Corporate Governance Report. The intervening gaps between the Board meetings were within the period prescribed under the Companies Act, 2013.

Composition of Various Committees

Details of various committees constituted by the Board as per the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and their meetings are given in the Corporate Governance Report which forms part of this report.

Independent Directors

The Independent Directors met on April 27, 2016 without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company has received necessary declarations 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 Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015.

Familiarization Programme for Independent Directors

The Company has conducted the familiarization programme for Independent Directors of the Company, details for the same have been disclosed on the Company's website <https://www.elecon.com/investors/corporate-information>.

Remuneration Policy

The policy for remuneration of Directors, Key Managerial Personnel and Senior Management Personnel is set out in "Annexure A" which forms part of the Board Report.

Disclosures by Directors

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 to this effect as required under Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility

Statement, the Board of Directors, hereby confirm 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 for the period;
- (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 contracts or arrangements with related parties, entered during the financial year were at arm's length basis and in the ordinary course of the Company's business. All such contracts or arrangements were entered into only with prior approval of Audit Committee. No material contract or arrangements with related parties were entered into during the year under review. Therefore, there is no requirement to report any transaction in Form No. AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Related-Party-Transactions-Policy.pdf>.

None of the Directors or any Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

Auditors

Statutory Auditors

M/s. Thacker Butala Desai, Chartered Accountants, Statutory Auditor of the Company had been appointed as Statutory Auditors for two (2) years at the 55th Annual General Meeting of the Company. Their tenure will expire at the ensuing 57th Annual General Meeting of the Company for the financial year 2016-17.

The Board places on record the highest sense of appreciation for the valuable services rendered by them as Auditors of the Company during their long association with the Company.

M/s. B S R & Co. LLP, Chartered Accountants appointed as a Joint Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of 56th Annual General Meeting for the financial year 2015-16 until the conclusion of Annual General Meeting for the financial year 2020-21. As per the provisions of Section 139 of the Companies Act, 2013 the Company has placed the matter relating to ratification of their appointment by members at the Annual General Meeting. Consequent upon the expiry of term of M/s. Thacker Butala Desai, M/s. B S R & Co. LLP shall be the Statutory Auditors of the Company.

M/s. B S R & Co. LLP, Chartered Accountants have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Statutory Auditors of the Company. As required under SEBI (LODR) Regulations, 2015, the Auditor 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) 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 M/s. Y.S. Thakar & Co., Cost Auditors to audit the cost accounts of the Company for the year ended on March 31, 2018 on a remuneration of ₹75,000/- p.a. As required under the Companies Act, 2013, the remuneration payable to the cost auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Y.S. Thakar & Co., Cost Auditors is included in the notice convening the 57th Annual General Meeting. The Cost Audit Report for the year 2015-16 was filed with the Ministry of Corporate Affairs before the due date of filing.

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 on the Secretarial Audit carried out by him during the year 2016-17 is annexed herewith as "Annexure B".

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Company has appointed M/s. K. C. Mehta & Co., Chartered Accountants (Firm Reg. No. 106237W), as Internal Auditors of the Company to carry out the Internal Audit as per the scope of work approved by the Board.

Subsidiary, Joint Venture & Associate Companies

As on March 31, 2017, the Company has 14 Direct & Indirect Subsidiary Companies.

During the year under review, no new Company has been incorporated / acquired as Subsidiary, Joint Ventures or Associate Companies. Pursuant to the Scheme of Amalgamation as approved by the Hon'ble High Court of Gujarat vide its Order dated October 7, 2016 Elecon EPC Projects Limited ceased to be a Subsidiary Company of the Company.

Pursuant to the provisions of Sections 129,134 and 136 of the Companies Act, 2013 read with rules framed there under and SEBI (LODR) Regulations, 2015, your Company had prepared Consolidated Financial Statements of the Company and its Subsidiaries and a separate statement containing salient features of financial statement of Subsidiaries/Associates forms part of the Annual Report.

The Annual Financial Statements and related information of the Subsidiary Companies shall be made available for inspection by the shareholders of the Holding and Subsidiary Companies on all working days during business hours for a period of 21 days before the date of the Annual General Meeting and the same will also be placed on the website of your Company. Any member who is interested in obtaining the Audited Financial Statements of the Subsidiary Companies may obtain the same by writing to the Company Secretary of the Company.

Financial Performance – Subsidiary Companies

Elecon Transmission International Limited (Mauritius – consolidation)

During the financial year under review, turnover of Benzlers Radicon Group has increased by 3.22 % from GBP 30.6 million FY 2015-16 to 31.6 million FY 2016-17. However there is a drop in EBITDA from 7.20% FY 2015-16 to 2.98 % FY 2016-17. Finance Cost and SG&A Cost has increased by 45.53 % and 15.34% respectively which resulted in loss of GBP 1.53 million FY 2016-17 from Profit Before Tax of GBP 0.11 million FY 2015-16.

Benzlers group (Nordic and Europe)

Benzlers Group had a good year in terms of sales. All entities in both Nordic and European countries increased their sales compared to previous year. The sales increased by 18% with highest sales growth coming from Nordic customers.

EBITDA grew from GBP 0.89 million (+6.9%) to GBP 1.08 million (+7.1%) due to better sales and efficient cost control processes put in place during FY 2015-16. This together with the increased sales has given the group a PAT of GBP 0.45 million almost double than previous year of GBP 0.24 million.

Benzler Groups sales performance in the FY 2016-17 - despite very strong competition - is in line with business strategy of changing from a product oriented company to a sales and service company. We are expanding our service and repair business in the Nordic countries during FY 2017-18. We are in the process of placing more marketing activities and digital communications in the market which will give us positive result in coming year.

The marketing of Elecon products into the European Union is continuously being well received and the sales of these products are increasing yearly.

Radicon Transmission UK Ltd.

The UK domestic market continues to be subdued, due to Brexit. This is affecting capital investment decisions within a lot of industries. This has affected number of larger project based orders available in the market.

Distribution and the replacement market have stayed consistent but with the lack of larger investment projects, this has increased competition to substitute for the lack of the investment/project orders. We still believe that Radicon is well placed to service this market. As we have the advanced manufacturing capabilities of Elecon Engineering Company Limited along with local facilities to provide not only sales, but also engineering and technical support direct to our customers. This enables Radicon to provide customised service levels to high volume distributors and manufacturers, wanting standard products to more bespoke customers, requiring higher technical support and assistance. We believe it is this attention to customer service level that will distinguish Radicon in a competitive market. And we continue to focus on providing outstanding customer support and service.

We also have an established and experienced service and repair division which has seen some challenges in the steel industry during the past year. However, we have managed to secure some important contracts with key new customers and we are looking for growth in our service and repair division in the coming year.

Growth potential outside of Radicon's domestic and traditional markets continues to be explored. Orders within the African region increased by 10% on prior year and are expected to continue to grow with increased local representation. Elecon's enhanced product ranges, are also giving Radicon's customer's greater choice and options, whilst increasing capabilities, with engineering support.

We are also looking for further opportunities in the export markets, which may be strengthened more with competitive pricing resulting from GBP currency depreciation. However the currency depreciation during the past financial year has impacted on Radicon UK's profit, as GBP lost ground on all major currencies after the EU referendum.

Sales revenue dropped 20.7% to GBP 11.1 million in FY 2017, from GBP 14.0 million in FY 2016. However, due to cost control initiatives and adaptability, EBITDA was maintained at GBP 1 million compared with GBP 1.3million in FY 2016. And would have been similar to prior year, if not for foreign currency fluctuations.

Despite challenging European markets, starting the year with an established sales team, along with Elecon's product ranges, development of new sectors, industries, and territories Radicon UK are forecasting growth in FY 2018.

Radicon Drive Systems, Inc, (Radicon USA)

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

During the last financial year Radicon Drive Systems has

continued with the expansion of its sales and marketing team, and an increased representation geographically. This has been backed by an extensive marketing campaign to communicate the Radicon brand, and also publicise the additional Elecon product ranges and capabilities which can now be offered. Growth of national distribution partners is also continuing, to also increase national market penetration.

Radicon Drive Systems also expanded their facilities and moved to new larger premises during the year. Coupled with further capital investment, to make sure that the company has the capabilities to give the expanded customer base, the great Radicon service levels.

Subsequently Radicon Drive Systems is now quoting a larger and more geographically diverse customer base. However converting all of these into sales revenue, is now expected to be mainly realised in the forthcoming financial year.

As such the sales revenue for the past year increased by 1% from USD 9.5million to USD 9.6 million.

EBITDA reduced from USD 0.3 million to a loss of USD 1.3 million as a consequence of the increase in selling and expansion costs. The management believes that this investment will help grow sales and profitability in the new financial year and beyond.

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 32.77 %, from USD 1.56 million FY 2015-16 to USD 2.08 million FY 2016-17. However, EBITDA has decreased by 62.76% from USD 0.072 million FY 2015-16 to USD 0.027 million FY 2016-17.

Elecon Middle East FZE, Dubai

Elecon Middle East FZE, Dubai 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 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, Afghanistan, Palestine, Algeria, Comoros, Djibouti, Lebanon and other Middle East Countries.

During the year, total revenue of Elecon Middle East FZE has dropped by 36.18 %, from AED 13.33 million FY 2015-16 to AED 8.51 million FY 2016-17 and an EBITDA has dropped by 75.40% from AED 2.21 million FY 2015-16 to AED 0.54 million FY 2016-17.

Financial Performance - Associate

Eimco Elecon (India) Limited (EEL)

Eimco Elecon (India) Ltd. (EEL), 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 EEL. 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 EEL.

EEL is engaged in the business of manufacturing of a 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. EEL is the market leader in the underground mining machinery business.

During the year, EEL has achieved a Turnover of ₹18,540.52 Lakhs as against ₹14,953.26 Lakhs in the previous year, representing an increase of 24 %.

For the year ended on March 31, 2017, EEL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) including other income of ₹3,535.15 Lakhs as against the EBIDTA of ₹3,022.19 Lakhs during the previous year, representing an increase of 16.97 %.

Vigil Mechanism / Whistle Blower Policy

The Company has in place a Vigil Mechanism/Whistle Blower Policy for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail the mechanism.

The Vigil Mechanism/Whistle Blower Policy is available on Company's website at <https://www.elecon.com/views/templates/admin/uploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy.pdf>.

Report on Management Discussion & Analysis and Corporate Governance

As per Chapter IV of SEBI (LODR) Regulations, 2015, separate reports on Management Discussion & Analysis, Corporate Governance 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 (CSR) Initiatives

In accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder your Company has adopted a policy for CSR and the Board has constituted a Committee for implementing the CSR activities. Composition of the Committee and other details are provided in Corporate Governance Report.

The Company has implemented various CSR projects directly and / or through implementing agency and the projects undertaken by the Company are in accordance with Schedule VII of the Companies Act, 2013. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is given in "Annexure C", forming part of this report.

Significant and Material Orders passed by the Regulators or Courts

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

Material Changes and Commitments

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

Reporting of Frauds

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee, Board and/or Central Government under Section 143(12) of the Companies Act, 2013 and Rules framed thereunder.

Risk Management

Although it is not mandatory for the Company, the Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Board at its meeting held on July 26, 2016 & November 10, 2016 reconstituted Risk Management Committee, particulars of which are mentioned in the Corporate Governance Report. The said committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the areas of financial risks and controls.

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 D".

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 E", forming part of this Report.

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. As required under law, an Internal Complaints Committee (ICC) has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassment at the work place. During the year under review, there were no complaints pertaining to sexual harassment.

The policy on Sexual Harassment at Workplace is placed on the Company's website.

Extract of Annual Return

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

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

Your Directors are highly grateful for the unstinted guidance, support and assistance received from the Government, Financial Institutions and Banks. Your Directors are thankful to all valuable Stakeholders of the Company viz. shareholders, customers, dealers, vendors, suppliers and business associates for their faith, trust and confidence reposed in the Company.

Your Directors wish to place on record their sincere appreciation for the dedicated efforts and consistent contribution made by the employees at all levels, to ensure that the Company continues to grow and excel.

For and on behalf of Board of Directors



Prayasvin B. Patel

Chairman & Managing Director

DIN: 00037394

Place: Vallabh Vidyanagar

Date: May 19, 2017

management discussion & analysis



▲ Combined Stacker cum reclaimer at Adani, Dahej Port (4200 TPH Stacking/2500 TPH reclaiming, 41 M boom)

Global Economy and India

The growth of the world economy in 2016 remained a low-key event at 2.3%. After the subdued performances in 2015, the calendar year 2016 stayed in the grip of heightened uncertainty, stagnant global trade, subdued investments, and raised policy uncertainty. From a region perspective, there has been a better than expected growth in advanced economies; however, some emerging economies recorded moderate growth on account of their regional issues. As per the estimates

provided by IMF and World Bank, the economic activity is expected to pace up in 2017 and 2018, and the same is likely to get driven by the emerging and developing economies. However, the economic growth could have a direct bearing

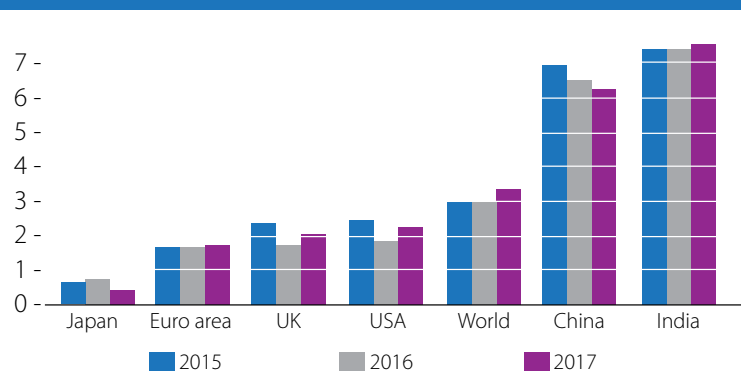
from the policy stance of the newly elected government in the US.

In general, the outlook for the advanced economies looks robust given the improved activity in second half of 2016 and the emerging markets are heading towards a better growth in 2017. These economies are expected to drive growth through continued robust domestic demand and



The global economy is stuck in a low-growth trap

Real GDP growth, annual changes in %



Source: OECD, Economic Outlook

improved global trade. The medium-term prospects also depend on the increase in investments and productivity. From a regions viewpoint - East Asia and the Pacific and South Asia - are likely to enhance their activity reflecting the domestic demand and tailwinds from low oil prices.

India which continues to be a favourite in the World economy looks buoyant and expects to grow over 7% in the coming year. The country had a mix 2016, mainly weighed up by robust private and public consumption which was partially offset by slower fixed investment, reduced exports and subdued activity. India also witnessed a landmark "demonetization" drive which led to a drop in its growth in the third and fourth quarter. While lower energy cost, public sector salary and favourable monsoons supported consumption, the economy also drew gains from a pickup in foreign direct investment.

As the business moves forward, India anticipates to regain its "fastest growth" economy tag by recording a superior growth over 2016. The economy and the industry are forecasted to dwell significant gains from reforms that could unlock supply bottlenecks and improve productivity. The Government also continues to focus on improving ease of working in India besides attracting more direct investments. Over the long term, the Make in India initiative expects India to be the flag-bearer of manufacturing globally.

The Engineering Sector and Gears

The Indian engineering and capital goods space witnessed a flattish year regarding orders intake. While the business has a very positive long-term visibility, the last two financial years have been relatively subdued on account of slow activity growth. The Core sectors of the Economy have still not come out of the problems, and therefore the business momentum has been slow. Among these headwinds from the domestic front, the shining element has been the progress in the exports. The country exports its engineering goods mostly to the US and Europe, and recently the exports have surged for Japan and South Korea.

The global headwinds which impacted the Indian exports otherwise seem to have eased off for the engineering goods. This development also has renewed signs of uplifting the sector in the coming year. From a long-term perspective, India remains a preferred partner to global companies for manufacturing, engineering and allied services. On the domestic side, with the government taking the right measures to drive activity, the engineering and capital good space is likely to witness a pleasant time going forward. The sector continues to be of strategic importance to the Indian economy.

At the sectoral level, the global industrial gearbox market is expected to grow steadily at 4% over the next four-five years. The growth in the sector is however linked to the prospects of areas such as mining, electricity generation, and other core sectors. In addition, the demand will also be augmented by growing need of metals for the business activity.

Elecon Engineering - Company Review

Fiscal 2016-17 was a year of realignment for Elecon Engineering. The Company reorganised its MHE business and merged it with the industrial gear business for critical scale, size and economies. This reason apart, the Company also strategized its material handling business which over a period was not performing to the level of expectations. The Company decided to pursue more product based opportunities rather than doing project business wherein it witnessed an inefficient capital allocation.

On a business front, Elecon's gear business continued to gain traction from the customers, and it reported a growth in sales as well as the order booking for the full year. However, the business margins got affected due to change in the product mix towards products that had relatively lesser margins. During the fiscal, the Company booked orders worth of ₹77,106 Lakhs with power, fertilisers and cement contributing most to it. The gear division also remained showed positive signs concerning efficiencies as the overheads on a product basis reduced marginally. In the MHE business, while the first few quarters of the fiscal remained subdued, the pick-up in the order activity started in the fourth quarter when the Company received significant orders from its customers. Given the changed business model, the gradual growth of the division was on the predictable lines. The Company is confident of its smooth performance in the period to come. At the end of fiscal, the Company's order book in MHE business stood at ₹30,230 Lakhs.

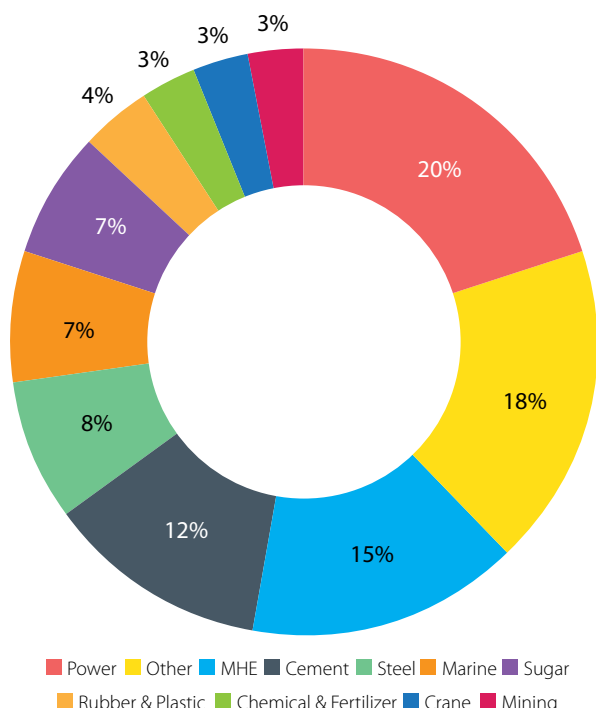
The financial performance of the Company in the fiscal remained soft as it witnessed challenges on multiple counts. At the macro level, the economic activity in the country remained low and it resulted in the slow pick up of orders and poor execution of the operation at the client level. The Company's customers also got affected by Demonetization event which led to some disruption of activity. At the micro level, the integration process, this is a significant step forward for the Company's growth, also added momentary interruption to the normalcy. With the major events already executed, the Company now aims to consolidate its business and expand its operations on the core strengths. It expects the activity at the macro level to smoothen soon and thus anticipates a strong recovery in its business in the near term future.

Segment Wise Revenue - Gear Business

Figure 1- Segment Wise Breakup of our gear business

During fiscal 2017, the power business contributed close to 20% in the overall business. In terms of the orders, the sector has made significant contribution compared to the other segments. The prospects of the sector are bright, and the industry attracts an investment potential of ₹15 trillion (US\$ 225 billion) in the next 4-5 years. There are immense opportunities in power generation, distribution, transmission, and equipment for Elecon's business to grow. This development apart, the Government of India is taking some steps and initiatives to achieve India's ambitious

renewable energy targets of adding 175 GW of renewable energy, including an addition of 100 GW of solar power, by the year 2022. The government has also sought to restart the stalled hydropower projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW.



Our business in Cement sector was 12% of the overall revenues. The industry has started witnessing some positive trend, and in the years to come, we expect this space to contribute meaningfully in the business. The Cement demand in India is projected to increase due to government's push for large infrastructure projects, leading to 45 million tonnes (MT) of cement needed in the next three to four years, India's cement demand is expected to reach 550-600 million tonnes per annum (MTPA) by 2025. The housing sector is the biggest market driver of cement, accounting for about 67% of the total consumption in India. The other primary consumers of cement include infrastructure at 13%, commercial construction at 11% and industrial construction at 9%. To meet the rise in demand, cement companies are expected to add 56 MT capacities over the next three years. The cement capacity in India may register a growth of 8% by next year end to 395 MT from the current level of 366 MT. It may increase further to 421 MT by the end of 2017. We envisage this sector to remain relevant for us, and in the future, we are hopeful of its recovery.

The other sectors which contributed to our revenues were sugar, steel, MHE and marine. In the steel industry, the recent initiatives by the government will drive business going forward. India is expected to become the world's second largest producer of crude steel in the next ten years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope

for growth offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors. We believe it is a big positive for our business.

The marine segment is another major upcoming segment for the Company. It is expected to have huge growth prospects in future owing to government expenditure in the segment. From a port and shipping industry perspective, the Ministry of Shipping, Road Transport and Highways announced many measures to improve the performance of the sector going forwards. Increasing investments and cargo traffic point towards a healthy outlook for the Indian ports sector. The Planning Commission of India forecasts an investment of ₹1,80,62,600 Lakhs (US\$ 27.09 billion) for this industry in its 12th Five Year Plan. Also, through The Maritime Agenda 2010-2020, the Ministry of Shipping has set a target capacity of over 3,130 MMT by 2020, which would be driven by participation from the private sector. Non-major ports are expected to generate over 50 per cent of this capacity, and this is a significant boost to our business.

Lastly, the domestic sugar industry has started showing signs of a turnaround with surging prices and depletion of buffer stocks due to a decrease in global as well as domestic production and steady growth in consumption. We firmly believe that the industry was witnessing a challenging phase, but now headed towards stability.

Financial Performance

From a financial perspective, the total standalone operating income remained stagnant at ₹99,648.05 Lakhs for FY17 as compared to income of ₹106,473.41 Lakhs in the previous year. EBITDA stood at ₹15,579.96 Lakhs as compared to ₹14,236.49 Lakhs during the corresponding period of the previous year. The EBITDA margin was 15.6% for FY17. Net profits stood at ₹2,106.22 Lakhs for FY17 as compared to a profit of ₹3,651.10 Lakhs in the previous year.

At the consolidated level, the total turnover during FY17 was ₹127,465.54 Lakhs as compared to an income of ₹136,554.80 Lakhs in the corresponding period of previous year. At the EBITDA levels, it registered an EBITDA of ₹16,402.42 Lakhs as compared to ₹16,380.24 Lakhs during the corresponding period of the previous year. The consolidated EBITDA margins stood at 12.9% for FY17. Consolidated PAT after share of profit of associates was at ₹1,075.02 Lakhs for FY17 as compared to a profit of ₹3,736.92 Lakhs in FY16.

Risk and Concerns

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

a challenge to the growth of this market.

However, your Company has surpassed all the internal challenges like, technology upgrades, lack of skilled labour, supply chain, etc. to continue the momentum in business operations. The external challenges can be met as economic reforms will get in place because of a stable government.

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

Internal Controls System

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

Development in Human Resources/Industrial front

It has been the tradition of the Company to maintain excellent industrial relations at all levels. This has ensured a very healthy level of enthusiasm within the employees. This

has enabled the Company to maintain its growth despite competition and economic slowdown.

The number of employees as on 31st March, 2017 was 1,143 as against 1,244 as on 31st March, 2016.

Outlook

India remains well placed on the global front to lead its growth. It is estimated that the growth would exceed 7% given the anticipated recovery in private investments, timely and smooth implementation of the GDP and the ever strong domestic demand. These initiatives coupled with the right decisions by government are likely to bring momentum in the core sector and therefore leading to recovery into the Elecon business.

Going into the future, The Company remain confident on the prospects of the business with a potential upside on economy achieving its targeted growth. For Elecon, the key catalysts remain the same, the Company is looking forward to an increased economy activity including the revival of core sectors such as power, steel, cement and mining, surging exports and a strong performance in MHE business.



ANNEXURE - A TO BOARD'S REPORT

Nomination and Remuneration 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 and SEBI (LODR) Regulations, 2015 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 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) Whole-time 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, 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 RNC 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:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) 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 BOARD'S REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

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 March 31, 2017 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 March 31, 2017 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, 2015;
 - 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 Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to late filing of certain e-forms.

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:

- i. Passed a resolution in court convened meeting held on August 19, 2016, in terms on section 391 to 394 of Companies Act, 1956.
- ii. Adopted New Set of Articles of Association.

Place : Ahmedabad
Date : May 19, 2017

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

Note : This report is to be read with our '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 : May 19, 2017

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

ANNEXURE - C TO BOARD'S REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. 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 : <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Corporate-Social-Responsibility-Policy.pdf>

2. Composition of the CSR Committee:
Dr. Sonal V. Ambani, Chairperson
Shri Prayasvin B. Patel, Member
Shri Prashant C. Amin, Member
3. Average net profit of the Company for last three financial years (2013-14, 2014-15 & 2015-16): **₹ 4430.91 Lakhs**
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): **The Company is required to spend ₹ 88.62 Lakhs towards CSR.**
5. Details of CSR spend during the financial year:
 - a. Total amount spent for the financial year: **₹ 90.94 Lakhs**
 - b. Amount unspent, if any: **Nil**
 - c. 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:-	Cumulative Expenditure Upto reporting period	Amount spent: Direct or through implementing agency* ₹ Lakhs
					1) Direct Exp. 2) Overheads		
					₹ Lakhs	₹ Lakhs	
1.	Educational Scholarship, providing educational aid to needy students and Scholarship to meritorious students	Education	Dist.: Anand, State: Gujarat	--	84.58	84.58	Through Implementing Agency
2.	Health Care	Medical	Dist.: Anand, State: Gujarat	--	6.36	6.36	
TOTAL				--	90.94	90.94	

*Details of implementing Agencies:- (1) B. I. Patel Charitable Trust, (2) Wheels of Change and (3) Charutar Vidya Mandal.

6. 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 &
 Managing Director
 DIN : 00037394

Sonal V. Ambani
 Chairperson of
 CSR Committee
 DIN : 02404841

Place : Vallabh Vidyanagar
 Date : May 19, 2017



ANNEXURE – D TO BOARD’S 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 saving by use of LED lights for work lights of m/cs, overhead light in some shop floor areas stepwise. In the new Helical A&D testing area 42 Nos. of 105W LED high bay fittings & in assembly area 115 Nos. of 35W LED fixtures installed.
- Installing the AC variable frequency drives in old cranes hoist application.
- Reduce the use of Compressor air by reducing over usages, idling of compressors, blocking of air leakages etc.
- Use of natural gas through VAM for air conditioning system, which leads to reduction of huge conventional air condition system & thus energy saving is occurred.
- Reduced the use of natural resources like Oil, Water, and Energy by introducing Total Productive Maintenance (TPM) practice.
- Reduce m/c 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.
- Start 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.
- We are planning to replace conventional HPI-BU plus lighting (workshop) with LED lightings stepwise, to achieve the goal of energy saving.
- Replaced 08 Nos. of 15HP, 08 Nos. of 20HP & 02 Nos. Of 30HP motors having EFF2 level motor with AC variable frequency drive panels. Which leads to mass energy saving.
- We have started replacing old translucent sheet with new one at shop floor to provide clear natural lighting during day time.

- (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 :

- Elecon is now a certified member of American Gear Manufacturers Association, which will help to get updated in gear technology.
- At Elecon R & D center, we have developed a new series of helical and bevel helical gear units for power industry. These gear boxes will provide exceptional levels of performance, versatility and life expectancy to meet the demanding requirement of modern industry. We have successfully tested two no. of prototypes developed at in house R&D facility. During the testing we have found gearbox functioning at low temperature and at low noise than the allowable permissible limits as per International standard.
- At R&D facility, we have developed and tested new Twin screw Gear extruder commonly used in the plastic industry. The gearboxes of this series have been developed by featuring high torque and high speed output rate. The axial thrust is supported by an axial roller-type swivel thrust-bearing series, coupled with thrust bearings assembled in tandem way. With the success of this gear box, we will further developed new series of Twin screw (ETS-series) Gearbox to fulfill the range of gearbox required in the plastic industry.
- Considering the need of Gearbox in Agriculture & Fire fighting application, a special type of gearbox vertical pump drive is developed with single stage spiral bevel pair. The development was tested and end results were verified for actual load testing with the help of end user. The design adheres to the latest AGMA (American Gear Manufacturers Association) standard.
- To compete with the overseas market, we have developed new cooling tower gear box based on

the Cooling Technology Institute (CTI standard) norms. The prototype developed was tested for 132 hours at rated torque to verify the mechanical design with satisfying testing parameters. Further testing was carried out to verify the thermal rating of the gear box under load condition. Results of these testing were found satisfactory as per CTI guideline.

- To compete domestic market of traction and scoop coupling, Elecon has initiated to optimize and enhance power capacity in its existing range of scoop coupling. Further to satisfy the need of customer, intermediate range of scoop coupling is under development.
- Elecon has also developed a customized central drive double helical with two stage planetary gear unit having capacity of 3.15 MW for ball mill application overseas.

(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. Up gradation 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.

(c) Future plan of action:

Future R & D efforts will include –

1. Development of New Gear Box based on the market demand.
2. Continuous improvement of existing products to achieve better efficiency.
3. Standardization of Gear components to fulfill the need to supply chain to reduce overall cost.
4. Improvement in manufacturing process.
5. Gearbox and gear components to be designed user friendly for manufacturing and ease of maintenance.

(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 2016-17 is as under:

₹ in Lakhs

Capital Expenditure	--
Revenue Expenditure	371.98
Total	371.98

(II) Technology absorption, adaptation & innovation, measures take and benefits derived there from

- Elecon will develop new design for Vertical Rolling Mill Gearbox with increased load capacity and fulfill the domestic demand in cement and coal industry.
- 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.
- Elecon had provided solution for dual speed conveyor drive gear unit for coal handling plant.
- Aggregate waste two roll type Crusher of 10TPH capacity with auto reversible function during jamming condition. Useful for producing rough sand for soil filling, road concrete, recycling of Concrete/aggregate waste, primary crushing to produce artificial sand.
- Shredder type Crusher of 10 TPH capacity auto Reversal for cleaning and avoiding any Jamming. Useful for shredding of MSW (Municipal Solid Waste) at various Waste facilitating conveyable/ pellet size.
- Developed and installed quick release impact idler mechanism to reduce plant shut down time during replacement of impact rollers.
- Motorized Belt Reel (Coiler/De-coiler) Station in-house designed, manufactured & supplied.
- Skid mounted Semi Mobile type Crusher Unit is a combination of Apron feeder, two roll Crusher & dribble conveyor having capacity 600TPH. Useful for crushing ROM Coal to conveyable 100 mm size at Pit of Mine.
- Developed Standard Conveyor BOQ Estimation sheets for minimize the overall time for submission of Technical offer.
- Developed Rack & Pinion gate with Rotary type actuator.
- 4.8 km High Speed Downhill Conveyor with Belt turns over stations whole triangular pipe gallery structure without walkway with 2 nos. of Maintenance trolleys.

3. FOREIGN EXCHANGE DETAILS

(₹ in Lakhs)

Particulars	2016-17	2015-16
Earnings	4,774.88	6,512.02
Outgo	3,165.33	5,366.54



ANNEXURE – E TO BOARD’S REPORT

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. Names of the top ten employees in terms of remuneration drawn and names of every employee who employed throughout the financial year ended on March 31, 2017 and in receipt of remuneration in aggregate of ₹ 1.02 Crores or above.

Name	Age (Yrs.)	Qualification(s)	Date of Joining	Designation	Remuneration (₹ in Lakhs)	Experience (Yrs.)	Last Employment
Shri Prayasvin Patel*	59	B. E. (Mech.) M.B.A. (U. S. A.)	July 1, 1983	Chairman & Managing Director	341.34	41	--
Shri Prashant Amin*	61	M.B.A. Finance (U.S.A.), M.B.A. (Eng. & Mngt.)	June 1, 2011	Executive Director	198.65	36	Emtici Engineering Ltd.
Shri Rajat Jain	48	B.Com (Hons), Chartered Accountant	November 4, 2014	Group CFO	58.26	20	Walchandnagar Industries Ltd.
Shri Vijaykumar Chakraborty	53	B.E. (Metallurgy)	April 1, 2013	Vice President (Foundry)	39.58	31	Prayas Engineering Ltd.
Shri Debojyoti Sen	55	L.M.E.	April 1, 2013	Vice President (Sales & Services)	36.98	35	Emtici Engineering Ltd.
Shri Susarla Sarma	49	B. E. (Mech.)	July 31, 2012	General Manager (Construction)	28.51	26	Marg Ltd.
Shri M. Venkatesan	49	D.M.E.	April 1, 2013	Vice President (Branch Office)	26.61	31	Emtici Engineering Ltd.
Shri Rajkumar Pania	53	B.Com., Dip. Material Mgmt., DILM	September 7, 2015	Vice President (Projects)	26.52	32	Kadevi Industries Ltd.
Shri Vimalkumar Singh	47	B.Sc., B.E. (Mech.)	April 2, 2015	General Manager (Construction)	26.38	22	BGR Energy Systems Ltd.
Shri Jayanta Mukhopadhyay	52	B.E.(Mech.)	February 18, 2008	Vice President (R & D)	26.33	31	Power Build Pvt. Ltd.

Notes :

- *The appointment is contractual.
 - The remuneration received includes Salary, Housing Allowance, Medical Allowance, Commission, 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.
- ii. There were no employees who were employed for part of the year and were in receipt of remuneration at a rate of not less than ₹ 8.50 Lakhs p.m.

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

Sr. No.	Name of Directors and Key Managerial Personnel (KMP)	Designation	Remuneration for the year 2016-17 (₹ in Lakhs)	Remuneration for the year 2015-16 (₹ in Lakhs)	% Increase in Remuneration in FY 2016-17	Ratio of Remuneration to Median Remuneration of Employee
A. Directors						
1	Shri Prayasvin B. Patel	Chairman & Managing Director	341.34	320.27	6.58	71.24
2	Shri Prashant C. Amin	Executive Director	198.65	191.78	3.58	41.46
3	Shri Pradip M. Patel	Non-Independent & Non-Executive Director	7.38	7.20	2.50	1.54
4	Shri Chirayu R. Amin	Independent & Non-Executive Director	6.20	7.20	(13.89)	1.29
5	Shri Jal R. Patel	Independent & Non-Executive Director	7.10	6.50	9.23	1.48
6	Shri Hasmukhlal S. Parikh*	Independent & Non-Executive Director	0.60	7.25	N.A.	0.12
7	Shri Jai Diwanji	Independent & Non-Executive Director	6.98	5.75	21.39	1.46
8	Dr. Sonal V. Ambani	Independent & Non-Executive Director	5.75	6.00	(4.17)	1.20
B. KMP						
1	Shri Rajat Jain	Chief Financial Officer	58.26	54.52	6.86	12.16
2	Shri Parthiv Parikh	Company Secretary	19.50	5.32	#	4.07

* Shri Hasmukhlal S. Parikh passed away on May 8, 2016.

Details not given as Parthiv Parikh appointed as Company Secretary for the Part of the Financial Year 2015-16.

- The median remuneration of employees of the Company during the financial year was ₹ 4.79 Lakhs. There was an increase of 0.74 % in the median remuneration of employees. There were 1,143 permanent employees on the rolls of Company as on March 31, 2017.
- Average percentage increase in the salaries of employees (other than the managerial personnel) in the last financial year i.e. 2016-17 was 17.42 % whereas the increase in the managerial personnel remuneration for the same financial year was 7.01 %.
- 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.
- 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 - F TO BOARD'S 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	L29100GJ1960PLC001082
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 E-MAIL : vadodara@linkintime.co.in Website : www.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	50.18 %
2	Bulk Material Handling Equipments	2915	49.82 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of Shares held	Applicable Section
1	Elecon Transmission International Limited	98062	Wholly-Owned Subsidiary	100	2(87)(ii)
2	Elecon Singapore Pte. Limited	200006402R	Wholly-Owned Subsidiary	100	2(87)(ii)
3	Elecon Middle East FZE	834	Wholly-Owned Subsidiary	100	2(87)(ii)
4	Benzlers Systems AB, Sweden	556723-0817	WO Step Down Subsidiary Company	100	2(87)(ii)
5	Radicon Transmission UK Limited	7397993	WO Step Down Subsidiary Company	100	2(87)(ii)
6	AB Benzlers, Sweden	556043-6007	WO Step Down Subsidiary Company	100	2(87)(ii)
7	Radicon Drive Systems Inc.	SRV 100998235 - 4885125 FILE	WO Step Down Subsidiary Company	100	2(87)(ii)
8	Benzler Transmission A.S.	64445618	WO Step Down Subsidiary Company	100	2(87)(ii)
9	Benzler Antriebstechnik G.M.B.H, Germany	HRB61122	WO Step Down Subsidiary Company	100	2(87)(ii)
10	Benzler TBA B. V. Netherlands	12021081	WO Step Down Subsidiary Company	100	2(87)(ii)
11	OY Benzler AB, Finland	0106993-1	WO Step Down Subsidiary Company	100	2(87)(ii)
12	Benzlers Italia S.R.L., Italy	107816-K	WO Step Down Subsidiary Company	100	2(87)(ii)
13	Eimco Elecon (India) Limited	L29199GJ1974PLC002574	Associate	16.62	2(6)
14	Elecon Eng. (Suzhou) Co. Limited	-	Associate	50	2(6)
15	Elecon Africa Pty. Limited	2002/023798/07	Associate	50	2(6)
16	Elecon Australia Pty. Limited	ACN 099 879 517	Associate	50	2(6)

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 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	4117366	0	4117366	3.78	4379437	0	4379437	3.90	0.12
b) Central Govt	0	0	0	0.00	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
d) Bodies Corp.	58345553	0	58345553	53.56	61347604	0	61347604	54.68	1.12
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
Total shareholding of Promoter (A)	62462919	0	62462919	57.34	65727041	0	65727041	58.58	1.24
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8773222	0	8773222	8.05	8901142	0	8901142	7.93	-0.12
b) Banks / FI	279607	23940	303547	0.28	118480	23940	142420	0.13	-0.15
c) Central Govt	278648	0	278648	0.26	278648	0	278648	0.25	-0.01
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	10212	0	10212	0.01	0	0	0	0.00	-0.01
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) Foreign Portfolio Investor	571666	0	571666	0.52	30000	0	30000	0.03	-0.49
Sub-total (B)(1):-	9913355	23940	9937295	9.12	9328270	23940	9352210	8.34	-0.78
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3608415	31905	3640320	3.34	3323774	31905	3355679	2.99	-0.35
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	22084123	2620280	24704403	22.68	22887879	2544565	25432444	22.66	0.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4199313	181870	4381183	4.02	4461313	181870	4643183	4.13	-0.11
c) Others (specify)									
Non Resident Indians	1056492	390	1056882	0.97	1052367	390	1052757	0.94	-0.03
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	550590	0	550590	0.51	558584	0	558584	0.50	-0.01
Trusts	1000	0	1000	0.00	29700	0	29700	0.03	0.03
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
HUF	1750553	0	1750553	1.61	1658531	0	1658531	1.48	-0.13
Directors & Their Relatives	422261	0	422261	0.39	372261	0	372261	0.33	-0.06
Market Maker	28437	0	28437	0.03	17575	0	17575	0.02	-0.01
Sub-total (B)(2):-	33701184	2834445	36535629	33.54	34361984	2758730	37120714	33.08	-0.46
Total Public Shareholding (B)=(B)(1)+ (B)(2)	43614539	2858385	46472924	42.66	43690254	2782670	46472924	41.42	-1.24



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)	106077458	2858385	108935843	100.00	109417295	98197330	112199965	100.00	0.00

ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2016]			Shareholding at the end of the year [As on 31-March-2017]			% change in Share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Emtici Engineering Limited	25783669	23.67	6.16	26337818	23.47	7.80	-0.20
2	Prayas Engineering Limited	11166394	10.25	0.00	11239414	10.02	0.00	-0.23
3	K. B. Investments Private Limited	10253125	9.41	4.33	11190168	9.97	0.00	0.56
4	Bipra Investments and Trusts Private Limited	5876621	5.39	3.08	6709436	5.98	0.00	0.59
5	Prayasvin Bhanubhai Patel	2255002	2.01	0.00	2509932	2.24	0.00	0.23
6	Elecon Information Technology Limited	1946624	1.79	0.00	2330481	2.08	0.00	0.29
7	Akaaish Mechatronics Limited	1786187	1.64	1.59	1864849	1.66	0.00	0.02
8	Trupti Pradip Patel	1431058	1.31	0.00	1431058	1.28	0.00	-0.03
9	Devkishan Investments Private Limited	1195779	1.10	0.00	1290814	1.15	0.00	0.05
10	Prayasvin Bhanubhai Patel (On Behalf of Bhanubhai I. Patel -HUF)	227490	0.21	0.00	227490	0.20	0.00	-0.01
11	Taruna Prayasvin Patel	203816	0.19	0.00	206517	0.18	0.00	-0.01
12	Wizard Fincap Limited	160597	0.15	0.00	184332	0.16	0.00	0.01
13	Speciality Woodpack Private Limited	160597	0.15	0.00	184332	0.16	0.00	0.01
14	Power Build Private Limited	15960	0.01	0.00	15960	0.01	0.00	0.00
15	Akanksha Prayasvin Patel	0	0.00	0.00	2220	0.00	0.00	0.00
16	Aishwarya Prayasvin Patel	0	0.00	0.00	2220	0.00	0.00	0.00
	TOTAL	62462919	57.34	15.16	65727041	58.58	7.80	1.24

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2016]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2017]	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of total Shares of the Company
1	Emtici Engineering Limited	25783669	22.98			25783669	22.98
	Transfer			09 Dec 2016	554149	26337818	23.47
	At the end of the year					26337818	23.47
2	Prayas Engineering Limited	11166394	9.95			11166394	9.95
	Transfer			09 Dec 2016	73020	11239414	10.02
	At the end of the year					11239414	10.02

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2016]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2017]	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
3	K B Investments Private Limited	10253125	9.14			10253125	9.14
	Transfer			09 Dec 2016	937043	11190168	9.97
	At the end of the year					11190168	9.97
4	Bipra Investments & Trusts Private Limited	5876621	5.24			5876621	5.24
	Transfer			09 Dec 2016	832815	6709436	5.98
	At the end of the year					6709436	5.98
5	Prayasvin Bhanubhai Patel	2255002	2.01			2255002	2.01
	Transfer			09 Dec 2016	254930	2509932	2.24
	At the end of the year					2509932	2.24
6	Elecon Information Technology Limited	1946624	1.74			1946624	1.74
	Transfer			09 Dec 2016	383857	2330481	2.08
	At the end of the year					2330481	2.08
7	Akaish Mechatronics Limited	1786187	1.59			1786187	1.59
	Transfer			09 Dec 2016	78662	1864849	1.66
	At the end of the year					1864849	1.66
8	Trupti Pradip Patel	1431058	1.28			1431058	1.28
	At the end of the year					1431058	1.28
9	Devkishan Investments Pvt. Ltd.	1195779	1.07			1195779	1.07
	Transfer			09 Dec 2016	95035	1290814	1.15
	At the end of the year					1290814	1.15
10	Prayasvin Bhanubhai Patel (On Behalf of Bhanubhai I. Patel-HUF)	227490	0.20			227490	0.20
	227490	0.20			227490	0.20	
	At the end of the year					227490	0.20
11	Taruna Prayasvin Patel	203816	0.18			203816	0.18
	Transfer			09 Dec 2016	2701	206517	0.18
	At the end of the year					206517	0.18
12	Wizard Fincap Limited	160597	0.14			160597	0.14
	Transfer			09 Dec 2016	23735	184332	0.16
	At the end of the year					184332	0.16
13	Speciality Woodpack Pvt. Ltd.	160597	0.14			160597	0.14
	Transfer			09 Dec 2016	23735	184332	0.16
	At the end of the year					184332	0.16
14	Power Build Private Limited	15960	0.01			15960	0.01
	At the end of the year					15960	0.01
15	Akanksha Prayasvin Patel	0	0.00			0	0.00
	Transfer			09 Dec 2016	2220	2220	0.00
	At the end of the year					2220	0.00
16	Aishwarya Prayasvin Patel	0	0.00			0	0.00
	Transfer			09 Dec 2016	2220	2220	0.00
	At the end of the year					2220	0.00



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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2016]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2017]	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
1	HDFC TRUSTEE COMPANY LIMITED (Through its various scheme)	6342684	5.65			6342684	5.65
	Transfer			08 Apr 2016	185500	6528184	5.82
	Transfer			15 Apr 2016	248000	6776184	6.04
	Transfer			22 Apr 2016	211500	6987684	6.23
	Transfer			06 May 2016	286000	7273684	6.48
	Transfer			13 May 2016	145000	7418684	6.61
	Transfer			05 Aug 2016	71000	7489684	6.68
	Transfer			26 Aug 2016	265000	7754684	6.91
	Transfer			02 Sep 2016	382000	8136684	7.25
	Transfer			23 Sep 2016	107000	8243684	7.35
	Transfer			30 Sep 2016	147000	8390684	7.48
	Transfer			07 Oct 2016	95200	8485884	7.56
	Transfer			14 Oct 2016	95000	8580884	7.65
	Transfer			02 Dec 2016	20300	8601184	7.67
	At the end of the year					8601184	7.67
2	NARENDRAKUMAR K. MEHTA	0	0.00			0	0.00
	Transfer			06 May 2016	80000	80000	0.07
	Transfer			02 Dec 2016	120000	200000	0.18
	Transfer			09 Dec 2016	200000	400000	0.36
	Transfer			23 Dec 2016	102000	502000	0.45
	At the end of the year					502000	0.45
3	HEMANG RAICHAND DHARAMSHI	500000	0.45			500000	0.45
	At the end of the year					500000	0.45
4	VIJAYA S	377662	0.34			377662	0.34
	At the end of the year					377662	0.34
5	HINA KALPRAJ DHARAMSHI	300000	0.27			300000	0.27
	At the end of the year					300000	0.27
6	KALPRAJ DAMJI DHARAMSHI	300000	0.27			300000	0.27
	At the end of the year					300000	0.27
7	UNIT TRUST OF INDIA	1829882	1.63			1829882	1.63
	Transfer			29 Apr 2016	(2921)	1826961	1.63
	Transfer			13 May 2016	(1170)	1825791	1.63
	Transfer			15 Jul 2016	(90000)	1735791	1.55
	Transfer			22 Jul 2016	(90000)	1645791	1.47
	Transfer			29 Jul 2016	(90000)	1555791	1.39
	Transfer			12 Aug 2016	(180000)	1375791	1.23
	Transfer			26 Aug 2016	(360000)	1015791	0.91
	Transfer			02 Sep 2016	(360000)	655791	0.58
	Transfer			09 Sep 2016	(280000)	375791	0.33
	Transfer			03 Mar 2017	(2281)	373510	0.33
	Transfer			24 Mar 2017	(73532)	299978	0.27
	Transfer			31 Mar 2017	(20)	299958	0.27
	At the end of the year					299958	0.27
8	THE ORIENTAL INSURANCE COMPANY LIMITED	278648	0.25			278648	0.25
	At the end of the year					278648	0.25
9	NEHAL PRADIP PATEL	239700	0.21			239700	0.21
	At the end of the year					239700	0.21
10	JM FINANCIAL SERVICES LIMITED	451200	0.40			451200	0.40
	Transfer			01 Apr 2016	(750)	450450	0.40

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2016]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2017]	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
	Transfer			08 Apr 2016	(448460)	1990	0.00
	Transfer			22 Apr 2016	(279624)	11322	0.01
	Transfer			29 Apr 2016	(10372)	950	0.00
	Transfer			06 May 2016	813	1763	0.00
	Transfer			13 May 2016	(1052)	711	0.00
	Transfer			20 May 2016	1535	2246	0.00
	Transfer			27 May 2016	(1595)	651	0.00
	Transfer			03 Jun 2016	3470	4121	0.00
	Transfer			10 Jun 2016	(2236)	1885	0.00
	Transfer			17 Jun 2016	(249)	1636	0.00
	Transfer			24 Jun 2016	5894	7530	0.01
	Transfer			30 Jun 2016	(4972)	2558	0.00
	Transfer			01 Jul 2016	3837	6395	0.01
	Transfer			08 Jul 2016	(1580)	4815	0.00
	Transfer			15 Jul 2016	3120	7935	0.01
	Transfer			22 Jul 2016	(5665)	2270	0.00
	Transfer			29 Jul 2016	2855	5125	0.00
	Transfer			05 Aug 2016	(739)	4386	0.00
	Transfer			12 Aug 2016	(1301)	3085	0.00
	Transfer			19 Aug 2016	1575	4660	0.00
	Transfer			26 Aug 2016	1910	6570	0.01
	Transfer			02 Sep 2016	(309)	6261	0.01
	Transfer			09 Sep 2016	(858)	5403	0.00
	Transfer			16 Sep 2016	(1410)	3993	0.00
	Transfer			23 Sep 2016	(908)	3085	0.00
	Transfer			30 Sep 2016	(385)	2700	0.00
	Transfer			07 Oct 2016	936	3636	0.00
	Transfer			14 Oct 2016	6700	10336	0.01
	Transfer			21 Oct 2016	8643	18979	0.02
	Transfer			28 Oct 2016	(8043)	10936	0.01
	Transfer			04 Nov 2016	(6866)	4070	0.00
	Transfer			11 Nov 2016	615	4685	0.00
	Transfer			18 Nov 2016	(2068)	2617	0.00
	Transfer			25 Nov 2016	(582)	2035	0.00
	Transfer			02 Dec 2016	1400	3435	0.00
	Transfer			09 Dec 2016	(1145)	2290	0.00
	Transfer			16 Dec 2016	(256)	2034	0.00
	Transfer			23 Dec 2016	(1354)	680	0.00
	Transfer			30 Dec 2016	(50)	630	0.00
	Transfer			31 Dec 2016	276	906	0.00
	Transfer			06 Jan 2017	(276)	630	0.00
	Transfer			13 Jan 2017	1400	2030	0.00
	Transfer			20 Jan 2017	3489	5519	0.00
	Transfer			27 Jan 2017	1786	7305	0.01
	Transfer			03 Feb 2017	(5375)	1930	0.00
	Transfer			10 Feb 2017	80	2010	0.00
	Transfer			17 Feb 2017	22	2032	0.00
	Transfer			24 Feb 2017	(502)	1530	0.00
	Transfer			03 Mar 2017	5727	7257	0.01
	Transfer			10 Mar 2017	(6427)	830	0.00
	Transfer			17 Mar 2017	681	1511	0.00
	Transfer			24 Mar 2017	(781)	730	0.00
	Transfer			31 Mar 2017	15299	16029	0.01
	At the end of the year					16029	0.01



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2016]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2017]	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
11	SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND SERIES - I*	600656	0.54			600656	0.54
	Transfer			20 May 2016	(37517)	563139	0.50
	Transfer			27 May 2016	(63139)	500000	0.45
	Transfer			03 Jun 2016	(39440)	460560	0.41
	Transfer			10 Jun 2016	(100000)	360560	0.32
	Transfer			17 Jun 2016	(30560)	330000	0.29
	Transfer			24 Jun 2016	(17171)	312829	0.28
	Transfer			30 Jun 2016	(32829)	280000	0.25
	Transfer			08 Jul 2016	(30000)	250000	0.22
	Transfer			15 Jul 2016	(28841)	221159	0.20
	Transfer			22 Jul 2016	(32396)	188763	0.17
	Transfer			29 Jul 2016	(163763)	25000	0.02
	Transfer			05 Aug 2016	(25000)	0	0.00
	At the end of the year					0	0.00
12	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC*	456514	0.41			456514	0.41
	Transfer			28 Oct 2016	(64445)	392069	0.35
	Transfer			04 Nov 2016	(44251)	347818	0.31
	Transfer			18 Nov 2016	(43680)	304138	0.27
	Transfer			02 Dec 2016	(39679)	264459	0.24
	Transfer			16 Dec 2016	(32545)	231914	0.21
	Transfer			13 Jan 2017	(33714)	198200	0.18
	Transfer			27 Jan 2017	(37098)	161102	0.14
	Transfer			03 Feb 2017	(161102)	0	0.00
	At the end of the year					0	0.00
13	AJAY UPADHYAYA*	400600	0.36			400600	0.36
	Transfer			17 Jun 2016	(44976)	355624	0.32
	Transfer			30 Jun 2016	(5624)	350000	0.31
	Transfer			01 Jul 2016	(25100)	324900	0.29
	Transfer			08 Jul 2016	(24900)	300000	0.27
	Transfer			14 Oct 2016	(50000)	250000	0.22
	Transfer			11 Nov 2016	(113379)	136621	0.12
	Transfer			18 Nov 2016	(21821)	114800	0.10
	Transfer			25 Nov 2016	(107815)	6985	0.01
	Transfer			02 Dec 2016	(6985)	0	0.00
	At the end of the year					0	0.00

* Ceased to be in the list of top ten shareholders as on March 31, 2017. The same has been reflected above since the shareholder was one of the top ten shareholders as on March 31, 2016.

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.	Shri Prayasvin B. Patel Chairman & Managing Director				
	At the beginning of the year on April 1, 2016	2255002	2.07	--	--
	Increase during the year by allotment	254930*	0.17	2509932	2.24
	At the end of the year on March 31, 2017	--	--	2509932	2.24

* Shares allotted by virtue of Scheme of Amalgamation of the Company with Elecon EPC Projects Ltd.

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Prashant C. Amin Executive Director	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	At the beginning of the year on April 1, 2016	37675	0.03	37675	0.03
	Date wise 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 March 31, 2017	37675	0.03	37675	0.03

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Pradip M. Patel Non-Executive Director	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3.	At the beginning of the year on April 1, 2016	43161	0.04	43161	0.04
	Date wise 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 March 31, 2017	43161	0.04	43161	0.04

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Jai S. Diwanji Independent & Non-Executive Director	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	At the beginning of the year on April 1, 2016	28050	0.03	28050	0.03
	Date wise 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 March 31, 2017	28050	0.03	28050	0.03

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Parthiv Parikh Company Secretary	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	At the beginning of the year on April 1, 2016	Nil	Nil	Nil	Nil
	Increase during the year due to purchase of Shares.	550	0.00	550	0.00
	At the end of the year on March 31, 2017	550	0.00	550	0.00

The following Directors/KMPs did not hold any shares during F.Y. 2016-17:

1. Shri Chirayu R. Amin – Director
2. Shri Jal R. Patel – Director
3. Dr. Sonal V. Ambani – Director
4. Shri Rajat Jain – Chief Financial Officer



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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	52,873.32	3,771.53	-	56,644.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	168.33	2.41	-	170.73
Total (i+ii+iii)	53,041.65	3773.94	-	56,815.57
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	6,807.15	3,771.53	-	10,578.67
Net Change	6,807.15	3,771.53	-	10,578.67
Indebtedness at the end of the financial year				
i) Principal Amount	46,066.17	-	-	46,066.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	151.01	-	-	151.01
Total (i+ii+iii)	46,217.18	-	-	46,217.18

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total
		CMD	WTD	
		Shri Prayasvin Patel	Shri Prashant Amin	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	336.00	195.85	531.85
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	5.34	2.80	8.14
	(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)	341.34	198.65	539.99
	Ceiling as per the Act	As per Central Government Approval		

B. Remuneration to Other Directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total
		Shri Pradip Patel	Shri Hasmukhlal Parikh*	Shri Chirayu Amin	Shri Jal Patel	Shri Jai Diwanji	Dr. Sonal Ambani	
1	Independent Directors							
	Fee for attending board/committee meetings (I)	--	0.60	1.20	2.10	1.98	0.75	6.63
	Commission	--	--	5.00	5.00	5.00	5.00	20.00
	Others, please specify	--	--	--	--	--	--	--
	Total (1)	--	0.60	6.20	7.10	6.98	5.75	26.63
2	Other Non-Executive Directors							
	Fee for attending board/committee meetings (II)	2.38	--	--	--	--	--	2.38
	Commission	5.00	--	--	--	--	--	5.00
	Others, please specify	--	--	--	--	--	--	--
	Total (2)	7.38	--	--	--	--	--	7.38
	Total (B)=(1+2)	7.38	0.60	6.20	7.10	6.98	5.75	34.01
3	Total Remuneration to other Directors (1 + 2 - I - II)	5.00	-	5.00	5.00	5.00	5.00	25.00
	Ceiling as per the Act	1% of Net Profit						
4	Total Managerial Remuneration (A + B3)	564.99						
	Overall Ceiling as per the Act	11% of Net Profit (for Remuneration of all Directors together)						

* Shri Hasmukhlal S. Parikh, Director of the Company passed away on May 8, 2016.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WT D

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
		Shri Rajat Jain	Shri Parthiv Parikh	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	56.35	19.02	75.37
	(b) Value of Perquisites u/s 17(2) Income-Tax Act, 1961	1.91	0.48	2.39
	(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	1.79	0.80	2.59
	Total	60.05	20.30	80.35

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year under review, no Penalty was levied against the Company, its Directors or any of its Officers and also there was no Punishment or Compounding of offences against the Company, its Directors or any of its Officers under the Companies Act, 2013.



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance is a creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. At Elecon Engineering Company Limited (ELECON), it is imperative that our Company affairs are managed in a fair and transparent manner. We ensure that we evolve and follow the corporate governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the governance of the Company.

Sound Corporate Governance is critical to enhance and retain trust of stakeholders. The Board of Directors of the Company fully supports Corporate Governance practices of the Company with appropriate checks and balances at right places and at right intervals.

A Report on compliance with the principle of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [herein after referred as "SEBI (LODR) Regulations, 2015"] is as under.

1. BOARD OF DIRECTORS

The Board provides strategic guidance and independent views to the Company's management while discharging its fiduciary responsibilities. The Board also provides direction and also exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and society's expectations.

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 and Executive Director manage the business of the Company under the overall supervision, guidance and control of the Board.

Composition

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. The Board currently comprises 7 (Seven) Directors out of which 5 (five) Directors (71%) are Non-Executive Directors. The Company has an Executive Chairman and 4 (four) Independent Directors including 1 (one) Woman Director comprise more than half (57%) of the total Board strength. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of the stakeholders and the Company.

In terms of Regulation 25(1) of the SEBI (LODR) Regulations, 2015, none of the Directors of the Company serves as an Independent Director in more than 7 (Seven) listed entities and any such Director serving as a Whole Time Director in a listed entities is not serving as an Independent Director in more than 3 (three) listed Companies. Moreover, none of the Directors on the Company's Board is a Member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all the Companies in which he or she is a Director as per Regulation 26 of SEBI (LODR) Regulations, 2015. Necessary disclosures have been made by each Director.

The composition of Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2017 are as under:

Name and Designation (DIN) of Director(s)	Category	No. of other Directorships held	No. of Board Committees in which Chairman / Member	
			Chairman	Member
Shri Prayasvin B. Patel Chairman & Managing Director (DIN : 00037394)	Non-Independent & Executive Director	9	--	--
Shri Prashant C. Amin Executive Director (DIN : 01056652)	Non-Independent & Executive Director	8	1	--
Shri Pradip M. Patel (DIN : 00012138)	Non-Independent & Non-Executive Director	3	--	3
Shri Chirayu R. Amin (DIN : 00242549)	Independent & Non-Executive Director	5	1	--
Shri Jal R. Patel (DIN : 0065021)	Independent & Non-Executive Director	4	3	2
Shri Jai S. Diwanji (DIN : 00910410)	Independent & Non-Executive Director	2	--	2
Dr. Sonal V. Ambani (DIN : 02404841)	Independent & Non-Executive Director	4	--	2
Shri Hasmukhlal S. Parikh* (DIN : 00127160)	Independent & Non-Executive Director	--	--	--

Notes:

1. The Directorships held by the Directors, as mentioned above, excludes directorships held in the Company, alternate directorships, directorships in foreign companies, Section 8 companies and private limited companies which are not the subsidiaries of public limited companies.
2. Represents Membership / Chairmanship of two Committees viz. Audit Committee and Stakeholders Relationship Committee as per SEBI (LODR) Regulations, 2015.
3. As on March 31, 2017, none of the Directors of the Company were related to each other except Shri Pradip M. Patel who is Shri Prayasvin B. Patel's Sister's husband.
4. *Shri Hasmukhlal S. Parikh, Director of the Company passed away on May 8, 2016.

BOARD MEETINGS AND PROCEDURES**(A) Scheduling and selection of Agenda items for Board Meetings**

- i. The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused discussions at the meeting. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass resolution by circulation for all such matters, which are of utmost urgent nature.
- ii. Where it is not practicable to attach any document or the agenda is of confidential nature, the same is placed on the table with the permission of the Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. In order to transact some urgent business which may come after circulation of agenda papers, the same is placed before the Board by way of Table Agenda or Chairman's Agenda. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.
- iii. The agenda papers are prepared by the Company Secretary and submitted to the Chairman and Managing Director for his approval. Duly approved agenda papers are circulated amongst the Board Members by the Company Secretary.
- iv. Detailed presentations are made at the Board / Committee meetings covering finance, major business segments and operations of the Company and on auditors reports before approving the quarterly/half yearly/annual financial results of the Company.
- v. As per the convenience of the Members of the Board, the Board Meetings are usually held at the Company's registered office at Vallabh Vidyanagar, Dist. Anand.
- vi. 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 invited to provide additional inputs to the items discussed by the Board as and when necessary.
- vii. The Companies Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in Board/Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/ Items which are not permitted to be transacted through video conferencing.
- viii. Post Meeting Follow Up System: The Company has an effective post Board Meeting follow up procedure. Action Taken Report on the decisions taken in a meeting is placed at the next meeting for information of the Board.

(B) Recording minutes of proceedings at the Board Meeting

The Minutes of the proceedings of each Board Meeting is recorded and the same is sent to all Directors for their comments, if any. The said minutes are getting approved at the next Board Meeting and the same are signed by the Chairman as prescribed in the Companies Act, 2013.

(C) Compliance

The Company Secretary is responsible for preparation of Agenda papers for the meetings and is required to ensure adherence to all the applicable provisions of laws, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 2013, SEBI Guidelines, SEBI (LODR) Regulations, 2015, and other statutory requirements pertaining to capital market. The Board of Directors reviews quarterly Compliance Report confirming adherence to all applicable laws, rules, regulations and guidelines.

BOARD MEETINGS

During the year 2016-17, 4 (four) Board Meetings were held on April 27, 2016, July 26, 2016, November 10, 2016 and February 8, 2017. The Company has held at least one Board Meeting in every quarter and the gap between two Board



Meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings. Leave of absence was granted to concerned Directors upon request who could not attend the respective Board Meeting.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

Name of Directors	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at Last AGM
Shri Prayasvin B. Patel	4	4	Yes
Shri Prashant C. Amin	4	4	Yes
Shri Pradip M. Patel	4	4	Yes
Shri Chirayu R. Amin	4	2	No
Shri Jal R. Patel	4	4	Yes
Shri Jai S. Diwanji	4	4	No
Dr. Sonal V. Ambani	4	3	Yes
Shri Hasmukhlal S. Parikh* (passed away on 08.05.2016)	1	1	No

(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 profile of Shri Pradip M. Patel is given in the notice of Annual General Meeting, annexed to this Annual Report.

(E) Appointment of Independent Directors

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

The terms and conditions of appointment of Independent Directors are uploaded on the website of the Company and can be accessed through weblink <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Terms-Conditions-for-Appointment-of-Independent-Directors.pdf>.

(F) Separate meeting of Independent Directors

Separate meeting of Independent Directors was held on April 27, 2016 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.

(G) Familiarization Programme for Independent Directors

The Company has conducted the familiarization programme for Independent Directors of the Company; details for the same have been disclosed on the Company's website and can be accessed through weblink <https://www.elecon.com/investors/corporate-information>.

(H) Code of Conduct

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 and can be accessed through weblink <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Code-of-Conduct.pdf>. The Board Members (including Independent Directors) and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2017.

The Board of Directors of the Company have also laid the Code of Conduct for Prevention of Insider Trading & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information is posted on the website of the Company and can be accessed through weblink https://www.elecon.com/views/templates/admin-uploads/Investors/Trading-Window/2015-2016/Elecon-Revised-Conducted-Code_2015.pdf.

The Company Secretary is the Compliance Officer of the Company and is responsible for adherence to "Code of Conduct for Prohibition of Insider Trading Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information."

(I) Whistle Blower Policy

The Company has in place a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior / practices. Employees use this channel to report concerns related

to discrimination, retaliation and harassment, and are assured of complete anonymity and confidentiality. During the year under review, no such cases were reported.

The detail of such mechanism is communicated to all the directors and employees and the Whistle blower policy is also uploaded on the website of the Company and can be accessed through weblink <https://www.elecon.com/views/templates/admin-uploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy.pdf>.

(J) CEO / CFO Certificate

The Managing Director/CEO and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Regulation 17(8) of SEBI (LODR) Regulations, 2015. The said certificate is part of the Annual Report.

(K) Policy for Determining Material Subsidiary

The Company has adopted policy for determining material subsidiaries and material non-listed subsidiary of the Company to provide the governance framework for them. The Company's policy on "Material Subsidiary" is placed on the Company's website and can be accessed through weblink <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Material-Subsidiaries-Policy.pdf>. As on date, the Company do not have any material subsidiary company.

2. COMMITTEES OF BOARD

The Board Committees play a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of the diverse matters. The Board supervises the execution of its responsibilities by the Committees and is responsible for their actions. The minutes of the meetings of all the Committees are placed before the Board for review.

As on date the Board has established the following committees.

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Corporate Social Responsibility (CSR) Committee
- E. Risk Management Committee
- F. Management Committee

A. Audit Committee

The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Committee's purpose is to oversee the quality and integrity of accounting, auditing, and financial reporting process including review of the internal audit reports and action taken report.

The terms of reference and role of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

The Audit Committee comprises of experts specializing in accounting/financial management. The Chairman of the Audit Committee, Shri Jal R Patel is a Non - Executive and Independent Director. The present composition of the Audit Committee is as under:

Name of Members	Designation	Category
Shri Jal R. Patel	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Hasmukhlal S. Parikh (passed away on 08.05.2016)	Member	Independent & Non-Executive Director
Shri Jai S. Diwanji (appointed w.e.f. 26.07.2016)	Member	Independent & Non-Executive Director
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director
Dr. Sonal V. Ambani (appointed w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director

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

27.04.2016	26.07.2016	10.11.2016	08.02.2017
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**Attendance at Audit Committee Meetings:**

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Jal R. Patel	4	4
Shri Pradip M. Patel	4	4
Shri Hasmukhlal S. Parikh (Passed away on 08.05.2016)	1	1
Shri Jai S. Diwanji (Appointed w.e.f. 26.07.2016)	3	3
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	4	2
Dr. Sonal V. Ambani (appointed w.e.f. 19.05.2017)	-	-

The CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meeting and attended & participated at the meetings of the Committee. The Company Secretary of the Company acts as the Secretary of the Committee. The Chairman of the Audit Committee attended the last Annual General Meeting (AGM) held on July 26, 2016.

The minutes of Audit Committee Meetings are reviewed by the Board of Directors at the subsequent Board Meeting.

B. Nomination and Remuneration Committee

The constitution and terms of reference of Nomination and Remuneration Committee of the Company are in compliance with provisions of Section 178 of Companies Act, 2013, and Regulation 19 of SEBI (LODR) Regulations, 2015.

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 and shall carry out evaluation of every Director's performance.

The present composition of Nomination and Remuneration Committee is as under:

Name of Members	Designation	Category
Shri Jai S. Diwanji (appointed w.e.f. 26.07.2016)	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director
Shri Jal R. Patel (appointed w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director
Dr. Sonal V. Ambani (appointed w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director

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

26.07.2016	10.11.2016	08.02.2017
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Attendance at Nomination and Remuneration Committee Meetings:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Jai S. Diwanji (appointed w.e.f. 26.07.2016)	3	3
Shri Pradip M. Patel	3	3
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	3	2
Shri Jal R. Patel (appointed w.e.f. 19.05.2017)	-	-
Dr. Sonal V. Ambani (appointed w.e.f. 19.05.2017)	-	-

The Company Secretary of the Company acts as a Secretary to the Committee.

The minutes of Nomination & Remuneration Committee are reviewed by the Board of Directors at the subsequent Board Meeting.

(I) 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 uploaded on the website of the Company <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Nomination-and-Remuneration-Policy.pdf>.

The Remuneration of the Executive Directors is recommended by the Nomination and Remuneration Committee within the permissible limits of the Companies Act, 2013 for approval by Board 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.

(II) 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 defined 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;
- 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.

(III) Remuneration of Directors

a. Non-Executive Directors

The Company pays commission on annual basis @ ₹ 5,00,000/- to each Non-Executive Directors. 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 each Non-Executive Director at the rate of ₹ 25,000/- for attending each Board Meeting & Audit Committee Meeting, ₹ 10,000/- for Management Committee Meeting, ₹ 7,500/- for Nomination & Remuneration Committee Meeting, ₹ 5,000/- for each CSR Committee Meeting & Stakeholders Relationship Committee Meeting. The details of sitting fees & commission paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2016-17, are as under:

(₹ in Lakhs)

Name of Directors	Sitting fees for 2016-17	Commission on Annual basis for the year 2016-17	Total
Shri Pradip M. Patel	2.38	5.00	7.38
Shri Chirayu R. Amin	1.20	5.00	6.20
Shri Jal R. Patel	2.10	5.00	7.10
Shri Jai S. Diwanji	1.98	5.00	6.98
Dr. Sonal V. Ambani	0.75	5.00	5.75
Shri Hasmukhlal S. Parikh (passed away on 08.05.2016)	0.60	-	0.60

Note: The above Sitting Fees excludes re-imbursement of the expenses incurred by Directors to attend the Meetings. The Commission related to the Financial Year ended on March 31, 2017, will be paid after the Annual General Meeting to be held on August 3, 2017.

b. Executive Directors

The Company pays remuneration by way of salary, perquisites and allowances to its Executive Directors.

The remuneration paid to the Chairman & Managing Director and Executive Director for the year 2016-17 is as follow:

(₹ in Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel	336.00	5.34	--	341.34
Shri Prashant C. Amin	195.85	2.80	--	198.65

* Monetary value of perquisites is in accordance with provision of the Income Tax Act, 1961.

The payment of aforesaid remuneration is in accordance with the permission granted by the Central Government for payment of managerial remuneration.

There is no separate provision for payment of severance fees under the regulations governing the appointment of Chairman & Managing Director and Executive Director.

The Company has not granted any stock options to the aforesaid Executive Directors or Employees of the Company.

The aforesaid Executive Directors, so long as they function as such shall not be entitled to any sitting fees for attending any meetings of Board or Committees thereof.

The terms of appointment of Chairman & Managing Director and Executive Director will expire on June 30, 2017 and May 31, 2017, respectively. The Nomination and Remuneration Committee at its meeting held on May 19, 2017 recommended and the Board at its meeting held on May 19, 2017 appointed Shri Prayasvin B. Patel and Shri Prashant C. Amin as Chairman & Managing Director and Executive Director, respectively, for 3 years subject to approval of Shareholders on the terms of remuneration as stated in item Nos. 5 & 6 of the notice convening the Annual General Meeting of the Members of the Company.

C. Stakeholders Relationship Committee

The constitution and terms of reference of Stakeholders Relationship Committee of the Company are in compliance with the provisions of Section 178 of Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

Terms of Reference:

1. Oversee and review all matters connected with the transfer of the Company's securities.
2. Monitor redressal of Investors' / Shareholders' / Security Holders' Grievances.
3. Oversee the performance of the Company's Registrar & Transfer Agents.
4. Recommend methods to upgrade the standard of services to investors.
5. Carry out any other function as may be referred by the Board from time to time or endorsed by any statutory notification / amendment or modifications as may be applicable.

The Committee places a certificate from Registrar & Transfer Agent about the details of complaints received and its disposal during every quarter.

The present composition of Stakeholders Relationship Committee, is as under:

Name of Members	Designation	Category
Shri Jal R. Patel (appointed w.e.f. 26.07.2016)	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Hasmukhlal S. Parikh (passed away on 08.05.2016)	Member	Independent & Non-Executive Director
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director
Shri Jai S. Diwanji (appointed w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director

The Stakeholders Relationship Committee met thrice on the following dates during the last financial year:

27.04.2016	10.11.2016	08.02.2017
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Attendance at Stakeholders Relationship Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meeting Attended
Shri Jal R. Patel (appointed w.e.f. 26.07.2016)	2	2
Shri Pradip M. Patel	3	3
Shri Hasmukhlal S. Parikh (passed away on 08.05.2016)	1	1
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	3	1
Shri Jai S. Diwanji (appointed w.e.f. 19.05.2017)	-	-

The Company Secretary of the Company acts as a Secretary to the Committee.

The minutes of Stakeholders Relationship Committee are reviewed by the Board of Directors at the subsequent Board Meeting.



Redressal of Investor Grievances

The Company and its Registrar & Transfer Agent addresses all complaints, suggestions, and grievances expeditiously and replies are sent usually 7-10 days except in case of dispute over facts or other legal impediments and procedural issues. The Company endeavors to implement suggestions as and when received from the investors.

During the year under review, a total of 10 investors' complaints were received and resolved. There was no unattended or pending investor grievance as on March 31, 2017.

D. Corporate Social Responsibility (CSR) Committee

The Company has constituted CSR Committee as per the provisions of Section 135 of Companies Act, 2013 and rules framed there under.

The present composition of CSR Committee is as under:

Name of Members	Designation	Category
Dr. Sonal V. Ambani (appointed w.e.f. 26.07.2016)	Chairperson	Independent & Non-Executive Director
Shri Prayasvin B. Patel	Member	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Executive Director
Shri Hasmukhlal S. Parikh (Passed away on 08.05.2016)	Chairman	Independent & Non-Executive Director

The CSR Committee met once during the Financial Year on April 27, 2016.

Attendance at CSR Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Dr. Sonal V. Ambani (appointed w.e.f. 26.07.2016)	-	-
Shri Prayasvin B. Patel	1	1
Shri Prashant C. Amin	1	1
Shri Hasmukhlal S. Parikh (Passed away on 08.05.2016)	1	1

The Company Secretary acts as a secretary to the Committee.

The minutes of the CSR Committee are reviewed by the Board of Directors at the subsequent Board Meetings.

E. Risk Management Committee

Even though it is not mandatory, your Company has constituted a Risk Management Committee. The Committee laid down the procedures to inform the Board about the risk assessment and its mitigation.

The Risk Management Committee comprises the following:

Name of Members	Designation	Category
Shri Prayasvin B. Patel	Chairman	Chairman & Managing Director
Shri Prashant C. Amin	Member	Executive Director
Shri Rajkumar Pania	Member	Business Support Management
Shri M. M. Nanda (appointed w.e.f. 26.07.2016)	Member	CEO (Gear Division)
Shri J. S. Patel (appointed w.e.f. 10.11.2016)	Member	CEO (MHE Division)

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

25.04.2016	19.07.2016	08.11.2016	04.02.2017
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Attendance at Risk Management Committee Meetings:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Prayasvin B. Patel	4	-
Shri Prashant C. Amin	4	4
Mr. Rajkumar Pania	4	4
Mr. M. M. Nanda (appointed w.e.f. 26.07.2016)	2	2
Mr. J. S. Patel (appointed w.e.f. 10.11.2016)	1	1

The CFO is the permanent invitee to the meeting and attended & participated at the meetings of the Committee. The Company Secretary of the Company acts as the Secretary of the Committee.

The Board of Directors at its meeting reviewed the risk register as approved by the Risk Management Committee.

F. Management Committee:

In addition to the above Committees, the Board has constituted a Management Committee comprising of the following Members to transact certain routine but urgent businesses:

Name of Members	Designation	Catagory
Shri Prayasvin B. Patel	Chairman	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Executive Director
Shri Jal R. Patel	Member	Independent & Non-Executive Director
Shri. Jai S. Diwanji (Appointed w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director
Shri Chirayu R. Amin (Ceased w.e.f. 19.05.2017)	Member	Independent & Non-Executive Director

No Meeting of the Management Committee was held during the year under review.

3. GENERAL BODY 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
2013-14	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	04-08-2014	Monday	02.30 p.m.	5
2014-15	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	14-08-2015	Friday	04.00 p.m.	3
2015-16	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	26-07-2016	Tuesday	05.00 p.m.	1

Court Convened Meeting

Pursuant to the Order dated July 7, 2016 issued by the Hon'ble High Court of Gujarat a meeting of the shareholders of the Company was held on August 19, 2016 at 11.00 a.m. at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh



Vidyanagar – 388120, Gujarat, to consider and approve the Scheme of Amalgamation of Elecon EPC Projects Limited with the Company.

Postal Ballot

During the year under review, the Company has passed following Resolutions through Postal Ballot Process:-

On August 20, 2016:

To approve the Scheme of Amalgamation of Elecon EPC Projects Limited with the Company and their respective Shareholders and Creditors, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013.

On March 30, 2017:

Issuance of Equity Shares to Bank(s) / Financial Institution(s) under Section 62(3) of the Companies Act, 2013 upon conversion of whole or any part of outstanding principal amount and / or interest payable, if any, in case of default.

Shri D. G. Bhimani, Practising Company Secretary was appointed as Scrutinizer to conduct the both Postal Ballot process above in a fair and transparent manner, wherein the said resolutions as proposed were passed as Ordinary and Special Resolution, respectively. The details of voting on both Postal Ballot process are as under:

Voting Results – For 20.08.2016 Postal Ballot

Category Promoter/ Public	Mode of Voting	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
Promoter and Promoter Group	E-Voting	NOT APPLICABLE						
	Poll							
	Postal Ballot							
	Total							
Public Institutions	E-Voting	9950989	9950989	100.00%	7875198	2075791	79.14%	20.86%
	Poll	0	0	0.00%	0	0	0.00%	0.00%
	Postal Ballot	0	0	0.00%	0	0	0.00%	0.00%
	Total	9950989	9950989	100.00%	7875198	2075791	79.14%	20.86%
Public-Non Institutions	E-Voting	842013	842013	100.00%	832452	9561	98.86%	1.14%
	Poll	0	0	0.00%	0	0	0.00%	0.00%
	Postal Ballot	713931	704066	100.00%	704066	0	100.00%	0.00%
	Total	1555944	1546079	99.37%	1536518	9561	99.38%	0.62%

* Votes casted for 9865 shares were invalid / voted neither in favour nor against the resolution.

Voting Results – For 30.03.2017 Postal Ballot

Category Promoter/ Public	Mode of Voting	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
Promoter and Promoter Group	E-Voting	64295983	64295983	100.00%	64295983	0	100.00%	0.00%
	Poll	0	0	0.00%	0	0	0.00%	0.00%
	Postal Ballot	1431058	1431058	100.00%	1431058	0	100.00%	0.00%
	Total	65727041	65727041	100.00%	65727041	0	100.00%	0.00%
Public Institutions	E-Voting	8976975	8976975	100.00%	0	8976975	0.00%	100.00%
	Poll	0	0	0.00%	0	0	0.00%	0.00%
	Postal Ballot	0	0	0.00%	0	0	0.00%	0.00%
	Total	8976975	8976975	100.00%	0	8976975	0.00%	100.00%

Category Promoter/ Public	Mode of Voting	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
Public-Non Institutions	E-Voting	179392	179392	100.00%	176989	2403	98.66%	1.34%
	Poll	0	0	0.00%	0	0	0.00%	0.00%
	Postal Ballot	352432	351252	99.67%	351252	0	100.00%	0.00%
	Total	531824	530644	99.78%	528241	2403	99.55%	0.45%
TOTAL		75235840	75234660	100.00%	66255282	8979378	88.06%	11.94%

* Votes casted for 1180 shares were invalid / voted neither in favour nor against the resolution.

Special resolutions proposed to be conducted through Postal Ballot

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot. Any 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. Electronic voting facility has been provided to all members, to enable them to cast their votes electronically. The Company engaged the services of CDSL for the purpose of providing e-voting facility to all its members. The members had the option to vote either electronically or by physical ballot.

Subsidiary Companies

The Company has 14 Direct & Indirect Subsidiary Companies. The subsidiaries of the Company function with an adequately empowered Board of Directors and sufficient resources. For more effective governance, the Company monitors performance of subsidiary companies, inter alia, by following means:

- Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed quarterly by the Company's Audit Committee.
- Minutes of material unlisted subsidiary company were placed before the Board of the Company regularly. As on date, the Company do not have any material unlisted subsidiary Company.
- A statement, wherever applicable, of all significant transactions and arrangements entered into by the Company's subsidiaries is presented to the Board of the Company at its meetings. The risk factors and project reports of the Subsidiary Companies are also reviewed by the Audit Committee of the Company.

Disclosures on Materially significant related party transactions

Full disclosure of related party transactions in compliance with Indian Accounting Standard - 24 notified by the Ministry of Corporate Affairs, are given in the 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 Indian Accounting Standard notified by the Ministry of Corporate Affairs. The significant accounting policies applied in preparation and presentation of financial statements has been set out in the Notes to Financial Statements.



Dividend History

and presentation of financial statements has been set out in the Notes to Financial Statements.

Year	Rate (%)	Per Share (₹)	Amount (₹ in lakhs)
2009-2010	75%	1.50	1,392.92
2010-2011	90%	1.80	1,671.51
2011-2012	90%	1.80	1,671.51
2012-2013	50%	1.00	1,089.36
2013-2014	50%	1.00	1,089.36
2014-2015	55%	1.10	1,198.29
2015-2016	55%	1.10	1,198.29
2016-2017*	25%	0.50	561.00

* Subject to the approval by members at the 57th Annual General Meeting.

Stock Options

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

Green Initiative

Electronic copies of the Annual Report 2016-17 and the Notice of the 57th Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses, physical copies are sent through the permitted mode.

4. MEANS OF COMMUNICATION

- Quarterly, Half-yearly and Annual Results:
The quarterly/ half yearly and annual 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.
- 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 investors.
- 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.
- Management Discussion and Analysis Report is attached with the Directors Report in this Annual Report.

5. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and Time : August 3, 2017 at 2.00 p.m.

Venue : Audio Visual Hall, Eimco Elecon Building,
Anand-Sojitra Road,
Vallabh Vidyanagar – 388 120, Gujarat.

b) Financial Calendar : April 01 to March 31

c) Date of Book Closure : Friday, July 28, 2017 to Thursday, August 3, 2017 (both days inclusive)

d) Dividend Payment Date : Credit/dispatch of Dividend Warrants on or after Saturday, August 5, 2017

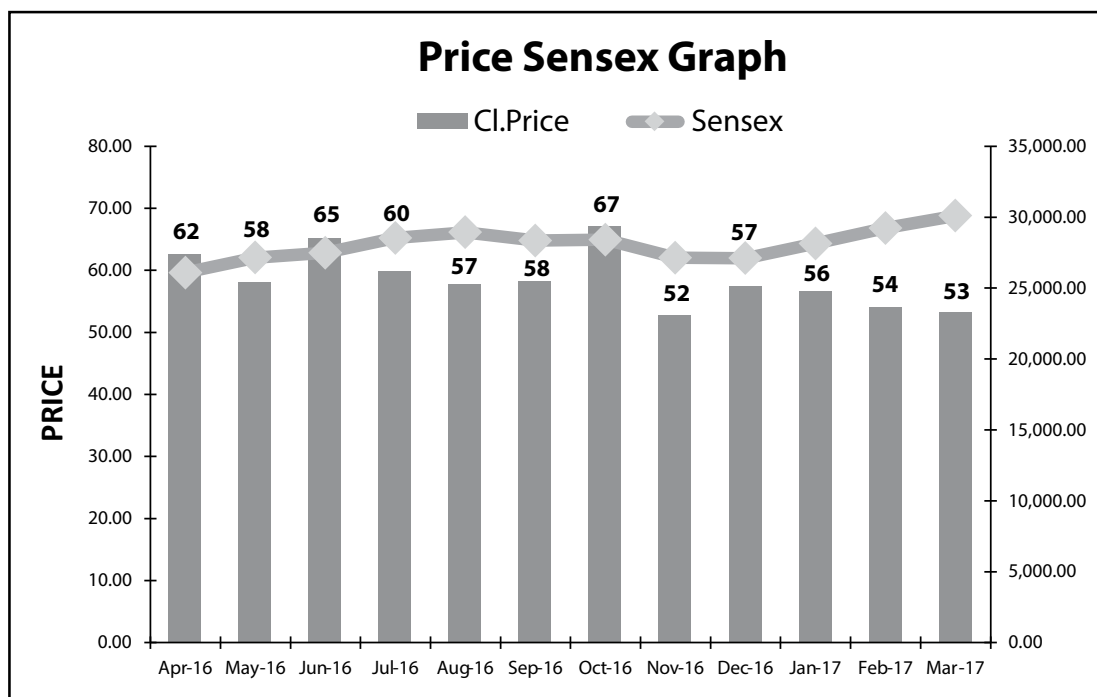
e) Listing on Stock Exchange : The Company's securities are listed at the
BSE Limited, Mumbai
(Stock Code: 505700)
The National Stock Exchange of India Limited, Mumbai
(Stock Code: ELECON)
The Company has paid the Annual Listing fees to the Stock Exchanges for the Financial Year 2016 -17.

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

g) Stock Market Price Data : Monthly share price movement during the year 2015-16 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2016	66.60	54.20	21,41,426	66.60	54.00	56,60,120
May – 2016	65.00	57.80	11,32,866	65.10	57.25	34,46,706
June– 2016	66.05	57.40	12,47,371	66.10	57.00	48,41,417
July – 2016	66.90	58.80	17,96,057	67.00	58.60	85,07,396
August – 2016	61.40	54.80	11,98,589	61.50	54.50	48,48,532
September – 2016	64.05	55.90	20,70,180	64.25	55.00	63,39,299
October – 2016	74.00	57.20	25,72,203	73.80	58.10	88,11,721
November – 2016	67.50	45.40	16,35,170	67.40	45.35	42,70,444
December – 2016	63.40	51.20	20,00,550	64.50	51.00	54,13,264
January – 2017	60.90	55.00	11,19,698	61.00	55.70	34,60,330
February–2017	60.40	52.20	12,80,858	59.85	52.10	38,76,361
March-2017	55.25	51.00	11,56,281	55.30	50.95	33,78,060

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



h) Registrar & Transfer (R&T) Agent:

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

Link Intime India Private Limited

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

Contact Person: Shri Alpesh Gandhi



Shareholders are requested to correspond directly with the R & T Agent for transfer / transmission of shares, change of address, queries pertaining to their shares, dividend etc.

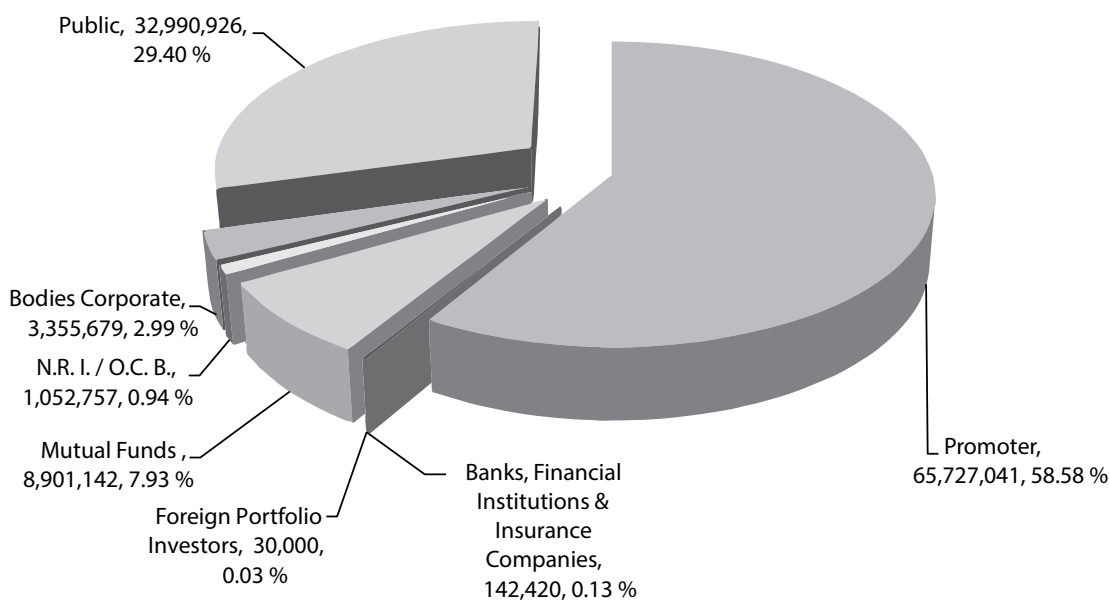
i) Share Transfer System:

The Company's Shares are in compulsory Demat List and are transferable through the Depository system. Demat transfers as well as physical transfers are handled by Link Intime India Pvt. Ltd. having their registered head office at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 and branch office at the address mentioned above.

j) Shareholding pattern as on March 31, 2017

Category	No. of Shares held	(%) of total
Promoters	6,57,27,041	58.58
Banks, Financial Institutions and Insurance Companies	1,42,420	0.13
Foreign Portfolio Investors	30,000	0.03
Mutual Funds	89,01,142	7.93
N.R. I. / O.C. B.	10,52,757	0.94
Bodies Corporate	33,55,679	2.99
Public	3,29,90,926	29.40
TOTAL	11,21,99,965	100.00

Shareholding Pattern



k) Distribution of Shareholding as on March 31, 2017

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	38,663	80.50	66,49,176	5.93
501 - 1000	4,470	9.31	37,01,333	3.30
1001 - 2000	2,358	4.91	35,92,620	3.20
2001 - 3000	827	1.72	21,35,249	1.90
3001 - 4000	418	0.87	14,90,903	1.33
4001 - 5000	328	0.68	15,42,708	1.38
5001 - 10000	518	1.08	38,00,911	3.39
Above 10001	445	0.93	8,92,87,065	79.57
TOTAL	48,027	100.00	11,21,99,965	100.00

l) Dematerialization of Shares and Liquidity

As on March 31, 2017, 10,94,17,295 Shares were in dematerialized form representing 97.52 % of total Shares. The Company's shares are traded on the BSE 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 March 31, 2017:

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on March 31, 2017.

n) Unclaimed Dividend

As per the provisions of Section 124 read with Section 125 of Companies Act, 2013, the Company is required to transfer the 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 (₹ in lakhs) lying unpaid as on 31.03.2017
2009-2010	04-08-2010	04-09-2017	18.76
2010-2011	29-08-2011	28-09-2018	21.47
2011-2012	31-07-2012	30-08-2019	27.14
2012-2013	26-08-2013	25-09-2020	11.04
2013-2014	04-08-2014	03-09-2021	11.99
2014-2015	14-08-2015	13-09-2022	13.42
2015-2016	26-07-2016	25-08-2023	19.67
Total amount lying unpaid as on March 31, 2017			123.49

* Indicative dates, actual dates may vary.

o) NECS Facilities

The Company uses National Electronic Clearing Services (NECS) for remitting dividend to shareholder wherever available. NECS operates on new and unique bank account number allotted by the banks post implementation 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

At the beginning of the year as on April 1, 2016 aggregate 4,43,870 Nos. (Four Lakhs Forty Three Thousand Eight Hundred Seventy) Equity Shares of ₹ 2/- each was lying unclaimed in Elecon Engineering Co. Ltd. – Unclaimed Suspense Account. During the year 2 Nos. (Two) shareholders have claimed total 430 Nos. (Four Hundred Thirty) Equity Shares of ₹ 2/- each and the Closing balance of Unclaimed Suspense Account as on March 31, 2017 was 4,43,440



Nos. (Four Lakhs Fourty Three Thousand Four Hundred Fourty Only) Equity Shares of ₹ 2/- each and the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

q) Plant Locations	:	Works
		1. Gear Division Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat
		2. Material Handling Equipment Division Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat
		3. Alternate Energy Division Anand-Sojitra Road, Vallabh Vidyanagar – 388120, Gujarat.
Address of Regd. Office	:	Anand-Sojitra Road, Vallabh Vidyanagar - 388 120. Gujarat.
Internet Website	:	www.elecon.com

Address for Correspondence:

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

Shri Parthiv Parikh

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

6. COMPLIANCE WITH MANDATORY / DISCRETIONARY REQUIREMENTS

During the year, the Company has fully complied with the mandatory requirements as stipulated in SEBI (LODR) Regulations, 2015.

The status on the compliance with the discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015 is as under:

- The Company's Standalone & Consolidated Financial Statements for the year ended on March 31, 2017 are with unmodified audit opinion.
- 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.
- The Company follows a robust process of communicating with the shareholders which has been explained in the Report under "Means of Communication".

**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 March 31, 2017** as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with Stock Exchanges.

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 Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations'), pursuant to the Listing Agreement of the said Company with Stock Exchanges.

We state that in respect of investor grievance received during the year ended on March 31, 2017, 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

M. T. DESAI
Partner

M. No. : 030911

Firm Regn. No. 110864W

Place : Navsari
Date : May 19, 2017



DECLARATION

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

I, Prayasvin B. Patel, Chairman and Managing Director of the Company, do hereby declare that the Directors (including Independent Directors) and Senior Officers of the Company have exercised their authorities and powers and discharged their duties and functions in accordance with the requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same, for the financial year ended on March 31, 2017.

For, Elecon Engineering Company Limited

Prayasvin B. Patel
Chairman & Managing Director
DIN : 00037394

Place : Vallabh Vidyanagar
Date : May 19, 2017

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 229 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.**

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

To,

The Board of Directors

Elecon Engineering Company Limited

Vallabh Vidyanagar – 388 120

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Elecon Engineering Company Limited ("the Company") to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended on March 31, 2017 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on March 31, 2017, which are fraudulent, illegal or violate of the Company's Code of Conduct or ethics policy.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee-
 - (i) there are no significant changes in internal control over financial reporting during the financial year ended on March 31, 2017;
 - (ii) there are no significant changes in accounting policies during the financial year ended on March 31, 2017 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Elecon Engineering Company Limited

Prayasvin B. Patel

Chairman & Managing Director

Rajat Jain

Chief Financial Officer

Place : Vallabh Vidyanagar

Date : May 19, 2017



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
ELECON ENGINEERING COMPANY LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Elecon Engineering Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2017, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS financial statements')

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, including Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to note 41 of the Statement regarding the Scheme of Amalgamation ('the Scheme') between Elecon EPC Projects Limited (subsidiary of the Company) and the Company sanctioned by the Honorable High Court of Judicature at Gujarat vide its order dated October 7, 2016, wherein the Company, has accounted for the amalgamation under purchase method in accordance with the erstwhile Accounting Standard 14 – Accounting for Amalgamation. The Company has given effect to the Scheme from the appointed date specified in the Scheme i.e. March 30, 2015. Pursuant to giving effect of the Scheme the Capital Reserve of INR 4,258.57 Lakhs has been generated. The accounting treatment is different from that prescribed under Ind AS 103 – Business Combinations.

INDEPENDENT AUDITOR'S REPORT (Contd...)

Other matters

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the one of Joint auditor, Thacker Butala Desai who had audited the financial statements for the relevant periods. The report of the one of Joint auditor, Thacker Butala Desai on the comparative financial information and the opening Balance Sheet dated May 19, 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), 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**, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

As required by sub-section (3) of Section 143 of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the Directors as on March 31, 2017 taken on record by the board of directors, none of the Directors are disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**; and
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 42 to the standalone Ind AS financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts (if any) - Refer Note 23 to the standalone Ind AS financial statements;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017; and
 - iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management - Refer Note 40 to the standalone Ind AS financial statements.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Vallabh Vidyanagar

Date: May 19, 2017

For Thacker Butala Desai

Chartered Accountants

Firm's Registration No: 110864W

M T Desai

Partner

Membership No: 030911

Vallabh Vidyanagar

Date: May 19, 2017



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2017

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2017, we report the following:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.
 - (b) The Company has a regular programme of physical verification of its property, plant and equipment and investment properties by which all the items are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification during the year and these have been dealt with appropriately in the books of account.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 and Note 4 to the standalone Ind AS financial statements, are held in the name of the Company, except in respect for two land parcels, which the Company is in process of registering the title deeds in its name (carrying value: INR 2,440.92 Lakhs included in Land).
- (ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) The Company has granted unsecured loans to wholly owned foreign subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered under Section 189 of the Act:
 - a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act were not prejudicial to the Company's interest.
 - b) According to the information and explanations given to us, the loans granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act are repayable on demand. The borrower have been regular in repaying the principal amounts as demanded and in the payment of interest.
 - c) There is no overdue amount in respect of loans granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. Accordingly, compliance under Section 185 of the Act is not applicable to the Company. According to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans given and investment made.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Duty of customs, Duty of excise, Sales-tax, Value added tax, Service tax, Works contract tax, Entry tax, Local body tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities, though there have been significant delays in case of Professional tax. The Company is not having any dues in respect of Cess.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Professional tax, Income-tax, Duty of customs, Duty of excise, Sales-tax, Service tax, Value added tax, Works contract tax, Entry tax, Local body tax and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise and Value added tax as at March 31, 2017, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Appendix I to this report.

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Contd...)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to the banks and financial institutions. The Company did not have any outstanding loans and borrowings to Government and outstanding dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Vallabh Vidyanagar

Date: May 19, 2017

For Thacker Butala Desai

Chartered Accountants

Firm's Registration No: 110864W

M T Desai

Partner

Membership No: 030911

Vallabh Vidyanagar

Date: May 19, 2017



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Contd..)

Appendix – I

Sr. No	Name of Statute	Nature of Dues	Amount (₹ in lakhs)*	Period to which amount related	Forum where the Dispute is pending
1	The Finance Act, 1944	Service tax including penalties	6,014.22	2006 to 2013	C.E.S.T.A.T Ahmedabad
2	The Finance Act, 1944	Service tax including penalties	1,578.80	2013 to 2016	Central Excise Commissioner (Appeal) Vadodara
3	Central Excise Act, 1944	Excise duty including penalties	77.93	1989 to 1993, 2009 to 2013	C.E.S.T.A.T Ahmedabad
4	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	847.50	2007-08 to 2011-12	Commissioner of Commercial tax (Appeal) Vadodara
5	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	233.39	1991-92 to 1995-96	Odisha High Court
6	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	453.27	2005-06 to 2009-10	Dy. Commissioner of Commercial Tax, Maharashtra
7	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	555.29	2009-12 and 2013-14	Commissioner, Of Commercial Tax, West Bengal
8	The Income Tax Act, 1961	Income tax including interest	367.31	AY 1988-89, 1990-91, 2006-07 to 2011-12	ITAT
9	The Income Tax Act, 1961	Tax and Interest	23.92	AY 2009-10	CIT (Appeals) Vadodara

* INR 1,771.75 Lakhs have been deposited under protest

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2017

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Elecon Engineering Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT (Contd...)

that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Vallabh Vidyanagar

Date: May 19, 2017

For Thacker Butala Desai

Chartered Accountants

Firm's Registration No: 110864W

M T Desai

Partner

Membership No: 030911

Vallabh Vidyanagar

Date: May 19, 2017

STANDALONE BALANCE SHEET

as at March 31, 2017

(₹ in Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	3	74,956.93	78,249.41	82,649.81
(b) Capital work-in-progress	3	98.97	628.71	197.91
(c) Investment properties	4	302.90	317.96	395.78
(d) Intangible assets	5	630.75	651.81	738.27
(e) Intangible assets under development	5	65.00	142.80	181.34
(f) Financial assets				
(i) Investments	6	12,775.41	10,961.03	7,437.09
(ii) Loans	7	-	-	1,142.56
(iii) Other financial assets	8	1,183.76	240.34	255.14
(g) Non-current tax assets (net)	9	2,214.74	2,226.68	663.45
(h) Other non-current assets	10	1,321.01	1,042.87	1,022.14
		93,549.47	94,461.61	94,683.49
II. Current assets				
(a) Inventories	11	23,183.48	26,277.39	25,102.86
(b) Financial assets				
(i) Trade receivables	12	58,664.74	65,913.97	60,673.82
(ii) Cash and cash equivalents	13	470.84	1,925.19	528.37
(iii) Bank balance other than (ii) above	13	133.52	122.28	125.55
(iv) Other financial assets	8	1,635.25	3,577.35	2,532.12
(c) Other current assets	14	8,235.14	5,307.27	4,255.18
		92,322.97	103,123.45	93,217.90
Total Assets		185,872.44	197,585.06	187,901.39
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	2,244.00	2,178.71	2,178.71
(b) Other equity	16	70,685.30	70,161.64	67,988.61
		72,929.30	72,340.35	70,167.32
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	9,060.40	12,840.01	9,084.12
(b) Non-current provisions	18	524.57	587.02	409.88
(c) Deferred tax liabilities (net)	35	7,151.96	6,156.53	5,682.26
		16,736.93	19,583.56	15,176.26



STANDALONE BALANCE SHEET (Contd...)

as at March 31, 2017

(₹ in Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	33,118.35	40,941.23	35,760.71
(ii) Trade payables	19	36,022.60	40,707.91	37,552.15
(iii) Other financial liabilities	20	6,572.93	8,097.82	7,896.86
(b) Other current liabilities	21	16,959.60	12,818.06	17,289.60
(c) Provisions	22	1,874.66	3,096.13	4,058.49
(d) Current tax liabilities (net)	23	1,658.07	-	-
		96,206.21	105,661.15	102,557.81
Total Liabilities		112,943.14	125,244.71	117,734.07
Total Equity and Liabilities		185,872.44	197,585.06	187,901.39

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of

Thacker Butala Desai

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of the Board of Directors

Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director

DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations (including excise duty)	24	99,648.05	106,473.41
Other income	25	785.34	3,125.10
Total Income		100,433.39	109,598.51
Expenses			
Cost of materials consumed	26	35,925.70	45,695.66
Changes in inventories of finished goods and work-in-progress	27	2,326.74	(2,471.71)
Manufacturing expense and erection charges	28	15,333.13	17,789.02
Excise duty expense		7,312.31	8,518.86
Employee benefits expense	29	8,536.71	8,271.70
Finance costs	30	6,304.87	6,243.73
Depreciation and amortisation expense	3, 4 & 5	4,813.76	5,567.22
Other expenses	31	14,633.50	14,433.39
Total Expenses		95,186.72	104,047.87
Profit before tax		5,246.67	5,550.64
Tax expense	35		
Current tax		2,079.08	1,419.53
Adjustment of tax relating to earlier periods		34.56	(9.61)
Deferred tax	33	1,026.81	489.62
Total Tax Expense		3,140.45	1,899.54
Profit for the year		2,106.22	3,651.10
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset)		(106.42)	(44.37)
Income Tax Relating to above		31.38	15.35
Other comprehensive income, net of tax		(75.04)	(29.02)
Total comprehensive income for the year		2,031.18	3,622.08
Earnings per equity share	34		
Equity share of par value INR 2/- each			
Basic		1.88	3.25
Diluted		1.88	3.25

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Place : Vallabh Vidyanagar
Date : May 19, 2017

**For and on behalf of
Thacker Butala Desai**
Chartered Accountants
Firm's Registration No : 110864W

M. T. Desai
Partner
Membership No. 030911

Place : Vallabh Vidyanagar
Date : May 19, 2017

**For and on behalf of the Board of Directors
Elecon Engineering Company Limited**
CIN: L29100GJ1960PLC001082

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Rajat Jain
Chief Financial Officer

Jal Patel
Director
DIN : 00065021

Parthiv Parikh
Company Secretary

Place : Vallabh Vidyanagar
Date : May 19, 2017



STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Equity	Other equity					Total equity
	Share Capital	General Reserve	Securities Premium	Capital Reserve	Share Suspense Account	Retained Earnings	
	Note 15	Note 16	Note 16	Note 16	Note 16	Note 16	
Balance as at April 1, 2015	2,178.71	42,632.78	2,878.14	4,258.41	65.29	18,153.99	70,167.32
Profit for the year	-	-	-	-	-	3,651.10	3,651.10
Set aside this year	-	1,500.00	-	-	-	-	1,500.00
Remeasurements of post-employment benefit obligation, net of tax accounted thorough Other comprehensive income	-	-	-	-	-	(29.02)	(29.02)
Transfer to general reserve	-	-	-	-	-	(1,500.00)	(1,500.00)
Dividend	-	-	-	-	-	(1,198.29)	(1,198.29)
Dividend distribution tax	-	-	-	-	-	(250.76)	(250.76)
Balance as at March 31, 2016	2,178.71	44,132.78	2,878.14	4,258.41	65.29	18,827.02	72,340.35
Balance as at April 1, 2016	2,178.71	44,132.78	2,878.14	4,258.41	65.29	18,827.02	72,340.35
Profit for the year	-	-	-	-	-	2,106.22	2,106.22
Remeasurements of post-employment benefit obligation, net of tax accounted thorough Other comprehensive income	-	-	-	-	-	(75.04)	(75.04)
Equity share issued during the year	65.29	-	-	-	(65.29)	-	-
Dividend	-	-	-	-	-	(1,198.29)	(1,198.29)
Dividend distribution tax	-	-	-	-	-	(243.94)	(243.94)
Balance as at March 31, 2017	2,244.00	44,132.78	2,878.14	4,258.41	-	19,415.97	72,929.30

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants
Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar
Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants
Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar
Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director
DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar
Date : May 19, 2017

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Cash flow from operating activities		
Profit before Tax	5,246.67	5,550.64
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
(i) Depreciation and amortisation expense	4,813.76	5,567.22
(ii) Finance costs	6,304.87	6,243.73
(iii) Loss/(gain) on fair valuation of investment	45.25	(26.36)
(iv) (Gain)/loss on sale of property plant and equipment (net)	(19.05)	390.53
(v) Interest income	(184.61)	(168.70)
(vi) Dividend income	(48.17)	(49.86)
(vii) Gain on sale of investment property	-	(2,233.83)
(viii) Bad debts written off	162.96	418.70
(ix) Loss /(gain) on sale of investments	27.09	(189.75)
(x) Unrealised exchange loss / (gain)	(9.70)	(70.33)
(xi) Provision for liquidated damages & warranty	276.00	-
(xii) Reversal of provision for onerous contract	(1,464.03)	(932.18)
(xiii) Excess provision on doubtful debt written back	(396.39)	-
(xiv) Provision for doubtful debts	-	3.39
Operating Profit before working capital changes	14,754.64	14,503.20
<i>Working Capital Adjustments</i>		
Decrease/(increase) in trade receivables	7,499.18	(5,924.51)
Decrease/(increase) in inventories	3,093.91	(1,174.54)
Decrease/(increase) in other financial assets	933.16	(613.68)
(Increase) in other current and non-current assets	(3,278.36)	(957.24)
(Decrease)/increase in trade payables	(4,692.11)	2,515.34
Increase/(decrease) in provisions, other current and non-current liabilities	4,045.65	(4,368.94)
(Decrease)/increase in other financial liabilities	(2,276.56)	277.37
Cash generated from operations	20,079.51	4,257.00
Direct taxes paid, (net of refunds)	(443.63)	(2,973.15)
Net cash generated from operating activities	19,635.88	1,283.85
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	58.52	737.41
Interest received	184.61	168.70
Dividend received	48.17	49.86
Proceeds on account of maturity of Fixed deposit	64.88	-
Proceeds from sale of investment properties	-	2,293.99
Repayment of loan by related parties	-	1,142.56
Proceeds from sale of investments	105.66	202.75
Payments for purchase of investments	(120.05)	-
Loan recovered from wholly owned subsidiary	1,021.59	-
Loan to wholly owned subsidiary	(2,893.98)	(3,510.58)
Payments for purchase of property, plant and equipment	(1,043.43)	(2,695.22)
Net cash used in investing activities	(2,574.04)	(1,610.53)



STANDALONE STATEMENT OF CASH FLOWS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Cash flow from financing activities		
Net Proceeds from non-current borrowings (net) (Note 3)	(10,749.39)	4,195.30
Current borrowings (net)	-	5,180.51
Finance cost paid	(6,324.58)	(6,200.00)
Dividend paid (including dividend distribution tax)	(1,442.23)	(1,452.31)
Net cash (used in) / generated from financing activity	(18,516.20)	1,723.50
Net increase / (decrease) in cash and cash equivalents	(1,454.36)	1,396.82
Cash and cash equivalents at 1 April (Refer Note 13)	1,925.19	528.37
Cash and cash equivalents at March 31, (Refer Note 13)	470.84	1,925.19
Components of cash & cash equivalents :		
Cash on hand	0.01	0.59
Balances with banks		
In current accounts	448.29	1,613.85
Cheques on hand	22.54	-
In deposit account (with original maturity up to 3 months)	-	310.75
	470.84	1,925.19

Notes:

- Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.
- The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
- In accordance with para 22 of Ind AS 7 - Statement of Cash Flow, Cash Flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants
Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar
Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants
Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar
Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director
DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar
Date : May 19, 2017

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS

1. Reporting entity

Elecon Engineering Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at Anand-Sojitra Road, Vallabh Vidyanager, Gujarat.

The Company is primarily involved in the manufacturing and executing projects on material handling equipment and manufacturing of transmission equipment (see Note 42).

2. Basis of preparation

2.1 Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's standalone financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

The standalone financial statements were authorised for issue by the Company's Board of Directors on May 19, 2017.

Details of the Company's accounting policies are included in Note 2.3.

2.2 Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Investments in certain equity shares of entities other than subsidiaries and associates	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.3 Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- **Note 6** – identification of whether the Company has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4** – identification of the land &/or building is an investment property.
- **Note 36** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 45** – lease classification; and
- **Note 42** – identification of reportable operating segments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2017 is included in the following notes:

- **Note 3-5** – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.
- **Note 35** – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;



ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

- **Note 39** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 18, 23 and 40** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 36** – impairment of financial assets.
- **Note 24 and 43.4** – Revenue recognition based on percentage of completion and provision for onerous contracts

2.4 Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- **Note 4** – investment property;
- **Note 36** – financial instruments.

2.5 Significant accounting policies

a) Business combinations

Business combinations (other than common control business combinations) on or after April 1, 2015.

As part of its transition to Ind AS, the Company has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the date of transition to Ind AS i.e. 1 April 2015. In accordance with Ind AS 103, the Company accounts for these business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see Note 2.5 (k) (ii)). Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss. If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Business combinations prior to April 1, 2014.

In respect of such business combinations, goodwill represents the amount recognised under the Company's previous accounting framework under Indian GAAP adjusted for the reclassification of certain intangibles.

Common control business combinations

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

b) Operating cycle

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has considered the operating cycle as the life of the project for project related assets and liabilities and for rest of the assets and liabilities it has been considered as 12 months.

c) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

d) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Company does not have investment in any debt securities classified as FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. At present there are no such investments.



ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Company

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Transition to Ind AS

On transition to Ind AS, the Company has opted to fair value land, building and plant & machinery and consider the same as deemed cost under Ind AS. Carrying values of other items of property plant and equipment being in compliance with Ind AS, have been carried forward without any change (see Note 43).

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Details of useful life considered for depreciation along with method of depreciation are provided below:

- Plant and Machineries are depreciated on Straight line Method (SLM) as per the estimated useful life of the asset: 5 to 35 years
- Buildings are depreciated on Written Down Value Method (WDV) as per the estimated useful life of the asset: 10 to 60 years



ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

- In respect of all other Fixed Assets depreciation is provided on WDV as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

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

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of profit and loss.

f) Intangible assets

Internally generated: Research and development and software development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

g) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such investment properties.

Depreciation

Based on technical evaluation and consequent advice, the management believes a period of 25-40 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over this period on a straight-line basis. This is different from the indicative useful life of relevant type of assets mentioned in Schedule II to the Companies Act 2013.

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Fair value disclosure

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the Weighted Average Cost basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

i) Impairment

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Company is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).



ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

k) Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

The Company provides normal warranty provisions for general repairs for 18 months from date of material dispatched or 12 months from commissioning whichever is earlier on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. The Company does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

l) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Construction contracts

Construction contract revenue arises from fixed price construction / project related activity and contracts for supply / commissioning of plant and equipment.



ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Percentage completion is arrived at by dividing the Cost incurred till date by the total estimated cost to complete the project. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease.

m) Leases

Asset held under lease

Leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leased, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under operating leases are neither recognised in (in case the Company is lessee) nor derecognized (in case the Company is lessor) from the Company's Balance Sheet.

Lease payments

Payments made or received under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

n) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. Interest income or expense is recognised using the effective interest method.

o) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS (Contd...)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

p) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 42.

r) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

s) Investments in subsidiaries and associates

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

t) Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, Statement of cash flows. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of cash flows. The amendment is applicable to the Company from April 1, 2017.

Amendments to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is not likely to be significant.



NOTES TO STANDALONE FINANCIAL STATEMENTS

as at March 31, 2017

3 : Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Land	Buildings	Plant & equipment	Furniture & Fixture	Vehicles	Office Equip-ment	Electrical Installations & fittings	Sundry Equipment	Total	Capital work in progress
Cost/Deemed Cost										
As at April 1, 2015	34,353.51	6,023.66	40,879.82	496.47	492.11	2,032.45	1,505.88	180.51	85,964.41	197.91
Additions	-	4.30	1,803.45	24.93	11.41	175.68	27.71	-	2,047.48	2,478.28
Deductions	-	-	(1,439.30)	-	(62.25)	(0.12)	(3.75)	-	(1,505.42)	-
Capitalised										(2,047.48)
As at March 31, 2016	34,353.51	6,027.96	41,243.97	521.40	441.27	2,208.01	1,529.84	180.51	86,506.47	628.71
Additions	-	342.92	743.27	10.25	5.11	20.95	81.81	128.64	1,332.95	803.21
Deductions	-	-	(6.45)	-	(138.60)	(2.16)	-	-	(147.21)	-
Capitalised										(1,332.95)
As at March 31, 2017	34,353.51	6,370.88	41,980.79	531.65	307.78	2,226.80	1,611.65	309.15	87,692.21	98.97
Accumulated depreciation										
As at April 1, 2015	-	-	-	255.50	285.48	1,776.60	840.55	156.47	3,314.60	-
Depreciation for the year	-	1,332.66	3,505.78	67.42	72.07	127.41	210.58	4.04	5,319.96	-
Deductions	-	-	(330.01)	-	(45.81)	(0.10)	(1.58)	-	(377.50)	-
As at March 31, 2016	-	1,332.66	3,175.77	322.92	311.74	1,903.91	1,049.55	160.51	8,257.06	-
Depreciation for the year	-	739.37	3,444.09	56.61	33.48	116.11	151.63	44.67	4,585.96	-
Deductions	-	-	(1.70)	-	(103.98)	(2.06)	-	-	(107.74)	-
As at March 31, 2017	-	2,072.03	6,618.16	379.53	241.24	2,017.96	1,201.18	205.18	12,735.28	-
Net Block										
As at March 31, 2017	34,353.51	4,298.85	35,362.63	152.12	66.54	208.84	410.47	103.97	74,956.93	-
As at March 31, 2016	34,353.51	4,695.30	38,068.20	198.48	129.53	304.10	480.29	20.00	78,249.41	-
As at April 1, 2015	34,353.51	6,023.66	40,879.82	240.97	206.63	255.85	665.33	24.04	82,649.81	-

Notes :

The Company has opted to fair value Land, Building and Plant & Machinery on the date of transition to Ind AS and consider the same as deemed cost under Ind AS. Carrying values of other items of property, plant and equipment are in accordance with the requirements of Ind AS 16 - *Property, Plant and Equipment*. Refer Note 43.

As at the date of revaluation April 1, 2015, the properties' fair values are based on valuations performed by an accredited independent valuer who has relevant valuation experience for similar properties in India. The market value of the freehold interest in the property in its current physical condition is the basis of valuation. Valuation has been made on the assumption that the asset or liability is sold in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to alter the cash flow from the property.

The title deeds of immovable properties as disclosed in Note 3 and Note 4 to the standalone Ind AS financial statements, are held in the name of the Company, except in respect for two land parcels for which, the Company is in process of registering the title deeds in its name (gross block: INR 2,440.92 lakhs included in Land). Refer to note 17 for information on property, plant and equipment pledged as security by the Company.

For capital commitments, refer note 40 (b).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

4. Investment properties

	Land	Office Building	Total
Deemed cost*			
As at April 1, 2015	60.16	335.62	395.78
Additions	-	-	-
Deductions	(60.16)	-	(60.16)
As at March 31, 2016	-	335.62	335.62
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2017	-	335.62	335.62
Accumulated depreciation			
As at April 1, 2015	-	-	-
Depreciation for the year	-	17.66	17.66
Deductions	-	-	-
As at March 31, 2016	-	17.66	17.66
Depreciation for the year	-	15.06	15.06
Deductions	-	-	-
As at March 31, 2017	-	32.72	32.72
Carrying amount (net)			
As at March 31, 2017	-	302.90	302.90
As at March 31, 2016	-	317.96	317.96
As at April 1, 2015	60.16	335.62	395.78

Information regarding income and expenditure of Investment properties

	Year Ended March 31, 2017	Year ended March 31, 2016
Rental income derived from Investment properties	11.16	42.43
Direct operating expenses (including repairs and maintenance) generating rental income	1.04	11.21
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	10.12	31.22
Less : Depreciation	15.06	17.66
Profit/(Loss) arising from investment properties before indirect expenses	(4.94)	13.56

* On the transition date, the Company has elected to use previous GAAP carrying values of the investment properties as the deemed cost. Since deemed cost is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, the net carrying value as at the transition date i.e. April 1, 2015 has been disclosed as the cost under Ind AS.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

4. Investment properties (Contd...)

Fair value of the Investment properties are as under:

Fair value	Land	Office Building	Total
Balance as at April 1, 2015	2,487.97	372.24	2,860.21
Fair value increase for the year	-	69.64	69.64
Purchases / (Sale)	(2,487.97)	-	(2,487.97)
Balance as at March 31, 2016	-	441.88	441.88
Fair value increase for the year	-	88.38	88.38
Purchases	-	-	-
Balance as at March 31, 2017	-	530.26	530.26

Fair Valuation Techniques

Particulars	Valuation techniques	Significant unobservable inputs (Level 3)	Range (weighted average)		
			March 31, 2017	March 31, 2016	April 1, 2015
Land	Discounted Cash Flow Method	a) Estimated rental value per square meter per month	NA	NA	74.65
		b) Rent Growth in future year	NA	NA	5%
		c) Long Term vacancy rate	NA	NA	0%
		d) Discount Rate	NA	NA	11.7%

Estimation of fair value

As at March 31, 2017, March 31, 2016 and April 1, 2015, the fair values of the properties are based on valuations performed by accredited independent valuer, who specialises in valuing investment properties.

A valuation model used in determination of investment properties' fair values is in accordance with the recommended valuation techniques by the International Valuation Standards Committee.

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including discounted cash flow projections based on reliable estimates of future cash flows.

For the valuation as on April 1, 2015, the main inputs used are the rental growth rates, expected vacancy rates, discount rate based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

The valuation of investment properties as on March 31, 2017 and March 31, 2016 is done based on market feedback on values of similar properties and hence included in level 2.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

5. Other Intangible Assets

	Computer Software	Technical Knowhow -Acquired	Licenses	Total	Intangibles under development
Deemed Cost*					
As at April 1, 2015	367.05	42.68	328.54	738.27	181.34
Additions	130.35	-	12.79	143.14	104.60
Deductions	-	-	-	-	
Capitalised					(143.14)
As at March 31, 2016	497.40	42.68	341.33	881.41	142.80
Additions	183.92	-	7.76	191.68	113.89
Deductions	-	-	-	-	(191.68)
As at March 31, 2017	681.32	42.68	349.09	1,073.09	65.00
Accumulated amortisation					
As at April 1, 2015	-	-	-	-	
Amortisation for the year	97.05	25.10	107.45	229.60	
Deductions	-	-	-	-	
As at March 31, 2016	97.05	25.10	107.45	229.60	
Amortisation for the year	114.11	9.15	89.48	212.74	
Deductions	-	-	-	-	
As at March 31, 2017	211.16	34.25	196.93	442.34	
Carrying amount (net)					
As at March 31, 2017	470.16	8.43	152.16	630.75	
As at March 31, 2016	400.35	17.58	233.88	651.81	
As at April 1, 2015	367.05	42.68	328.54	738.27	

* On the transition date, the Company has elected to use previous GAAP carrying values of the intangible assets as the deemed cost. Since deemed cost is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, the net carrying value as at the transition date i.e. April 1, 2015 has been disclosed as the cost under Ind AS.

Computer software consists of capitalised development costs of enterprise resource planning software being internally generated intangible assets.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

6. Financial Assets - Investments

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investment in subsidiary companies (Fully paid-up) (at cost) - Unquoted			
(a) 1,40,14,245 Shares (March 31, 2016 : 1,16,94,695, April 1, 2015 : 80,36,419) of GBP 1 each of Elecon Transmission International Limited - Mauritius	11,934.28	10,061.89	6,551.32
(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) 8,97,844 Shares (March 31, 2016 : 8,97,844, April 1, 2015 : 8,97,844) of S\$ 1 each of Elecon Singapore Pte. Limited	247.60	247.60	247.60
(c) 600 Shares (March 31, 2016 : 600, April 1, 2015 : 600) of AED 1000 each of Elecon Middle East FZE	72.61	72.61	72.61
	12,254.49	10,382.10	6,871.53
Investment in associates (Fully paid-up) (at cost) - Unquoted			
(a) Nil Shares (March 31, 2016 : Nil, April 1, 2015 : 1,29,965) of INR 10 each of Elecon Peripherals Limited	-	-	13.00
Quoted			
(b) 9,58,426 Shares (March 31, 2016 : 9,58,426 , April 1, 2015 : 9,58,426) of INR 10 each of Eimco Elecon (India) Limited	217.29	217.29	217.29
(i) The Company has pledged 4,76,000 shares of Eimco Elecon (India) Limited, with the Bank of Baroda, Dubai towards security for loan. Further, 1,00,000 shares of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.			
	217.29	217.29	230.29
Other equity investments			
Quoted Investments (Fully paid-up) (Fair value through Profit and loss)			
(a) 2,500 Shares (March 31, 2016 : 2,500 , April 1, 2015 : 2,500) of INR 10 each of HDFC Bank Limited	36.06	26.79	25.58
(b) 53,945 Shares (March 31, 2016 : 53,945 , April 1, 2015 : 53,945) of INR 2 each of Bank of Baroda	93.30	79.35	88.09
	129.36	106.14	113.67
Quoted Investments in mutual funds (Fair value through profit and loss)			
(a) 637,047.49 units (March 31, 2016 and April 1, 2015: Nil units) of Birla Sunlife mutual fund (Mutual fund investment is pledged as security for term loan taken from a financial institution)	130.02	-	-
	130.02	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

6. Financial Assets - Investments (Contd...)

Unquoted Investments (Fully Paid-up)

(a) 2,00,000 Shares (March 31, 2016 : 2,00,000 , April 1, 2015 : 2,00,000) of INR 10 each of Eimco Elecon Electricals Limited	44.08	122.58	105.91
(b) Nil Shares (March 31, 2016 : 1,24,500 , April 1, 2015 : 1,24,500) of INR 10 each of Wizard Fincap Limited	-	132.75	115.52
(c) 80 Shares (March 31, 2016 : 80, April 1, 2015 : 80) of INR 10 each of Karamsad Urban Co-operative Limited	0.01	0.01	0.01
(d) 100 Shares (March 31, 2016 : 100 , April 1, 2015 : 100) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited	0.01	0.01	0.01
(e) 30 Shares (March 31, 2016 : 30, April 1, 2015 : 30) of INR 500 each of Charotar Gas Sahakari Mandali Limited	0.15	0.15	0.15

Total Investments

	44.25	255.50	221.60
	12,775.41	10,961.03	7,437.09
Aggregate value of quoted investments (including investments in associates)	476.67	323.43	330.96
Aggregate market value of quoted investment (other than investments in associates)	259.38	106.14	113.67
Aggregate value of unquoted investments (including investments in subsidiaries and associates)	12,298.74	10,637.60	7,106.13

7. Financial asset - Loans

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loan (unsecured considered good)	-	-	1,142.56
Loans to related parties (Refer note 38)			
Total Loans	-	-	1,142.56

8. Financial asset - Other financial assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Security deposits	656.01	676.28	705.06
Balances with bank earmarked as margin money	1,053.21	13.00	13.00
Deposit with original maturity of more than twelve (12) months	1.43	66.31	66.31
Unbilled revenue	604.41	673.48	256.74
Other receivables	503.95	2,388.62	1,746.15
Total other financial assets	2,819.01	3,817.69	2,787.26
Non-current	1,183.76	240.34	255.14
Current	1,635.25	3,577.35	2,532.12
Total	2,819.01	3,817.69	2,787.26



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

9. Non-current tax assets (net)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advance tax (net of provision for tax)	2,214.74	2,226.68	663.45
Total non-current tax assets (net)	2,214.74	2,226.68	663.45

10. Other non-current assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	179.22	145.17	32.85
Prepaid expenses	82.19	-	-
Claims receivable from government authorities (paid under protest)	1,059.60	897.70	989.29
Total other non-current assets	1,321.01	1,042.87	1,022.14

11. Inventories

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(At lower of cost and net realisable value)			
Raw materials	5,804.65	8,368.54	9,517.28
Work-in-progress	11,882.36	15,308.77	13,641.83
Finished goods	2,720.33	1,620.66	815.90
Goods in transit	952.33	-	-
Stores and spares	1,823.81	979.42	1,127.85
Total inventories	23,183.48	26,277.39	25,102.86

12. Trade receivables

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivable			
Unsecured, considered good	74,152.40	81,798.02	76,554.47
Less : Allowance for expected credit loss	(15,487.66)	(15,884.05)	(15,880.65)
Total Trade Receivables	58,664.74	65,913.97	60,673.82
Receivables from related parties	3,262.48	2,477.65	3,620.54
Receivables from others	55,402.26	63,436.32	57,053.28
Total	58,664.74	65,913.97	60,673.82

Includes retention money receivable amounting to INR 13,347.05 lakhs (March 31, 2016 - INR 6,433.80 lakhs; April 1, 2015 - INR 5,295.66 lakhs)

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

12. Trade receivables (Contd...)

Allowance for doubtful debts

Movement in allowance for doubtful debt :

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning of the year	15,884.05	15,880.65
Add : Allowance for the year	162.96	422.10
Less : Write off of bad debts	(162.96)	(418.70)
Less : Reversal of excess allowance	(396.39)	-
Balance at the end of the year	15,487.66	15,884.05

13. Cash and bank balances

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(a) Cash and Cash Equivalents			
Balance with bank			
Current accounts and debit balance in cash credit accounts	448.29	1,613.85	412.61
Cheques on hand	22.54	-	-
In deposit account (with original maturity up to 3 months)	-	310.75	115.13
Cash on hand	0.01	0.59	0.63
Total cash and cash equivalents	470.84	1,925.19	528.37
(b) Other bank balances			
Balance with bank earmarked as margin money	0.38	-	-
Deposit account due to mature within 12 months of reporting date	0.26	-	-
Unpaid dividend accounts	132.88	122.28	125.55
Total other bank balance	133.52	122.28	125.55
Total cash and bank balances	604.36	2,047.47	653.92

14. Other current assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advance to suppliers	5,021.97	1,894.52	1,764.04
Balance with government authorities	1,795.40	2,179.25	1,590.27
Prepaid expense	1,126.08	1,221.57	872.84
Others	291.69	11.93	28.03
Total other current assets	8,235.14	5,307.27	4,255.18



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

15. Equity share capital

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Authorised Share Capital						
Equity shares of INR 2 each	27,500,000	4,550.00	225,000,000	4,500.00	225,000,000	4,500.00
Cumulative Redeemable Preference Shares of INR 2 each	25,000,000	500.00	25,000,000	500.00	25,000,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	12,750,000	12,750.00	-	-	-	-
	265,250,000	17,800.00	250,000,000	5,000.00	250,000,000	5,000.00
Issued, subscribed and fully paid up						
Equity shares of INR 2 each	112,199,965	2,244.00	108,935,843	2,178.71	108,935,843	2,178.71
Total equity share capital	112,199,965	2,244.00	108,935,843	2,178.71	108,935,843	2,178.71

15.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
At the beginning of the year	108,935,843	2,178.71	108,935,843	2,178.71	108,935,843	2,178.71
Issued during the year	3,264,122	65.29	-	-	-	-
Outstanding at the end of the year	112,199,965	2,244.00	108,935,843	2,178.71	108,935,843	2,178.71

15.2 Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Equity Shares having a par value of INR 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.

15.3 Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	% of share-holding	No. of shares	% of share-holding	No. of shares	% of share-holding
Equity Shares of INR 2 each fully paid held by:						
EMTICI Engineering Limited	26,337,818	23.47	25,783,669	23.67	26,775,669	24.58
Prayas Engineering Limited	11,239,414	10.02	11,166,394	10.25	11,166,394	10.25
K. B. Investments Private. Ltd.	11,190,168	9.97	10,253,125	9.41	10,081,125	9.25
Bipra Investments & Trusts Private Ltd.	6,709,436	5.98	5,876,621	5.39	5,876,621	5.39
HDFC Trustee Company Ltd.	8,601,184	7.67	6,342,684	5.82	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

15.4 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	March 31, 2017	March 31, 2016	April 1, 2015
Equity Share allotted as fully paid up shares by virtue of schemes of arrangement (Refer note 43.1)	19,338,455	16,074,333	16,074,333

16. Other Equity

16.1 Other reserves

Balance	General Reserve	Securities Premium	Capital Reserve	Share Suspense Account	Retained Earnings	Total
As at April 1, 2015	42,632.78	2,878.14	4,258.41	65.29	18,153.99	67,988.61
Add: Profit for the year	-	-	-	-	3,651.10	3,651.10
Add: Other comprehensive income	-	-	-	-	(29.02)	(29.02)
Add: Set aside this year	1,500.00	-	-	-	-	1,500.00
Balance available for appropriation	44,132.78	2,878.14	4,258.41	65.29	21,776.07	73,110.69
Less : Appropriations						
Transferred to general reserve	-	-	-	-	1,500.00	1,500.00
Dividend	-	-	-	-	1,198.29	1,198.29
Tax on dividend	-	-	-	-	250.76	250.76
As at March 31, 2016	44,132.78	2,878.14	4,258.41	65.29	18,827.02	70,161.64
Add: Profit for the year	-	-	-	-	2,106.22	2,106.22
Add: Other comprehensive income	-	-	-	-	(75.04)	(75.04)
Less: Issue of shares	-	-	-	(65.29)	-	(65.29)
Balance available for appropriation	44,132.78	2,878.14	4,258.41	-	20,858.20	72,127.53
Less : Appropriations						
Dividend	-	-	-	-	1,198.29	1,198.29
Tax on dividend	-	-	-	-	243.94	243.94
As at March 31, 2017	44,132.78	2,878.14	4,258.41	-	19,415.97	70,685.30



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

16.2 Dividend distribution made and proposed

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Cash dividends on Equity shares declared and paid			
Final dividend for year ended March 31, 2016: INR 1.10 per share (March 31, 2015: INR 1.10 per share and March 31, 2014: INR 1 per share)	1,198.29	1,198.29	1,089.36
Dividend distribution tax on final dividend	243.94	250.76	97.91
	1,442.23	1,449.05	1,187.27
Proposed dividends on Equity shares			
Final cash dividend proposed for the year ended March 31, 2017	561.00	-	-
Dividend distribution tax on proposed dividend	114.21	-	-
	675.21	-	-

Proposed dividend on equity shares are subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2017.

16.3 Description of Reserves

Securities Premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Reserve

Capital Reserve represents difference between fair value of the net assets of Elecon EPC Projects Limited and consideration issued. Refer Note 43.1

Share Suspense Account

Share Suspense Account represents shares to be issued for merger of Elecon EPC Projects Limited. Refer Note 43.1.

17. Borrowings

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current interest bearing borrowings			
Secured			
Term loans			
From bank	-	-	627.17
From financial institutions (Refer note (a)(i), (a)(ii) and (b) below)	8,298.09	10,246.94	5,605.94
From consortium banks (Refer note (a)(iii) and (b) below)	816.38	2,628.20	2,889.58
	9,114.47	12,875.14	9,122.69
Less : Accrued interest	54.07	35.13	38.57
Total non-current borrowings	9,060.40	12,840.01	9,084.12

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

17. Borrowings (Contd...)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current interest bearing borrowings			
Secured			
Working capital loan (Refer note (c) below)			
From bank	32,207.03	37,305.30	34,315.68
Unsecured			
Working capital loans			
From bank	1,008.26	3,116.53	484.46
Other loans			
From related parties	-	655.00	1,049.00
	33,215.29	41,076.83	35,849.14
Less : Accrued interest	96.94	135.60	88.43
Total current borrowings	33,118.35	40,941.23	35,760.71
Total interest bearing borrowings	42,178.75	53,781.24	44,844.83

(a) Nature of Securities For Term Loans & Corporate Loans

- i) Term Loans from financial institution - Loan from CLIX Capital India Unlimited formerly known as GE Capital Services India are secured by exclusive charge by way of Hypothecation on specific Plant & Machineries. The same is further, secured by exclusive charge over commercial property of Emtici Engineering Limited at Pune, Maharashtra & Corporate Guarantee of Emtici Engineering Limited. The rate of Interest is in the range of 11.55% to 11.60%..
- ii) Term Loans from financial institution - Loan from Aditya Birla Finance Limited is secured by exclusive charge by way of:
 1. Exclusive charge by way of registered Mortgage on Commercial Property at Bangalore,
 2. Exclusive charge by way of registered Mortgage on Commercial Property at Rajkot,
 3. Exclusive charge by way of Hypothecation on specific list of Plant & Machineries of the Company,
 4. Exclusive charge by way of Pledge of shares of Company owned by Emtici Engineering Limited,
 5. Corporate guarantee of Emtici Engineering Limited,
 6. Debt Service Reserve Account equivalent of 2 immediate installment plus interest.

The rate of Interest is 11.50%.
- iii) Term Loans 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 property, plant and equipment of the Company (movable and immovable) present and future, but excluding assets specifically charged to other Term Lenders.
 - 2) Second pari passu hypothecation charge over the Current Assets of the Company, present and future.
 - 3) Corporate guarantee of Prayas Engineering Limited and Emtici Engineering Limited.
 - 4) Non disposal undertaking for certain land parcels.

Name of the Bank	Interest Rate %
State Bank of India	9.45% to 11.90%
Bank of Baroda	11.25% to 11.90%
IDBI Bank Limited	11.55% to 11.90%
Axis Bank Limited	11.60% to 11.90%
Export Import Bank of India	13.40% to 13.50%
Indusind Bank Limited	11.60% to 11.85%
HDFC Bank	10.00% to 10.35%



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

17. Borrowings (Contd...)

(b) Terms of repayment of Term Loans and Other Loans

1. Term Loans*

Lender	March 31, 2017	March 31, 2016	Terms of Repayment
(i) Aditya Birla Term Loan	6,000.00	6,000.00	Repayable in quarterly installments of INR 112.50 Lakhs starting from May 2017 and INR 196.48 Lakhs from May 2020.
(ii) Clix Capital Finance Unlimited	4,447.92	5,580.12	Repayable in quarterly installments amounting to INR 242.61 Lakhs upto December 2016 and INR 404.36 Lakhs from Jan 2017.
	10,447.92	11,580.12	

*excluding accrued interest and amortised cost.

2. From Consortium Banks*

Lender	March 31, 2017	March 31, 2016	Terms of Repayment
(i) State Bank of India	749.70	1,050.00	Repayable in equated quarterly installments of INR 75 Lakhs starting from October 2015.
(ii) Exim Bank	520.00	1,040.00	Repayable in equated quarterly installments of INR 130 Lakhs starting from December 2015.
(iii) IDBI Bank	625.00	875.00	Repayable in equated quarterly installments of INR 62.5 Lakhs starting from October 2015.
(iv) Bank of Baroda	750.00	1,500.00	Repayable in equated quarterly installments of INR 187.5 Lakhs starting from May 2016.
	2,644.70	4,465.00	

*excluding accrued interest and amortised cost.

(c) 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, HDFC Bank, IDBI Bank, Axis Bank Limited & 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, present & future,
- 2) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable & immovable) present & future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions,
- 3) Registered mortgage, on first pari passu basis, of land bearing survey No.365 & 366 of Prayas Engineering Limited,
- 4) Pledge of 100,000 shares of Eimco Elecon (India) Limited owned by the Company.
- 5) Non disposal undertaking for certain land parcels.
- 6) Corporate guarantee of Prayas Engineering Limited and Emtici Engineering Limited.

Name of the Bank	Interest Rate %
State Bank of India	9.45% to 11.90%
Bank of Baroda	11.25% to 11.90%
IDBI Bank Limited	11.55% to 11.90%
Axis Bank Limited	11.60% to 11.90%
Indusind Bank Limited	11.60% to 11.85%
HDFC Bank	10.00% to 10.35%

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

17. Borrowings (Contd...)

(d) Unsecured Loans*

Lender	Interest rate	March 31, 2017	March 31, 2016	April 1, 2015	Terms of repayment
Devkishan Investment Private Limited	11.00%	-	15.00	15.00	Repayable on Demand
Elecon Info. Technology Limited	11.00%	-	240.00	240.00	Repayable on Demand
Elecon Peripherals Limited	11.00%	-	325.00	250.00	Repayable on Demand
Akaaish Mechatronics Limited	11.00%	-	-	300.00	Repayable on Demand
Bipra Investment & Trust Private Limited	11.00%	-	-	94.00	Repayable on Demand
K. B. Investment Private Limited	11.00%	-	-	116.00	Repayable on Demand
Kirlosker Power Build Gear Limited	11.00%	-	-	34.00	Repayable on Demand
Speciality Wood Pack Private Limited	11.00%	-	75.00	-	Repayable on Demand
HDFC Bank Limited	10.35%	1,000.00	1,000.00	-	Repayable on Demand
IDBI Bank Limited	10.50%	-	1,150.00	-	Repayable on Demand
Yes Bank Limited	4.30%	-	947.45	457.47	Repayable on Demand
		1,000.00	3,752.45	1,506.47	

* Excluding accrued interest.

18. Non-current provisions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for leave obligations (Refer note - 39)	524.57	587.02	409.88
Total non-current provisions	524.57	587.02	409.88

19. Trade payables

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables to related parties	3,170.70	1,166.95	844.04
Trade payables to others	32,851.90	39,540.96	36,708.11
Total trade payables	36,022.60	40,707.91	37,552.15

Includes retention money payable to vendors amounting to INR 2,836.36 lakhs (March 31, 2016 - INR 1,741.08 lakhs; April 1, 2015 - INR 1,253.03 lakhs).



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

19. Trade payables (Contd...)

Details of Dues to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Principal amount remaining unpaid to any supplier as at the period end	4,698.48	958.05	604.08
Interest due thereon	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period.	-	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED, 2006	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-	-

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the Financial statement as at March 31, 2017 based on the information received and available with the Company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Company.

20. Other financial liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of non-current borrowings			
- Term loans from bank	2,067.43	1,214.34	2,059.93
- Loans from consortium of banks	1,820.00	1,820.00	535.00
Interest accrued but not due on borrowings	151.01	170.73	127.00
Security deposits	80.34	84.31	129.31
Unpaid dividend*	132.88	122.28	125.55
Capital creditors	867.74	960.04	556.28
Unearned revenue	1,453.53	3,726.12	4,363.79
Total other financial liabilities	6,572.93	8,097.82	7,896.86

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

21. Other Non-financial liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advance from customers	16,301.10	12,165.56	16,669.63
Statutory liabilities	640.17	635.66	606.89
Employee related liabilities	18.33	16.84	10.83
Other payables	-	-	2.25
Total other non-financial liabilities	16,959.60	12,818.06	17,289.60
Non-current	-	-	-
Current	16,959.60	12,818.06	17,289.60
Total	16,959.60	12,818.06	17,289.60

22. Provisions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for gratuity (Refer note - 39)	-	74.08	110.78
Provision for leave obligation (Refer note - 39)	96.58	55.94	49.41
Provision for liquidated damages	101.00	-	-
Provision for warranty	175.00	-	-
Provision for onerous contract	1,502.08	2,966.11	3,898.30
Total provisions	1,874.66	3,096.13	4,058.49

Movement in Provision :

Particulars	Liquidated damages	Warranty	Onerous contract
Carrying amount as at April 1, 2015	-	-	3,898.30
Provision made / increase in provision	-	-	-
Provision amount used during the year	-	-	(932.19)
Provision amount reversed during the year	-	-	-
Carrying amount as at March 31, 2016	-	-	2,966.11
Provision made / increase in provision	101.00	175.00	-
Provision amount used during the year	-	-	(1,464.03)
Provision amount reversed during the year	-	-	-
Carrying amount as at March 31, 2017	101.00	175.00	1,502.08

Refer 2.5 (j) of significant accounting policies.

Provision for warranty - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the company. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Provision for onerous contracts - The Company has entered into various contracts across the segments. It is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

23. Current tax liabilities (net)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for tax (net of advance tax)	1,658.07	-	-
Total current tax liabilities (net)	1,658.07	-	-

24. Revenue from operations

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Sale of products (Inclusive of Excise duty)		
Transmission equipment sales	43,940.05	50,586.61
Material handling equipment	42,326.76	43,847.17
Export sales	4,945.04	3,789.25
	91,211.85	98,223.03
Sale of Services		
Erection charges	6,906.05	6,739.71
	6,906.05	6,739.71
Other operating revenue		
Sale of scrap	603.06	919.34
Machinery hire charges	-	13.32
Excess provision on doubtful debt written back	396.39	-
Advance from customer written back	275.83	473.85
Duty drawback	254.87	104.16
	1,530.15	1,510.67
Total revenue from operations	99,648.05	106,473.41

25. Other Income

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest income	184.61	168.70
Dividend income	48.17	49.86
Profit on sale of property, plant and equipment (net)	19.05	-
Profit on sale of investment properties	-	2,233.83
Gain on fair valuation of investments	-	26.36
Gain on sale of investments	-	189.75
Rent income	178.19	165.45
Miscellaneous income	355.32	291.15
Total other income	785.34	3,125.10

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

26. Cost of materials consumed

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Inventory at the beginning of the year	8,368.54	9,517.28
Add : Purchases during the year	33,361.81	44,546.92
	41,730.35	54,064.20
Less : Inventory at the end of the year	5,804.65	8,368.54
Total cost of material consumed	35,925.70	45,695.66

27. Changes in inventories of finished goods and work-in-progress

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(Increase) / decrease in inventories		
Opening work-in-progress	15,308.77	13,641.83
Closing work-in-progress	(11,882.36)	(15,308.77)
	3,426.41	(1,666.94)
Opening Finished Goods	1,620.66	815.90
Closing Finished Goods	(2,720.33)	(1,620.66)
	(1,099.67)	(804.77)
Total changes in inventories of finished goods and work-in-progress	2,326.74	(2,471.71)

28. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Stores, tools and spares consumed	2,398.77	2,687.63
Sub-contracting charges	8,372.08	9,911.55
Power and fuel	1,057.51	1,171.20
Erection and other charges	1,933.77	2,283.57
Other manufacturing expenses	1,571.00	1,735.07
Total manufacturing expense and erection charges	15,333.13	17,789.02



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

29. Employee benefits expense

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries, wages and bonus	7,818.63	7,535.75
Contribution to provident fund and other funds (Refer note - 39)	390.62	489.19
Employee welfare expenses	327.46	246.76
Total employee benefit expenses	8,536.71	8,271.70

30. Finance costs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest expense	5,996.00	6,031.27
Other borrowing cost	308.87	212.46
Total finance costs	6,304.87	6,243.73

31. Other expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Rent	1,177.66	1,147.09
Computer software maintenance charges	637.10	589.43
Rates and taxes	705.87	758.08
Repairs and maintenance :		
- Building	307.47	144.71
- Machinery	1,468.83	1,451.40
- Others	55.12	107.96
Insurance (net of recoveries)	216.81	137.50
Travelling, conveyance and communication expense	792.34	948.10
Director sitting fees	14.18	15.46
Commission to non-executive directors	25.00	30.00
Packing, forwarding and distribution expenses (net of recoveries)	2,311.48	1,895.89
Commission and brokerage	1,985.32	2,342.68
Warranty claim replacement	319.43	39.10
Bad debts written off	162.96	418.70
Bank charges	1,022.33	815.52
Advertisements and sales promotion expenses	219.48	261.96
Payment to auditors (Refer note- 32)	78.18	40.19
Loss on fair valuation of investments	45.25	-
Loss on Sale of investments	27.09	-
Donations	16.70	-
Expenditure on corporate social responsibility (Refer note - 33)	90.94	97.37
Car lease rentals	224.90	228.05

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

31. Other expenses (Contd...)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Royalty paid	-	35.63
Legal and professional fees	1,254.34	1,143.36
General administrative charges	1,162.69	1,126.18
Net loss on account of exchange variation	312.03	265.11
Provision for doubtful debts	-	3.39
Loss on sale of property, plant and equipment (net)	-	390.53
Total other expenses	14,633.50	14,433.39

- (i) Research and development expenditure accounted through Standalone Statement of Profit and Loss aggregates INR 358.65 Lakhs (2015-16: INR 358.52 Lakhs).

32. Payment to auditors

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) As auditor		
Audit fees	43.78	25.78
Tax audit fees	4.15	4.15
(b) For other services (Limited review, certification etc)	26.36	9.86
(c) Out of pocket expenses	3.89	0.40
Total payment to auditors	78.18	40.19

Over and above the aforesaid payments an amount of INR 3.10 Lakhs (2015-16: INR 2.79 Lakhs) has been paid to an entity of which one of the partners of the Thacker Butala Desai is a proprietor.

33. Corporate social responsibility expenditure

As per Section 135 of the Companies Act, 2013, the Company was required to spend INR 88.62 Lakhs (2015-16: INR 123.91 lakhs), however, the Company has spent INR 90.94 Lakhs (2015-16: INR 97.37 lakhs) during the current financial year. The Company has spent following amounts during the year :

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Health care, nutrition, sanitation and safe drinking water	6.36	5.40
Education Scholarship and vocational skill development	84.58	91.97
Total corporate social responsibility expenditure	90.94	97.37



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs, except per share data)

34. Earnings per share

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Profit attributable to equity shareholders of the Company	2,106.22	3,651.10
b) Weighted average number of equity shares	112,199,965	112,199,965*
c) Earning per Share (Basic and Diluted)	1.88	3.25
d) Face value per Share	2.00	2.00

* It includes 3,264,122 equity shares issued on account of amalgamation of the Elecon EPC Projects Limited with the Company included in Other equity as equity share suspense.

35. Tax expenses

(₹ in Lakhs)

The major component of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Statement of Profit and loss		
Current tax		
Current income tax	2,079.08	1,419.53
Adjustment of tax relating to earlier periods	34.56	(9.61)
Deferred tax		
Deferred tax liability relating to origination and reversal of temporary difference	1,026.81	489.62
Income tax expense reported in the Statement of Profit and Loss	3,140.45	1,899.54
Other comprehensive income		
Deferred tax (asset) on net loss on remeasurements of defined benefit plans	(31.38)	(15.35)
Total tax expense	3,109.07	1,884.19

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016:

A) Current tax

Particulars	2016-17	2015-16
Profit before tax	5,246.67	5,550.64
Statutory income tax rate	34.61%	34.61%
Tax using the Company's statutory tax rate	1,815.76	1,920.97
Tax effects of :		
Tax exempt income	118.40	5.81
Tax at special rate	(147.56)	(383.25)
Reversal of deferred liability on prepaid finance charges and indexation of land	(99.07)	(40.40)
Other non-deductible expenses (net)	1,287.90	350.27
Adjustment of tax expense relating to earlier periods	34.56	(9.61)
	1,293.30	(36.78)
Tax expense	3,109.07	1,884.19

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

35. Tax expenses (Contd...)

B. Deferred tax

Particulars	April 1, 2015	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2016	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2017
Accelerated depreciation for tax purposes	(4,883.49)	2,069.15	(6,952.63)	(267.31)	(6,685.32)
Impact of fair valuation of assets	(9,288.79)	(2,330.94)	(6,957.86)	(39.97)	(6,917.89)
Deferred tax on fair value of investments	(34.72)	16.71	(51.42)	(43.52)	(7.91)
Deferred tax on prepaid finance charges	-	59.10	(59.10)	(59.10)	-
Provision for doubtful debt (including allowance for Expected Credit Losses)	5,569.32	72.18	5,497.15	137.18	5,359.97
Expenditure allowable on payment basis	184.92	(84.08)	269.01	30.26	238.75
Expenditure allowable on realised basis	2,770.49	687.52	2,082.97	1,269.27	813.71
Deferred tax expense/(income) accounted through Statement of Profit and Loss	-	-	-	-	-
Deferred tax expense/(income) accounted through Other Comprehensive Income	-	(15.35)	15.35	(31.38)	46.74
Total deferred tax expense / (income)	-	474.27	-	995.43	-
Net deferred tax assets/(liabilities)	(5,682.26)	-	(6,156.53)	-	(7,151.96)
Reflected in the balance sheet are as follows:					
Deferred tax assets	8,524.74		7,805.39		6,459.16
Deferred tax liabilities	(14,207.00)		(13,961.92)		(13,611.12)
Deferred tax liabilities (net)	(5,682.26)		(6,156.53)		(7,151.96)

Reconciliation of deferred tax assets / (liabilities), net

	March 31, 2017	March 31, 2016
Opening balance as of April 1	(6,156.53)	(5,682.26)
Tax income/(expense) during the period recognised in profit or loss	(1,026.81)	(489.62)
Tax income/(expense) during the period recognised in OCI	31.38	15.35
Closing balance as at March 31	(7,151.96)	(6,156.53)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2016 and March 31, 2015, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

36. Financial instruments risk management objectives and policies

The Company's financial liabilities comprise mainly of borrowings, trade and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The said committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. It also covers policies on specific risk areas such as currency risk, interest rate risk, credit risk and investment of surplus funds.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and loans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2017, approximately 36% of the Company's borrowings are at fixed rate (March 31, 2016 : 57% and April 1, 2015 : 38%). Summary of financial assets and financial liabilities has been provided below:

Exposure to interest rate risk

The interest rate profile of the Company's interest - bearing financial instrument as reported to management is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Fixed-rate instruments			
Financial Assets	1,055.27	390.06	194.44
Financial Liabilities	16,703.13	32,266.75	17,835.37
Variable-rate instruments			
Financial Assets	-	-	-
Financial Liabilities	29,363.05	24,548.83	29,604.39

Interest rate sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. The following table demonstrates the sensitivity of floating rate financial instruments to a reasonably possible change in interest rates. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Particulars	Impact on Profit / (loss) after tax
March 31, 2017	
Increase in 100 basis points	(192.01)
Decrease in 100 basis points	192.01
March 31, 2016	
Increase in 100 basis points	(160.53)
Decrease in 100 basis points	160.53

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

36. Financial instruments risk management objectives and policies (Contd...)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in foreign currencies (primarily USD, EUR and GBP). Consequently, the Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Company manages its foreign currency risk by following policies approved by board as per established risk management policy. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

	March 31, 2017			March 31, 2016			April 01, 2015		
	USD	GBP	EUR	USD	GBP	EUR	USD	GBP	EUR
Financial Assets									
Trade receivables	1,596.37	1,842.01	307.14	2,033.39	1,765.61	1,026.10	1,606.65	1,590.46	1,236.66
Other financial assets	-	-	3,654.27	-	-	-	-	-	-
Loans	-	-	-	-	-	-	437.78	692.07	-
Total (A)	1,596.37	1,842.01	3,961.41	2,033.39	1,765.61	1,026.10	2,044.43	2,282.53	1,236.66
Financial Liabilities									
Trade payables	140.30	75.02	1,028.13	476.72	80.21	2,680.20	458.68	2.38	3,068.96
Borrowings	-	-	-	947.38	-	-	-	-	429.09
Total (B)	140.30	75.02	1,028.13	1,424.10	80.21	2,680.20	458.68	2.38	3,498.05
Net exposure to foreign currency (A-B)	1,456.07	1,766.99	2,933.28	609.29	1,685.40	(1,654.10)	1,585.75	2,280.15	(2,261.39)

The Company does not have significant exposure to foreign currency risk. Accordingly, the management does not hedge any foreign currency receipts or payments.

The following significant exchange rates have been applied during the year.

Rupees	Average rate		Year-end spot rate		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
USD 1	65.47	64.14	64.85	66.10	62.18
GBP 1	88.19	93.57	81.41	94.97	92.17
EUR 1	72.06	70.99	69.07	75.06	66.92

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	USD			GBP			EUR		
	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax
March 31, 2017									
Strengthening	1.00%	14.56	9.52	6.00%	106.02	69.33	3.00%	88.00	57.54
Weakening		(14.56)	(9.52)		(106.02)	(69.33)		(88.00)	(57.54)
March 31, 2016									
Strengthening	2.50%	15.23	9.96	2.50%	42.13	27.55	3.00%	(49.62)	(32.45)
Weakening		(15.23)	(9.96)		(42.13)	(27.55)		49.62	32.45



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...) for the year ended March 31, 2017

36. Financial instruments risk management objectives and policies (Contd...)

Equity price risk

The Company's investment consists of investments in equity shares of publicly traded companies held for purposes other than trading as well as investments in quoted mutual funds. Since these investments are insignificant, the exposure to equity price changes is minimal.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily trade receivables and other financial assets including deposits with banks. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Other financial assets

This comprises mainly of deposits with banks, investments in mutual funds and other intercompany receivables. Credit risk arising from these financial assets is limited and there is no collateral held against these because the counterparties are group companies, banks and recognised financial institutions. Banks and recognised financial institutions have high credit ratings assigned by the international credit rating agencies.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy and procedures. Trade receivables are non-interest bearing and generally have a credit period not exceeding 90 days. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the receivables are categorised into groups based on types of receivables. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial instruments. The calculation is based provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Receivables from group companies and secured receivables are excluded for the purposes of this analysis since no credit risk is perceived on them. Proportion of expected credit loss provided for across the ageing buckets is summarised below:

Bucket	March 31, 2017	March 31, 2016	April 1, 2015
Not due	2.85%	2.16%	3.04%
0-1 year	5.61%	6.12%	6.88%
1-3 years	30.39%	29.29%	56.64%
Greater than 3 years	63.04%	68.54%	64.35%
Expected Credit Losses rate	25.47%	26.53%	32.73%
Amount of expected credit loss provided for (₹ in Lakhs)	15,487.66	15,884.05	15,880.65

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the receivables.

Movement in provision of expected credit loss has been provided in note no. 12.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both banks and financial institutions at an optimised cost.

The table below analysis non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed under the ageing buckets are the contractual undiscounted cash flows and includes contractual interest payments.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

36. Financial instruments risk management objectives and policies (Contd...)

Particulars	Carrying amount	Less than 12 months	1-2 years	2-5 years	more than 5 years	Total
Year ended March 31, 2017						
Financial liabilities						
Borrowings	42,178.75	33,118.35	3,523.68	5,024.54	3,788.48	45,455.04
Trade Payables	36,022.60	36,022.60	-	-	-	36,022.60
Other financial liabilities	6,572.93	7,869.55	-	-	-	7,869.55
Total	84,774.28	77,010.50	3,523.68	5,024.54	3,788.48	89,347.19
Year ended March 31, 2016						
Financial liabilities						
Borrowings	53,781.24	40,941.23	5,192.48	7,364.55	4,977.66	58,475.92
Trade payables	40,707.91	40,707.91	-	-	-	40,707.91
Other financial liabilities	8,097.82	9,806.75	-	-	-	9,806.75
Total	102,586.98	91,455.89	5,192.48	7,364.55	4,977.66	108,990.58
Year ended April 1, 2015						
Financial liabilities						
Borrowings	44,844.83	39,161.30	3,794.91	7,330.64	-	50,286.85
Trade payables	37,552.15	37,552.15	-	-	-	37,552.15
Other financial liabilities	7,896.86	9,241.80	-	-	-	9,241.80
Total	90,293.84	85,955.26	3,794.91	7,330.64	-	97,080.81

(d) Capital management

For the purpose of the Company's capital management, capital includes paid-up equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity share holders.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using Debt-Equity ratio, which is net debt divided by total equity. The Company's policy is to keep the net debt to equity ratio below 2. The Company includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Interest-bearing loans and borrowings (Note 17 & 20)	46,066.18	56,815.58	44,844.83
Less: cash and cash equivalents (Note 13)	(470.84)	(1,925.19)	(528.37)
Adjusted net debt	45,595.34	54,890.39	44,316.45
Equity share capital (Note 15)	2,244.00	2,178.71	2,178.71
Other equity (Note 16)	70,685.30	70,161.64	67,988.61
Total equity	72,929.30	72,340.34	70,167.32
Adjusted net debt to total equity ratio	0.63	0.76	0.63

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

37. Fair Value Measurements

A. Accounting classification and fair values

As at March 31, 2017

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value			Total
					Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	303.46	-	0.17	303.63	259.38	-	44.25	303.63
Trade receivables	-	-	58,664.74	58,664.74	-	-	-	-
Cash and cash equivalents	-	-	470.84	470.84	-	-	-	-
Other bank balance	-	-	133.52	133.52	-	-	-	-
Other financial assets	-	-	2,819.01	2,819.01	-	-	-	-
Total Financial assets	303.46	-	62,088.11	62,391.57	259.38	-	44.25	303.63
Borrowings (excluding current maturities)	-	-	42,329.76	42,329.76	-	-	42,329.76	42,329.76
Trade payable	-	-	36,022.60	36,022.60	-	-	-	-
Other financial liabilities	-	-	6,421.91	6,421.91	-	-	-	-
Total Financial liabilities	-	-	84,774.27	84,774.27	-	-	42,329.76	42,329.76

As at March 31, 2016

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value			Total
					Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	361.47	-	0.17	361.64	106.14	132.75	122.75	361.64
Loans	-	-	-	-	-	-	-	-
Trade receivables	-	-	65,913.97	65,913.97	-	-	-	-
Cash and cash equivalents	-	-	1,925.19	1,925.19	-	-	-	-
Other bank balance	-	-	122.28	122.28	-	-	-	-
Other financial assets	-	-	3,817.69	3,817.69	-	-	-	-
Total Financial assets	361.47	-	71,779.30	72,140.77	106.14	132.75	122.75	361.64
Borrowings	-	-	53,951.97	53,951.97	-	-	53,951.97	53,951.97
Trade payable	-	-	40,707.91	40,707.91	-	-	-	-
Other financial liabilities	-	-	7,927.08	7,927.08	-	-	-	-
Total Financial liabilities	-	-	102,586.96	102,586.96	-	-	53,951.97	53,951.97

As at April 1, 2015

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value			Total
					Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	335.10	-	0.17	335.27	113.67	115.52	106.08	335.27
Loans	-	-	1,142.56	1,142.56	-	-	1,142.56	1,142.56
Trade receivables	-	-	60,673.82	60,673.82	-	-	-	-
Cash and cash equivalents	-	-	528.37	528.37	-	-	-	-
Other bank balance	-	-	125.55	125.55	-	-	-	-
Other financial assets	-	-	2,787.26	2,787.26	-	-	-	-
Total Financial assets	335.10	-	65,257.73	65,592.83	113.67	115.52	1,248.64	1,477.83
Borrowings	-	-	44,971.83	44,971.83	-	-	44,971.83	44,971.83
Trade payable	-	-	37,552.15	37,552.15	-	-	-	-
Other financial liabilities	-	-	7,769.86	7,769.86	-	-	-	-
Total Financial liabilities	-	-	90,293.84	90,293.84	-	-	44,971.83	44,971.83

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

37. Fair Value Measurements (Contd...)

Note 1 Investments in associate, joint venture and subsidiaries have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than subsidiaries, associates and joint ventures have been designated as FVTPL. However, investments in equity shares other than those of Eimco Elecon Electricals Limited (EECL) and Wizard Fincap Limited (WFL) are not considered material and hence have not been fair valued.

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

On account of materiality and in absence of sufficient information for determination of fair value of investments in equity shares of INR 0.17 lakhs, the Company has not fair valued the same.

ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares and mutual fund that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

C. Fair value through profit and loss - in unquoted equity shares:

Investments in equity shares of Eimco Elecon Electricals Limited (EECL) have been designated as FVTPL. Based on EECL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on April 1, 2015. Demerger effect in 2016-17 has been duly considered in the fair valuation on December 28, 2016, which being close to the end of the current reporting period, has been used for the purposes of accounting.

Significant unobservable inputs

The free cash flows have been discounted using weighted average cost of capital (WACC) and cost of equity which is based on the capital asset pricing model. The model considered data from comparable companies to obtain the discounted free cash flows based on latest available data prior to date of valuation. These assumptions have been adjusted appropriately at each reporting date. Key assumptions have been summarised below:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Beta for WACC	1.00	0.57	0.58
Risk free rate of return	7.00%	7.69%	7.70%
Cost of equity	15.80%	12.27%	13.10%
Cost of debt	Nil	11.00%	13.00%
WACC	15.83%	12.07%	12.71%
Perpetual growth rate	3.00%	1.00%	1.00%
Illiquidity discount	15.00%	15.00%	15.00%

Investments in equity shares of Wizard Fincap Limited (WFL) have been designated as fair value through profit and loss. For fair valuation, Enterprise Value method has been used. Under this method, operating income (EBITDA, EBIT and Revenue) has been computed. Multiples applicable for comparable transactions have been applied after appropriate adjustments as relevant to determine the gross enterprise value. Market value of non-operating assets has then been added to obtain the enterprise value from which debt has been deducted.

i) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

March 31, 2017

(₹ in Lakhs)

37. Fair Value Measurements (Contd...)

ii) Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended March 31, 2017, March 31, 2016 and April 1, 2015 is as below:

Particulars	Amount
As at April 1, 2015	221.60
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	33.90
As at March 31, 2016	255.50
Acquisitions/ (disposals)	(105.66)
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(105.59)
As at March 31, 2017	44.25

Transfer out of Level 3

There were no movement in level 3 in either directions during March 2017 and the year 2015-16.

Sensitivity analysis - Investments in unquoted equity instruments of EECL

2016-17		Perpetual growth rate		
			-1%	+1%
	Cost of equity	-1%	22.91	27.08
		+1%	(18.37)	(21.21)
2015-16		Perpetual growth rate		
			-1%	+1%
	Cost of equity	-1%	22.45	27.62
		+1%	(18.00)	(21.63)

38. Related party disclosure

As per the Ind AS - 24 Related Party Disclosures, the related parties of the Company are as follows :

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

a) Wholly owned Subsidiary Companies

- (i) Elecon Transmission International Limited, Mauritius
- (ii) Elecon Singapore Pte. Limited, Singapore
- (iii) Elecon Middle East FZE, Middle East

b) Wholly owned Step down Subsidiaries

- (i) Benzlers Systems AB, Sweden
- (ii) Radicon Transmission UK Limited, U.K.
- (iii) AB Benzlers, Sweden
- (iv) Radicon Drive Systems, Inc., USA (formerly known as Elecon USA Transmission Limited, USA) (wef September 27, 2016)
- (v) Benzlers Transmission A.S., Denmark
- (vi) Benzlers Antriebstechnik GmbH, Germany
- (vii) Benzlers TBA B.V., Netherlands
- (viii) OY Benzlers AB, Finland
- (ix) Benzlers Italia s.r.l.

c) Associates

- (i) Eimco Elecon (India) Limited
- (ii) Elecon Australia Pty. Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

38. Related party disclosure (Contd...)

- (iii) Elecon Africa Pty. Limited
- (iv) Elecon Engineering (Suzhou) Co. Limited, China
- (v) Elecon Peripherals Limited (Associate upto October, 2015)

d) Individual having control/ significant influence

- (i) Shri Prayasvin B. Patel

e) Key managerial personnel

- (i) Shri Prayasvin B. Patel
- (ii) Shri Prashant C. Amin
- (iii) Shri Rajat Jain
- (iv) Shri Pradip M. Patel
- (v) Shri Jal Patel
- (vi) Shri Chirayu R. Amin
- (vii) Shri Jai S. Diwanji
- (viii) Dr. Sonal V. Ambani

f) Enterprises over which (d) or (e) 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) Tech Elecon Private Limited
- (vi) Emtici Engineering Limited
- (vii) Prayas Engineering Limited
- (viii) Specialty Wood Pack Private Limited
- (ix) Power Build Private Limited
- (x) Elecon Hydraulics Private Limited
- (xi) Akaash Mechatronics Limited
- (xii) Madhubhan Prayas Resorts Limited
- (xiii) Wizard Fincap Limited
- (xiv) Eimco Elecon Electricals Limited
- (xv) Elecon Peripherals Limited
- (xvi) Packme Industries Private Limited
- (xvii) Darshan Chemicals
- (xviii) WRC Engineering Company Private Limited
- (xix) Radicon Transmission FZE
- (xx) Radicon Transmission (Thailand) Limited
- (xxi) Radicon Transmission (Australia) Pty Limited

g) Other related party

Post employment benefit plan

- (i) Elecon Engineering Company Limited Employees Group Gratuity Fund
- (ii) Elecon Engineering Company Limited Employees Superannuation scheme

B) Terms and conditions of transactions with related parties

- 1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given and taken, at the year-end are unsecured and interest free and settlement occurs in cash other than for advance.
- 2) Loans taken INR from the related party carries interest rate of 11% (March 31, 2016 : 11%). Loans in USD and GBP given to the related party carries interest rate at average of 4.62% (March 31, 2016 : 4.5%)

Transactions with key management personnel

Compensation of key management personnel of the Company.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

38. Related party disclosure (Contd...)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Short-term employee benefits		
- Shri Prayasvin B. Patel	385.75	361.19
- Shri Prashant C. Amin	222.40	214.62
- Shri Rajat Jain	58.33	52.72
Commission and sitting fees to Independent director	39.18	45.46
Total compensation paid to key management personnel	705.66	673.99

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

Particulars	Associate		Subsidiaries		Key Managerial Personnel		Entities controlled by Directors / Relatives		Employment benefit plans	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Purchase of material / finished goods	31.56	1,128.02	-	-	-	-	3,877.11	862.77	-	-
Job work income	4.51	12.95	-	-	-	-	44.15	27.06	-	-
Job work expenses paid	1.76	37.82	-	-	-	-	123.39	52.68	-	-
Sale of finished goods/ consumable stores	497.86	451.31	2,129.84	1,875.50	-	-	1,061.43	1,939.85	-	-
Purchase of property plant and equipment	-	-	-	-	-	-	150.83	139.65	-	-
Sales of property plant and equipment	-	-	-	-	-	-	0.16	2,501.02	-	-
Remuneration paid key managerial personnel	-	-	-	-	705.66	673.99	-	-	-	-
Other expenses charged from related parties	47.51	-	-	-	-	-	95.63	429.56	-	-
Other expenses charged by related parties	154.55	-	-	-	-	-	3,785.66	2,701.53	-	-
Sales and other commission expense	-	-	238.72	319.48	-	-	110.17	-	-	-
Commission income on bank guarantee	-	-	217.78	-	-	-	-	-	-	-
Deposit / loans / advances given	-	-	2,893.98	1,215.48	-	-	-	-	-	-
Interest on above deposits / loans / advances	-	-	47.55	50.43	-	-	-	-	-	-
Interest expense on inter corporate deposit	-	-	-	-	-	-	42.30	-	-	-
Purchase of equity shares	-	-	1,872.39	3,510.58	-	-	-	-	-	-
Sale of investment in equity shares	-	202.75	-	-	-	-	105.66	-	-	-
Dividend income	47.92	47.92	-	-	-	-	-	-	-	-
Proceeds from repayment of loan	-	-	1,021.59	-	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-	655.00	544.00	-	-
Issue of shares under the scheme of amalgamation	-	-	-	-	5.10	-	60.04	-	-	-
Contribution made to post employment defined benefit plans trust	-	-	-	-	-	-	-	-	(161.30)	188.58
Outstanding balances	1,264.44	506.28	334.99	347.33	-	-	1,571.26	313.34	-	-
Trade payables	43.79	123.96	2,635.30	2,241.37	-	-	583.39	112.32	-	-
Trade receivables	-	-	24,225.31	25,612.67	-	-	4,884.36	-	-	-
Guarantee given	-	-	-	-	-	-	-	-	-	-

38. Related party disclosure (Contd...)

(₹ in Lakhs)



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

38. Related party disclosure (Contd...)		(₹ in Lakhs)					
Particulars	Associate	Subsidiaries		Entities controlled by Directors / Relatives		Employment benefit plans	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2015-16
Purchase of material / finished goods							
(i) Specialty Wood Pack Private Limited	-	-	-	730.17	689.43	-	-
(ii) Elecon Peripherals Limited	-	1,128.02	-	1,894.88	-	-	-
(iii) Others	31.55	-	-	1,252.07	173.34	-	-
	31.55	1,128.02	-	3,877.12	862.77	-	-
Proceeds from repayment of loan							
(i) Elecon Transmission International Limited, Mauritius	-	-	1,021.59	-	-	-	-
Repayment of loans							
(i) Devkishan Investment Private Limited	-	-	-	15.00	-	-	-
(ii) Elecon Info. Technology Limited	-	-	-	240.00	-	-	-
(iii) Elecon Peripherals Limited	-	-	-	325.00	-	-	-
(iv) Akaash Mechatronics Limited	-	-	-	-	300.00	-	-
(v) Bipra Investment & Trust Private Limited	-	-	-	-	94.00	-	-
(vi) K. B. Investment Private Limited	-	-	-	-	116.00	-	-
(vii) Kirlosker Power Build Gear Limited	-	-	-	-	34.00	-	-
(viii) Speciality Wood Pack Private Limited	-	-	-	75.00	-	-	-
	-	-	-	655.00	544.00	-	-
Guarantee given							
(i) Elecon Transmission International Limited	-	-	24,225.31	25,612.67	-	-	-
(ii) Radicon Transmission UK Limited	-	-	-	4,884.36	-	-	-
	-	-	24,225.31	25,612.67	4,884.36	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

38. Related party disclosure (Contd...)**Disclosure as per Regulation 53(F) of SEBI (Listing Obligations And Disclosure Requirements) Regulations**

Loans and advances in the nature of loans given to subsidiaries and taken from the firms/companies in which directors are interested:

Name of the Party	Relationship	Amount outstanding as at 31.03.2017	Amount outstanding as at 31.03.2016	Maximum balance outstanding during the year 31.03.2017	Maximum balance outstanding during the year 31.03.2016
Elecon Transmission International Limited	Wholly owned Subsidiary	-	-	2,893.98	3,510.58

39. Disclosure pursuant to employee benefits**A. Defined contribution plans:**

Amount of INR 386.91 lakhs (March 31, 2016: INR 389.64 Lakhs) is recognised as expenses and included in Note No. 29 "Employee benefits expense"

Particulars	As at March 31, 2017	As at March 31, 2016
Provident Fund	380.93	380.84
Superannuation Fund	5.98	8.80
	386.91	389.64

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

39. Disclosure pursuant to employee benefits (Contd...)

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2017 : Changes in defined benefit obligation and plan assets

	April 1, 2016	Gratuity cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2017
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 29)			Return on plan assets excluding amounts included in net interest expense	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income		
Gratuity													
Defined benefit obligation	1,383.18	50.54	62.25	112.79	(80.00)	(198.51)	-	24.89	36.25	45.00	106.14	-	1,323.60
Fair value of plan assets	(1,309.10)	-	(56.00)	(56.00)	(5.00)	198.51	(3.67)	-	-	-	(3.67)	(167.28)	(1,342.54)
Benefit liability	74.08	50.54	6.25	56.79	(85.00)	-	(3.67)	24.89	36.25	45.00	102.47	(167.28)	(18.94)
Total benefit liability	74.08	50.54	6.25	56.79	(85.00)	-	(3.67)	24.89	36.25	45.00	102.47	(167.28)	(18.94)

March 31, 2016 : Changes in defined benefit obligation and plan assets

	April 1, 2016	Gratuity cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2017
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 29)			Return on plan assets excluding amounts included in net interest expense	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income		
Gratuity													
Defined benefit obligation	1,307.12	79.10	104.02	183.12	-	(162.29)	-	-	(0.57)	55.80	55.23	-	1,383.18
Fair value of plan assets	(1,196.34)	-	(95.15)	(95.15)	-	162.29	(10.87)	10.75	-	-	(0.12)	(179.78)	(1,309.11)
Benefit liability	110.78	79.10	8.87	87.97	-	-	(10.87)	10.75	(0.57)	55.80	55.11	(179.78)	74.08
Total benefit liability	110.78	79.10	8.87	87.97	-	-	(10.87)	10.75	(0.57)	55.80	55.11	(179.78)	74.08

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

39. Disclosure pursuant to employee benefits (Contd...)

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Insurance Fund (%) of total plan assets	100%	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	7.51%	7.86%-8.04%	7.92%-7.99%
Future salary increase	6.50%	6.50%	6.50%
Expected rate of return on plan assets	7.51%	7.86%-8.04%	7.92%-7.99%
Employee turnover rate	5.00%	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		Year ended March 31, 2017 INR	Year ended March 31, 2016 INR	Year ended April 1, 2015 INR
Discount rate	1% increase	(66.97)	(80.78)	(75.99)
	1% decrease	76.00	93.00	89.72

(b) Leave obligations - unfunded

The actual liability towards leave obligations as at March 31, 2017 is INR 621.15 Lakhs (March 31, 2016 is INR 512.49 Lakhs and April 1, 2015 is INR 459.29 Lakhs) current year change is included in Employee Benefit Expense (Refer note - 29).



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

40. Contingent liabilities and commitments

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(a) Contingent liabilities:			
<u>Claims against the Company not acknowledged as debt</u>			
(i) Disputed with Excise and Service tax authority	8,168.69	7,247.59	7,139.30
(ii) Disputed with Sales tax authority	2,761.66	2,942.98	2,230.75
(iii) Disputed with Income tax authority	993.29	1,014.71	1,014.67
(v) Disputed with Service tax authority	256.38	332.99	241.92
(vi) Sales bills discounted under letter of credit with Banks	1,427.94	604.64	1,042.65
(vii) 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 INR 206.07 Lakhs However the company has made a counter claim of INR 200.00 Lakhs with the same arbitrator in response and as per the books of account INR 51.88 Lakhs is due to him.	152.36	152.36	154.19
(viii) The Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US\$ 282,99,876 as a security for repayment of Financial facility availed by Elecon Transmission International Limited, Mauritius, a wholly owned subsidiary of the Company.	24,225.31	25,612.67	24,344.64
(ix) The Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 6,000,000 as a security for repayment of Financial facility availed by Radicon Transmission UK Limited, United Kingdom, a subsidiary of the Company.	4,884.36	-	-
(x) Bonus Liability for the year 2014 -15	151.75	151.75	-
(xi) 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	Unascertained
(xii) In respect of a commercial civil suit filed by a customer against the Company with the Commercial Civil Court, Ahmedabad amounting to INR 4,933 lakhs. Against this, the Company has filed a counter claim of INR 549 lakhs against the Customer for the default made by the customer.	4,384.00	-	-
(xiii) In respect of a suit filed by a vendor against the Company with the APMSEFC for non payment of dues and interest thereon amounting to INR 129 lakhs.	129.00	-	-
(xiv) In respect of a suit filed by a vendor against the Company with the APMSEFC for non payment of dues and interest thereon amounting to INR 3.25 lakhs.	3.25	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

40. Contingent liabilities and commitments (Contd...)

Guarantees

(i)	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.	1,085.39	1,223.93	1,082.30
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(b) Commitments:

(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	770.03	929.95	1,436.47
(ii)	Liability for Export Obligation under Export Promotion credit Guarantee	-	-	1,525.92
(iii)	Liability for Export Obligation under Advance Licence	1,552.05	1,552.05	-

41. Disclosure on Specified Bank Notes

During the year, the Company had specific Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.59	0.01	0.60
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	0.59	-	0.59
Closing cash in hand as on December 30, 2016	-	0.01	0.01

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 8, 2016.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

42. Segment reporting

Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Managing Director (CMD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's Chairman & Managing Director reviews internal management reports periodically.

Reportable segment	Description of products/services
Material handling equipment	The segment is engaged in manufacturing of material handling equipments like raw material handling system, stackers, reclaimers, bagging & weighing machines, wagon & truck loaders, crushers, wagon tippers, feeders and port equipments. It is also engaged in executing projects on these material handling equipments.
Transmission equipment	Manufacturing of material transmission equipments like gearboxes, couplings and elevator traction machines.

Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment revenue from operations:		
(a) Material handling equipment	49,983.62	52,757.28
(b) Transmission equipment	50,774.24	57,355.28
Total segment revenue including intersegment revenue	100,757.86	110,112.56
Less: Inter segment revenue	1,109.81	3,639.15
Total segment revenue from operations	99,648.05	106,473.41
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	4,272.26	4,475.85
(b) Transmission equipment	7,503.49	7,233.71
Net segment profit/(loss) before tax & interest	11,775.75	11,709.56
Reconciliation of segment profit/(loss) with profit before tax		
i) Finance cost	6,304.87	6,243.73
ii) Other unallocated corporate expenses net off	283.54	183.01
iii) Unallocable income	59.33	267.82
Profit before tax as per statement of profit and loss	5,246.67	5,550.64

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

42. Segment reporting (Contd...)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment assets		
(a) Material Handling Equipment	67,594.52	81,965.36
(b) Transmission Equipment	115,182.32	112,373.86
Total segment assets	182,776.84	194,339.22
(c) Unallocable	3,095.60	3,245.84
Total assets	185,872.44	197,585.06
Segment liabilities		
(a) Material Handling Equipment	86,260.27	63,624.23
(b) Transmission Equipment	18,637.76	55,272.92
Total segment liabilities	104,898.03	118,897.15
(c) Unallocable	8,045.11	6,347.56
Total liabilities	112,943.14	125,244.71

Geographical information

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment revenue from external customers		
India	94,703.01	102,684.16
Outside India	4,945.04	3,789.25
Total segment revenue	99,648.05	106,473.41

All non-current assets of the Company are located in India. There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...) for the year ended March 31, 2017

43. First- time adoption of Ind AS

As stated in Note 2, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016, the Company had prepared these financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these financials statements for the year ended March 31, 2017 including the Comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2015.

In preparing the standalone Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Company has adjusted amounts reported previously in financials statements prepared in accordance with the Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the standalone financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables:

Exemptions applied

Ind AS 101 *First-time Adoption of Indian Accounting Standards* allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind ASs at the transition date to Ind AS and end of the comparative period shall be consistent with estimates made Under the Previous GAAP unless there is objective evidence that those estimates were in error.

Accordingly, the Company's Ind AS estimates as on the transition date as well as end of the comparative period are consistent with the estimates made Under the Previous GAAP on the respective dates. The Company made estimates for following items in accordance with Ind AS at the transition date as these were not required Under the Previous GAAP:

- Fair valuation of financial instruments carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Fair valuation of certain items of property, plant and equipment.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Optional exemptions

1. Deemed cost for property, plant and equipment (PPE), intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

43. First- time adoption of Ind AS (Contd...)

The Company has opted to fair value Land, Building and Plant & Machinery on the date of transition to Ind AS and consider the same deemed cost under Ind AS. Carrying values of other items of property, plant and equipment are in accordance with the requirements of Ind AS 16 - Property, Plant and Equipment. For intangible assets and investment properties, the Previous GAAP carrying values on the transition date has been carried forward as the deemed cost on transition to Ind AS.

2. Investments in certain equity shares

On the date of transition to Ind AS, a first time adopter can designate investments in certain equity shares of certain entities i.e. other than subsidiaries, associates and joint arrangements, as instruments fair valued through the other comprehensive income (FVOCI) or Fair value through Profit and loss (FVTPL).

Accordingly, the Company has opted to designate such equity investments as FVTPL.

3. Deemed cost for investments in equity shares of subsidiaries, associates and joint arrangements

Under, Ind AS 101 an entity can determine the value of investment in a subsidiary, associate or joint arrangement as either of the below:

- Cost determined in accordance with Ind AS 27 (i.e. retrospective application of Ind AS 27)
- Fair value at the entity's date of transition to Ind AS
- Previous GAAP carrying amount

Accordingly, if an entity chooses to measure its investment at fair value at the date of transition then that is deemed to be cost of such investment for the company and, therefore, it shall carry its investment at that amount (i.e. fair value at the date of transition) after the date of transition.

The Company has elected to carry forward the Previous GAAP amounts as the deemed cost for investment in equity shares of subsidiaries, associates and joint ventures in the standalone financial statements.

4. Business combinations

Ind AS 101 permits an entity to apply the requirements of Ind AS 103 - Business combinations (Ind AS 103) prospectively from the transition date or opt for retrospective application of Ind AS 103. Retrospective application could be either done since inception or from a date determined by the management. The exemption for past business combinations also applies to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

Accordingly, the Company has elected not to restate past business combinations with an acquisition date prior to the transition date. However, any consequential deferred tax adjustments as required by Ind AS have been duly considered. An explanation of the same has been provided in the note no. 43.8 subsequently.

5. Determining whether an arrangement contains a lease

Ind AS 101 permits an entity to assess whether a contract or an arrangement contains a lease on the basis of facts and circumstances existing at the transition date to Ind AS.

Based on the exemption, the Company has assessed whether an arrangement contains a lease or not, based on the facts and circumstances as on the date of transition to Ind AS. However, the lease classification i.e. operating or finance lease, has been made based on the facts and circumstances at the inception of arrangement.

Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to present reconciliations of equity, total comprehensive income and cash flows as reported under the Previous GAAP and the ones reported under Ind AS. Below are the reconciliations along with the relevant explanatory notes:



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

A. Reconciliation of equity

Particulars	Notes	April 1, 2015 (Previous GAAP*)	Ind AS adjustments	April 1, 2015 (Ind AS)	March 31, 2016 (Previous GAAP*)	Ind AS adjustments	March 31, 2016 (Ind AS)
ASSETS							
I. Non-current assets							
(a) Property, plant and equipment		43,737.60	38,912.21	82,649.81	39,494.78	38,754.63	78,249.41
(b) Capital work-in-progress		197.91	-	197.91	628.71	-	628.71
(c) Investment properties		395.78	-	395.78	317.96	-	317.96
(d) Intangible assets		738.27	-	738.27	651.81	-	651.81
(e) Intangible assets under development		181.34	-	181.34	142.80	-	142.80
(f) Financial assets							
(i) Investments		7,155.10	281.99	7,437.09	10,653.25	307.78	10,961.03
(ii) Loans		1,142.56	-	1,142.56	-	-	-
(iii) Other financial assets		255.14	-	255.14	240.34	-	240.34
(g) Non-current tax assets (net)		663.45	-	663.45	2,226.68	-	2,226.68
(h) Other non-current assets		1,022.14	-	1,022.14	1,042.87	-	1,042.87
		55,489.30	39,194.19	94,683.49	55,399.21	39,062.41	94,461.61
II. Current assets							
(a) Inventories		25,102.86	-	25,102.86	26,277.39	-	26,277.39
(b) Financial assets							
(i) Trade receivables		76,554.47	(15,880.65)	60,673.82	81,798.01	(15,884.04)	65,913.97
(ii) Cash and cash equivalents		528.37	-	528.37	1,925.19	-	1,925.19
(iii) Bank balance other than (ii) above		125.55	-	125.55	122.28	-	122.28
(iv) Other financial assets		2,256.97	275.15	2,532.12	2,939.68	637.67	3,577.35
(c) Other current assets		4,255.18	-	4,255.18	5,307.27	-	5,307.27
		108,823.40	(15,605.50)	93,217.90	118,369.82	(15,246.37)	103,123.45
Total Assets		164,312.69	23,588.69	187,901.39	173,769.03	23,816.04	197,585.06
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		2,178.71	-	2,178.71	2,178.71	-	2,178.71
(b) Other equity		53,305.17	14,683.43	67,988.60	54,701.34	15,460.30	70,161.64
		55,483.88	14,683.43	70,167.31	56,880.05	15,460.30	72,340.35
LIABILITIES							
I. Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		9,172.29	(88.17)	9,084.12	12,907.68	(67.67)	12,840.01
(b) Non-current provisions		307.66	102.22	409.88	473.97	113.05	587.02
(c) Deferred tax liabilities (net)		3,604.11	2,078.16	5,682.27	3,221.18	2,935.35	6,156.53
		13,084.06	2,092.21	15,176.27	16,602.83	2,980.73	19,583.56

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

Particulars	Notes	April 1, 2015 (Previous GAAP*)	Ind AS adjustments	April 1, 2015 (Ind AS)	March 31, 2016 (Previous GAAP*)	Ind AS adjustments	March 31, 2016 (Ind AS)
II. Current liabilities							
(a) Financial liabilities							
(i) Borrowings		35,760.71	-	35,760.71	40,941.23	-	40,941.23
(ii) Trade payables		37,552.15	-	37,552.15	40,707.91	-	40,707.91
(iii) Other financial liabilities		3,533.07	4,363.79	7,896.86	4,371.70	3,726.12	8,097.82
(b) Other current liabilities		18,738.63	(1,449.04)	17,289.60	14,135.28	(1,317.22)	12,818.06
(c) Provisions		160.19	3,898.30	4,058.49	130.02	2,966.10	3,096.13
		95,744.75	6,813.05	102,557.81	100,286.14	5,375.01	105,661.15
Total Liabilities		108,828.81	8,905.26	117,734.08	116,888.97	8,355.74	125,244.71
Total Equity and Liabilities		164,312.69	23,588.69	187,901.39	173,769.03	23,816.04	197,585.06

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note. Further, the Previous GAAP numbers are after taking the impact of merger of Elecon EPC. Refer note 43.1.

Reconciliations between Previous GAAP and Ind AS (Continued)

B. Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes	Previous GAAP*	Ind AS adjustments	Ind AS
Income				
Revenue from operations (including excise duty)		105,348.00	1,125.41	106,473.41
Other income		3,098.74	26.36	3,125.10
Total income		108,446.75	1,151.77	109,598.51
Expenses				
Cost of materials consumed		46,627.84	(932.18)	45,695.66
Changes in inventories of finished goods and work-in-progress		(2,471.71)	-	(2,471.71)
Manufacturing expense and erection charges		17,789.02	-	17,789.02
Excise duty expense		8,518.86	-	8,518.86
Employee benefits expense		8,316.07	(44.37)	8,271.70
Finance costs		6,239.58	4.15	6,243.73
Depreciation and amortisation expense		5,764.64	(197.42)	5,567.22
Other expenses		13,816.50	616.89	14,433.39
Total expenses		104,600.81	(552.93)	104,047.87
Profit before tax		3,845.95	1,704.70	5,550.65



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

Particulars	Notes	Previous GAAP*	Ind AS adjustments	Ind AS
Tax expense				
Current tax		1,419.53	-	1,419.53
Adjustment of tax relating to earlier periods		(9.61)	-	(9.61)
Deferred tax		(391.69)	881.31	489.62
Total tax expense		1,018.23	881.31	1,899.54
Profit for the year		2,827.72	823.39	3,651.10
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit liability (asset)		-	(44.37)	(44.37)
Income tax relating to above		-	15.35	15.35
Other comprehensive income, net of tax		-	(29.02)	(29.02)
Total comprehensive income for the year		2,827.72	794.37	3,622.08

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note. Further, the Previous GAAP numbers are after taking the impact of merger of Elecon EPC. Refer note 43.1.

C. Reconciliation of equity as at March 31, 2016 & April 1, 2015

Particulars	Note No.	March 31, 2016	April 1, 2015
Equity as per Previous GAAP		53,911.94	51,038.97
Impact of merger of Elecon EPC Projects Limited with the company	43.1	2,968.11	4,444.91
Fair valuation of property plant and equipment	43.2	39,109.63	38,911.50
Provision of impairment on receivables based on expected credit loss model	43.3	(15,884.04)	(15,880.65)
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	43.4	(6,018.76)	(8,005.36)
Reversal of proposed dividend including dividend distribution tax	43.5	1,442.24	1,449.00
Other adjustments (including adjustments as per Previous GAAP)	43.7	(253.42)	287.11
Deferred tax (as a result of amalgamation and Ind AS)	43.8	(2,935.35)	(2,078.16)
Equity as per Ind AS		72,340.35	70,167.32

D. Reconciliation of total comprehensive income reconciliation for the year ended March 31, 2016

Particulars	Note No.	Year ended on March 31, 2016
Net Profit under previous Indian GAAP		4,315.20
Adjustment on account of :		
Impact of merger of Elecon EPC Projects Limited with the company	43.1	(1,487.49)
Fair valuation of property plant and equipment	43.2	197.42
Provision of impairment on receivables based on expected credit loss model	43.3	(3.39)
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	43.4	1,986.59
Actuarial gains and losses accounted through OCI	43.6	44.37

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

Particulars	Note No.	Year ended on March 31, 2016
Other adjustments (including adjustments as per Previous GAAP)	43.7	(520.29)
Deferred tax on account of the above	43.8	(881.31)
Net Profit under Ind AS		3,651.10
Actuarial gains and losses accounted through OCI	43.6	(44.37)
Deferred tax on account of the above		15.35
Total Comprehensive Income under Ind AS		3,622.08

Notes to reconciliations

43.1 Impact of merger of Elecon EPC Projects Limited with the company

Elecon EPC Projects Limited (Elecon EPC), a subsidiary of the company was merged with the company with an appointed date of March 30, 2015 vide the scheme of amalgamation approved by the Honourable High Court of Gujarat on October 19, 2016. As provided the scheme, the effect of the merger has been incorporated in the financial statements from the appointed date wherein the assets and liabilities of Elecon EPC have been accounted at their respective fair values on the appointed date. Difference between fair value of net assets and equity share capital credited and cancellation of intercompany balances (including investments) has been accounted as a capital reserve. This is different from the accounting provided in Appendix C to Ind AS 103 on Business combinations of entities under common control.

On account of the merger being accounted from the appointed date of March 30, 2015, the equity reported under the Previous GAAP has increased by INR 4,444.91 lakhs and 2,968.11 lakhs on April 1, 2015 and March 31, 2016 respectively. The difference between the two has reduced the comprehensive income for 2015-16 by INR 1,487.49 lakhs. Summary of relevant quantitative information as at the appointed date has been provided below:

Particulars	
Fair value of net assets acquired	35,243.35
Less	
Cancellation of investment in equity and preference shares of Elecon EPC and intercompany receivables	(30,919.50)
Consideration issued	(65.28)
Capital Reserve	4,258.57

Further, accounting for the merger has resulted in change in the cash flow statement prepared and reported under the Previous GAAP for the year 2015-16, as summarised below:

Particulars	Previous GAAP	Impact of merger (Note a)	Ind AS
Net cash flow from operating activities	1,794.72	(510.87)	1,283.85
Net cash flow from investing activities	(3,357.50)	1,746.97	(1,610.53)
Net cash flow from financing activities	2,313.46	(589.96)	1,723.50
Net change in cash and cash equivalents	750.68	646.13	1,396.82
Cash and cash equivalents as at 1 April 2015	305.68	222.69	528.27
Cash and cash equivalents as at March 31, 2016	1,056.36	868.81	1,925.19

Note a - The impact of merger is net of intercompany eliminations on account of transactions between Elecon EPC and the Company.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

43.2 Fair valuation of property plant and equipment

As mentioned under the optional exemptions, the Company has elected to fair value land, building and plant & machinery on the date of transition to Ind AS and to use the fair value as deemed cost on the date of transition. The consequential impact of INR 38,911.50 has been accounted through retained earnings on the date of transition. This has led to a reduction in the comprehensive income for 2015-16 on account of increase in the depreciation charge by INR 197.42 lakhs.

43.3 Provision of impairment on receivables based on expected credit loss model

Under the Previous GAAP, the Company provided for impairment on receivables as and when losses were incurred on the specific receivables. Under Ind AS, based on the requirements of Ind AS 109, expected credit loss model has been applied to the receivables. The Company has applied the simplified model based on provision matrix derived using historical trends and adjusted the same to reflect estimated credit losses as on the transition date. This has resulted in a reduction of receivables by INR 15,880.65 lakhs and INR 15,884.04 lakhs on April 1, 2015 and March 31, 2016 respectively.

43.4 Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis

Under the Previous GAAP, the management had a practice to recognise revenue from EPC contracts as and when the contractual milestones were achieved. Ind AS 101 permits a first time adopter to adjust accounting practices followed under Previous GAAP if it becomes aware of an error as part of its Ind AS transition. Accordingly, on transition to Ind AS, the management has realigned accounting of such contracts using percentage of completion method based on requirements of Ind AS 11 except onerous contracts on which loss has been provided for in full irrespective of the stage of completion. This has resulted in a reduction in equity by INR 8,005.36 lakhs and INR 6,018.76 lakhs on April 1, 2015 and March 31, 2016 respectively.

43.5 Reversal of proposed dividend including dividend distribution tax

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are to be recognised only on approval by the shareholders in the general meeting. Accordingly the liability proposed dividend of INR 1,449 lakhs and INR 1,442.24 lakhs as at April 1, 2015 and March 31, 2016 respectively included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

43.6 Actuarial gains and losses accounted through OCI

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under IGAAP, these remeasurements were forming part of the profit or loss for the year. Accordingly, INR 44.37 lakhs has been reclassified from the statement of profit and loss to statement of comprehensive income in 2015-16. However, this adjustment has no impact on the total equity on the transition date as well as March 31, 2016.

43.7 Other adjustments (including adjustments as per Previous GAAP)

Other adjustments comprise of the below:

Fair valuation of investments in certain financial assets

Under the Previous GAAP, investments in equity shares of entities not consolidated and mutual funds were classified as long-term investments measured at cost less provision for other than temporary diminution in the value. Under Ind AS, these investments have been fair valued through the statement of profit or loss. This has increased the equity by INR 281.99 lakhs and INR 307.78 lakhs on April 1, 2015 and March 31, 2016 respectively.

Transaction cost for loans and borrowings

Under the Previous GAAP, transaction costs incurred in connection with interest bearing loans and borrowings were charged to profit or loss when incurred. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest rate method. Accordingly the total equity increased by INR 88.17 lakhs and INR 20.50 lakhs on April 1, 2015 and March 31, 2016.

Other miscellaneous adjustments having an impact on equity - adjustments under Previous GAAP

As per previous practice, revenue from duty drawback was accounted on cash basis. Further, no provision was created for sick leave balances accrued. Ind AS 101 permits a first time adopter to adjust accounting practices followed under Previous GAAP if it becomes aware of an error as part of its Ind AS transition. Accordingly, on transition to Ind AS, the Company has

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. First- time adoption of Ind AS (Contd...)

realigned accounting for revenue from duty drawback to accrual basis and provided for sick leave on accrual basis. This has resulted in a reduction in equity by INR 102 lakhs and INR 255.19 lakhs on April 1, 2015 and March 31, 2016 respectively.

Other miscellaneous adjustments not having an impact on equity

Land and building in the nature of investment property as defined under Ind AS 40 - Investment Property has been disclosed separately in the Standalone Balance Sheet (Refer note 4). Further, revenue has been accounted gross of the excise duty with the excise duty expense being presented as an expense in Standalone Statement of Profit and Loss.

43.8 Deferred tax on Ind AS adjustments

Under the Previous GAAP deferred tax was accounted using the income statement approach, which was based on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which based on the temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on certain temporary differences which was not required under Previous GAAP as discussed below.

Particulars	Note	March 31, 2016	April 1, 2015
Deferred tax on fair value of assets acquired in the merger	43.1	(1,114.92)	(1,155.19)
Fair valuation of property plant and equipment	43.2	(9,319.85)	(9,288.79)
Provision of impairment on receivables based on expected credit loss model	43.3	5,497.14	5,495.97
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	43.4	2,082.98	2,770.49
Other adjustments (including adjustments as per Previous GAAP)	43.7	(80.70)	99.36
Total (DTL)/DTA on Ind AS adjustments		(2,935.35)	(2,078.16)

44. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contract revenue recognised during the year	17,738.87	21,505.03
Aggregate amount of cost incurred and recognised in Standalone Statement of Profit and Loss	17,553.96	21,482.63
The net balance sheet position for ongoing construction contracts is as follows:		
Amount due from customers for contract work	604.41	673.48
Amount due to customer for construction contract	1,367.91	3,726.12
	(763.50)	(3,052.64)
The net position relates to		
Aggregate costs incurred and recognised profits (less recognised losses) to date	92,455.99	74,717.13
Less: Progress billing	93,219.49	77,769.77
	(763.50)	(3,052.64)

45. Lease Transactions

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination. Thus, the disclosure of minimum lease rentals payable or receivable has not been provided.



NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

46. Disclosure as per Section 186 of the Companies Act, 2013:

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- (i) Details of Investments made are given in Note 6
- (ii) Details of loans and guarantees given by the Company are as follows:

Name of the party	Relationship	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Elecon Transmission International Limited, Mauritius	Wholly owned subsidiary	-	-	1,142.56

47. The financial statements are approved for issue by the Audit Committee and Board of Directors held on May 19, 2017.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director
DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
ELECON ENGINEERING COMPANY LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS 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") and its associates, comprising the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

In conducting 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 thereunder.

We conducted our audit of consolidated Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.

We believe that the audit evidence obtained by us and 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associates referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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 and its associates as at March 31, 2017 and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.



INDEPENDENT AUDITOR'S REPORT (Contd...)

Other matters

- a) We have not audit the financial statements/consolidated financial information of 14 subsidiaries, included in the consolidated Ind AS financial statements, whose financial statements/consolidated financial information reflect total assets of INR 34,326.76 lakhs as at March 31, 2017, total revenue of INR 30,755.56 lakhs and net cash flows amounting to INR 6,268.09 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include Group's share of net profit of INR 410.78 lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements/consolidated financial information have been audited by other auditors whose reports has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries and an associate, is based solely on the reports of the other auditors.
- b) The consolidated Ind AS financial statements include the Group's share of net profit of INR Nil for the year ended March 31, 2017, in respect of 3 associates whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished by the Management of the Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the aforesaid associates is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management of the Company, these financial statements are not material to the Group.
- c) The comparative financial information of the Group and its associates for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the one of Joint auditor, Thacker Butala and Desai who had audited the financial statements for the relevant periods. The report of the one of Joint auditor, Thacker Butala and Desai on the comparative financial information and the opening balance sheet dated May 19, 2017 expressed an unmodified opinion.

Our opinion on the consolidated Ind AS financial statements above, 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 Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements of subsidiaries and associate companies incorporated in India, referred in the 'Other matters' paragraph above 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 Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and associate companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's / subsidiary company's / associate company's incorporated in India, internal financial controls over financial reporting; and
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

INDEPENDENT AUDITOR'S REPORT (Contd...)

- i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 39 and 46 to the consolidated Ind AS financial statements;
- ii. the Group and its associates has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts (if any);
- 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 and associate companies incorporated in India; and
- iv. the Holding Company has provided requisite disclosures in its Consolidated Ind AS financial statements as regards the holdings and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and other auditors by the Management of the respective Group entities - Refer Note 40 to the standalone Ind AS financial statements.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Vallabh Vidyanagar

Date: May 19, 2017

For Thacker Butala Desai

Chartered Accountants

Firm's Registration No: 110864W

M T Desai

Partner

Membership No: 030911

Vallabh Vidyanagar

Date: May 19, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2017

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Elecon Engineering Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting (criteria established by the Holding Company) considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Contd..)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate which is company incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Vallabh Vidyanagar

Date: May 19, 2017

For Thacker Butala Desai

Chartered Accountants

Firm's Registration No: 110864W

M T Desai

Partner

Membership No: 030911

Vallabh Vidyanagar

Date: May 19, 2017

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

(₹ in Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	3	75,532.44	78,624.87	83,473.41
(b) Capital work-in-progress	3	98.97	628.71	197.91
(c) Investment properties	4	302.90	317.96	395.78
(d) Goodwill	5	8,351.30	8,351.30	8,351.30
(e) Other intangible assets	5	1,905.64	2,822.15	3,027.88
(f) Intangible assets under development	5	65.00	142.80	181.34
(g) Financial assets				
(i) Investments	6	4,885.83	4,605.17	4,570.86
(ii) Other financial assets	7	1,183.77	240.34	784.36
(h) Deferred tax assets (net)	34	746.49	275.23	330.34
(i) Non-current tax assets (net)	8	2,138.89	2,226.68	715.35
(j) Other non-current assets	9	1,321.02	1,042.89	1,022.13
		96,532.25	99,278.10	103,050.66
II. Current assets				
(a) Inventories	10	30,157.18	35,936.93	34,115.25
(b) Financial assets				
(i) Trade receivables	11	62,814.83	70,566.08	64,798.00
(ii) Cash and cash equivalents	12	9,121.14	4,429.68	3,044.17
(iii) Bank balance other than (ii) above	12	133.52	72.61	73.54
(iv) Other financial assets	7	1,763.88	3,597.50	1,759.68
(c) Other current assets	13	8,912.33	6,729.25	5,915.09
		112,902.88	121,332.05	109,705.73
Total Assets		209,435.13	220,610.15	212,756.39
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14	2,244.00	2,178.72	2,178.72
(b) Other equity	15	68,740.97	68,249.63	65,804.70
Total Equity		70,984.97	70,428.35	67,983.42
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	16	13,944.76	17,889.15	16,228.44
(b) Non-current provisions	17	4,821.18	666.99	409.88
(c) Deferred tax liabilities (net)	34	7,676.94	6,166.29	5,569.25
(d) Other non-current liabilities	18	57.80	4,707.58	9,939.73
		26,500.68	29,430.01	32,147.30



CONSOLIDATED BALANCE SHEET (Contd...)

as at March 31, 2017

(₹ in Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	16	36,368.89	39,548.00	33,998.59
(ii) Trade payables	19	48,283.25	54,546.74	52,682.04
(iii) Other financial liabilities	20	10,715.68	10,499.66	9,634.50
(b) Other current liabilities	18	12,934.95	12,894.43	12,142.66
(c) Provisions	21	1,988.64	3,213.81	4,163.43
(d) Current tax liabilities (net)	22	1,658.07	49.15	4.45
		111,949.48	120,751.79	112,625.67
Total Liabilities		138,450.16	150,181.80	144,772.97
Total Equity and Liabilities		209,435.13	220,610.15	212,756.39

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director

DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations (including excise duty)	23	127,465.54	136,554.80
Other income	24	856.26	2,967.50
Total Revenue		128,321.80	139,522.30
Expenses			
Cost of materials consumed	25	53,157.32	63,292.06
Changes in inventories of finished goods and work-in-progress	26	979.47	(3,144.33)
Manufacturing expense and erection charges	27	15,384.80	18,217.91
Excise duty expense		7,312.31	8,518.86
Employee benefits expense	28	15,277.64	15,091.78
Finance costs	29	7,957.32	7,471.96
Depreciation and amortisation expense	3,4 & 5	5,323.82	6,212.26
Other expenses	30	18,951.58	18,198.28
Total Expenses		124,344.26	133,858.78
Profit before share of equity accounted investee and tax		3,977.54	5,663.52
Share of Profit from Associate (net of tax)		408.39	297.33
Profit before tax		4,385.93	5,960.85
Tax expense	34		
Current tax		2,246.03	1,663.35
Adjustment of tax relating to earlier periods		34.56	(9.61)
Deferred tax		1,030.32	570.19
Total Tax Expense		3,310.91	2,223.93
Profit for the year		1,075.02	3,736.92
Other comprehensive income			
A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences in translating the financial statements of a foreign operations	15	1,001.26	186.41
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		1,001.26	186.41
B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	15	(106.41)	(44.37)
Income tax effect		31.38	15.35
Re-measurement gains / (losses) on defined benefit plans of associate (net of tax)		(2.39)	(0.35)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		(77.42)	(29.37)
Total other comprehensive income for the year, net of tax [A+B]		923.84	157.04
Total comprehensive income for the year		1,998.86	3,893.96



CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd...)

for the year ended March 31, 2017

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to:			
Owners of the Company		1,075.02	3,736.92
Non-controlling interest		-	-
Profit for the year		1,075.02	3,736.92
Other comprehensive income attributable to:			
Owners of the Company		923.84	157.04
Non-controlling interest		-	-
Other comprehensive income for the year		923.84	157.04
Total comprehensive income attributable to:			
Owners of the Company		1,998.86	3,893.96
Non-controlling interest		-	-
Total comprehensive income for the year		1,998.86	3,893.96
Earnings per equity share	33		
Equity share of par value INR 2/- each			
Basic		0.96	3.33
Diluted		0.96	3.33

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &

Managing Director

DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Equity Share Capital	Other equity					Component of other comprehensive income	Total equity
		General Reserve	Securities Premium	Capital Reserve	Share Suspense Account	Retained Earnings		
							Foreign currency translation reserve	
	Note 14	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15	
Balance as at April 1, 2015	2,178.72	42,824.14	2,878.14	246.93	65.28	19,790.21	-	67,983.42
Profit for the year	-	-	-	-	-	3,736.92	-	3,736.92
Set aside this year	-	1,500.00	-	-	-	-	-	1,500.00
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	-	(29.37)	-	(29.37)
Foreign currency translation	-	-	-	-	-	-	186.41	186.41
Transfer to general reserve	-	-	-	-	-	(1,500.00)	-	(1,500.00)
Dividend	-	-	-	-	-	(1,198.29)	-	(1,198.29)
Dividend distribution tax	-	-	-	-	-	(250.74)	-	(250.74)
Balance as at March 31, 2016	2,178.72	44,324.14	2,878.14	246.93	65.28	20,548.73	186.41	70,428.35
Balance as at April 1, 2016	2,178.72	44,324.14	2,878.14	246.93	65.28	20,548.73	186.41	70,428.35
Profit for the year	-	-	-	-	-	1,075.02	-	1,075.02
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	-	(77.42)	-	(77.42)
Foreign currency translation	-	-	-	-	-	-	1,001.26	1,001.26
Equity share issued during the year	65.28	-	-	-	(65.28)	-	-	-
Dividend	-	-	-	-	-	(1,198.29)	-	(1,198.29)
Dividend distribution tax	-	-	-	-	-	(243.95)	-	(243.95)
Balance as at March 31, 2017	2,244.00	44,324.14	2,878.14	246.93	-	20,104.09	1,187.67	70,984.97

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of Thacker Butala Desai

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

For and on behalf of the Board of Directors Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director

DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Cash flow from operating activities		
Profit before Tax	3,977.54	5,663.52
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
(i) Depreciation and amortisation expense	5,323.82	6,212.26
(ii) Finance cost	7,957.32	7,471.96
(iii) Loss/(gain) on fair valuation of investment	45.25	(26.36)
(iv) Gain on sale of fixed assets (net)	(137.37)	(1,510.79)
(v) Interest income	(184.82)	(119.33)
(vi) Dividend income	(0.24)	(1.93)
(vii) Bad debts written off	162.96	487.18
(viii) Excess provision on doubtful debt written back	(396.39)	(383.26)
(ix) Provision for doubtful debts	129.44	386.66
(x) Unrealised exchange loss / (gain)	264.00	(70.34)
(xi) Provision for liquidated damages and warranty	288.32	(4.11)
(xii) Provision for onerous contract	(1,464.03)	(932.18)
(xiii) Advance from customer written back	(275.83)	(473.85)
(xiv) Loss /(gain) on sale of investments	27.09	(189.75)
Operating Profit before working capital changes	15,717.06	16,509.68
<i>Working Capital Adjustments</i>		
Decrease /(increase) in trade receivables	8,216.83	(5,630.33)
Decrease /(increase) in inventories	5,779.75	(1,821.69)
Decrease /(increase) in other financial assets	890.19	(1,037.06)
(Increase)/decrease in other current and non-current assets	(2,427.17)	(979.32)
(Increase)/decrease in trade payables	(6,195.00)	1,780.56
Decrease/(increase) in other current and non-current liabilities	374.15	(4,731.97)
(Decrease) in other financial liabilities	(2,276.55)	(682.66)
(Decrease)/increase in other payables	(687.48)	933.29
(Increase)/decrease in other bank balances	(60.91)	0.93
Cash generated from operations	19,330.87	4,341.43
Direct taxes paid, (net of refunds)	(583.87)	(3,120.38)
Net cash generated from operating activities	18,747.00	1,221.05
Cash flow from investing activities		
Sale of fixed assets (including exchange movement)	239.50	2,698.88
Interest received	184.82	119.33
Dividend received	0.24	1.93
Dividend received from associate	47.92	47.92
Proceeds from sale of investments	105.66	202.75
Payments for purchase of investments	(119.99)	(20.94)
Purchase of fixed assets	(1,092.64)	(2,369.06)
Net cash generated from investing activities	(634.49)	680.81

CONSOLIDATED STATEMENT OF CASH FLOWS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Cash flow from financing activities		
Net proceeds from non-current borrowings (net) (Note 3)	(1,350.38)	1,660.72
Short term borrowings (net)	(3,179.11)	6,700.19
Interest paid	(7,459.92)	(7,428.23)
Dividend paid (including dividend distribution tax)	(1,431.64)	(1,449.03)
Net cash (used in) financing activity	(13,421.05)	(516.35)
Net increase / (decrease) in cash and cash equivalents	4,691.46	1,385.51
Cash and cash equivalents at April 1 (Refer Note 12)	4,429.68	3,044.17
Cash and cash equivalents at March 31 (Refer Note 12)	9,121.14	4,429.68
Components of cash & cash equivalents :		
Cash on hand	0.01	8.99
<i>Balances with banks</i>		
In current accounts	9,049.93	4,109.94
In deposit account (with original maturity up to 3 months)	71.20	310.75
	9,121.14	4,429.68

Notes:

- Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.
- The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows
- In accordance with para 22 of Ind AS 7 - Statement of Cash Flow, Cash Flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No : 101248W/W-100022

Nirav Patel

Partner

Membership No: 113327

Place : Vallabh Vidyanagar

Date : May 19, 2017

**For and on behalf of
Thacker Butala Desai**

Chartered Accountants

Firm's Registration No : 110864W

M. T. Desai

Partner

Membership No. 030911

Place : Vallabh Vidyanagar

Date : May 19, 2017

**For and on behalf of the Board of Directors
Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

Prayasvin Patel

Chairman &
Managing Director

DIN : 00037394

Rajat Jain

Chief Financial Officer

Jal Patel

Director

DIN : 00065021

Parthiv Parikh

Company Secretary

Place : Vallabh Vidyanagar

Date : May 19, 2017



ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Elecon Engineering Company Limited ('the Holding Company or Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at Anand-Sojitra Road, Vallabh Vidyanagar, Gujarat.

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is primarily involved in the manufacturing and executing projects on material handling equipment and manufacturing of transmission equipment (see Note 41).

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 47.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on May 19, 2017.

Details of the Group's Accounting policies are included in Note 2.6.

2.2 Functional currency and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Investments in certain equity shares of entities other than subsidiaries and associates	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- **Note 6** – identification of whether the Group has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4** – identification of the land &/or building is an investment property.
- **Note 35** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 43** – lease classification; and
- **Note 41** – identification of reportable operating segments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2017 is included in the following notes:

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

- **Note 3-5** – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.
- **Note 34** – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 38** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 17, 21 and 39** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 35** – impairment of financial assets.
- **Note 24 and 47.4** – Revenue recognition based on percentage of completion and provision for onerous contracts

2.5 Measurement of fair values

Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- **Note 4** – investment property;
- **Note 36** – financial instruments.

2.6 Significant accounting policies

a) Basis of consolidation

(i) Business combinations

Business combinations (other than common control business combinations) on or after April 1, 2015

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the date of transition to Ind AS i.e. April 1, 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see Note 2.6 (h)). Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent



ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity.

Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Business combinations prior to April 1, 2015

In respect of such business combinations, goodwill represents the amount recognised under the Group's previous accounting framework under Previous GAAP adjusted for the reclassification of certain intangibles.

Common control business combinations

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Operating cycle

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has considered the operating cycle as the life of the project for project related assets and liabilities and 12 months for rest of the assets and liabilities.

c) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the respective Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

d) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Group does not have investment in any debt securities classified as FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. At present there are no such investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal



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amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Group

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Presently, all the financial liabilities are measured at amortised cost.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Transition to Ind AS

On transition to Ind AS, the Group has opted to fair value land, building and plant & machinery of Holding Company and consider the same as deemed cost under Ind AS. Carrying values of other items of property plant and equipment being in compliance with Ind AS, have been carried forward without any change (see Note 47).

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

The estimate of the useful life of the assets for Holding Company has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Details of useful life considered for depreciation along with method of depreciation are provided below:

(i) For Holding Company

- Plant and Machineries are depreciated on Straight line Method (SLM) as per the estimated useful life of the asset: 5 to 35 years.
- Buildings are depreciated on Written Down Value Method (WDV) as per the estimated useful life of the asset: 10 to 60 years.
- In respect of all other Fixed Assets depreciation is provided on WDV as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(ii) For Overseas Company

- Plant and Machineries and Buildings are depreciated on Straight line Method (SLM) as per the estimated useful life of the asset: 7 and 20 years respectively.
- In respect to all other fixed assets depreciation is provided on Straight line Method (SLM) as per the estimated useful life of the asset: 4 to 5 years.

The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

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

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of profit and loss.

f) Goodwill and other Intangible assets

Goodwill

For measurement of goodwill that arises on a business combination (see Note 2.6 (a)(i)).

Subsequent measurement is at cost less any accumulated impairment losses.

In respect of business combinations that occurred prior to April 1, 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Previous GAAP, adjusted for the reclassification of certain intangibles.

Internally generated: Research and development and software development

Expenditure on research activities is recognised in profit or loss as incurred.



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Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets including those acquired by the Group in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

g) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such investment properties.

Depreciation

Based on technical evaluation and consequent advice, the management believes a period of 25-40 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment properties over this period on a straight-line basis. This is different from the indicative useful life of relevant type of assets mentioned in Schedule II to the Companies Act, 2013.

Fair value disclosure

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the Weighted Average Cost basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

i) **Impairment**

Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the Group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate



ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or Group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) **Employee benefits**

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

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k) Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

The Group provides normal warranty provisions for general repairs for 18 months from date of material dispatched or 12 months from commissioning whichever is earlier on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. The Group does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

l) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Construction contracts

Construction contract revenue arises from fixed price construction / project related activity and contracts for supply / commissioning of plant and equipment.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Percentage completion is arrived at by dividing the Cost incurred till date by the total estimated cost to complete the project. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Rental income

Rental income from investment property is recognised as part of revenue from operations in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

m) Leases

Asset held under lease

Leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leased, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.



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Assets held under operating leases are neither recognised in (in case the Group is lessee) nor derecognized (in case the Group is lessor) from the Group's Balance Sheet.

Lease payments

Payments made or received under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

n) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. Interest income or expense is recognised using the effective interest method.

o) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

p) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 41.

r) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

s) Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, Statement of cash flows. This amendment is in accordance with the recent

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

amendments made by International Accounting Standards Board (IASB) to IAS 7, Statement of cash flows. The amendment is applicable to the Group from April 1, 2017.

Amendments to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is not likely to be significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at March 31, 2017

3. Property, plant and equipment										
Particulars	Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment	Electrical installations & fittings	Sundry equipment	Total	Capital work in progress
Cost / Deemed cost										
As at April 1, 2015	34,286.22	6,633.22	42,946.27	732.88	738.16	2,315.03	1,582.23	1,601.82	90,835.83	197.91
Additions	-	4.30	1,830.09	26.83	37.09	176.63	27.71	22.83	2,125.48	2,556.28
Deductions	-	-	(1,439.30)	-	(62.25)	(0.12)	(3.75)	-	(1,505.42)	-
Exchange difference	18.99	339.07	222.59	6.41	(2.96)	5.13	-	(270.27)	318.96	-
Capitalised	-	-	-	-	-	-	-	-	-	(2,125.48)
As at March 31, 2016	34,305.21	6,976.59	43,559.65	766.12	710.04	2,496.67	1,606.19	1,354.38	91,774.85	628.71
Additions	-	342.92	745.30	58.28	5.11	23.39	81.81	174.22	1,431.03	901.28
Deductions	-	-	(277.53)	-	(138.60)	(2.16)	-	(35.82)	(454.11)	-
Exchange difference	22.43	1,106.96	99.67	(16.33)	(10.25)	(5.36)	-	(94.47)	1,102.65	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,431.02)
As at March 31, 2017	34,327.64	8,426.47	44,127.09	808.07	566.30	2,512.54	1,688.00	1,398.31	93,854.42	98.97
Depreciation										
As at April 1, 2015	-	611.31	1,819.60	475.67	492.27	2,027.04	916.90	1,019.63	7,362.42	-
Depreciation for the year	-	1,488.66	3,706.35	90.25	83.49	135.02	210.58	107.72	5,822.07	-
Deductions	-	-	(330.00)	-	(45.81)	(0.10)	(1.58)	-	(377.51)	-
Exchange difference	-	213.55	115.33	4.90	3.17	1.64	-	4.41	343.00	-
As at March 31, 2016	-	2,313.52	5,311.28	570.82	533.12	2,163.60	1,125.90	1,131.76	13,149.98	-
Depreciation for the year	-	884.27	3,587.82	76.96	42.43	121.00	151.64	114.68	4,978.80	-
Deductions	-	-	(223.15)	-	(103.98)	(2.06)	-	(22.79)	(351.98)	-
Exchange difference	-	1,018.45	(340.46)	(16.19)	2.21	(3.08)	-	(115.75)	545.18	-
As at March 31, 2017	-	4,216.24	8,335.49	631.59	473.78	2,279.44	1,277.54	1,107.90	18,321.98	-
Net Block										
As at March 31, 2017	34,327.64	4,210.23	35,791.60	176.48	92.52	233.10	410.46	290.41	75,532.44	-
As at March 31, 2016	34,305.21	4,663.07	38,248.37	195.30	176.92	333.09	480.29	222.62	78,624.87	-
As at April 1, 2015	34,286.22	6,021.91	41,126.67	257.21	245.89	287.99	665.33	582.19	83,473.41	-

Notes :

The Group has opted to fair value Land, Building and Plant & Machinery of the Holding company on the date of transition to Ind AS and consider the same as deemed cost under Ind AS. Carrying values of other items of property, plant and equipment are in accordance with the requirements of Ind AS 16 - Property, Plant and Equipment. Refer Note 47.

As at the date of revaluation April 1, 2015, the properties' fair values are based on valuations performed by an accredited independent valuer who has relevant valuation experience for similar properties in India. The market value of the freehold interest in the property in its current physical condition is the basis of valuation. Valuation has been made on the assumption that the asset or liability is sold in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to alter the cash flow from the property.

The title deeds of immovable properties as disclosed in Note 3 and Note 4 to the consolidated Ind AS financial statements, are held in the name of the Holding Company, except in respect for two land parcels for which, the Holding company is in process of registering the title deeds in its name (gross block: INR 2,440.92 Lakhs included in Land)

Refer to note 16 for information on property, plant and equipment pledged as security by the Group.

For capital commitments, Refer Note 39 (b).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

4. Investment properties

Particulars	Land	Office Building	Total
Deemed cost*			
As at April 1, 2015	60.16	335.62	395.78
Additions	-	-	-
Deductions	(60.16)	-	(60.16)
As at March 31, 2016	-	335.62	335.62
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2017	-	335.62	335.62
Depreciation			
As at April 1, 2015	-	-	-
Depreciation for the year	-	17.66	17.66
Deductions	-	-	-
As at March 31, 2016	-	17.66	17.66
Depreciation for the year	-	15.06	15.06
Deductions	-	-	-
As at March 31, 2017	-	32.72	32.72
Net Block			
As at March 31, 2017	-	302.90	302.90
As at March 31, 2016	-	317.96	317.96
As at April 1, 2015	-	335.62	395.78

Information regarding income and expenditure of Investment properties

	Year Ended March 31, 2017	Year ended March 31, 2016
Rental income derived from Investment properties	11.16	42.43
Direct operating expenses (including repairs and maintenance) generating rental income	1.04	11.21
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	10.12	31.22
Less : Depreciation	15.06	17.66
Profit arising from investment properties before indirect expenses	(4.94)	13.56

*On the transition date, the Group has elected to use previous GAAP carrying values of the investment properties as the deemed cost. Since deemed cost is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation, the net carrying value as at the transition date i.e. April 1, 2015 has been disclosed as the cost under Ind AS.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

4. Investment properties (Contd...)

Fair value of the Investment properties are as under:

Fair value	Land	Office Building	Total
Balance as at April 1, 2015	2,487.97	372.24	2,860.21
Fair value increase for the year	-	69.64	69.64
Purchases / (Sale)	(2,487.97)	-	(2,487.97)
Balance as at March 31, 2016	-	441.88	441.88
Fair value increase for the year	-	88.38	88.38
Purchases	-	-	-
Balance as at March 31, 2017	-	530.26	530.26

Fair Valuation Techniques

Particulars	Valuation method	Significant unobservable inputs (Level 3)	Range (weighted average)		
			March 31, 2017	March 31, 2016	April 1, 2015
Land	Discounted Cash Flow Method	a) Estimated rental value per square meter per month	NA	NA	74.65
		b) Rent Growth in future year	NA	NA	5%
		c) Long Term vacancy rate	NA	NA	0%
		d) Discount Rate	NA	NA	11.7%

Estimation of fair value

As at March 31, 2017, March 31, 2016 and April 1, 2015, the fair values of the properties are based on valuations performed by accredited independent valuer, who specialises in valuing investment properties.

A valuation model used in determination of investment properties' fair values is in accordance with the recommended valuation techniques by the International Valuation Standards Committee.

The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including discounted cash flow projections based on reliable estimates of future cash flows.

For the valuation as on April 1, 2015, the main inputs used are the rental growth rates, expected vacancy rates, discount rate based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

The valuation of investment properties as on March 31, 2017 and March 31, 2016 is done based on market feedback on values of similar properties and hence included in level 2.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

5. Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Technical Know-how -Acquired	Licenses	Total	Goodwill on Consolidation	Intangibles under development
Deemed cost*						
As at April 1, 2015	367.06	2,332.28	328.54	3,027.88	8,351.30	181.34
Additions	130.34	-	12.79	143.13	-	104.59
Deductions	-	-	-	-	-	-
Capitalised	-	-	-	-	-	(143.13)
Exchange rate movement	-	18.66	-	18.66	-	-
As at March 31, 2016	497.40	2,350.94	341.33	3,189.67	8,351.30	142.80
Additions	183.92	-	7.76	191.68	-	113.88
Deductions	-	-	-	-	-	-
Capitalised	-	-	-	-	-	(191.68)
Exchange rate movement	-	(798.11)	-	(798.11)	-	-
As at March 31, 2017	681.32	1,552.83	349.09	2,583.24	8,351.30	65.00
Amortisation						
As at April 1, 2015	-	-	-	-	-	-
Amortisation for the year	97.05	168.02	107.45	372.52	-	-
Impairment for the year	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
Exchange rate movement	-	(5.00)	-	(5.00)	-	-
As at March 31, 2016	97.05	163.02	107.45	367.52	-	-
Amortisation for the year	114.11	126.37	89.48	329.96	-	-
Impairment for the year	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
Exchange rate movement	-	(19.88)	-	(19.88)	-	-
As at March 31, 2017	211.16	269.51	196.93	677.60	-	-
Net Block						
As at March 31, 2017	470.16	1,283.32	152.16	1,905.64	8,351.30	-
As at March 31, 2016	400.35	2,187.92	233.88	2,822.15	8,351.30	-
As at April 1, 2015	367.06	2,332.28	328.54	3,027.88	8,351.30	-

* On the transition date, the Group has elected to use previous GAAP carrying values of the intangible assets as the deemed cost. Since deemed cost is the amount used as a surrogate for the cost or amortised cost and for the purpose of subsequent amortisation, the net carrying value as at the transition date i.e. April 1, 2015 has been disclosed as the cost under Ind AS.

Computer software consists of capitalised development costs of enterprise resource planning software being internally generated intangible assets.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

6. Financial Assets - Investments

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(i) Investment in associates			
Investment in associates (Quoted) (Refer note - 46)			
Investment in Eimco Elecon (India) Limited*			
Cost of investments	217.29	217.29	217.29
Add: Share of post acquisition profit (net of accumulated losses)	4,364.91	4,026.23	3,787.02
	4582.20	4243.52	4004.31

*The Company has pledged 4,76,000 shares of Eimco Elecon (India) Limited, with the Bank of Baroda, Dubai towards security for loan. Further, 1,00,000 shares of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.

Investment in associate (Unquoted) (Refer note - 46)

Investment in Elecon Peripherals Limited			
Cost of investments	-	-	13.00
Add: Share of post acquisition profit (net of accumulated losses)	-	-	218.28
	-	-	231.28

Total Investment in associates (at cost)

4,582.20	4,243.52	4,235.59
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Other equity investments

Quoted Investments (Fully paid-up) (Fair value through Profit and loss) (Refer note - 36)

(a) 2,500 Shares (March 31, 2016 : 2,500 , April 1, 2015 : 2,500) of INR 10 each of HDFC Bank Limited	36.06	26.79	25.58
(b) 53,945 Shares (March 31, 2016 : 53,945 , April 1, 2015 : 53,945) of INR 2 each of Bank of Baroda	93.30	79.35	88.09
	129.36	106.14	113.67

Quoted Investments in mutual funds (Fair value through profit and loss)

(a) 637,047.49 units (March 31, 2016 and April 1, 2015: Nil units) of Birla Sunlife mutual fund (Mutual fund investment is pledged as security for term loan taken from a financial institution)	130.02	-	-
	130.02	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

6. Financial Assets - Investments (Contd...)

Unquoted Investments (Fully Paid-up) (Fair value through profit and loss) (Refer note - 36)

(a) 2,00,000 Shares (March 31, 2016 : 2,00,000 , April 1, 2015 : 2,00,000) of INR 10 each of Eimco Elecon Electricals Limited	44.08	122.58	105.91
(b) Nil Shares (March 31, 2016 : 1,24,500 , April 1, 2015 : 1,24,500) of INR 10 each of Wizard Fincap Limited	-	132.76	115.52
(c) 80 Shares (March 31, 2016 : 80, April 1, 2015 : 80) of INR 10 each of Karamsad Urban Co-operative Limited	0.01	0.01	0.01
(d) 100 Shares (March 31, 2016 : 100 , April 1, 2015 : 100) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited	0.01	0.01	0.01
(e) 30 Shares (March 31, 2016 : 30, April 1, 2015 : 30) of INR 500 each of Charotar Gas Sahakari Mandali Limited	0.15	0.15	0.15

	44.25	255.51	221.60
Total Investments	4,885.83	4,605.17	4,570.86
Aggregate value of quoted investments (including investments in associates)	4,841.58	4,349.66	4,117.98
Aggregate market value of quoted investment (other than investments in associates)	259.38	106.14	113.67
Aggregate value of unquoted investments (including investments in subsidiaries and associates)	44.25	255.51	452.88

7. Financial asset : Other financial assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Security deposits	664.48	685.00	713.26
Balances with bank earmarked as margin money	1,053.21	13.00	13.00
Deposit with original maturity of more than twelve (12) months	1.43	66.31	66.31
Unbilled revenue	604.41	673.48	256.74
Other receivables	624.12	2,400.05	1,494.73
Total other financial assets	2,947.65	3,837.84	2,544.04
Non-current	1,183.77	240.34	784.36
Current	1,763.88	3,597.50	1,759.68
Total	2,947.65	3,837.84	2,544.04



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

8. Non-current tax assets (net)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advance tax (net of provision for tax)	2,138.89	2,226.68	715.35
Total non-current tax assets (net)	2,138.89	2,226.68	715.35

9. Other non-current assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	179.22	145.18	32.84
Prepaid expenses	82.19	-	-
Claims receivable from government authorities (paid under protest)	1,059.61	897.71	989.29
Total non-current assets	1,321.02	1,042.89	1,022.13

10. Inventories

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(At lower of cost and net realisable value)			
Raw materials	8,790.62	12,687.40	13,412.47
Work-in-progress	12,725.76	15,392.39	13,701.12
Finished goods	5,849.15	5,064.63	3,424.61
Goods in transit	967.85	1,813.10	2,447.03
Stores and spares	1,823.80	979.41	1,130.02
Total inventories	30,157.18	35,936.93	34,115.25

11. Trade receivables

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivable			
Unsecured, considered good	78,311.03	86,450.13	80,678.65
Doubtful	120.90	-	-
Less : Provision for doubtful receivables / Allowance for expected credit loss	(15,617.10)	(15,884.05)	(15,880.65)
Total Trade Receivables	62,814.83	70,566.08	64,798.00
Receivables from related parties	849.14	238.44	179.21
Receivables from others	61,965.69	70,327.64	64,618.79
Total	62,814.83	70,566.08	64,798.00

Includes retention money receivable amounting to INR 13,347.05 lakhs (March 31, 2016 - INR 6,433.80 lakhs; April 1, 2015 - INR 5,295.66 lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

11. Trade receivables (Contd...)

Allowance for doubtful debts

Movement in allowance for doubtful debt :

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning of the year	15,884.05	15,880.65
Add : Allowance for the year	292.40	422.10
Less : Write off of bad debts	(162.96)	(418.70)
Less : Reversal of excess allowance	(396.39)	-
Balance at the end of the year	15,617.10	15,884.05

12. Cash and bank balances

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(a) Cash and Cash Equivalents			
Balance with bank			
Current accounts and debit balance in cash credit accounts	9,049.93	4,109.94	2,928.41
In deposit account (with original maturity up to 3 months)	71.20	310.75	115.12
Cash on hand	0.01	8.99	0.64
Total cash and cash equivalents	9,121.14	4,429.68	3,044.17
(b) Other bank balances			
Balance with bank earmarked as margin money	0.38	-	-
Deposit account due to mature within 12 months of reporting date	0.25	72.61	73.54
Unpaid dividend accounts	132.89	-	-
Total other bank balance	133.52	72.61	73.54
Total cash and bank balances	9,254.66	4,502.29	3,117.71

13. Other current assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advances to Related Parties	13.84	575.49	509.40
Advance to suppliers	5,028.16	1,934.78	2,063.38
Balance with government authorities	1,795.40	2,179.25	1,590.26
Prepaid expense	1,728.17	1,969.77	1,369.26
Others	346.76	69.96	382.79
Total other current assets	8,912.33	6,729.25	5,915.09



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

14. Share capital

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Authorised Share Capital						
Equity shares of INR 2 each	227,500,000	4,550.00	225,000,000	4,500.00	225,000,000	4,500.00
Cumulative Redeemable Preference Shares of INR 2 each	25,000,000	500.00	25,000,000	500.00	25,000,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	12,750,000	12,750.00	-	-	-	-
	265,250,000	17,800.00	250,000,000	5,000.00	250,000,000	5,000.00
Subscribed and fully paid up						
Equity shares of INR 2 each	112,199,965	2,244.00	108,935,843	2,178.72	108,935,843	2,178.72
Total	112,199,965	2,244.00	108,935,843	2,178.72	108,935,843	2,178.72

14.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
At the beginning of the year	108,935,843	2,178.72	108,935,843	2,178.72	108,935,843	2,178.72
Issued during the year	3,264,122	65.28	-	-	-	-
Outstanding at the end of the year	112,199,965	2,244.00	108,935,843	2,178.72	108,935,843	2,178.72

14.2 Rights, preferences and restrictions attached to the equity shares

The Holding company has only one class of Equity Shares having a par value of INR 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.

14.3 Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	% of share-holding	No. of shares	% of share-holding	No. of shares	% of share-holding
Equity Shares of INR 2 each fully paid held by:						
EMTICI Engineering Limited	26,337,818	23.47	25,783,669	23.67	26,775,669	24.58
Prayas Engineering Limited	11,239,414	10.02	11,166,394	10.25	11,166,394	10.25
K. B. Investments Pvt. Ltd.	11,190,168	9.97	10,253,125	9.41	10,081,125	9.25
Bipra Investments & Trusts Pvt Ltd.	6,709,436	5.98	5,876,621	5.39	5,876,621	5.39
HDFC Trustee Company Ltd.	8,601,184	7.67	6,342,684	5.82	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

14.4 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	March 31, 2017	March 31, 2016	April 1, 2015
Equity Share allotted as fully paid up shares by virtue of schemes of arrangement (Refer note 47.1)	19,338,455	16,074,333	16,074,333

15. Other Equity

15.1 Other reserves

Balance	Other reserves					Component of other comprehensive income	Total
	General reserve	Securities premium	Capital reserve	Share suspense account	Retained earnings	Foreign currency translation reserve	
As at April 1, 2015	42,824.14	2,878.14	246.93	65.28	19,790.21	-	65,804.70
Add: Profit for the year	-	-	-	-	3,736.92	-	3,736.92
Add: Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(29.37)	-	(29.37)
Add: Foreign currency translation	-	-	-	-	-	186.41	186.41
Add: Set aside this year	1,500.00	-	-	-	-	-	1,500.00
Balance available for appropriation	44,324.14	2,878.14	246.93	65.28	23,497.76	186.41	71,385.06
Less : Appropriations							
Transferred to general reserve	-	-	-	-	(1,500.00)	-	(1,500.00)
Dividend	-	-	-	-	(1,198.29)	-	(1,198.29)
Tax on dividend	-	-	-	-	(250.74)	-	(250.74)
As at March 31, 2016	44,324.14	2,878.14	246.93	65.28	20,548.73	186.41	68,249.63
Add: Profit for the year	-	-	-	-	1,075.02	-	1,075.02
Add: Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(77.42)	-	(77.42)
Add: Foreign currency translation	-	-	-	-	-	1,001.26	1,001.26
Less: Issue of shares	-	-	-	(65.28)	-	-	(65.28)
Balance available for appropriation	44,324.14	2,878.14	246.93	-	21,546.33	1,187.67	70,183.21
Less : Appropriations							
Dividend	-	-	-	-	(1,198.29)	-	(1,198.29)
Tax on dividend	-	-	-	-	(243.95)	-	(243.95)
As at March 31, 2017	44,324.14	2,878.14	246.93	-	20,104.09	1,187.67	68,740.97



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

15.2 Dividend distribution made and proposed

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Cash dividends on Equity shares declared and paid			
Final dividend for year ended March 31, 2016: INR 1.10 per share (March 31, 2015: INR 1.10 per share and March 31, 2014: INR 1 per share)	1,198.29	1,198.29	1,089.36
Dividend distribution tax on final dividend	243.95	250.74	97.91
	1,442.24	1,449.03	1,187.27
Proposed dividends on Equity shares			
Final cash dividend proposed for the year ended March 31, 2017	561.00	-	-
Dividend distribution tax on proposed dividend	114.21	-	-
	675.21	-	-

Proposed dividend on equity shares are subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2017.

15.3 Description of Reserves

Securities Premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Reserve

Capital Reserve represents difference between fair value of the net assets acquired and consideration issued for past business combination.

Share Suspense Account

Share Suspense Account represents shares to be issued for merger of Elecon EPC Projects Limited. Refer Note 47.1

16. Borrowings

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current interest bearing borrowings			
Secured			
Term Loans			
From banks (Refer note (a)(i), (a)(ii) and (b) below)	4,884.36	5,028.20	7,771.47
From financial institutions (Refer note (a)(iii), (a)(iv) and (b) below)	8,298.09	10,267.88	5,605.96
From consortium banks (Refer note (a)(v) and (b) below)	816.38	2,628.20	2,889.58
	13,998.83	17,924.28	16,267.01
Less : Accrued interest	54.07	35.13	38.57
Total non-current borrowings	13,944.76	17,889.15	16,228.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

16. Borrowings (Contd...)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current interest bearing borrowings			
Secured			
Working capital loan (Refer note (c) below)			
From bank	35,457.57	35,931.15	32,580.55
Unsecured			
Working capital loans			
From bank	1,008.26	3,097.45	457.47
Other loans			
From related parties	-	655.00	1,049.00
	36,465.83	39,683.60	34,087.02
Less : Accrued interest	96.94	135.60	88.43
Total current borrowings	36,368.89	39,548.00	33,998.59
Total interest bearing borrowings	50,313.65	57,437.16	50,227.03

(a) Nature of Securities For Term Loans & Corporate Loans

- i) Term Loans from Bank - Loan from Bank of Baroda Dubai are secured is secured by exclusive charge by way of:
 1. First Charge by way of mortgage charge on the Assets of Benzler TBA BV
 2. First charge on the Movable Assets of the Radicon Transmission UK Limited, Benzler TBA BV and Elecon USA Transmission Limited
 3. Pledge of the shareholding of Radicon Transmission UK Ltd held by Holding Company
 4. Pledge of the shares held Radicon Transmission UK Ltd in, Benzlers System AB and Pledge of shares held by Radicon Transmission UK Ltd in Elecon USA Transmission Ltd
 5. Negative pledge over the entire target assets of Radicon Transmission UK Ltd including target IPRs
 6. Corporate Guarantee of Holding Company
 7. Corporate Guarantee of Elecon USA Transmission Limited
 8. Escrow over all receivables of the entire shareholding of the borrower i.e. Radicon Tyransmission UK Ltd in Benzler TBA BV and Elecon USA Transmission Ltd.

The rate of interest is 4% approx
- ii) Term Loans from Bank - Loan from Axis bank -United kindgdom carries no security and rate of interest is 2.5% approx. The term loan is repayble in bullet repayment in month of December 2017.
- iii) Term Loans from financial institution - Loan from CLIX Capital India Unlimited formerly known as GE Capital Services India are secured by exclusive charge by way of Hypothecation on specific Plant & Machineries. The same is further, secured by exclusive charge over commercial property of Emtici Engineering Limited at Pune, Maharashtra & Corporate Guarantee of Emtici Engineering Limited. The rate of Interest is in the range of 11.55% to 11.60%.
- iv) Term Loans from financial institution - Loan from Aditya Birla Finance Limited is secured by exclusive charge by way of:
 1. Exclusive charge by way of registered Mortgage on Commercial Property at Bangalore,
 2. Exclusive charge by way of registered Mortgage on Commercial Property at Rajkot,
 3. Exclusive charge by way of Hypothecation on specific list of Plant & Machineries of the Company,
 4. Exclusive charge by way of Pledge of shares of Holding Company owned by Emtici Engineering Limited,
 5. Corporate guarantee of Emtici Engineering Limited,
 6. Debt Service Reserve Account equivalent of 2 immediate installment plus interest.

The rate of Interest is 11.50%.
- v) Term Loans 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:-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

16. Borrowings (Contd...)

1. First Pari passu charge with all corporate loan lenders, over property, plant and equipment of the Holding Company (movable and immovable) present and future, but excluding assets specifically charged to other Term Lenders.
2. Second pari passu hypothecation charge over the Current Assets of the Holding company, present and future.
3. Corporate guarantee of Prayas Engineering Limited and Emtici Engineering Limited.
4. Non disposal undertaking for certain land parcels.

Name of the Bank	Interest Rate %
State Bank of India	9.45% to 11.90%
Bank of Baroda	11.25% to 11.90%
IDBI Bank Limited	11.55% to 11.90%
Axis Bank Limited	11.60% to 11.90%
Indusind Bank Limited	11.60% to 11.85%
Exim Bank of India	13.40% to 13.50%
HDFC Bank	10.00% to 10.35%

(b) Terms of repayment of Term Loans and Other Loans

1. Term Loans*

(₹ in Lakhs)

Lender	March 31, 2017	March 31, 2016	Terms of Repayment
(i) Aditya Birla Term Loan	6,000.00	6,000.00	Repayable in quarterly installments of INR 112.50 Lakhs starting from May 2017 and INR 196.48 Lakhs from May 2020.
(ii) Clix Capital Finance Unlimited	4,447.92	5,580.12	Repayable in quarterly installments amounting to INR 242.61 Lakhs upto December 2016 and INR 404.36 Lakhs from Jan 2017.
(iii) Bank of Baroda, Dubai	1,700.57	3,856.48	Repayable in quarterly installments amounting to GBP 2.27 Lakhs and USD 5.83 Lakhs upto December 2017.
(iv) Axis Bank UK Ltd	2,442.18	2,853.66	Repayable in 100% Bullet payment amounting to GBP 30 Lakhs in December 2017.
	14,590.67	18,290.26	

* excluding accrued interest and amortised cost

2. From Consortium Banks*

Lender	March 31, 2017	March 31, 2016	Terms of Repayment
(i) State Bank of India	749.70	1,050.00	Repayable in equated quarterly installments of INR 75 Lakhs starting from October 2015.
(ii) Exim Bank	520.00	1,040.00	Repayable in equated quarterly installments of INR 130 Lakhs starting from December 2015.
(iii) IDBI Bank	625.00	875.00	Repayable in equated quarterly installments of INR 62.5 Lakhs starting from October 2015.
(iv) Bank of Baroda	750.00	1,500.00	Repayable in equated quarterly installments of INR 187.5 Lakhs starting from May 2016.
	2,644.70	4,465.00	

* excluding accrued interest and amortised cost

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

16. Borrowings (Contd...)

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

- (a) Working Capital Loans from banks granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, HDFC Bank, IDBI Bank, Axis Bank Limited & Indusind Bank Limited (Including guarantees issued by them in favour of various clients of the Holding company) are secured by:-
- 1) First pari passu hypothecation charge over all the Current Assets of the Holding company, present & future,
 - 2) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable & immovable) present & future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions,
 - 3) Registered mortgage, on first pari passu basis, of land bearing survey No.365 & 366 of Prayas Engineering Limited,
 - 4) Pledge of 100,000 shares of Eimco Elecon (India) Limited owned by the Holding company.
 - 5) Non disposal undertaking for certain land parcels.
 - 6) Corporate guarantee of Prayas Engineering Limited and Emtici Engineering Limited.

Name of the Bank	Interest Rate %
State Bank of India	9.45% to 11.90%
Bank of Baroda	11.25% to 11.90%
IDBI Bank Limited	11.55% to 11.90%
Axis Bank Limited	11.60% to 11.90%
Indusind Bank Limited	11.60% to 11.85%
Exim Bank of India	13.50%
HDFC Bank	10.00% to 10.35%

- (b) Working capital loan obtained from Bank of Baroda, London is secured by way of :-
- Pledge of receivables, inter-company receivables, inter-company debtors, bank accounts, insurance claims and other current assets of Company and its subsidiaries
 - Pledge of shares of Radicon UK Transmission Limited, Radicon USA Transmission Limited and David Brown Systems Sweden AB
 - Corporate Guarantee given by Elecon Engineering Company Ltd
 - Pledge of shares of the Company held by Elecon Engineering Company Limited
 - Pledge of immovable properties at Venlo, Netherland.

The rate of interest is 4.25% approx.

The working capital loan is repayable in 20 quarterly installments in 4 installment of GBP 1.25 Lakhs, 4 installment of GBP 3.00 Lakhs, 4 installment of GBP 3.25 Lakhs and 8 installment of GBP 3.75 Lakhs.

(d) Unsecured Loans*

Lender	Interest rate	March 31, 2017	March 31, 2016	April 1, 2015	Terms of Repayment
Devkishan Investment Private Limited	11.00%	-	15.00	15.00	Repayable on Demand
Elecon Info. Technology Limited	11.00%	-	240.00	240.00	Repayable on Demand
Elecon Peripherals Limited	11.00%	-	325.00	250.00	Repayable on Demand
Akaish Mechatronics Limited	11.00%	-	-	300.00	Repayable on Demand
Bipra Investment & Trust Private Limited	11.00%	-	-	94.00	Repayable on Demand
K. B. Investment Private Limited	11.00%	-	-	116.00	Repayable on Demand
Kirlosker Power Build Gear Limited	11.00%	-	-	34.00	Repayable on Demand
Speciality Wood Pack Private Limited	11.00%	-	75.00	-	Repayable on Demand
HDFC Bank Limited	10.35%	1,000.00	1,000.00	-	Repayable on Demand
IDBI Bank Limited	10.50%	-	1,150.00	-	Repayable on Demand
Yes Bank Limited	4.30%	-	947.45	457.47	Repayable on Demand
		1,000.00	3,752.45	1,506.47	

* excluding accrued interest



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

17. Non-current provisions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for gratuity (Refer note - 38)	4,296.61	-	-
Provision for leave obligations (Refer note - 38)	524.57	587.03	409.88
Provision for commission	-	79.96	-
Total non-current provisions	4,821.18	666.99	409.88

18. Other liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advance from customers	12,299.32	12,258.78	17,432.05
Statutory liabilities	693.43	635.65	617.73
Employee related liabilities	-	4,707.58	4,030.38
Other payables	-	-	2.23
Total other non-financial liabilities	12,992.75	17,602.01	22,082.39
Non-current	57.80	4,707.58	9,939.73
Current	12,934.95	12,894.43	12,142.66
Total	12,992.75	17,602.01	22,082.39

19. Trade payables

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables to related parties	5,799.71	910.67	707.08
Trade payables to others	42,483.54	53,636.07	51,974.96
Total trade payables	48,283.25	54,546.74	52,682.04

Includes retention money payable to vendors amounting to INR 2,836.36 Lakhs (March 31, 2016 - INR 1,741.08 Lakhs; April 1, 2015 - INR 1,253.03 Lakhs).

Details of Dues to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Principal amount remaining unpaid to any supplier as at the period end	4,698.48	958.05	604.08
Interest due thereon	-	-	-
Amount of interest paid by the Holding company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period.	-	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED, 2006.	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2017

(₹ in Lakhs)

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Holding company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the Financial statement as at March 31, 2017 based on the information received and available with the Holding company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Holding company.

20. Other financial liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of non-current borrowings			
- Term loans from bank	6,210.18	3,616.17	3,797.56
- Loans from consortium of banks	1,820.00	1,820.00	535.00
Interest accrued but not due on borrowings	151.01	170.73	127.00
Security deposits	80.35	84.32	129.32
Unpaid dividend*	132.88	122.28	125.55
Capital creditors	867.72	960.04	556.28
Unearned revenue	1,453.54	3,726.12	4,363.78
Total other financial liabilities	10,715.68	10,499.66	9,634.49

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

21. Provisions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for gratuity (Refer note - 38)	-	74.08	110.78
Provision for leave obligation (Refer note - 38)	96.58	55.94	49.41
Provision for superannuation	-	16.84	-
Provision for warranty	288.15	100.83	104.94
Provision for liquidated damages	101.00	-	-
Provision for onerous contract	1,502.09	2,966.12	3,898.30
Other provisions	0.82	-	-
Total provisions	1,988.64	3,213.81	4,163.43

Particulars	Liquidated damages	Warranty	Onerous contract
Carrying amount as at April 1, 2015	-	104.94	3,898.30
Provision made / increase in provision	-	-	-
Provision amount used during the year	-	(4.11)	(932.18)
Provision amount reversed during the year	-	-	-
Carrying amount as at March 31, 2016	-	100.83	2,966.12
Provision made / increase in provision	101.00	187.32	-
Provision amount used during the year	-	-	(1,464.03)
Provision amount reversed during the year	-	-	-
Carrying amount as at March 31, 2017	101.00	288.15	1,502.09

Refer 2.6 (j) of significant accounting policies.

Provision for warranty - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the Group. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Provision for onerous contracts - The Group has entered into various contracts across the segments. It is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

22. Current tax liabilities (net)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Provision for tax (net of advance tax)	1,658.07	49.15	4.45
Total current tax liabilities (net)	1,658.07	49.15	4.45

23. Revenue from operations

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Sale of products (Inclusive of Excise duty)		
Transmission equipment sales	76,718.68	75,482.22
Material handling equipment	42,183.72	52,757.28
	118,902.40	128,239.50
Sale of Services		
Erection charges	6,952.97	6,786.15
	6,952.97	6,786.15
Other operating revenue		
Sale of scrap	603.07	919.34
Excess provision on doubtful debt written back	396.39	-
Advance from customer written back	275.83	473.85
Duty drawback	254.87	104.17
Other operating revenue	80.01	31.79
	1,610.17	1,529.15
Total revenue from operations	127,465.54	136,554.80

24. Other Income

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest income	184.82	119.33
Dividend income	0.24	1.93
Profit on sale of property, plant and equipment (net)	137.37	1,866.34
(Profit)/Loss on account of exchange variation	-	112.91
Gain on sale of investments	-	189.75
Gain on fair valuation of investments	-	26.36
Rent income	178.19	144.14
Miscellaneous income	355.64	506.74
Total other income	856.26	2,967.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

25. Cost of materials consumed

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Inventory at the beginning of the year	12,687.40	13,412.47
Add : Purchases	49,260.54	62,566.99
	61,947.94	75,979.46
Less : Inventory at the end of the year	8,790.62	12,687.40
Cost of material consumed	53,157.32	63,292.06

26. Changes in inventories of finished goods and work-in-progress

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(Increase) / decrease in inventories		
Opening work-in-progress	15,392.39	13,701.12
Closing work-in-progress	(12,725.76)	(15,392.39)
Exchange difference	396.36	3.91
	3,062.99	(1,687.36)
Opening finished goods	5,064.63	3,424.61
Closing finished goods	(6,817.00)	(5,064.63)
Exchange difference	(331.15)	183.05
	(2,083.52)	(1,456.97)
Total changes in inventories of finished goods and work-in-progress	979.47	(3,144.33)

27. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Stores, tools and spares consumed	2,428.57	2,714.41
Sub-contracting charges	8,407.14	9,961.89
Power and fuel	1,057.51	1,171.20
Erection and other charges	1,933.77	2,283.57
Other manufacturing expenses	1,557.81	2,086.84
Total manufacturing expense and erection charges	15,384.80	18,217.91



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

28. Employee benefits expense

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries, wages and bonus	12,389.09	12,332.65
Contribution to provident fund and pension (Refer note - 38)	703.29	799.87
Employees' welfare expenses	2,185.26	1,959.26
Total employee benefit expenses	15,277.64	15,091.78

29. Finance costs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest expense	6,884.17	6,864.61
Other borrowing cost	556.03	505.83
Applicable Net Loss on Foreign Currency Transaction/Translation	517.12	101.52
Total finance costs	7,957.32	7,471.96

30. Other expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Technical know how and design fees	313.83	297.52
Rent	1,394.86	1,376.74
Computer software charges	899.16	883.02
Rates and taxes	800.53	854.68
Repairs and maintenance :		
- Building	310.65	144.71
- Machinery	1,528.45	1,528.84
- Others	55.10	107.96
Insurance (net of recoveries)	356.32	235.73
Travelling, conveyance and communication expense	1,215.04	1,141.24
Director sitting fees	14.18	15.46
Commission to non-executive directors	25.00	30.00
Packing, forwarding and distribution expenses (net of recoveries)	2,789.14	2,548.91
Loss on fair valuation of investments	45.25	-
Loss on sale of investments	27.09	-
Commission and brokerage	1,958.90	2,257.34
Warranty claim replacement	489.46	171.32
Bad debts written off	162.96	487.18
Advertisements and sales promotion expenses	301.70	368.33
Payment to auditors (Refer note- 31)	143.73	91.82
Service charges	50.59	-
Donations	16.70	-
Expenditure on corporate social responsibility (Refer note - 32)	90.94	97.37
Lease rentals	1,125.76	1,065.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

30. Other expenses (Contd...)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Loss on sale of property, plant and equipment (net)	-	355.55
Legal and professional fees	1,696.44	1,355.72
Bank charges	1,022.33	815.52
General administrative charges	1,450.01	1,572.39
Net loss on account of exchange variation	538.02	9.13
Provision for doubtful debts	129.44	386.66
Total other expenses	18,951.58	18,198.28

- (i) Research and development expenditure accounted through Consolidated Statement of Profit and Loss aggregates INR 358.65 Lakhs (Previous year : INR 358.52 Lakhs).

31. Payment to auditors

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) As auditor		
Audit fees*	109.49	77.41
Tax audit fees	4.15	4.15
(b) For other services (limited review, certification etc.)	26.36	9.86
(c) Out of pocket expenses	3.73	0.40
Total payment to auditors	143.73	91.82

*Includes audit fees paid to auditors of the subsidiary company

Over and above the aforesaid payments an amount of INR 3.10 Lakhs (Previous Year INR 2.79 Lakhs) has been paid to an entity of which one of the partners of the Thacker Butala Desai is a proprietor.

32. Corporate social responsibility expenditure

As per Section 135 of the Companies Act, 2013, the Holding Company was required to spend INR 88.62 Lakhs (Previous year : INR 123.91 Lakhs), however, the Holding company has spent INR 90.94 Lakhs (Previous year: INR 97.37 Lakhs) during the current financial year. The Holding company has spent following amounts during the year :

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Health care, nutrition, sanitation and safe drinking water	6.36	5.40
Education Scholarship and vocational skill development	84.58	91.97
Total corporate social responsibility expenditure	90.94	97.37



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(INR in Lakhs, except per share data)

33. Earnings per share

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit attributable to equity shareholders of the Group	1,075.02	3,736.92
Weighted average number of equity shares	112,199,965	11,21,99,965*
Earning per Share (Basic & Diluted)	0.96	3.33
Face value per Share	2.00	2.00

* It includes 3,264,122 equity shares issued on account of amalgamation of the Elecon EPC Projects Limited with the Holding Company included in Other equity as equity share suspense.

34. Tax expenses

(₹ in Lakhs)

The major component of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Statement of Profit and loss		
Current tax		
Current income tax	2,246.03	1,663.35
Adjustment of tax relating to earlier periods	34.56	(9.61)
Deferred tax		
Deferred tax relating to origination and reversal of temporary difference	1,030.32	570.19
Income tax expense reported in the Statement of Profit and Loss	3,310.91	2,223.93
Other comprehensive income		
Deferred tax (asset) on net loss on remeasurements of defined benefit plans	(31.38)	(15.35)
Income tax expense reported in the statement of profit and loss	3,279.53	2,208.58

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016:

A) Current tax

Particulars	2016-17	2015-16
Accounting profit before tax from continuing operations	4,385.93	5,960.85
Income tax rate of Company's domestic tax rate	34.608%	34.608%
Tax using Company's domestic tax rate	1,517.88	2,062.93
Tax effects of :		
Tax exempt income	122.13	(0.67)
Tax at special rate	(147.56)	(383.25)
Reversal of deferred liability on prepaid finance charges and indexation of land	(99.07)	(40.40)
Other non-deductible expenses (net)	1,426.83	559.55
Share of profit of equity accounted investee	(141.34)	(102.90)
Adjustment of tax expense relating to earlier periods	33.25	(9.61)
Effect of different tax rates on foreign subsidiaries	144.09	91.99
Current year losses on which no deferred tax was recognised	423.31	30.93
	1,761.64	145.64
Income tax expense	3,279.53	2,208.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

34. Tax expenses (Contd...)

B. Deferred tax

Particulars	Balance as on April 1, 2015	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2016	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2017
Accelerated depreciation for tax purposes	(4,440.14)	2,247.03	(6,687.17)	(223.35)	(6,463.82)
Impact of fair valuation of assets	(9,288.79)	(2,330.94)	(6,957.85)	(39.97)	(6,917.88)
Deferred tax on fair value of investments	(34.72)	16.71	(51.43)	(43.51)	(7.92)
Deferred tax on prepaid finance charges	-	59.10	(59.10)	(59.10)	-
Provision for doubtful debt (including allowance for Expected Credit Losses)	5,569.32	72.18	5,497.14	137.17	5,359.96
Expenditure allowable on payment basis	184.92	(84.10)	269.03	30.26	238.76
Expenditure allowable on realised basis	2,770.49	687.52	2,082.97	1,269.26	813.71
Other Comprehensive Income	-	(15.35)	15.35	(31.39)	46.74
Exchange difference directly recognised in equity	-	(97.31)	-	(40.44)	-
Total deferred tax expense / (income)	-	554.84	-	998.94	-
Net deferred tax assets/(liabilities)	(5,238.91)	-	(5,891.06)	-	(6,930.45)
Reflected in the balance sheet are as follows:					
Deferred tax assets	330.34		275.23		746.49
Deferred tax liabilities	(5,569.25)		(6,166.29)		(7,676.94)
Deferred tax liabilities (net)	(5,238.91)		(5,891.06)		(6,930.45)

C. Deferred tax

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2017	March 31, 2016
Opening balance as of April 1	(5,891.06)	(5,238.91)
Tax income/(expense) during the period recognised in profit or loss	(1,030.32)	(570.19)
Tax income/(expense) during the period recognised in OCI	31.38	15.35
Exchange difference directly recognised in equity	(40.44)	(97.31)
Closing balance as at March 31	(6,930.44)	(5,891.06)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2016 and March 31, 2015, the Holding Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Holding Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

35. Financial instruments risk management objectives and policies

The Group financial liabilities comprise mainly of borrowings, trade and other payables. The Group financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables. The Group is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Treasury department which identifies and evaluates financial risks in consultation with the Group operating units. The Risk Management Policy formulated by the Treasury department and approved by the Board the framework for risk management. It also covers policies on specific risk areas such as currency risk, interest rate risk, credit risk and investment of surplus funds.

The following disclosures summarize the Group exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Group.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, Investments, trade and other receivables, trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2017, approximately 36% of the Group borrowings are at fixed rate (March 31, 2016 : 57% and April 1, 2015 : 38%). Summary of financial assets and financial liabilities has been provided below:

Exposure to interest rate risk

The interest rate profile of the Group's interest - bearing financial instrument as reported to management is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Fixed-rate instruments			
Financial Assets	1,126.47	462.66	267.98
Financial Liabilities	16,703.13	32,266.75	17,835.37
Variable-rate instruments			
Financial Assets	-	-	-
Financial Liabilities	41,640.70	30,606.57	36,724.21

Interest rate sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. The following table demonstrates the sensitivity of floating rate financial instruments to a reasonably possible change in interest rates. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Particulars	Impact on Profit / (loss) after tax
March 31, 2017	
Increase in 100 basis points	-272.30
Decrease in 100 basis points	272.30
March 31, 2016	
Increase in 100 basis points	-200.14
Decrease in 100 basis points	200.14

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group transacts business in foreign currencies (primarily USD, EUR, THB and GBP).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

35. Financial instruments risk management objectives and policies (Contd...)

Consequently, the Group has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group manages its foreign currency risk by following policies approved by board as per established risk management policy. The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Exposure to Currency Risk:-

The summary quantitative data about the Group's exposure to currency risk (based on notional amounts) is as follows:

Particular	March 31, 2017				March 31, 2016				April 1, 2015			
	USD	GBP	THB	EUR	USD	GBP	THB	EUR	USD	GBP	THB	EUR
Financial Assets												
Trade Receivables	2,667.33	2,025.13	-	1,169.45	3,147.79	2,382.23	-	1,861.16	2,840.86	1,929.95	-	2,241.15
Other financial Assets	12.82	-	-	4,427.50	1.29	-	-	626.98	0.10	-	-	576.66
Loans	2,072.38	-	-	-	35.39	-	-	-	576.83	692.07	-	-
Total A	4,752.53	2,025.13	-	5,596.95	3,184.47	2,382.23	-	2,488.14	3,417.79	2,622.02	-	2,817.81
Financial Liabilities												
Trade Payables	1,001.77	270.24	2,448.50	1,495.09	957.73	1,001.40	2,415.07	3,087.63	885.03	2,053.66	1,755.00	3,762.23
Borrowings	323.59	928.85	-	-	1,643.92	1,036.70	-	-	633.23	960.13	-	429.09
Total B	1,325.36	1,199.09	2,448.50	1,495.09	2,601.65	2,038.10	2,415.07	3,087.63	1,518.26	3,013.79	1,755.00	4,191.32
Total A - B	3,427.17	826.04	(2,448.50)	4,101.86	582.82	344.13	(2,415.07)	(599.49)	1,899.53	(391.77)	(1,755.00)	(1,373.51)

The following significant exchange rates have been applied during the year.

Rupees	Average rate		Year-end spot rate		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
USD 1	65.47	64.14	64.85	66.10	62.18
GBP 1	88.19	93.57	81.41	94.97	92.17
EUR 1	72.06	70.99	69.07	75.06	66.92

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, THB and GBP rates to the functional currency of respective entity, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in Lakhs)

Particular	USD			GBP			EUR			THB		
	Change in ex-change rate	Profit / (loss) before tax	Equity net of tax	Change in ex-change rate	Profit / (loss) before tax	Equity net of tax	Change in ex-change rate	Profit / (loss) before tax	Equity net of tax	Change in ex-change rate	Profit / (loss) before tax	Equity net of tax
March 31, 2017												
Strengthening	1.00%	34.27	22.41	6.00%	49.56	32.41	3.00%	123.06	80.47	5.00%	(122.43)	(80.06)
Weakening		(34.27)	(22.41)		(49.56)	(32.41)		(123.06)	(80.47)		122.43	80.06
March 31, 2016												
Strengthening	2.50%	14.57	9.53	2.50%	8.60	5.63	3.00%	(17.98)	(11.76)	5.00%	(120.75)	(78.96)
Weakening		(14.57)	(9.53)		(8.60)	(5.63)		17.98	11.76		120.75	78.96



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...) for the year ended March 31, 2017

35. Financial instruments risk management objectives and policies (Contd...)

Equity price risk

The Group's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Group.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily trade receivables and other financial assets including deposits with banks. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Other financial assets

This comprises mainly of deposits with banks, investments in mutual funds and other intercompany receivables. Credit risk arising from these financial assets is limited and there is no collateral held against these because the counterparties are group companies, banks and recognised financial institutions. Banks and recognised financial institutions have high credit ratings assigned by the international credit rating agencies.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy and procedures. Trade receivables are non-interest bearing and generally have a credit period not exceeding 90 days. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the receivables are categorised into portfolios based comprising of homogeneous receivables. Each portfolio is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109. The calculation is based provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Receivables from group companies and secured receivables are excluded for the purposes of this analysis since no credit risk is perceived on them. Proportion of expected credit loss provided for across the ageing buckets is summarised below:

Bucket	March 31, 2017	March 31, 2016	April 1, 2015
Not due	2.85%	2.16%	3.04%
0-1 year	5.61%	6.12%	6.88%
1-3 years	30.39%	29.29%	56.64%
Greater than 3 years	63.04%	68.54%	64.35%
Expected Credit Losses rate	25.47%	26.53%	32.73%
Amount of expected credit loss provided for	15,617.10	15,884.05	15,880.65

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in provision of expected credit loss has been provided in note no. 11.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost.

The table below analysis non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed under the ageing buckets are the contractual undiscounted cash flows and includes contractual interest payments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

35. Financial instruments risk management objectives and policies (Contd...)

Particulars	Carrying amount	Less than 12 months	1-2 years	2-5 years	more than 5 years	Total
Year ended March 31, 2017						
Financial liabilities						
Borrowings	50,313.65	36,653.00	4,125.22	8,658.01	5,040.74	54,476.96
Trade payables	48,283.25	48,283.25	-	-	-	48,283.25
Other financial liabilities	10,715.68	12,088.28	-	-	-	12,088.28
Total	109,312.58	97,024.53	4,125.22	8,658.01	5,040.74	114,848.49
Year ended March 31, 2016						
Financial liabilities						
Borrowings	57,437.16	43,555.29	9,956.18	7,364.55	4,977.66	65,853.67
Trade payables	54,546.74	54,546.74	-	-	-	54,546.74
Other financial liabilities	10,499.66	14,267.38	-	-	-	14,267.38
Total	122,483.56	112,369.40	9,956.18	7,364.55	4,977.66	134,667.79
Year ended April 1, 2015						
Financial liabilities						
Borrowings	50,227.03	41,759.52	6,295.12	11,926.06	-	59,980.70
Trade payables	52,682.04	52,682.04	-	-	-	52,682.04
Other financial liabilities	9,634.49	12,070.17	-	-	-	12,070.17
Total	112,543.56	106,511.73	6,295.12	11,926.06	-	124,732.91

(d) Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity share holders.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using Debt- Equity ratio, which is net debt divided by total equity. The Group's policy is to keep the net debt to equity ratio below 2. The Group includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Interest-bearing loans and borrowings (Note 16 and Note 20)	58,343.83	62,873.32	54,559.58
Less: cash and cash equivalents (Note 12)	(9,121.14)	(4,429.68)	(3,044.18)
Adjusted net debt	49,222.69	58,443.65	51,515.40
Equity share capital (Note 14)	2,244.00	2,178.72	2,178.72
Other equity (Note 15)	68,740.97	68,249.63	65,804.70
Total equity	70,984.97	70,428.35	67,983.42
Adjusted net debt to total equity ratio	0.69	0.83	0.76

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

36. Fair Value Measurements

A. Accounting classification and fair values

As at March 31, 2017

Particulars	Carrying Amount			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised cost		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	303.46	-	0.17	303.63	259.38	-	44.25	303.63
Trade receivables	-	-	62,814.83	62,814.83	-	-	-	-
Cash and cash equivalents	-	-	9,121.14	9,121.14	-	-	-	-
Other bank balance	-	-	133.52	133.52	-	-	-	-
Other financial assets	-	-	2,947.65	2,947.65	-	-	-	-
Total Financial assets	303.46	-	75,017.14	75,320.60	259.38	-	44.25	303.63
Borrowings (excluding current maturities)	-	-	50,313.65	50,313.65	-	-	50,313.65	50,313.65
Trade payable	-	-	48,283.25	48,283.25	-	-	-	-
Other financial liabilities	-	-	10,715.68	10,715.68	-	-	-	-
Total Financial liabilities	-	-	109,312.58	109,312.58	-	-	50,313.65	50,313.65

As at March 31, 2016

Particulars	Carrying amount			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised cost		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	361.48	-	0.17	361.65	106.14	132.76	122.75	361.65
Trade receivables	-	-	70,566.08	70,566.08	-	-	-	-
Cash and cash equivalents	-	-	4,429.68	4,429.68	-	-	-	-
Other bank balance	-	-	72.61	72.61	-	-	-	-
Other financial assets	-	-	3,837.84	3,837.84	-	-	-	-
Total Financial assets	361.48	-	78,906.39	79,267.87	106.14	132.76	122.75	361.65
Borrowings (excluding current maturities)	-	-	57,437.16	57,437.16	-	-	57,437.16	57,437.16
Trade payable	-	-	54,546.74	54,546.74	-	-	-	-
Other financial liabilities	-	-	10,499.66	10,499.66	-	-	-	-
Total Financial liabilities	-	-	122,483.56	122,483.56	-	-	57,437.16	57,437.16

As at April 1, 2015

Particulars	Carrying amount			Total	Fair Value			Total
	FVTPL	FVTOCI	Amortised cost		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant observable inputs	
Investments (Note 1)	335.10	-	0.17	335.27	113.67	115.52	106.08	335.27
Trade receivables	-	-	64,798.00	64,798.00	-	-	-	-
Cash and cash equivalents	-	-	3,044.18	3,044.18	-	-	-	-
Other bank balance	-	-	73.54	73.54	-	-	-	-
Other financial assets	-	-	2,544.04	2,544.04	-	-	-	-
Total Financial assets	335.10	-	70,459.93	70,795.03	113.67	115.52	106.08	335.27
Borrowings (excluding current maturities)	-	-	50,227.02	50,227.02	-	-	50,227.02	50,227.02
Trade payable	-	-	52,682.04	52,682.04	-	-	-	-
Other financial liabilities	-	-	9,634.49	9,634.49	-	-	-	-
Total Financial liabilities	-	-	112,543.54	112,543.54	-	-	50,227.02	50,227.02

Note 1 Investments in associate have been accounted at historical cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

36. Fair Value Measurements (Contd...)

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

On account of materiality and in absence of sufficient information for determination of fair value of investments in equity shares of INR 0.17 Lakhs, the Company has not fair valued the same.

ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares and mutual fund that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

C. Fair value through profit and loss - in unquoted equity shares:

Investments in equity shares of Eimco Elecon Electricals Limited (EECL) have been designated as FVTPL. Based on EECL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on April 1, 2015. Demerger effect in 2016-17 has been duly considered in the fair valuation on December 28, 2016, which being close to the end of the current reporting period, has been used for the purposes of accounting.

Significant unobservable inputs

The free cash flows have been discounted using weighted average cost of capital (WACC) and cost of equity which is based on the capital asset pricing model. The model considered data from comparable companies to obtain the discounted free cash flows based on latest available data prior to date of valuation. These assumptions have been adjusted appropriately at each reporting date. Key assumptions have been summarised below:

Particulars	March 31, 2016	1 April 2015
Beta for WACC	0.57	0.58
Risk free rate of return	7.69%	7.7%
Cost of equity	12.27%	13.1%
Cost of debt	11.00%	13%
WACC	12.07%	12.71%
Perpetual growth rate	1.00%	1.00%
liquidity discount	15.00%	15.00%

Investments in equity shares of Wizard Fincap Limited (WFL) have been designated as fair value through profit and loss. For fair valuation, Enterprise Value method has been used. Under this method, operating income (EBITDA, EBIT and Revenue) has been computed. Multiples applicable for comparable transactions have been applied after appropriate adjustments as relevant to determine the gross enterprise value. Market value of non-operating assets has then been added to obtain the enterprise value from which debt has been deducted.

ii) Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.

iii) Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended March 31, 2017, March 31, 2016 and April 1, 2015 is as below:



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

36. Fair Value Measurements (Contd...)

<u>Particulars</u>	<u>Amount</u>
As at April 1, 2015	221.60
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	33.91
As at March 31, 2016	255.51
Acquisitions / (disposals)	(105.66)
Gains / (losses) recognised in other comprehensive income	-
Gains / (losses) recognised in statement of profit or loss	(105.59)
As at March 31, 2017	44.25

Transfer out of Level 3

There were no movement in level 3 in either directions during March 2017 and the year 2015-16.

Sensitivity analysis - Investments in unquoted equity instruments of EECL

2016-17	Perpetual growth rate	
	-1%	+1%
Cost of equity	22.91 (18.37)	27.08 (21.21)
2015-16	Perpetual growth rate	
	-1%	+1%
Cost of equity	22.45 (18.00)	27.62 (21.63)

37. Related party disclosure

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

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

a) Wholly owned Subsidiary Companies

- (i) Elecon Transmission International Limited, Mauritius
- (ii) Elecon Singapore Pte. Limited, Singapore
- (iii) Elecon Middle East FZE, Middle East

b) Wholly owned Step down Subsidiaries

- (i) Benzlers Systems AB, Sweden
- (ii) Radicon Transmission UK Limited, U.K.
- (iii) AB Benzlers, Sweden
- (iv) Radicon Drive Systems, Inc., USA (formerly known as Elecon USA Transmission Limited, USA) (wef September 27, 2016)
- (v) Benzlers Transmission A.S., Denmark
- (vi) Benzlers Antriebstechnik GmbH, Germany
- (vii) Benzlers TBA B.V., Netherlands
- (viii) OY Benzlers AB, Finland
- (ix) Benzlers Italia s.r.l.

c) Associates

- (i) Eimco Elecon (India) Limited
- (ii) Elecon Australia Pty. Limited
- (iii) Elecon Africa Pty. Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

37. Related party disclosure (Contd...)

- (iv) Elecon Engineering (Suzhou) Co. Limited, China
- (v) Elecon Peripherals Limited (Associate upto October, 2015)

d) Individual having control/ significant influence

- (i) Shri Prayasvin B. Patel

e) Key managerial personnel

- (i) Shri Prayasvin B. Patel
- (ii) Shri Prashant C. Amin
- (iii) Shri Rajat Jain
- (iv) Shri Pradip M. Patel
- (v) Shri Jal Patel
- (vi) Shri Chirayu R Amin
- (vii) Shri Jai S Diwanji
- (viii) Dr. Sonal V Ambani

f) Enterprises over which (d) or (e) 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) Tech Elecon Private Limited
- (vi) Emtici Engineering Limited
- (vii) Prayas Engineering Limited
- (viii) Specialty Wood Pack Private Limited
- (ix) Power Build Private Limited
- (x) Elecon Hydraulics Pvt. Ltd.
- (xi) Akaaish Mechatronics Limited
- (xii) Madhubhan Prayas Resorts Limited
- (xiii) Wizard Fincap Limited
- (xiv) Eimco Elecon Electricals Limited
- (xv) Elecon Peripherals Limited
- (xvi) Packme Industries Private Limited
- (xvii) Darshan Chemicals
- (xviii) WRC Engineering Company Private Limited
- (xiv) Radicon Transmission FZE
- (xv) Radicon Transmission (Thailand) Limited
- (xvi) Radicon Transmission (Australia) Pty Limited

g) Other related party

- Post employment benefit plan
- (i) Elecon Engineering Company Limited Employees Group Gratuity Fund
- (ii) Elecon Engineering Company Limited Employees Superannuation scheme

B) Terms and conditions of transactions with related parties

- 1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given and taken, at the year-end are unsecured and interest free and settlement occurs in cash other than for advance.
- 2) Loans taken INR from the related party carries interest rate of 11% (March 31, 2016 : 11%). Loans in USD and GBP given to the related party carries interest rate at average of 4.62% (March 31, 2016 : 4.5%)

Commitments with related parties

The Group has not provided any commitment to the related party as at March 31, 2017 (March 31, 2016: INR Nil and April 1, 2015: INR Nil)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

(₹ in Lakhs)

37. Related party disclosure (Contd...)

Transactions with key management personnel

Compensation of key management personnel of the Company.

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Short-term employee benefits		
- Shri Prayasvin B. Patel	385.75	361.19
- Shri Prashant C. Amin	222.40	214.62
- Shri Rajat Jain	58.33	52.72
Commission and sitting fees to Independent director	39.18	45.46
Total compensation paid to key management personnel	705.66	673.99

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

37. Related party disclosure (Contd...)		(₹ in Lakhs)					
Particulars	Associate		Key Managerial Personnel		Entities controlled by Directors / Relatives		Employment benefit plans
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2015-16
Purchase of material / finished goods	31.56	1,153.44	-	-	9,182.84	885.81	-
Job work income	4.51	12.95	-	-	44.15	27.06	-
Job work expenses paid	1.76	37.82	-	-	123.39	54.20	-
Sale of finished goods/ consumable stores	497.86	451.31	-	-	842.90	813.49	-
Purchase of property plant and equipment	-	-	-	-	150.83	139.65	-
Sales of property plant and equipment	-	-	-	-	0.16	2,501.02	-
Remuneration paid key managerial personnel	-	-	831.51	803.00	-	-	-
Advances given to director	-	-	1.41	-	-	-	-
Other expenses charged from related parties	47.51	5.88	-	-	113.30	210.59	-
Other expenses charged by related parties	154.55	52.50	-	-	3,785.66	2,649.02	-
Commission expense	-	-	-	-	110.17	-	-
Commission income	-	-	-	-	85.33	-	-
Interest expense on inter corporate deposit	-	-	-	-	42.30	-	-
Interest Expenses	-	-	-	-	130.42	-	-
Sale of investment in equity shares	-	202.75	-	-	105.66	-	-
Repayment of loans	-	-	-	-	655.00	544.00	-
Loan taken	-	-	-	-	-	150.00	-
Issue of shares under the scheme of amalgamation	-	-	5.10	-	60.04	-	-
Contribution made to post employment defined benefit plans trust	-	-	-	-	-	-	188.58
Advances received back	-	-	-	-	561.65	-	-
Advances given	-	-	-	-	-	66.08	-
Outstanding balances							
Trade payables	20.80	54.50	-	-	5,778.91	856.17	-
Trade receivables	24.08	121.13	-	-	825.07	117.31	-
Advances receivable	-	-	-	-	13.84	575.49	-
Advance given to director	-	-	1.41	-	-	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

37. Related party disclosure (Contd...)

(₹ in Lakhs)

Particulars	Associate		Entities controlled by Directors / Relatives		Employment benefit plans	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Purchase of material / finished goods						
(i) Specialty Wood Pack Private Limited	-	-	730.17	689.43	-	-
(ii) Elecon Peripherals Limited	-	1,128.01	1,894.88	-	-	-
(iii) Eimco Elecon (India) Limited	31.56	25.43	-	-	-	-
(iv) Power Build Private Limited	-	-	926.58	154.32	-	-
(v) Radicon Transmission (Thailand) Limited	-	-	4,638.07	-	-	-
(vi) Others	-	-	993.14	42.06	-	-
	31.56	1,153.44	9,182.84	885.81	-	-

Other expenses charged by related parties

(i) Akaash Mechatronics Limited	-	-	1,185.17	826.12	-	-
(ii) Elecon Information Technologies Limited	-	-	32.76	200.40	-	-
(iii) Elecon Information Technologies Limited	-	-	328.08	-	-	-
(iv) Emtici Engineering Limited	-	-	1,251.88	896.77	-	-
(v) Prayas Engineering Limited	-	-	283.86	270.45	-	-
(vi) Others	-	-	703.91	455.29	-	-
	-	-	3,785.66	2,649.02	-	-

Trade payables

(i) Elecon Peripherals Limited	-	-	1,243.64	451.78	-	-
(ii) Radicon Transmission (Thailand) Limited	-	-	2,909.92	-	-	-
(iii) Others	-	-	1,625.35	404.39	-	-
	-	-	5,778.91	856.17	-	-

38. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 699.57 Lakhs (March 31, 2016: INR 700.32 Lakhs) is recognised as expenses and included in Note No. 29 "Employee benefits expense"

Particulars	As at March 31, 2017	As at March 31, 2016
Provident Fund	693.59	691.52
Superannuation Fund	5.98	8.80
	699.57	700.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

38. Disclosure pursuant to employee benefits (Contd...)

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity and Pension

The Group operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Group, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2017 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2016	Gratuity and pension cost charged to statement of profit and loss	Transfer in/ Out	Benefit paid	Return on plan assets excluding amounts included in net interest expense)	Actuarial changes arising from changes in demograph- ic assump- tions	Actuarial changes arising from changes in financial assumptions	Experience adjust- ments	Sub-total included in other compre- hensive income	Contribu- tions by employer	March 31, 2017
Gratuity											
Defined benefit obligation	1,383.18	50.54	62.25	112.79	(80.00)	(198.51)	-	24.89	36.25	45.00	106.14
Fair value of plan assets	(1,309.10)	-	(56.00)	(56.00)	(5.00)	198.51	(3.67)	-	-	(167.28)	(1,342.54)
Benefit liability	74.08	50.54	6.25	56.79	(85.00)	-	(3.67)	24.89	36.25	45.00	102.47
											(18.94)
Pension, gratuity and medical plan*											
Defined benefit obligation	4,707.59	-	112.44	112.44	(393.63)	(167.69)	-	37.90	-	-	37.90
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	4,707.59	-	112.44	112.44	(393.63)	(167.69)	-	37.90	-	0.00	4,296.61
Total benefit liability	4,781.67	50.54	118.69	169.23	(478.63)	(167.69)	(3.67)	62.79	36.25	45.00	140.37
											(167.28)
											4,277.67

* As on March 31, 2016 pension liability is grouped as "other non-current liabilities", which has been reclassified to "non-current provision" from financial year 16-17.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...) for the year ended March 31, 2017

38. Disclosure pursuant to employee benefits (Contd...)

March 31, 2016 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2015	Gratuity and pension cost charged to statement of profit and loss	Transfer in/ Out	Benefit paid	Return on plan assets excluding amounts included in net interest expense)	Actuarial changes arising from changes in demograph- ic assump- tions	Actuarial changes arising from changes in financial assumptions	Experi- ence adjust- ments	Sub-total included in other compre- hensive income	Contribu- tions by employer	March 31, 2016
Gratuity											
Defined benefit obligation	1,307.12	79.10	183.12	-	(162.29)	-	(0.57)	55.80	55.23	-	1,383.18
Fair value of plan assets	(1,196.34)	-	(95.15)	-	162.29	(10.87)	10.75	-	(0.12)	(179.78)	(1,309.1)
Benefit liability	110.78	79.10	87.97	-	-	(10.87)	10.75	55.80	55.11	(179.78)	74.08
Pension, gratuity and medical plan*											
Defined benefit obligation	4,030.38	6.24	151.53	157.77	519.44	-	-	-	-	-	4,707.59
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	4,030.38	6.24	151.53	157.77	519.44	-	-	-	-	-	4,707.59
Total benefit liability	4,141.16	85.34	160.40	245.74	519.44	(10.87)	10.75	55.80	55.11	(179.78)	4,781.67

* As on April 1, 2015 pension liability is grouped as "other non-current liabilities", which has been reclassified to "non-current provision" from financial year 16-17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

38. Disclosure pursuant to employee benefits (Contd...)

The major categories of plan assets of the fair value of the total plan assets of Gratuity and Pension are as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Insurance Fund for gratuity (%) of total plan assets	100%	100%	100%
Insurance Fund for pension	0%	0%	0%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

a) For Gratuity (for Indian entities)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	7.51%	7.86%-8.04%	7.92%-7.99%
Future salary increase	6.50%	6.50%	6.50%
Expected rate of return on plan assets	7.51%	7.86%-8.04%	7.92%-7.99%
Employee turnover rate	5.00%	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

b) For Pension (for overseas entities)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	2.55%	2.65%	2.65%
Future salary increase	3.00%	3.00%	3.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		Year ended March 31, 2017 INR	Year ended March 31, 2016 INR	Year ended April 1, 2015 INR
Discount rate	1% increase	(66.97)	(80.78)	(75.99)
	1% decrease	76.00	93.00	89.72

c) Leave obligations -Unfunded

The Actuarial Liability towards compensated absences as at March 31, 2017 is INR 621.15 Lakhs (March 31, 2016 is INR 642.97 Lakhs and April 1, 2015 is INR 459.29 Lakhs). Current year charge is included in Employee benefit expense (Refer Note - 28).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

39. Contingent liabilities and commitments

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(a) Contingent liabilities:			
<u>Claims against the Company not acknowledged as debt</u>			
(i) Disputed with Excise and Service tax authority	8,168.69	7,247.59	7,139.30
(ii) Disputed with Sales tax authority	2,761.66	2,942.98	2,230.75
(iii) Disputed with Income tax authority	993.29	1,014.71	1,014.67
(iv) Disputed with Service tax authority	256.38	332.99	241.92
(v) Sales bills discounted under letter of credit with Banks	1,427.94	604.64	1,042.65
(vi) 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 Group for INR 206.07 Lakhs However the company has made a counter claim of INR 200.00 Lakhs with the same arbitrator in response and as per the books of account INR 51.88 Lakhs is due to him.	152.36	152.36	154.19
(vii) Bonus Liability for the year 2014 -15	151.75	151.75	-
(viii) NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting Blue Technologies (RBT) of USA and the Group, 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	Unascertained
(ix) In respect of a commercial civil suit filed by a customer against the Group with the Commercial Civil Court, Ahmedabad amounting to INR 4,933 lakhs. Against this, the Group has filed a counter claim of INR 549 lakhs against the Customer for the default made by the customer.	4,384.00	-	-
(xi) In respect of a suit filed by a vendor against the Group with the APMSEFC for non payment of dues and interest thereon amounting to INR 129 lakhs.	129.00	-	-
(xi) In respect of a suit filed by a vendor against the Group with the APMSEFC for non payment of dues and interest thereon amounting to INR 3.25 lakhs.	3.25	-	-
<u>Guarantees</u>			
(i) 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, , by Holding Company and Elecon Transmission International Limited respectively.	3,619.39	1,223.93	1,082.30
(ii) Contingent liability with PRI (Pension liability) for AB Benzlers (Sweden) SEK 974000	70.52	-	-
(b) Commitments:			
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	770.03	929.95	1,436.47
(ii) Liability for Export Obligation under Export Promotion credit Guarantee	-	-	1,525.92
(iii) Liability for Export Obligation under Advance Licence	1,552.05	1,552.05	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

40. Disclosure on Specified Bank Notes

During the year, the Holding Company had specific Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.59	0.01	0.60
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	0.59	-	0.59
Closing cash in hand as on December 30, 2016	-	0.01	0.01

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 8, 2016.

41. Segment reporting

Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Managing Director (CMD) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman & Managing Director reviews internal management reports periodically.

Reportable segment	Description of products/services
Material handling equipment	The segment is engaged in manufacturing of material handling equipments like raw material handling system, stackers, reclaimers, bagging & weighing machines, wagaon & truck loaders, crushers, wagon tippers, feeders and port equipments. It is also engaged in executing projects on these material handling equipments.
Transmission equipment	Manufacturing of material transmission equipments like gearboxes, couplings and elevator traction machines.

Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

for the year ended March 31, 2017

(₹ in Lakhs)

41. Segment reporting (Contd...)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment revenue from operations:		
(a) Material handling equipment	49,983.62	52,757.28
(b) Transmission equipment	81,410.95	90,795.74
Total segment revenue including intersegment revenue	131,394.57	143,553.02
Less: Inter segment revenue	3,929.03	6,998.22
Total segment revenue from operations	127,465.54	136,554.80
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	3,706.94	1,243.52
(b) Transmission equipment	8,636.31	12,189.29
Net segment profit/(loss) before tax & interest	12,343.25	13,432.81
Reconciliation of segment profit/(loss) with profit before tax & interest		
i) Finance cost	7,957.32	7,471.96
ii) Other unallocated corporate expenses net off	-	-
iii) Unallocable income	-	-
Profit before tax as per statement of profit and loss	4,385.93	5,960.85
Segment assets		
(a) Material Handling Equipment	68,301.09	82,413.68
(b) Transmission Equipment	140,387.55	137,921.24
Total segment assets	208,688.64	220,334.92
(c) Unallocable	746.49	275.23
Total assets	209,435.13	220,610.15
Segment liabilities		
(a) Material Handling Equipment	51,989.27	63,512.46
(b) Transmission Equipment	78,783.95	79,946.70
Total segment liabilities	130,773.22	143,459.16
(c) Unallocable	7,676.94	6,722.64
Total liabilities	138,450.16	150,181.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

41. Segment reporting (Contd...)

Geographical information

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment revenue from external customers		
India	94,703.01	102,746.30
Outside India	32,762.53	33,808.50
Total segment revenue	127,465.54	136,554.80

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Non-current assets		
India	83,618.27	84,079.51
Outside India	12,913.98	15,198.59
Total non-current assets	96,532.25	99,278.10

42. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contract revenue recognised during the year	17,738.87	21,505.03
Aggregate amount of cost incurred and recognised in Standalone Statement of Profit and Loss	17,553.96	21,482.63
The net balance sheet position for ongoing construction contracts is as follows:		
Amount due from customers for contract work	604.41	673.48
Amount due to customer for construction contract	1,367.91	3,726.12
	(763.50)	(3,052.64)
The net position relates to		
Aggregate costs incurred and recognised profits (less recognised losses) to date	92,455.99	74,717.13
Less: Progress billing	93,219.49	77,769.77
	(763.50)	(3,052.64)

43. Lease Transactions

The operating lease arrangements for Holding Company are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination. Thus, the disclosure of minimum lease rentals payable or receivable in case of Holding Company has not been provided.

Elecon Singapore Pte. Limited has leases office premises from a non-related party under a non-cancellable operating lease agreement. The lease has varying terms and renewal rights.

The future minimum lease payments under non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities, is as follows:



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

43. Lease Transactions (Contd...)

	March 31, 2017	March 31, 2016
Not later than one year	16.59	7.30
Between one and five years	6.91	-
	23.50	7.30
Rental expenses paid during the financial year	16.82	17.52

The lease of the Elecon Singapore Pte. Limited's office premises on which rental is payable will expire on August 31, 2018, and the current rate payable on the lease is INR 1.38 lakhs per month.

44. 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		Share of Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (INR in Lakhs)	As % of consolidated profit or loss	Amount (INR in Lakhs)	As % of consolidated profit or loss	Amount (INR in Lakhs)	As % of consolidated profit or loss	Amount (INR in Lakhs)
<i>Parent</i>								
1. Elecon Engineering Company Limited	102.43%	72,712.01	195.92%	2,106.20	100.26%	926.23	151.71%	3,032.43
<i>Subsidiaries</i>								
<i>Foreign</i>								
1. Elecon Transmission International Limited, Mauritius	4.82%	3,420.16	-139.50%	(1,499.65)	0.00%	-	-75.03%	(1,499.65)
2. Elecon Middle East FZE, Middle East	2.62%	1,857.79	8.36%	89.87	0.00%	-	4.50%	89.87
3. Elecon Singapore Pte. Limited, Singapore	0.81%	577.76	0.25%	2.71	0.00%	-	0.14%	2.71
<i>Associates(Investment as per equity method)</i>								
<i>Indian</i>								
1. Eimco Elecon (India) Limited	6.46%	4,582.20	37.99%	408.39	-0.26%	(2.39)	20.31%	406.00
Inter company elimination	-17.14%	(12,164.96)	-3.02%	(32.50)	0.00%	-	-1.63%	(32.50)
Total	100.00%	70,984.97	100.00%	1,075.02	100.00%	923.84	100.00%	1,998.86

45. Description of the Group

The Consolidated financial statements comprise the financial statements of the Holding Company, Elecon Engineering Company Limited and the following subsidiaries, step-down subsidiaries and associate companies :

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary			Accounting Period
		March 31, 2017	March 31, 2016	April 1, 2015	
(a) Subsidiary Companies					
Elecon Transmission International Limited	Mauritius	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Elecon Singapore Pte. Limited	Singapore	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Elecon Middle East FZE	UAE	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
(b) Step Down Subsidiary Companies					
Benzlers Systems AB	Sweden	100.00	100.00	100.00	April 1, 2016 to March 31, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

45. Description of the Group (Contd...)

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary			Accounting Period
		March 31, 2017	March 31, 2016	April 1, 2015	
Radicon Transmission UK Limited	United Kingdom	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
AB Benzlers	Sweden	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Radicon Drive Systems, Inc., USA (formerly known as Elecon USA Transmission Limited, USA) (w.e.f. September 27, 2016)	USA	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Benzler Transmission A.S.	Denmark	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Benzler Antriebstechnik G.m.b.h	Germany	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Benzler TBA B.V.	Netherlands	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
OY Benzler AB	Finland	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
Benzlers Italia s.r.l.	Italy	100.00	100.00	100.00	April 1, 2016 to March 31, 2017
(c) Associate Companies					
Elecon Engineering (Suzhou) Co. Limited	China	50.00	50.00	50.00	April 1, 2016 to March 31, 2017
Elecon Africa Pty. Limited	South Africa	50.00	50.00	50.00	April 1, 2016 to March 31, 2017
Elecon Australia Pty. Limited	Australia	50.00	50.00	50.00	April 1, 2016 to March 31, 2017
Elecon Peripherals Limited	India	0.00	0.00	24.99	April 1, 2016 to March 31, 2017
Eimco Elecon (India) Limited	India	16.62	16.62	16.62	April 1, 2016 to March 31, 2017

46. Equity accounted investees

Associates - Eimco Elecon (India) Limited

The Group holds 16.62% interest in Eimco Elecon (India) Limited, which is engaged in manufacturing of equipments for mining and construction sector. Eimco Elecon (India) Limited is a listed company in India. For Eimco Elecon (India) Limited the Group's share is less than 20% equity interest, however the group has determined that it has significant influence because it has representation on the board of the investee. The Group's interest in Eimco Elecon (India) Limited is accounted by using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Eimco Elecon (India) Limited.

Percentage ownership interest	March 31, 2017	March 31, 2016	April 1, 2015
Non-current assets	14,893.63	14,627.78	13,885.67
Current assets	16,497.32	15,502.99	15,433.01
Non-current liabilities	(999.08)	(1,151.19)	(1,158.45)
Current liabilities	(2,246.74)	(2,872.98)	(3,492.19)
Net assets	28,145.13	26,106.60	24,668.04
Group's share of net assets (16.62%)	4,677.72	4,339.05	4,099.83
Less: Elimination of proportionate share in profit on sale of fixed assets by Holding Company (net of deferred tax)	(95.52)	(95.52)	(95.52)
Carrying amount of interest in associates	4,582.20	4,243.53	4,004.31

Particulars	March 31, 2017	March 31, 2016
Revenue	18,540.52	14,953.26
Profit	2,457.25	1,788.17
Other comprehensive income	(14.36)	(2.14)
Total comprehensive income	2,442.89	1,786.03
Group's share of Profit (16.62%)	408.39	297.33
Group's share of OCI (16.62%)	(2.39)	(0.35)
Group's share of the total comprehensive income (16.62%)	406.00	296.98



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

46. Equity accounted investees (Contd...)

Associates - Elecon Peripherals Limited

The Group held 24.99% interest in Elecon Peripherals Limited until October 31, 2015 when the stake was sold. The associate is a private company and is engaged in manufacturing of electro hydraulic thruster operated break, spiral jaw clutch coupling etc. The Group's interest in Elecon Peripherals Limited has been accounted by using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Elecon peripherals limited.

The Board in the meeting held on August 14, 2015 decided to dispose off its interest in Elecon Peripherals Limited at INR 156 per share based on valuation carried out based on discounted cash flow method. The sale was concluded on October 31, 2015, at sales consideration of INR 229.60 Lakhs.

The following table analyses, in aggregate, the carrying amount and Loss on sale of associate:

Particulars	March 31, 2017	March 31, 2016
Cost of Shares acquired	-	13.00
Share of Profit till October 31, 2015	-	216.61
Carrying amount of interest in associates as on October 31, 2015	-	229.60
Sales consideration (INR 156 per share)	-	202.75
Loss from sale of associate	-	26.86
Carrying amount of interest in associates	-	-

In the years ended March 31, 2017 and March 31, 2016, the Group has received dividend from Eimco Elecon (India) Limited amounting to INR 47.92 Lakhs and INR 47.92 Lakhs respectively.

The associate had the following contingent liabilities and capital commitments

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
a. Guarantee given by the company on behalf of Elecon Engineering Company Limited	2,426.39	2,942.40	2,773.77
b. Guarantees issued by Banks	1,761.38	2,032.10	2,252.59
c. Income tax demands disputed	20.61	105.13	112.78
d. Sales tax demands disputed	75.30	121.92	53.73
e. Excise & Service tax demands disputed	1,007.56	1,009.09	1,006.89

47. First- time adoption of Ind AS

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016, the Group had prepared these consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these Consolidated financials statements for the year ended March 31, 2017 including the Comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2015.

In preparing the consolidated Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Group has adjusted amounts reported previously in consolidated financials statements prepared in accordance with the Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables:

Exemptions applied

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

Mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind ASs at the transition date to Ind AS and end of the comparative period shall be consistent with estimates made Under the Previous GAAP unless there is objective evidence that those estimates were in error.

Accordingly, the Group's Ind AS estimates as on the transition date as well as end of the comparative period are consistent with the estimates made Under the Previous GAAP on the respective dates. The Group made estimates for following items in accordance with Ind AS at the transition date as these were not required Under the Previous GAAP:

- Fair valuation of financial instruments carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Fair valuation of certain items of property, plant and equipment.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Optional exemptions

1. Deemed cost for property, plant and equipment (PPE), intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).
- (iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

The Group has opted to fair value Land, Building and Plant & Machinery of the Holding Company on the date of transition to Ind AS and consider the same deemed cost under Ind AS. Carrying values of other items of property, plant and equipment are in accordance with the requirements of Ind AS 16 Property, Plant and Equipment . For intangible assets and investment properties, the Previous GAAP carrying values on the transition date has been carried forward as the deemed cost.

2. Investments in certain equity shares

On the date of transition to Ind AS, a first time adopter can designate investments in certain equity shares of certain entities other than subsidiaries, associates and joint arrangements, which are consolidated, as instruments fair valued through the other comprehensive income (FVOCI) or Fair value through Profit and loss (FVTPL).

Accordingly, the Group has opted to designate such equity investments as FVTPL.

3. Business combinations

Ind AS 101 permits an entity to apply the requirements of Ind AS 103 Business combinations prospectively from the transition date or opt for retrospective application. Retrospective application could be either done since inception or from



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

a date determined by the management. The exemption for past business combinations also applies to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

Accordingly, the Company has elected not to restate past business combinations with an acquisition date prior to the transition date. However, any consequential deferred tax adjustments as required by Ind AS have been duly considered. An explanation of the same has been provided in the Note No. 47.1.

4. Determining whether an arrangement contains a lease

Ind AS 101 permits an entity to assess whether a contract or an arrangement contains a lease on the basis of facts and circumstances existing at the transition date to Ind AS. Based on the exemption, the Group has assessed whether an arrangement contains a lease or not, based on the facts and circumstances as on the date of transition to Ind AS. However, the lease classification i.e. operating or finance lease, has been made based on the facts and circumstances at the inception of arrangement.

5. Cumulative translation differences

As per Ind AS 101, an entity may deem that the cumulative translation differences for all foreign operations to be zero as at the date of transition by transferring any such cumulative differences to retained earnings.

The Group has elected to avail the above exemption and accordingly all such differences as on the date of the transition have been set to zero.

6. Transition from proportionate consolidated to the equity method

As per Ind AS 101, when changing from proportionate consolidated method to equity method, an entity may measure its investments in a associate at date of transition as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill from acquisition. The resultant amount is regarded as the deemed cost of investment in the associate at initial recognition.

Accordingly, on transition to Ind AS the investment in Eimco Elecon (India) Limited has been determined to be investment in an associate (Refer note 47.7). The investment has been consolidated using the principles of equity accounting as provided under Ind AS 28 Investments in Associates and Joint ventures read with this exemption. Under the Previous GAAP, the investment was considered an investment in joint venture and was consolidated using proportionate where the Group recorded its share of income, expenses, assets and liabilities.

Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to present reconciliations of equity, total comprehensive income and cash flows as reported under the Previous GAAP and the ones reported under Ind AS. Below are the reconciliations along with the relevant explanatory notes:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

A. Reconciliation of equity

(₹ in Lakhs)

Particulars	Notes	April 1, 2015 (Previous GAAP*)	Ind AS adjust- ments	April 1, 2015 (Ind AS)	March 31, 2016 (Previous GAAP*)	Ind AS adjust- ments	March 31, 2016 (Ind AS)
ASSETS							
I. Non-current assets							
(a) Property, plant and equipment		44,561.91	38,911.50	83,473.41	39,870.24	38,754.63	78,624.87
(b) Capital work-in-progress		197.91	-	197.91	628.71	-	628.71
(c) Investment properties		395.78	-	395.78	317.96	-	317.96
(d) Goodwill		8,351.30	-	8,351.30	8,195.82	155.48	8,351.30
(e) Other intangible assets		3,027.88	-	3,027.88	2,905.66	(83.51)	2,822.15
(f) Intangible assets under development		181.34	-	181.34	142.80	-	142.80
(g) Financial assets							
(i) Investments		3,601.43	969.43	4,570.86	3,638.70	966.47	4,605.17
(ii) Other financial assets		784.36	-	784.36	240.34	-	240.34
(h) Deferred tax assets (net)		330.34	-	330.34	275.23	-	275.23
(i) Non-current tax assets (net)		715.35	-	715.35	2,226.68	-	2,226.68
(j) Other non-current assets		1,022.13	-	1,022.13	1,042.89	-	1,042.89
		63,169.73	39,880.93	103,050.66	59,485.03	39,793.07	99,278.10
II. Current assets							
(a) Inventories		34,115.25	-	34,115.25	35,936.93	-	35,936.93
(b) Financial assets							
(i) Trade receivables		80,678.65	(15,880.65)	64,798.00	86,450.12	(15,884.04)	70,566.08
(ii) Cash and cash equivalents		3,044.17	-	3,044.17	4,429.68	-	4,429.68
(iii) Bank balance other than (ii) above		73.54	-	73.54	72.61	-	72.61
(iv) Other financial assets		1,502.94	256.74	1,759.68	2,924.02	673.48	3,597.50
(c) Other current assets		5,915.09	-	5,915.09	6,658.25	71.00	6,729.25
		125,329.65	(15,623.91)	109,705.73	136,471.61	(15,139.56)	121,332.05
Total Assets		188,499.38	24,257.02	212,756.39	195,956.64	24,653.51	220,610.15
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		2,178.72	-	2,178.72	2,178.72	-	2,178.72
(b) Other equity		50,341.63	15,463.07	65,804.70	52,386.73	15,862.90	68,249.63
Total Equity		52,520.35	15,463.07	67,983.42	54,565.45	15,862.90	70,428.35



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

(₹ in Lakhs)

Particulars	Notes	April 1, 2015 (Previous GAAP*)	Ind AS adjustments	April 1, 2015 (Ind AS)	March 31, 2016 (Previous GAAP*)	Ind AS adjustments	March 31, 2016 (Ind AS)
LIABILITIES							
I. Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		16,316.44	(88.00)	16,228.44	17,972.99	(83.84)	17,889.15
(b) Non-current provisions		307.85	102.03	409.88	420.99	246.00	666.99
(c) Deferred tax liabilities (net)		3,602.41	1,966.84	5,569.25	2,875.39	3,290.90	6,166.29
(d) Other non-current liabilities		9,939.73	-	9,939.73	4,707.58	-	4,707.58
		30,166.43	1,980.87	32,147.30	25,976.95	3,453.06	29,430.01
II. Current liabilities							
(a) Financial liabilities							
(i) Borrowings		33,998.59		33,998.59	39,548.00		39,548.00
(ii) Trade payables		52,682.04		52,682.04	54,459.19	87.55	54,546.74
(iii) Other financial liabilities		5,270.71	4,363.78	9,634.50	6,773.54	3,726.12	10,499.66
(b) Other current liabilities		13,591.66	(1,449.00)	12,142.66	14,336.67	(1,442.24)	12,894.43
(c) Provisions		265.13	3,898.30	4,163.43	247.69	2,966.12	3,213.81
(d) Current tax liabilities (net)		4.45		4.45	49.15		49.15
		105,812.60	6,813.08	112,625.67	115,414.24	5,337.55	120,751.79
Total Liabilities		135,979.03	8,793.95	144,772.97	141,391.19	8,790.61	150,181.80
Total Equity and Liabilities		188,499.38	24,257.02	212,756.39	195,956.64	24,653.51	220,610.15

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note. Further, the Previous GAAP numbers have been adjusted to consider the impact of merger of Elecon EPC. (Refer Note 47.1) and consolidating investment in Eimco Elecon (India) Limited using equity method (Refer Note 47.7).

B. Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes	Previous GAAP*	Ind AS adjustments	Ind AS
Income				
Revenue from operations (including excise duty)		135,429.39	1,125.41	136,554.80
Other income		2,981.14	(13.64)	2,967.50
Total income		138,410.53	1,111.77	139,522.30
Expenses				
Cost of materials consumed		64,224.24	(932.18)	63,292.06
Changes in inventories of finished goods and work-in-progress		(3,144.33)	-	(3,144.33)
Manufacturing expense and erection charges		18,217.91	-	18,217.91
Excise duty expense		8,518.86	-	8,518.86
Employee benefits expense		15,136.15	(44.37)	15,091.78
Finance costs		7,467.81	4.15	7,471.96
Depreciation and amortisation expense		6,552.61	(340.35)	6,212.26
Other expenses		17,627.92	570.36	18,198.28
Total expenses		134,601.17	(742.39)	133,858.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

47. First- time adoption of Ind AS (Contd...)

Particulars	Notes	Previous GAAP*	Ind AS adjustments	Ind AS
Profit before share of equity accounted investee and tax		3,809.36	1,854.16	5,663.52
Share of Profit from Associate (net of tax)		276.88	20.45	297.33
Profit before tax		4,086.24	1,874.61	5,960.85
Tax expense				
Current tax		1,663.35	-	1,663.35
Adjustment of tax relating to earlier periods		(9.61)	-	(9.61)
Deferred tax		(801.54)	1,371.73	570.19
Total tax expense		852.20	1,371.73	2,223.93
Profit for the year		3,234.04	502.88	3,736.92
Other comprehensive income				
A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences in translating the financial statements of a foreign operations		-	186.41	186.41
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		-	186.41	186.41
B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on defined benefit plans		-	(44.37)	(44.37)
Income tax effect		-	15.35	15.35
Re-measurement gains / (losses) on defined benefit plans of associate (net of tax)		-	(0.35)	(0.35)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		-	(29.37)	(29.37)
Total other comprehensive income for the year, net of tax [A+B]		-	157.04	157.04
Total comprehensive income for the year		3,234.04	659.92	3,893.96

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note. Further, the Previous GAAP numbers have been adjusted to consider the impact of merger of Elecon EPC Projects Limited (Refer Note 47.1) and consolidation of investment in Eimco Elecon (India) Limited using equity method (Refer Note 47.7)

C. Reconciliation of equity as at March 31, 2016 & April 1, 2015

Particulars	Note No.	March 31, 2016	April 1, 2015
Equity as per Previous GAAP		59,205.45	57,160.35
Impact of merger of Elecon EPC Projects Limited with the Holding Company	47.1	(4,640.00)	4,640.00
Fair valuation of property plant and equipment	47.2	39,109.63	38,911.50
Provision of impairment on receivables based on expected credit loss model	47.3	(15,884.04)	(15,880.65)
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	47.4	(6,018.76)	(8,005.36)
Reversal of proposed dividend including dividend distribution tax	47.5	1,442.24	1,449.00
Other adjustments (including adjustments as per Previous GAAP)	47.7	504.73	955.41
Deferred tax (as a result of amalgamation and Ind AS)	47.8	(3,290.90)	(1,966.83)
Equity as per Ind AS		70,428.35	67,983.42



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

(₹ in Lakhs)

D. Reconciliation of total comprehensive income reconciliation for the year ended March 31, 2016

Particulars	Note No.	Year ended on March 31, 2016
Net Profit under previous Indian GAAP		3,821.67
Adjustment on account of :		
Impact of merger of Elecon EPC Projects Limited with the Holding Company	47.1	(587.63)
Fair valuation of property plant and equipment	47.2	197.42
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	47.4	1,986.59
Actuarial gains and losses accounted through OCI	47.6	44.37
Other adjustments (including adjustments as per Previous GAAP)	47.3 & 47.7	(353.77)
Deferred tax (as a result of amalgamation and Ind AS)	47.8	(1,371.73)
Net Profit under Ind AS		3,736.92
Other Comprehensive Income	47.6	141.69
Deferred tax on account of the above		15.35
Total Comprehensive Income under Ind AS		3,893.96

Notes to reconciliations

47.1 Impact of merger of Elecon EPC Projects Limited with the Holding Company

Elecon EPC Projects Limited (Elecon EPC), a subsidiary of the Holding Company was merged with the Group with an appointed date of March 30, 2015 vide the scheme of amalgamation approved by the Honourable High Court of Gujarat on October 19, 2016. In the standalone financial statements, as provided the scheme, the effect of the merger has been incorporated in the standalone financial statements from the appointed date wherein the assets and liabilities of Elecon EPC have been accounted at their respective fair values on the appointed date. Further, the difference between fair value of net assets and equity share capital credited and cancellation of intercompany balances (including investments) has been accounted as a capital reserve.

Being a common control business combination, the impact of merger has been eliminated in the consolidated financial statements. However, on account of merger, the share of non-controlling interest arising from investment in Elecon EPC has now been considered as attributable to the Holding company. This has resulted in a reduction in the comprehensive income by INR 587.63 Lakhs. There is no impact of this on the reported equity.

47.2 Fair valuation of property plant and equipment

As mentioned under the optional exemptions, the Group has elected to fair value land, building and plant & machinery on the date of transition to Ind AS and to consider the same as the consequential impact of INR 38,911.50 lakhs has been accounted through retained earnings on the date of transition. This has led to a reduction in the comprehensive income for 2015-16 on account of increase in the depreciation charge by INR 197.42 lakhs.

47.3 Provision of impairment on receivables based on expected credit loss model

Under the Previous GAAP, the Group provided for impairment on receivables as and when losses were incurred on the specific receivables. Under Ind AS, based on the requirements of Ind AS 109, expected credit loss model has been applied to the receivables. The Group has applied the simplified model based on provision matrix derived using historical trends and adjusted the same to reflect estimated credit losses as on the transition date. This has resulted in a reduction of receivables by INR 15,880.65 lakhs and INR 15,884.04 lakhs on April 1, 2015 and March 31, 2016 respectively.

47.4 Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis

Under the Previous GAAP, the management had a practice to recognise revenue from EPC contracts as and when the contractual milestones were achieved. Ind AS 101 permits a first time adopter to adjust accounting practices followed under Previous GAAP if it becomes aware of an error as part of its Ind AS transition. Accordingly, on transition to Ind AS, the management has realigned accounting of such contracts using percentage of completion method based on requirements of Ind AS 11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

47. First- time adoption of Ind AS (Contd...)

'Construction Contracts' except onerous contracts on which loss has been provided for in full irrespective of the stage of completion. This has resulted in a reduction in equity by INR 8,005.36 lakhs and INR 6,018.76 lakhs on April 1, 2015 and March 31, 2016 respectively.

47.5 Reversal of proposed dividend including dividend distribution tax

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are to be recognised only on approval by the shareholders in the general meeting.

Accordingly the liability proposed dividend of INR 1,449 lakhs and INR 1,442.24 lakhs as at April 1, 2015 and March 31, 2016 respectively included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

47.6 Other comprehensive Income

Actuarial gains and losses accounted through OCI

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. Accordingly, INR 44.37 lakhs has been reclassified from the statement of profit and loss to statement of comprehensive income in 2015-16. However, this adjustment has no impact on the total equity on April 1, 2015 as well as March 31, 2016.

Exchange differences in translating financial statements of foreign operations

Based on the optional exemption provided under Ind AS 101, cumulative translation differences existing on date of transition to Ind AS have been set to zero. Further such differences arising after the date of transition have been accounted through OCI. However, this adjustment has no impact on the total equity on the transition date as well as March 31, 2016.

47.7 Other adjustments (including adjustments as per Previous GAAP)

Other adjustments comprise of the below:

Fair valuation of investments in certain financial assets

Under the Previous GAAP, investments in equity shares of entities other than subsidiaries, associates and joint venture, were measured at cost less provision for other than temporary diminution in the value. Under Ind AS, these investments have been fair valued through the statement of profit or loss. This has increased the equity by INR 281.99 lakhs and INR 307.78 lakhs on April 1, 2015 and March 31, 2016 respectively.

Transaction cost for loans and borrowings

Under the Previous GAAP, transaction costs incurred in connection with interest bearing loans and borrowings were charged to profit or loss when incurred. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest rate method. Accordingly the total equity increased by INR 88.17 lakhs and INR 20.50 lakhs on April 1, 2015 and March 31, 2016.

Goodwill amortisation reversal

Under Previous GAAP, goodwill arising from acquisition was amortised over its useful life. Under Ind AS, Goodwill is to be mandatorily tested for impairment atleast annually rather than being amortised. Accordingly, amortisation of goodwill accounted through the statement of profit and loss under the previous GAAP has been reversed resulting in an increase in the comprehensive income for the year ended March 31, 2016 and equity reported as on April 1, 2015 and March 31, 2016. Further, based on impairment assessment done, the management did not identify any impairment on the goodwill.

Transition from proportionate consolidated to the equity method

Under Previous GAAP, investment in EIMCO Elecon (INDIA) Limited, a joint venture, was consolidated using proportionate consolidation method whereby Group's share in assets, liabilities, income and expenses were considered. However, under Ind AS, the same has been identified as an investment in associate. Accordingly the Group has consolidated its interest in EIMCO Elecon (INDIA) Limited based on equity method. This does not have any effect on equity as on April 1, 2015 and March 31, 2016.

Other miscellaneous adjustments having an impact on equity - adjustments under Previous GAAP

As per previous practice, revenue from duty drawback was accounted on cash basis. Further, no provision was created for sick leave balances accrued. Ind AS 101 permits a first time adopter to adjust accounting practices followed under Previous GAAP



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

(₹ in Lakhs)

47. First- time adoption of Ind AS (Contd...)

if it becomes aware of an error as part of its Ind AS transition. Accordingly, on transition to Ind AS, the Group has realigned accounting for revenue from duty drawback to accrual basis and provided for sick leave on accrual basis. This has resulted in a reduction in equity by INR 102 lakhs and INR 255.19 lakhs on April 1, 2015 and March 31, 2016 respectively.

Other miscellaneous adjustments not having an impact on equity

Land and building in the nature of investment property as defined under Ind AS 40 - Investment Property has been disclosed separately in the Consolidated Balance Sheet (Refer note 4). Further, revenue has been accounted gross of the excise duty with the excise duty expense being presented as an expense in Consolidated Statement of Profit and Loss.

47.8 Deferred tax on Ind AS adjustments

Under the Previous GAAP deferred tax was accounted using the income statement approach, which was based on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which based on the temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on certain temporary differences which was not required under Previous GAAP as discussed below.

Particulars	Note	March 31, 2016	April 1, 2015
Deferred tax on fair value of assets acquired in the merger	47.1	(1,114.92)	(1,155.19)
Fair valuation of property plant and equipment	47.2	(9,319.85)	(9,288.79)
Provision of impairment on receivables based on expected credit loss model	47.3	5,497.14	5,495.97
Adjustment for revenue recognition from milestone basis under Previous GAAP to percentage of completion basis	47.4	2,082.98	2,770.49
Other adjustments (including adjustments as per Previous GAAP)	47.7	(436.25)	210.69
Total (DTL)/DTA on Ind AS adjustments		(3,290.90)	(1,966.83)

48. The financial statements are approved for issue by the Audit Committee and Board of Directors held on May 19, 2017.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Nirav Patel
Partner

Membership No: 113327

Place : Vallabh Vidyanagar
Date : May 19, 2017

**For and on behalf of
Thacker Butala Desai**
Chartered Accountants
Firm's Registration No : 110864W

M. T. Desai
Partner

Membership No. 030911

Place : Vallabh Vidyanagar
Date : May 19, 2017

**For and on behalf of the Board of Directors
Elecon Engineering Company Limited**
CIN: L29100GJ1960PLC001082

Prayasvin Patel
Chairman &
Managing Director
DIN : 00037394

Rajat Jain
Chief Financial Officer

Jal Patel
Director

DIN : 00065021

Parthiv Parikh
Company Secretary

Place : Vallabh Vidyanagar
Date : May 19, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2017

Annexure-A Salient features of the financial statements of subsidiaries as per Companies Act, 2013 - Part A

Part A: Subsidiaries

(Foreign Currencies in Lakhs)

Sr. No.	Name of the Subsidiary	Currency	Paid up Capital	Reserves & Surplus	Total Assets (including investments in subsidiary)	Total Liability	Investments (excluding investments in subsidiary)	Turnover	Profit/ (Loss) before tax	Provision for taxation	Profit/ (Loss) after tax	Proposed Dividend	% of Shareholding
1	Elecon Transmission International Limited	INR	13,331.47	(5,687.66)	13,647.33	7,926.56	-	63.85	(1,309.60)	-	(1,309.60)	-	100.00
		GBP	140.14	(69.87)	167.65	97.37	-	0.73	(14.94)	-	(14.94)	-	
2	Elecon Singapore Pte. Limited	INR	432.88	154.12	1,014.81	437.06	-	1,395.99	14.53	11.82	2.71	-	100.00
		SGD	6.53	2.38	15.65	6.74	-	20.81	0.22	0.18	0.04	-	
3	Elecon Middle East FZE	INR	108.20	1,751.68	2,004.83	147.04	-	1,552.88	0.22	0.01	0.04	-	100.00
		AED	6.00	99.04	113.36	8.31	-	85.09	4.92	-	4.92	-	
4	Benzlers Systems AB	INR	8.16	3,631.76	3,738.81	99.82	-	3.66	0.42	0.46	(0.04)	-	100.00
		SEK	1.00	501.91	516.70	13.80	-	0.47	0.05	0.06	(0.01)	-	
5	Radicon Transmission UK Limited	INR	2,050.98	525.73	16,410.38	14,129.52	-	9,704.29	469.17	73.87	395.30	-	100.00
		GBP	21.56	6.46	201.59	173.57	-	110.72	5.35	0.84	4.51	-	
6	AB Benzlers	INR	1,060.36	1,985.29	8,734.39	5,808.44	-	10,866.07	149.08	-	149.08	-	100.00
		SEK	130.00	274.37	1,207.09	802.73	-	1,403.40	19.25	-	19.25	-	
7	Radicon Drive Systems, Inc., USA (formerly known as Elecon USA Transmission Limited, USA) (wef September 27, 2016)	INR	527.61	(608.63)	4,806.82	4,899.11	-	6,434.58	(953.29)	-	(953.29)	-	100.00
		USD	7.96	(9.39)	74.13	75.55	-	95.93	(14.21)	-	(14.21)	-	
8	Benzler Transmission A.S.	INR	152.10	204.62	544.48	199.91	-	2,142.28	81.42	18.83	62.59	-	100.00
		DKK	15.00	21.93	58.36	21.43	-	216.83	8.24	1.91	6.33	-	
9	Benzler Antriebstechnik G.m.b.h	INR	77.08	423.20	762.89	269.05	-	1,508.17	77.19	23.50	53.69	-	100.00
		EURO	1.02	6.13	11.04	3.90	-	20.51	1.05	0.32	0.73	-	
10	Benzler TBA B.V.	INR	154.00	690.53	1,425.59	593.94	-	2,599.38	140.65	31.76	108.89	-	100.00
		EURO	2.04	10.00	20.64	8.60	-	35.35	1.91	0.43	1.48	-	
11	OY Benzler AB	INR	114.10	13.85	201.27	82.86	-	676.07	19.45	4.71	14.74	-	100.00
		EURO	1.51	0.20	2.91	1.20	-	9.19	0.26	0.06	0.20	-	
12	Benzlers Italia s.r.l.	INR	7.54	33.00	279.04	239.14	-	669.52	15.22	5.83	9.39	-	100.00
		EURO	0.10	0.48	4.04	3.46	-	9.10	0.21	0.08	0.13	-	

As on 31.03.17: 1 GBP = 81.41 INR, 1 USD = 64.85 INR, 1 EURO = 69.07 INR, 1 MYR = 14.65 INR, 1 DKK = 9.33 INR, 1 AED = 17.69 INR, 1 SEK = 7.24 INR



NOTICE

NOTICE IS HEREBY GIVEN THAT the 57th Annual General Meeting of members of Elecon Engineering Company Limited will be held on Thursday, the 3rd day of August, 2017 at 2.00 p.m. at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, India, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of Auditors and the Board of Directors ("the Board") thereon.
2. To declare Dividend on Equity Shares for the financial year ended on March 31, 2017.
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, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution of the members passed at 56th Annual General Meeting held on July 26, 2016, the Company hereby ratifies the appointment of M/s B S R & Co. LLP, Chartered Accountants, (Firm Regn. No. 101248W/W - 100022), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 58th Annual General Meeting to be held for the financial year 2017-18 on such remuneration as may be determined by the Audit Committee/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 **Special Resolution:**
"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of members be and is hereby accorded for the re-appointment of Shri Prayasvin B. Patel (DIN : 00037394), as the Chairman & Managing Director of the Company for a period of 3 years with effect from July 1, 2017 on the terms and conditions of appointment and remuneration as mentioned in the explanatory statement and also contained in the draft agreement, with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to alter and vary the terms and conditions of the said appointment as agreed by and between the Board of Directors and Shri Prayasvin B. Patel.
RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 2013, wherein any financial year the Company has no profits or inadequate profit, Shri Prayasvin B. Patel will be paid remuneration, perquisites and/or allowances as stated in the draft Agreement as minimum remuneration.
RESOLVED FURTHER THAT in the event of any statutory amendment or modification by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and are hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prayasvin B. Patel within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prayasvin B. Patel without any further reference by the Company in General Meeting.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution."
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**
"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of members be and is hereby accorded for the re-appointment of Shri Prashant C. Amin (DIN : 01056652), as an Executive Director of the Company for a period of 3 years with effect from June 1, 2017 on the terms and conditions of appointment and remuneration as mentioned in the explanatory statement and also contained in the draft agreement, with a liberty and powers to the Board of Directors of the Company (including its Committee constituted for the purpose) to alter and vary the terms and conditions of the said appointment as agreed by and between the Board of Directors and Shri Prashant C. Amin.
RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 2013, wherein any financial year the Company has no profits or inadequate profit, Shri Prashant C. Amin will be paid remuneration, perquisites and/or allowances stated in the draft Agreement as minimum remuneration."

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

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

7. 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, 2018 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 authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of Board of Directors

Registered office:

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

Date : May 19, 2017

Parthiv Parikh
Company Secretary



NOTES:-

1. The explanatory 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 being 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 Saturday, 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 the Registrar & Transfer (R & T) Agent of the Company – Link Intime India Pvt. Ltd., at their address at B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Char Rasta, Akota, Vadodara —390 020, Telephone No. +91 265 2356573 /2356794, 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. +91 265 2356573, 2356794 Email ID vadodara@linkintime.co.in Website www.linkintime.co.in
6. The relevant information for Item Nos. 3, 5 & 6 are annexed here to pursuant to the Regulations 36 of SEBI (LODR) Regulations, 2015.
7. The Register of Members and Share Transfer books of the Company will remain closed from Friday, July 28, 2017 to Thursday, August 3, 2017 (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 hold the shares in dematerialised form are requested to bring their Client ID and DP ID for easier identification of attendance at the AGM.
10. Members who have not encashed their dividend warrants may approach the Company/R&T Agent for obtaining duplicate warrants.
11. The annual listing fees for the year 2017-18 have been paid to the Stock Exchanges where Company's shares are listed.
12. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the R&T Agent of the Company.
In case the shares are held in dematerialized form, then information should be furnished directly to their respective Depository Participant (DP) only.
13. Any request by shareholders 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 March 31, 2017 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, August 3, 2017.
 - (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 Thursday, July 27, 2017.
15. The Company has a designated email ID for Redressal of Shareholders’/Investors’ Complaints/Grievances. Hence, please write to us at investor.relations@elecon.com.
16. **The instructions and other information relating to Remote E-Voting are as under:**
 - (i) The voting period begins on Monday, July 31, 2017 at 9.00 a.m. and ends on Wednesday, August 2, 2017 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 Thursday, July 27, 2017, 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.
 - (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

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	
PAN Number	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on the Address sticker which is affixed on Annual Report.
Dividend Bank Details OR Date of Birth (DOB)	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. 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).

- (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 EVSN for the Elecon Engineering Company Limited on which you choose to vote.
- (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 votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the login 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) Shareholders can also use Mobile app - "m-Voting" for e-voting. m-Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m-Voting using their e-voting credentials to vote for the Company resolution(s).
- (xix) 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 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.
 - 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 linked in the login should be mailed to 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.

- (xx) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

COMMENCEMENT OF REMOTE E-VOTING PERIOD:

1. The e-voting period commences on Monday, July 31, 2017 at 9.00 a.m. and ends on Wednesday, August 2, 2017 at 5.00 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 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. FCS: 8064; CP No; 6628) has been appointed as the Scrutinizer for the e-voting process.
4. Facility for voting through ballot 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. Thursday, July 27, 2017.

By order of Board of Directors

Registered office:

Anand-Sojitra Road
Vallabh Vidyanagar - 388 120.
Gujarat.
Date:- May 19, 2017

Parthiv Parikh
Company Secretary

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

Item No. 5

Shri Prayasvin B. Patel has been the Managing Director of the Company since last 25 years. Lastly, the members at the 54th Annual General Meeting of the Company held on August 4, 2014 re-appointed Shri Prayasvin B. Patel as Chairman & Managing Director for a period of 3 years with effect from July 1, 2014 on the terms and conditions as approved by them. His appointment and terms of remuneration were also approved by the Govt. of India through Ministry of Corporate Affairs vide its permission dated December 16, 2014. The present term of his appointment will expire on June 30, 2017.

Shri Prayasvin B. Patel is B.E with Mechanical Engineering. He also holds a Master of Business Administration from Loyola University of U.S.A. He joined the organization as the Joint Managing Director in the year 1983. He became Managing Director in 1993, and in the year 2006 took charge of the overall responsibilities of Elecon Group of Industries as the Chairman and Managing Director. Today, he is a Group Chairman which has a turnover of approximately ₹ 2000 Crores.

On joining the organization, Shri Prayasvin B. Patel took charge of the entire responsibility of both the Gear and Material Handling Equipments (MHE) divisions of the business. His keenness to improvise, hands on approach and his active participation has seen the Gear Division rise to become Asia's largest manufacturer of Industrial Gears.

Under his exemplary guidance, the Gear Division of the Company manufactures the largest range of industrial gearboxes and power transmission products and has set a benchmark in the Indian Gear Industry by introducing many firsts. It has also proudly partnered the Indian Navy, by supplying them with marine gearboxes for their stealth warships and air craft carrier. This has risen the status of Elecon Gears by making them join the elite list of gear box manufacturers which was earlier restricted to Europe.

The MHE Division of the Company is amongst the pioneers to introduce the concept of sophisticated Bulk Material Handling Equipment in India, under his leadership which has set a high watermark in the industry. His guidance led the Elecon EPC Projects Ltd. (Now MHE Division) to become the first Indian Company to sell over 100 Stacker-Reclaimer (combined machine) throughout the globe and by selling 225 Wagon Tippler, which enabled the Company to become the 3rd Company in the world to attain this feat.

He is actively involved in the decision making for various technical and commercial matters including the marketing for both Gear and MHE Division. Elecon has become the supplier of choice for various sectors like Thermal Power Stations, Fertilizer Plants, Steel Plants, Coal Handling Plants, Lignite and Iron Ore Mines, Cement Industries, Chemicals, Plastic Extrusion, Rubber and Sugar Industry. His ability to catch the wave of the market and his visionary approach led Elecon to make its first international acquisition by acquiring Benzlers-Radicon Group from the David Brown Gear Systems.

His knack for opportunity and his business acumen has seen Elecon grow steeply. Shri Prayasvin B. Patel also holds top positions in many other Companies. He is Director in Companies like Eimco Elecon (India) Ltd., Power Build Pvt. Ltd., Prayas Engineering Ltd., Emtici Engineering Co. Ltd., Elecon Information Technology Ltd., Elecon Peripherals Ltd., Eimco Elecon Electricals Ltd., Elecon Hydraulics Pvt. Ltd., Madhubhan Resort and Spa (a resort) amongst other small organizations. He also handles the responsibilities of Charotar Vidya Mandal (CVM) as the President.

He is also actively involved in the development of society through various Corporate Social Responsibility (CSR) initiatives. He was also instrumental behind the setting up of EL CARE, a social service wing of Elecon Group of Companies, which believes in reaching out to the society by going out and researching for causes that need attention rather than supporting fixed causes.

The Board of Directors felt that it is in the interest of the Company to continue to avail services of Shri Prayasvin B. Patel as a Chairman & Managing Director.

The Nomination & Remuneration Committee at its meeting held on May 19, 2017 recommended and the Board at its meeting held on May 19, 2017 has unanimously re-appointed him as a Chairman & Managing Director, subject to the approval of the members in the General Meeting and Central Government, if required, for a further period of three years with effect from July 1, 2017 on the terms and conditions set out in the draft agreement to be entered into by the Company with him, copy of which is available for inspection to the Members at the Registered Office of the Company on any working day except Saturday, Sunday and public holidays, between 10.00 a.m. to 1.00 p.m. till the date of Annual General Meeting. The brief particulars of his remuneration are as mentioned herein below:

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment: Three years with effect from July 1, 2017.
3. Remuneration payable:
 - (a) Salary : ₹ 27,50,000/- (Rupees Twenty Seven Lakhs Fifty Thousands only) per month with effect from July 1, 2017 plus incentive upto 20% linked to the performance of the Company as may be decided by the Board of Directors on annual basis.



(b) i. Perquisites and allowances :

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

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

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

(c) Commission :

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

(d) Minimum Remuneration :

In the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure, the Managing Director will be paid minimum remuneration of ₹ 27,50,000/- (Rupees Twenty Seven Lakhs Fifty Thousands only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Schedule V of the Companies Act, 2013 or any amendment made hereinafter in this regard.

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

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

The disclosure as required under clause (B) of Section II of Part-II of Schedule V of the Companies Act, 2013 is given by separate Annexure.

The Board of Directors recommends passing of the special resolution set out at item No. 5 of the Notice convening the Meeting.

Shri Prayasvin B. Patel is deemed to be concerned or interested in the said resolution. Shri Pradip M. Patel relative of Shri Prayasvin B. Patel is also considered as interested Director in this resolution. None of the other Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested in the said resolution.

Item No. 6

Shri Prashant C. Amin, the Executive Director is associated with the Company since year 2008. Lastly, the members at the 54th Annual General Meeting of the Company held on August 4, 2014 re-appointed Shri Prashant C. Amin for a period of 3 years with effect from June 1, 2014 on the terms and conditions as approved by them. His appointment and terms of remuneration were also approved by the Govt. of India through Ministry of Corporate Affairs vide its permission dated December 16, 2014. The present term of his appointment will expire on May 31, 2017.

Shri Prashant C. Amin earned his Master's Degree in Engineering and Management from the Birla Institute of Technology & Science, Pilani, India in 1978, and then earned his Master's degree in Finance from the University of Wisconsin, USA in 1980. On completion of his Masters, he spent 3 years at Sargent Industries, where he proved his financial acumen in manufacturing, planning and costing. He founded and successfully managed manufacturing business in the United States of America for 18 years. He was actively involved in consulting with the Small Business Development Centre of the United States Government. He served in the capacity of visiting faculty in the School of Business and Economics at the California State University, Fullerton, USA.

Shri Prashant C. Amin who has been driving Company to new heights of growth and development through his immense experience, business acumen and zeal. His result-driven approach has lead the Company to achieve its major milestones and turnarounds with significant increase in turnover and market expansion to new geographies.

He has more than 30 years of experience in founding various new ventures in different geographies and operating enterprises with strong leadership, strategy building and operational direction.

A true entrepreneur and a visionary, Shri Prashant C. Amin has taken the responsibility of driving Company to new heights of growth and social responsibility since joining as Group Director in October, 2006.

His responsibilities include:

- Over all supervision and management of various departments like Project, Marketing, Legal, Finance, Production and execution, etc.
- Strategic planning for business development, expansion and modernization.
- Supervision of business management and core functions of JVs, Subsidiaries, Group and Associate Companies.

He is actively involved in the local business developments as trustee at the Vithal Udyognagar Industries Association and is a Board Member of the Sardar Patel Energy Research Institute, the Charotar Vidya Mandal and Charotar Arogya Mandal. He is also serving CII Gujarat State Council as its Chairman for the year 2017.

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

The Nomination & Remuneration Committee at its meeting held on May 19, 2017 recommended and the Board at its meeting held on May 19, 2017, has unanimously re-appointed Shri Prashant C. Amin as an Executive Director for a period of three years with effect from June 1, 2017 subject to the approval of the members in the General Meeting and Central Government, if required.

The brief particulars of his remuneration are as mentioned herein below:

1. The Executive Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment : Three years with effect from June 1, 2017.
3. Remuneration payable:
 - (a) Salary : ₹ 16,50,000/- (Rupees Sixteen Lakhs Fifty Thousands only) Per Month with effect from June 1, 2017 plus incentive upto 20% linked to the performance of the Company as may be decided by the Board of Directors on annual basis.
Leave Travel Allowance : As per Income Tax Rules, not exceeding ₹ 1,20,000 p.a. for self and family.
Medical Allowance : ₹ 15,000 p.a. for Medical Allowance
 - (b)
 - i. Perquisites and Allowances :
In addition to salary, the Executive Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof @ ₹ 5,00,000 p.a. or such other amount as may be mutually agreed by both the parties, reimbursement of actual expenditure on medical treatment for major illness for self and family with the approval of the Board of Directors, Club fees, Leave Travel concession for self and family and such other perquisites and allowances like security at residence, assistance in general maintenance at the residence and garden etc. in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 197 and Schedule V of the Companies Act, 2013.
 - ii. Contribution to Provident Fund will be made as per the Company's rules.
 - iii. Gratuity will be payable as per the rules of the Company applicable from time to time.
 - iv. Encashment of leave at the end of the tenure.
 - v. Superannuation upto ₹ 100,000/- p.a.
 - vi. Two Cars for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
For the purpose of calculating the above ceiling the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable.
 - (c) Commission :
In addition to the salary and perquisites and allowances payable, commission, if any, as may be decided by the Board



of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 197 and Schedule V of the Companies Act, 2013.

(d) Minimum Remuneration :

In the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure, the Executive Director will be paid minimum remuneration ₹ 16,50,000/- (Rupees Sixteen Lakhs Fifty Thousands only) per month and all the perquisites and/or allowances stated in the draft Agreement subject to the compliance with the provisions of Schedule V of the Companies Act, 2013 or any amendment made hereinafter in this regard.

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

The re-appointment of Shri Prashant C. Amin on the terms & conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting and Central Government, if required.

The disclosure as required under clause (B) of Section II of Part-II of Schedule V of the Companies Act, 2013 is given by separate Annexure.

The draft agreement between the Company and Shri Prashant C. Amin is available for inspection by the Members of the Company at its Registered Office between 10.00 a.m. and 1.00 p.m. on any working day of the Company except Saturday, Sunday and public holidays, till the date of Annual General Meeting.

The Board of Directors recommends passing of the special resolution set out at item No. 6 of the Notice convening the Meeting.

Shri Prashant C. Amin is deemed to be concerned or interested in the said resolution. None of the other Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested in the said resolution.

ITEM NO. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees (₹)
1.	Y. S. Thakar & Co.	Engineering	75,000/- 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 members of the Company.

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

None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested in the said resolution.

By order of Board of Directors

Registered office:

Anand-Sojitra Road
Vallabh Vidyanagar - 388 120.
Gujarat.
Date:- May 19, 2017

Parthiv Parikh
Company Secretary

Annexure

Disclosure as required under clause (B) of Section II of Part-II of Schedule V of the Companies Act, 2013 is given hereunder:

I. General Information

Name of Industry	Engineering Industry manufacturing Gear & Material Handling Equipments.		
Date or expected date of commercial production	The Company was incorporated on January 11, 1960 and commenced commercial production thereafter.		
In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
Financial Performance	Particulars	2016-17 (₹ in Lakhs)	2015-16 (₹ in Lakhs)
	Turnover including other Income	1,00,433.39	1,09,598.51
	EBIDTA	16,365.30	17,361.59
	Depreciation	4,813.76	5,567.22
	Finance Cost	6,304.87	6,243.73
	Profit Before Tax	5,246.67	5,550.64
	Tax	3,140.45	1,899.54
	Profit After Tax	2,106.22	3,651.10
	Paid up Capital	2,244.00	2,178.72
	Reserves & Surplus	19,415.97	18,827.02
Foreign Investments or collaboration, if any	Not Applicable		

II. Information about the appointee:

Particulars	Shri Prayasvin B. Patel	Shri Prashant C. Amin
Background details	Given in the body of this statement.	Given in the body of this statement.
Past Remuneration	₹ 341.34 Lakhs (as per Central Government's approval)	₹ 198.65 Lakhs (as per Central Government's approval)
Recognition and Awards	-	-
Job Profile and his suitability	Given in the body of this statement.	Given in the body of this statement.
Remuneration proposed	Since the same have been already explained in detail in the statement, the same are not repeated.	Since the same have been already explained in detail in the statement, the same are not repeated.
Comparative remuneration profile with respect to industry, size of company, profile of the position and person.	Considering the responsibility shouldered by him of the enhanced business activities of the Company, proposed remuneration is commensurate with the Industry standards and Board level positions held in similar sized and similarly positioned businesses.	Considering the responsibility shouldered by him of the enhanced business activities of the Company, proposed remuneration is commensurate with the Industry standards and Board level positions held in similar sized and similarly positioned businesses.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Apart from receiving managerial remuneration and holding 25,09,932 Equity Shares, he does not have any other pecuniary relationship with the Company.	Apart from receiving managerial remuneration and holding 37,675 Equity Shares, he does not have any other pecuniary relationship with the Company.



III. Other Information

1. Reasons of loss or inadequate profits:

The financial performance of the Company in the fiscal remained soft as it witnessed challenges on multiple counts. At the macro level, the economic activities in the country remained low and it resulted in the slow pick up of orders and poor execution of the operations at the client level. The Company's customers also got affected by Demonetization event which led to some disruption of business. At the micro level, the integration process, which is a significant step forward for the Company's growth, also added momentary interruption to the normalcy. With the major events already executed, the Company now aims to consolidate its business and expand its operations on the core strengths. It expects the activity at the macro level to smoothen soon and thus anticipates a strong recovery in its business in the near future.

2. Steps taken or proposed to be taken for improvement:

The Company reorganised its MHE business and merged it with the industrial gear business for critical scale, size and economies. This reason apart, the Company also strategized its material handling business which over a period was not performing to the level of expectations. The Company decided to pursue more product based opportunities rather than doing project business wherein it witnessed an inefficient capital allocation.

3. Expected increase in productivity and profits in measurable terms:

Barring unforeseen circumstances, the Company hopes to increase the revenue and profits by improved margins in the current year.

IV. Disclosures:

1. The details of remuneration package of all the managerial personnel are given in the respective resolutions.
2. Additional information is given in Corporate Governance report.

The above explanatory statement (together with Annexure thereto) shall be construed to be memorandum setting out the terms of the appointment/re-appointment as specified under Section 190 of the Companies Act, 2013.

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015

Name of Director	Shri Pradip M. Patel	Shri Prayasvin B. Patel	Shri Prashant C. Amin
Date of Birth	05-11-1947	03-04-1958	09-08-1956
Date of Appointment	14-11-1977	01-07-1983	29-07-2008
DIN	00012138	00037394	01056652
Qualifications	M.B.A. (U.S.A)	B.E. (Mech.) M.B.A (U.S.A)	M.B.A. (Finance) (U.S.A.) & Master Degree in Engineering & Management
Brief Resume & Expertise in specific Functional areas	Associated with the Bearing Industry for over three decades. Joined ABC Bearing Ltd. on September 7, 1973. Director in ABC Bearings Ltd since August 1, 1976. Managing Director of ABC Bearings Ltd. since August 1, 1981.	Shri Prayasvin B. Patel has 41 years of experience in Engineering industry. He joined the organization as the Joint Managing Director in the year 1983. He became Managing Director in 1993, and in the year 2006 took charge of the overall responsibilities of Elecon Group of Industries as the Chairman and Managing Director. Today, he is a Group Chairman which has a turnover of approximately ₹ 2000 Crores. He is actively involved in the decision making for various technical and commercial matters including the marketing for both Gear and MHE Division. Elecon has become the supplier of choice for various sectors like Thermal Power Stations, Fertilizer Plants, Steel Plants, Coal Handling Plants, Lignite and Iron Ore Mines, Cement Industries, Chemicals, Plastic Extrusion, Rubber and Sugar Industry. His ability to catch the wave of the market and his visionary approach led Elecon to make its first international acquisition by acquiring Benzlers-Radicon Group from the David Brown Gear Systems.	Shri Prashant C. Amin has more than 30 years of experience in founding various new ventures in different geographies and operating enterprises with strong leadership, strategy building and operational direction. A true entrepreneur and a visionary, he has taken the responsibility of driving the Company to new heights of growth and social responsibility since joined as Group Director in October, 2006. He is actively involved in the local business developments as trustee at the Vithal Udyog Nagar Industries Association and is a Board Member of the Sardar Patel Energy Research Institute, the Charotar Vidya Mandal and Charotar Arogya Mandal. He is also serving CII Gujarat State Council as its Chairman for the year 2017.
Other Listed Companies in which Directorship held as on March 31, 2017	- ABC Bearings Limited - Eimco Elecon (I) Limited	- Eimco Elecon (I) Limited	- Eimco Elecon (India) Limited
Chairman/Membership of Audit Committee and Stakeholders' Relationship Committees in other Listed Companies as on March 31, 2017	ABC Bearings Limited -Stakeholders' Relationship Committee - Member Eimco Elecon (India) Limited -Audit Committee - Member -Stakeholders' Relationship Committee – Member	-	Eimco Elecon (India) Limited -Stakeholders' Relationship Committee – Chairman
No. of Shares held	43,161	25,09,932	37,675
Relationship with any Director of the Company	Sister's Husband of Shri Prayasvin B. Patel, Chairman & Managing Director	Wife's Brother of Shri Pradip M. Patel, Director	-



ELECON ENGINEERING COMPANY LIMITED

CIN : L29100GJ1960PLC001082

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

Parthiv Parikh
Company Secretary

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

NECS MANDATE FORM

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

The following address if shares are held in physical form

OR

To your DP if shares are held in demat form

To,

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

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

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

S.B.	Current	Cash Credit

Current A/c. or Cash Credit)
with code

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

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

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

8. *11-Digit IFSC Code :

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

(Optional - Can be obtained from your banker)

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

Name : _____

Address : _____

Phone No. : _____

Date : _____

Email Id : _____

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

Name of the Company : ELECON ENGINEERING COMPANY LIMITED
CIN : L29100GJ1960PLC001082
Registered Office : Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Anand, Gujarat.

ATTENDANCE SLIP

57th Annual General Meeting
on Thursday, 3rd August, 2017
at 2.00 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
57th 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 : L29100GJ1960PLC001082
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 57th Annual General Meeting of the Company, to be held on Thursday, the August 3, 2017 at 2.00 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 (including the Consolidated Financial Statements) of the Company for the financial year ended on March 31, 2017 and the Reports of the Board of Directors ("the Board") and Auditors thereon.
- Declaration of Dividend for the financial year ended on March 31, 2017.
- Appointment of a Director in place of Shri Pradip M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- To ratify appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company and to authorise the Audit Committee/Board of Directors to fix their remuneration.
- Re-appointment of Shri Prayasvin B. Patel as Chairman & Managing Director of the Company and to fix their remuneration.
- Re-appointment of Shri Prashant C. Amin as Executive Director of the Company and to fix their remuneration.
- To ratify remuneration to M/s. Y. S. Thakar & Co. as Cost Accountants of the Company for financial year 2017-18.

Signed this _____ day of _____, 2017

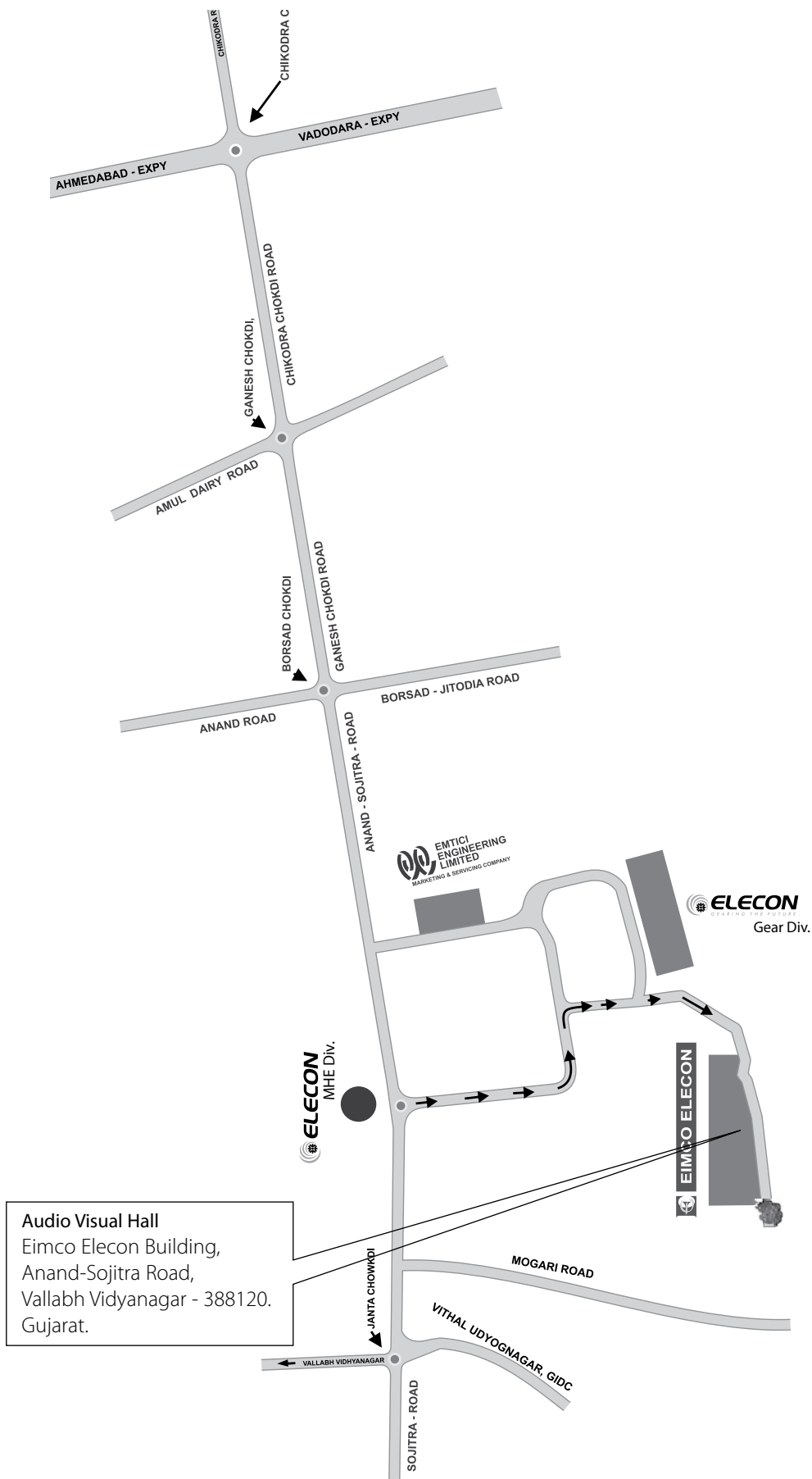
Signature of shareholder(s) : _____

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 57th Annual General Meeting.

Route map to the venue of the AGM





ELECON ENGINEERING COMPANY LIMITED

CIN : L29100GJ1960PLC001082

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166, Fax No. (02692) 227484, Website : www.elecon.com

Dear Shareholder,

Sub: Green Initiative

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

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

For Shareholders holding shares in Demat Form

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

TO BE SENT DIRECTLY TO DEPOSITORY PARTICIPANT

(i.e. Address where you have opened your Demat Account)

DP ID / Client ID :

Name :

E-mail ID :

Signature : _____

PAN :

For Shareholders holding shares in Physical form

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

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

Folio No. :

Name :

E-mail ID :

Signature : _____

PAN :

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

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

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

Link Intime India Private Ltd.,

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

B- 102 and 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara 390 020.

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

Thanking you,

Yours faithfully,

For Elecon Engineering Company Limited

Parthiv Parikh

Company Secretary



BUSINESS REPLY ENVELOPE

**POSTAGE
WILL BE
PAID BY
ADDRESSEE**

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

No
Postage
necessary
if posted
in India

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

— FOLD —

ELECON ENGINEERING COMPANY LIMITED

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

Tel: +91 2692 238 701/702 Fax: +91 2692 227 484

Website: www.elecon.com | CIN L29100GJ1960PLC001082
