ELECON
GEARING THE FUTURE

ISO 9001:2008
TÜVRheinland CERTIFIED
www.tuv.com ID 9105017019

Date: 1st October, 2018

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: 58th Annual Report of the Company for the F. Y. 2017-18

Ref : Regulation 34 of SEBI (LODR) Regulations, 2015

Dear Sir,

In terms of the subject referred regulations, we submit herewith 58th Annual Report of Elecon Engineering Company Limited for the financial year 2017-18, being approved and adopted in the 58th Annual General Meeting held on Wednesday, 26th September, 2018.

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

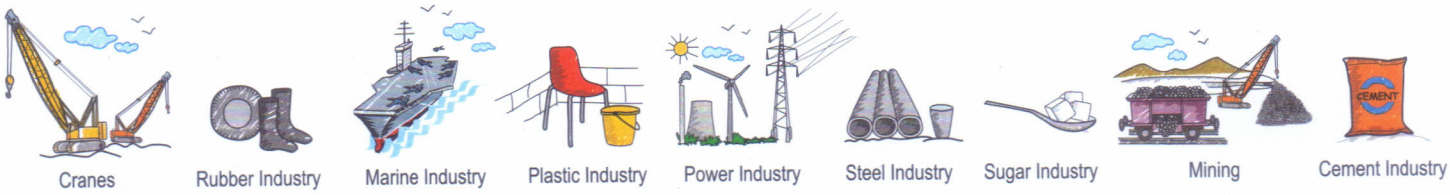
Thanking You.

Yours faithfully,
For Elecon Engineering Company Limited

Bharti Isarani
Company Secretary

ELECON ENGINEERING COMPANY LIMITED
VALLABH VIDYANAGAR

Encl: As Above



Gearing industries. Gearing economies.

ELECON ENGINEERING COMPANY LIMITED, Post Box # 6, Vallabh Vidyanagar - 388 120, Gujarat, India. **Tel.:** +91 - 2692 - 238701, 238702. **Fax:** +91 - 2692 - 227484.
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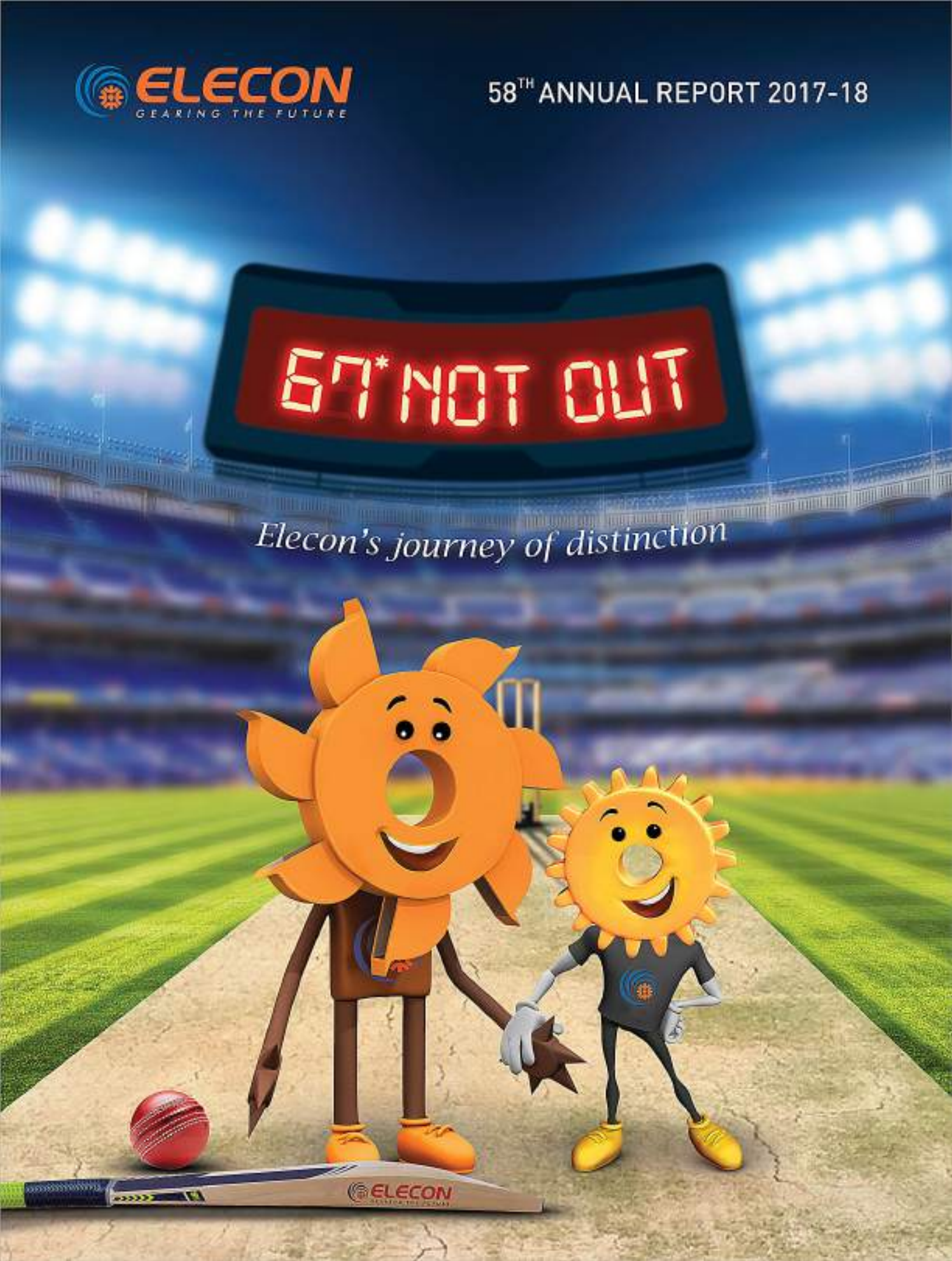
ELECON
GEARING THE FUTURE

58TH ANNUAL REPORT 2017-18



Elecon's journey of distinction

COVER STORY

67* NOT OUT

Elecon is a company with international standards and world-class capabilities, which stands as Asia's largest gear manufacturer and an integrated solution provider for entire value chain of Material Handling Systems. Elecon started its journey of excellence Sixty-seven year ago and today, our business model comprises of complete range of Engineering, Construction, Product Sales and Services; delivering single-point solutions for our prestigious clients.

Driven by vision of creating a pan-global presence in power transmission, Elecon has developed a range of products that match the best in the business in terms of quality & innovation. Over the years we have established our footprint across the globe, including acquisitions in UK, USA and Europe. We take pride in being part of India's success story in Space Technology and Defence sector by executing repeat orders from ISRO and the Indian Navy. Our state-of-the-art production facilities include ultra-modern Lean Manufacturing unit located in picturesque surroundings, which truly portrays the visions of our founder Late Shri Bhanubhai Patel and his life's work.

Industry leader for over six decades, Elecon's Material Handling Equipment division offers quality products and services to the core sector industries in Power and Steel, Mines, Cement, Fertilizer, Ports & Special Conveyors. We have associated with several challenging projects among which 7.5 kilometers long pipe conveyor at Manikgarh Cement and 5 kilometers long downhill conveyor for NMDC iron ore project occupy a place of pride in Elecon's hall of fame. Our journey towards achieving excellence-everywhere and retaining our position as 'most preferred' continues unabated.

Inclusive growth, community service and conservation of environment are fundamental to our ethos. We make a living by what we get, but we make a life by what we give.

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ELECON AT GLANCE

Elecon Group was founded in the year 1951 in Goregaon, Mumbai by Late Shri Ishwarbhai B. Patel. Initially, the Company manufactured conveyor systems under a trading company with a focus was on Engineering, Procurement and Construction projects in India.

Elecon Engineering Company Limited was incorporated as a Private Limited Company on January 11, 1960. In May 1960, the Company relocated its base to the current location in Vallabh Vidyanagar, Gujarat. Later in June 1962, the Company was listed on the Bombay Stock Exchange Limited and in November 2006 on National Stock Exchange of India Limited.

In the year 1963, the Company started manufacturing power transmission equipment. In 1976, the Company established an independent Gear Division, specializing in power transmission equipment. With an expertise of over Six-decades, the Company has successfully established its position as Asia's largest gear manufacturing company, directed by its global presence in Asia, US, UK and Europe. Elecon was the pioneer to introduce the modular design concept and case hardened & ground gear technologies in India. The Company has a proven track record in designing and manufacturing of worm gears, parallel shaft, right-angle shaft, helical & spiral level helical gears, fluid geared & flexible couplings, as well as the planetary gearboxes. With a vision of global dominance, Elecon has developed a complete range of products that match the best in the business in terms of quality and innovation and has an ultramodern Lean Gear Manufacturing unit known as the BMCE.

Elecon has always focused towards success through the Mantra of "Innovation, Change and Adaptability to the Change". Other than offering a complete range of power transmission solutions, Elecon is also an integrated solution provider for entire value chain of Material Handling Systems managed under its MHE Division. The MHE Division of Elecon has been successfully associated with numerous milestone projects in India, making us one of the most successful names offering complete Material Handling Equipment solutions.

Elecon takes pride in revolutionizing India's success story. The Company has been a leading name in Space Technology, Defence, Steel, Mining, Power Sectors and many more. Within the last decade, the Gear Division has doubled its manufacturing capacity, revamped its internal component production and has a dedicated workforce for a responsive after-sales service.

With the prophecy of great customer satisfaction, Elecon has strategically devised its presence in India and foreign locations. Our teams of highly skilled and experienced professionals help in analyzing the root-cause and then providing optimally feasible and cost effective project management solutions.

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 Kamlesh Shah

Company Secretary
Smt. Bharti Isarani

Auditors
B S R & Co. LLP,
Chartered Accountants

Bankers
State Bank of India
Bank of Baroda
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

Particulars	2017-18 #				2016-17 #		2015-16 #		2014-15		2013-14	
	Consolidated		Standalone		Consol-idated	Stand-alone	Consoli-dated	Stand-alone	Consoli-dated	Stand-alone	Consoli-dated	Stand-alone
	US $ Mn.	₹ Mn.	US $ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	182.9	11,897	141.4	9,195	12,747	9,965	13,655	10,647	13,289	5,032	12,929	5,012
TOTAL INCOME	183.8	11,952	143.0	9,301	12,832	10,043	13,952	10,960	13,455	5,259	13,083	5,188
EARNING BEFORE DEPRECIATION, INTEREST & TAX	17.8	1,160	15.5	1,006	1,640	1,558	1,638	1,424	1,698	1,065	1,497	1,001
DEPRECIATION & AMORTISATION EXPENSES	8.1	529	7.4	481	532	481	621	557	716	516	616	454
PROFIT AFTER TAX & MINORITY INTEREST	1.2	76	1.2	81	108	211	374	365	163	332	137	274
EQUITY DIVIDEND	0.3	22	0.3	22	56	56	120	120	120	120	112	109
DIVIDEND%	-	-	-	10%	-	25%	-	55%	-	55%	-	50%
EQUITY SHARE CAPITAL	3.4	224	3.4	224	224	224	218	218	218	218	218	218
RESERVE & SURPLUS	105.6	6,865	108.9	7,083	6,874	7,069	6,825	7,016	5,138	4,886	5,103	4,699
NET WORTH	90.4	5,878	111.5	7,252	6,066	7,223	5,911	7,155	5,356	5,104	5,321	4,917
GROSS FIXED ASSETS	149.4	9,717	135.3	8,798	9,385	8,769	9,177	8,651	9,270	6,325	9,500	6,346
NET FIXED ASSETS	109.2	7,101	108.8	7,080	7,553	7,496	7,862	7,825	4,743	3,356	5,500	3,805
TOTAL ASSETS	333.2	21,675	300.5	19,547	20,944	18,587	22,061	19,759	19,676	10,556	20,607	10,624
NUMBER OF EMPLOYEES(Nos.)						1,143		1,244		638		579
KEY INDICATORS	US $		US $									
BASIC EARNINGS PER SHARE (₹)	0.00		0.01	0.72	0.96	1.88	3.33	3.25	1.50	3.05	1.26	2.52
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.83	-	0.68	0.82	0.63	0.79	0.79	1.03	0.49	1.19	0.53
EBIDTA*/ TURNOVER %	-	9.75	-	10.94	12.87	15.64	12.00	13.37	12.77	21.16	11.58	19.97
NET PROFIT MARGIN%	-	0.64	-	0.88	0.84	2.11	2.74	3.43	1.23	6.60	1.06	5.47
RETURN ON NET WORTH%	-	1.29	-	1.11	1.77	2.92	6.32	5.10	3.05	6.50	2.58	5.58
RETURN ON CAPITAL EMPLOYED%	-	0.06	-	0.64	0.83	1.72	2.82	4.94	1.52	4.30	1.19	3.60

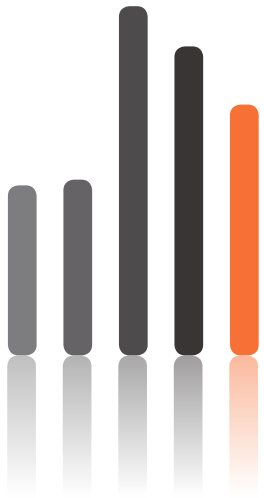
Financial details of FY 18, FY 17 & FY 16 are as per IND AS, notified by MCA.

Exchange Rate: 1 US$ = ₹ 65.0441 (as on 31-3-2018)

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

PERFORMANCE INDICATORS

Net Sales
₹ in Mn.

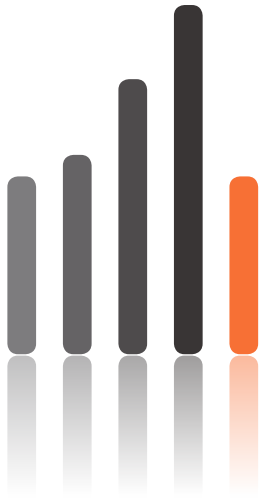


2014 - 2018

7.73%
Decrease from 2017

- ₹ 9,195 2018*
- ₹ 9,965 2017*
- ₹ 10,647 2016*
- ₹ 5,032 2015
- ₹ 5,012 2014

EBIDTA
₹ in Mn.

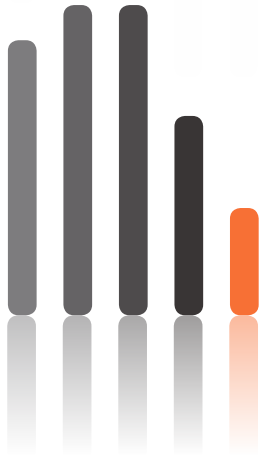


2014 - 2018

35.43%
Decrease from 2017

- ₹ 1,006 2018*
- ₹ 1,558 2017*
- ₹ 1,424 2016*
- ₹ 1,065 2015
- ₹ 1,001 2014

Dividend
in %



2014 - 2018

- 10% 2018
- 25% 2017
- 55% 2016
- 55% 2015
- 50% 2014

*Change because of Scheme of Amalgamation.

Single flight, long distance pipe conveyor with triangular gantry and moveable maintenance trolley at Manikgarh cement (1,500 TPH)

MANAGEMENT INSIGHT

The year gone by has been a mixed bag for our business performance. While, initially, the business faced some operational and macroeconomy headwinds, there was a gradual revival in the business activity towards the end of the fiscal year. Our gears division continues to maintain its growth momentum although the recovery in the material handling segment at the macro level remained weak. From a strategic standpoint, we continue to address business challenges through a shift to product-based business and a gradual exit from the troubled projects. As we see a significant revival in the cement and steel sector on the back of government's ongoing thrust on infrastructure sector, we remain optimistic about the business and focus on delivering operational excellence.

Prayasvin Patel - Chairman & Managing Director

Fiscal 2018 was a challenging year for the industry and economy per se. Amidst the disruption caused by the rollout of GST affecting the macro activity, our continued focus on streamlining operations, cost reduction and technology initiatives helped the company in maintaining positive performance. While we continue to encounter challenges in the MHE business, we are continuously taking remedial steps and focusing on growing our order book. We believe that ongoing revival in the economy and the sectors in which we operate augurs well for the growth prospects for the company.

Prashant Amin - Executive Director

Our performance has been muted for the fiscal year as we faced dual headwinds both on the macro and at company front. Our MHE division faced major challenges during the year and as a corrective measure, we continued to exit the troubled projects and streamline our operations. While we continue to consolidate our MHE division to a product-based approach, we have also increased our focus on improving the profitability in the gears business. We expect our strategy to result in improved performance from gears division and exports in the coming year with significant improvement in margins. With the gradual pickup in economic activity and increased order inflows, we are already seeing signs of recovery in the business. As such, we remain positive on the business outlook and are confident of a turnaround in the Company's performance.

Kamlesh Shah - Chief Financial Officer

CORPORATE SOCIAL RESPONSIBILITY

"We rise by lifting others." – Anonymous

Elecon Group of Companies generously contribute towards the betterment of the society through various initiatives.

Elecon Group takes on its CSR through two dedicated wings; namely El-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.

Elecon conducts several social activities, health & awareness camps, encourages efforts towards sustainable development and sometimes also helps standalone cases. Amongst the many activities towards noble causes, the important ones can be highlighted as below.

EDUCATION

Elecon believes in excellence and understands the true importance of good education. Elecon facilitates

scholarships to meritorious but financially poor students, the ones who need it the most. Elecon provides funding to 60 engineering students of the BVM Engineering College each year.

Elecon also offers support to a differently-abled school in Sojitra and contributes towards their upliftment. Elecon has also adopted a village called Gana and support their municipal school.

Apart from these, Elecon supports other educational institutions and their causes. We offer support to Anoopam Mission – An NGO that works towards uplifting differently abled children in Mogri and a school at Gokalpura.

ELECON LADIES FORUM (ELF) & EL-Care initiatives

ELF carries out many charitable programs and initiatives in local villages and the slums. These include offering meals, support to old-age homes, saving the girl child, girl child education, awareness on health & hygiene, teaching self-protection and support to the Aanganwadi programs.

EL-Care aims at welfare and social causes such as blood donation, managing scholarships and managing training and awareness.

Elecon Ladies Forum also observed International Women's Day with grace. On March 8, 2018, all the women employees of the organization joined hands under the leadership of Mrs. Taruna Patel. Aimed at empowering women to come forward in life, the program included sessions on Women leadership and self-defense. It is essential to "understand and educate" as we enter into the new era where women are given equal respect and opportunities as men, it is also their right to feel equal.

Another applaudable initiative was an anti-tobacco drive resulting in six employees who were also long-term users to quit tobacco completely.

HEALTHCARE

Elecon cares for people around and also their good health. We generously donate towards Bhanubhai and Madhuben Patel Cardiac Centre at Shree Krishna Hospital, Karamsad, the-state-of-art cardiac center for all kinds of pediatric and adult heart diseases.

Blood donation is one amongst the greatest forms of donations. 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. We organized a Blood donation camp on the 12th Death anniversary of Late B. I. Patel. Total 206 blood units were collected and donated through local banks.

Elecon also facilitates health check-up camps, eye-camps and hygiene camps in and around Charutar region.

ENVIRONMENT

As the leaders in the realm of Gear Engineering, we at Elecon are sensitive towards the environment. Not only our product ranges comply with non-polluting standards, we're also adopting Green building model systems into our organization supporting sustainable development.

Elecon has also donated three public gardens to the city. Actively participating in tree plantation activities at schools and offices, we inspire others to save the planet.

MATERIAL HANDLING EQUIPMENT DIVISION

Skid mounted Semi-mobile Crushing system
[Utilized in coal mining - Supplied 9sets till date]

Strengths

Keeping focus on our state of the art manufacturing facilities, we have turned our attention to product business in place of turnkey requirements mainly consisting civil and construction activities.

We are focused to grow our business footprints as OEM in India as well as abroad keeping our manufacturing strength in front to serve our customers with required quality and workmanship.

We are also aiming towards diversifying our business by exploring new areas in bulk material handing like FGD systems, pile feeders for reclaiming arrangements, mine crushers, semi-mobile crushers, O&M for our installations and new requirements etc.

Achievements

- Designed, engineered, manufactured and supplied Stacker cum reclaimer machine with 5000 TPH capacity to M/s. Adani Dahej Port before time and received bonus on completion of the work before time.
- Carrying out revival of Ramagundam fertilizer complex for RFCL / EIL including all material handling system and auxiliaries work.
- Received Retrofication & Modification job for stacker cum reclaimer from NTPC Farakka.
- Successfully completed installation and commissioning for Shifter and ejector working in conjunction with wagon tippler at SKS Power project.
- Reputed customers, having appreciated our manufacturing strength, have given us lot of equipment orders preferring over world renowned names and these orders are being executed by us in record time.

- Cement industry has not felt the heat of the recession and considering unparallel infrastructure growth, various customers are expanding. We have received equipment orders from various industries like Ultratech cement, Shree Cement, Wonder Cement, Chettinad Cement etc. and are being executed as per their required timeline and quality standards.

Growth Drivers

We are concentrating on diversification of the business or entering in to new areas exposing us towards new kind of Material handling requirements i.e. FGD packages, mine crushers, semi-mobile crushers, pile reclaimer / pile feeders, Health and life study of equipment / system and providing R&M solution to various customers etc.

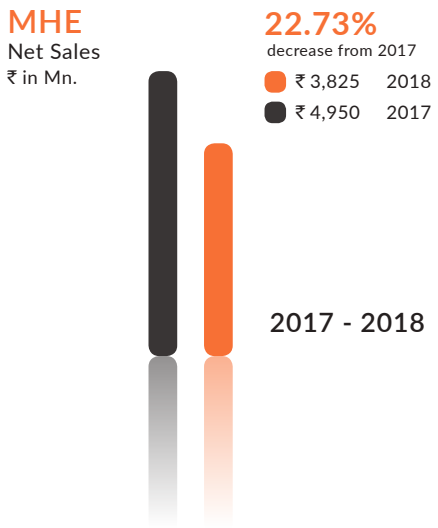
Considering the forthcoming expansions in fertilizer industry including revival of various fertilizer complexes, we are working closely with the industry to upgrade / develop equipment / system like wagon loaders, truck loaders, neem oil coating system, revolving chutes etc.

For mining sector, we are focused to develop higher size crushers for supplying to various MDOs.

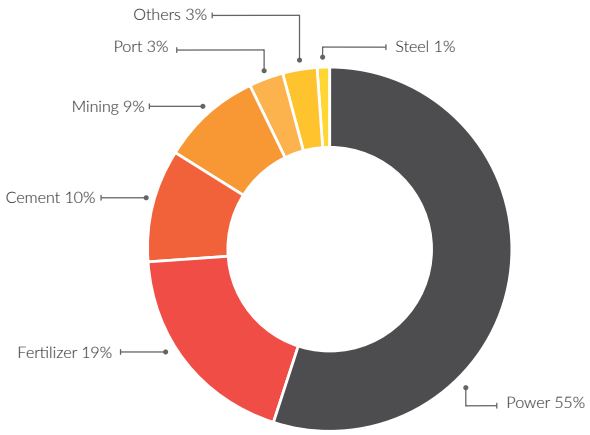
We are developing Operation & Maintenance business for our supplied / commissioned plants and equipment.

We have successfully developed Twin / Tandem type wagon tippler which now a days is the increasing requirement in material handling industry.

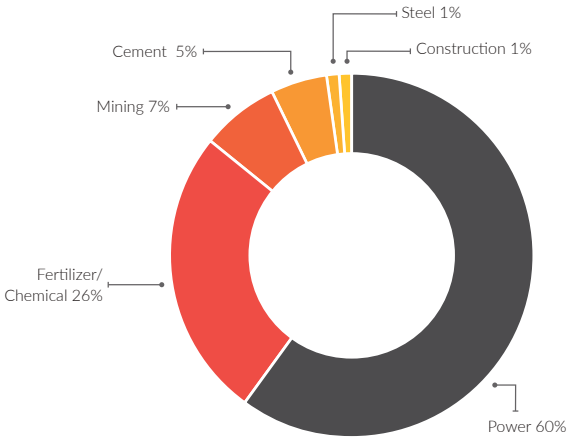
Net Sales MHE Division ₹ 3,825 MN In 2017-18



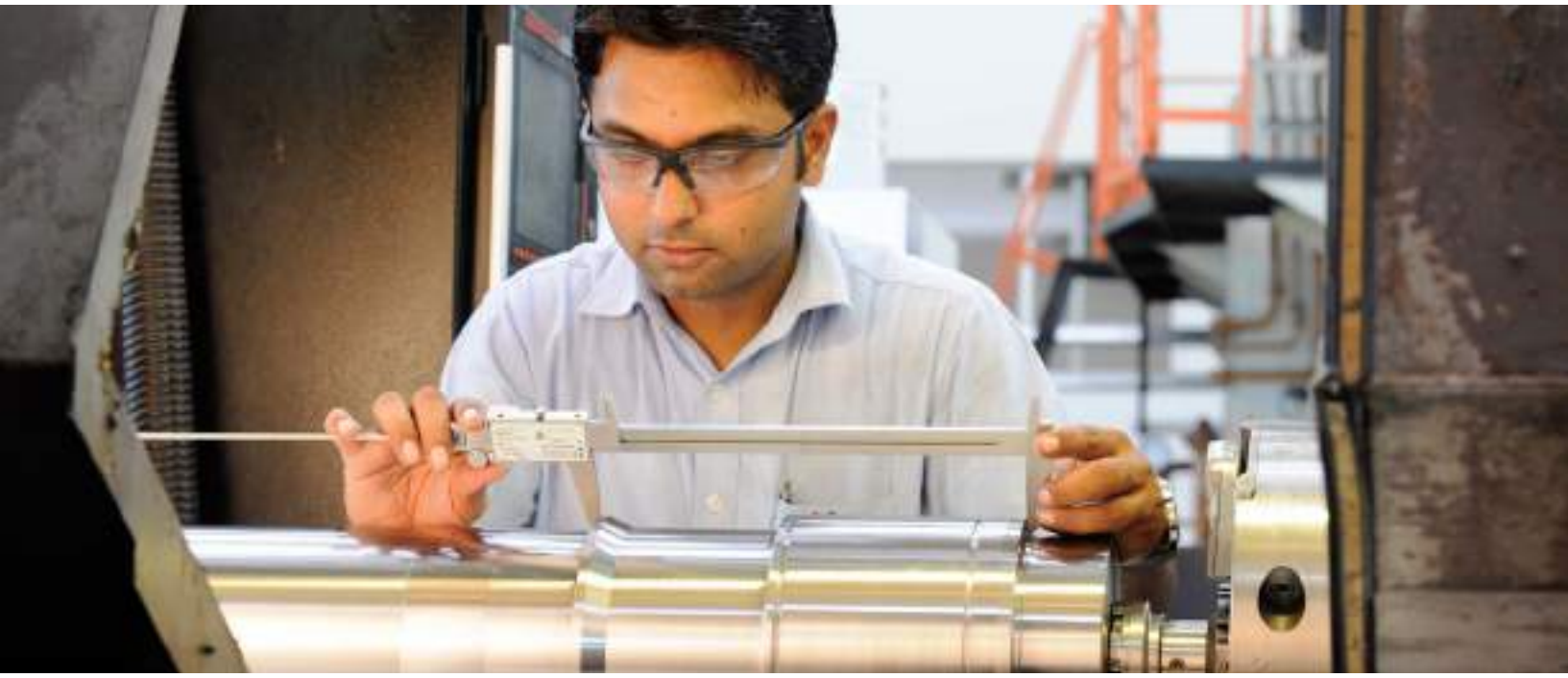
Sales Industry wise



Order in hand Industry wise



GEAR DIVISION



Manufacturing Strength

At Elecon, we continuously strive to improve and upgrade our manufacturing structure to meet the highest quality, reduced costs and to greatly improve customer satisfaction.

We have a state-of-the-art gear manufacturing and gear assembly facility. This ultra-modern facility helps us to ensure world-class quality and timely delivery backed by shortest possible lead-time. The facility Bhanubhai Memorial Centre of Excellence (BMCE) is helping us to improve the total throughput time and also in bringing down the cost.

Our recently launched EON/EOS series of catalogue gears and its extension up to medium and high torque are amongst the most cost-effective in the market. In the same line, we have updated our assembly shop to have more outputs options for various applications.

A sturdy momentum has been added by modernizing our existing capacity to augment increasing demands. Expansion of our range of products in new areas like manufacturing of foot-mounted and shaft-mounted type gearboxes for sugarmill drive up to 7500 KNm torque, Steel Mill heavy-duty gearboxes up to weight 50 Ton, VRM gearboxes up to weight 110 Ton for Cement and Power plants also. Elecon is poised to have first mover advantage and with it sustained growth and higher revenues.

Growth Drivers

Elecon has been continuously evolving amidst the financial reforms in the economy. Ready to take on new opportunities and challenges, 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 experience gives us the specialized expertise and the knowledge in the manufacturing of Power Transmission Equipment. The Gear division over the past years has witnessed growth driven by industrial capex as our gears have applications in the core sectors such as Power, Steel, Cement, Sugar, Mining, Defense to name a few.

We are in exploring new horizons by manufacturing Vertical-roller mill drive gearboxes for the power plants and cement sector. We have large orders for supply of Marine gearboxes for the Indian Navy and we are looking for a more ambitious breakthrough in the time to come.

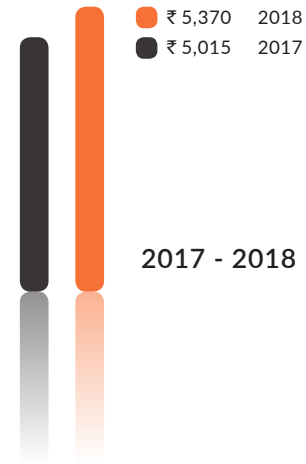
New reforms have come, which in turn will provide more thrust to stability in the prices and production of essential commodities resulting into steady growth momentum for the Indian economy.

4 stages, Vertical offset, Helical Gearbox cum Pinion Stand (Rolling Mill)

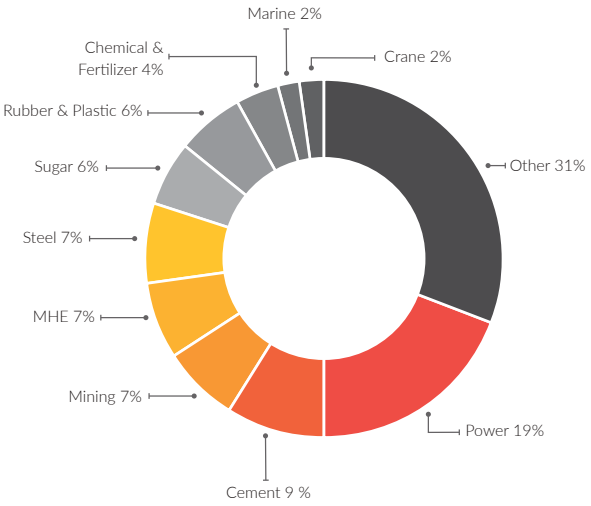
Net Sales Gear Division ₹ 5,370 MN In 2017-18

Gear
Net Sales
₹ in Mn.

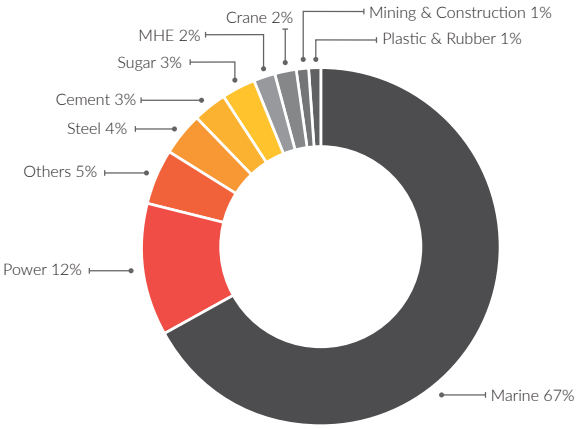
7.08%
increase from 2017



Sales Industry wise



Order in hand Industry wise



BOARD'S REPORT

Bucket Wheel Excavator Drive

Dear Members,

Your Directors have pleasure in presenting this 58th Annual Report together with the Audited Financial Statements for the year ended on March 31, 2018.

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

Standalone Financial Performance

For the year ended on March 31, 2018, the Company has achieved a Turnover of ₹91,953.72 Lakhs as against ₹99,648.05 Lakhs in the previous year.

For the year ended on March 31, 2018, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹10,058.39 Lakhs as against the EBIDTA of ₹15,579.96 Lakhs during the previous year.

The Net Profit of the Company for the year 2017-18 was ₹808.37 Lakhs compared to ₹2,106.22 Lakhs during the previous year.

The Company holds total unexecuted orders about ₹1,23,676 Lakhs (₹767.19 Lakhs for Gear Division and ₹469.57 Lakhs of MHE Division) as on March 31, 2018. This will help us to continue to have sustainable growth in coming years.

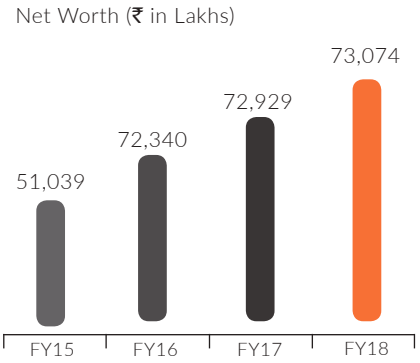
The Company posted subdued financial performance in the fiscal as it witnessed challenges on multiple counts. At the macro level, the economic activity in the country remained low and it resulted in the slow pick up of orders and poor execution of the operation at the client level. The Company's customers also got affected by rolling out of GST which led to some disruption of activity. With all the major headwinds behind, the Company has reformulated its strategy and plans to pursue product-based business going forward with a focus on expanding the bottom line. The Company is seeing sustained revival in economy and increased manufacturing activity and anticipates a strong recovery in its business in the near-term future.

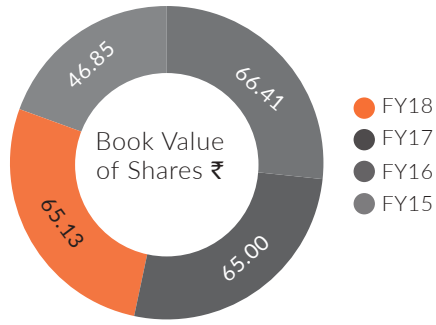
Consolidated Operations

The Audited Consolidated Financial Statements of your Company as on March 31, 2018, 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.

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	31/03/18	31/03/17	31/03/18	31/03/17
Turnover	91,953.72	99,648.05	118,850.06	127,465.54
Profit Before Tax, Finance cost, Depreciation & Amortization and Adjustment for previous year (EBIDTA)	10,058.39	15,579.96	11,592.29	16,402.42
Add: Other Income	1,055.72	785.34	547.38	856.26
EBIDTA (Including other income)	11,114.11	16,365.30	12,139.67	17,258.68
Less : Finance Cost	5,798.24	6,304.87	6,555.81	7,957.32
Depreciation & Amortization	4,807.20	4,813.76	5,292.32	5,323.82
Profit Before Tax	508.67	5,246.67	291.54	3,977.54
Less/(Add) : Exceptional Items	--	--	--	--
Less: Provision for Tax	604.69	2,079.08	650.34	2,246.03
Deferred Tax	(372.11)	1,026.81	(304.60)	1,030.32
Mat Credit Entitlement	--	--	--	--
Short/(Excess) Prov. of earlier years	(532.28)	34.56	(532.28)	34.56
Profit After Tax	808.37	2,106.22	478.08	666.63
Add:				
Others Comprehensive Income	11.41	(75.04)	(171.08)	923.84
Share of Profit of Associates	--	--	270.42	408.39
Previous Year Balance Brought Forward	19,415.97	18,827.02	21,291.76	20,735.14
PROFIT AVAILABLE FOR APPROPRIATION	20,235.75	20,858.20	21,869.18	22,734.00
APPROPRIATIONS:				
Dividend paid	561.00	1,198.29	561.00	1,198.29
Income Tax on Dividend paid	114.20	243.94	114.20	243.95
Transfer to General Reserve	--	--	--	--
Balance Carried Forward	19,560.55	19,415.97	21,193.98	21,291.76





Your Company's total consolidated turnover for the year ended on March 31, 2018 was ₹118,850.06 Lakhs as against ₹127,465.54 Lakhs for previous year.

For the year ended on March 31, 2018, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹11,592.29 Lakhs as against the EBIDTA of ₹16,402.42 Lakhs during the previous year.

The Consolidated Net Profit of the Company for the year 2017-18 after other comprehensive income and share of profit/loss of associates was ₹199.28 Lakhs compared to ₹1,998.86 Lakhs during the previous year.

During the year under review, your Company's consolidated net worth is ₹70,887.19 Lakhs as against ₹70,984.97 Lakhs for previous year.

Dividend

Your Directors have recommended dividend of 10% i.e ₹0.20/- per share on 11,21,99,965 equity shares of ₹2/- each for the year ended on March 31, 2018 (previous year ₹0.50/- per share on 11,21,99,965 equity shares of ₹2/- each).

The said dividend, if approved by the shareholders, would involve a cash outflow of ₹270.53 Lakhs, including dividend distribution tax of ₹46.13 Lakhs against ₹675.21 Lakhs including dividend distribution tax of ₹114.21 Lakhs in the previous year.

During the year, the unclaimed dividend pertaining to the financial year 2009-10 has been transferred to the Investor Education & Protection Fund.

Transfer to Reserves

The Company proposes to retain the entire amount of ₹19,560.56 Lakhs in the profit and loss account.

Share Capital

The paid up Equity Share Capital as on March 31, 2018 was ₹2,244.00 Lakhs. 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, 2018, is given in extract of Annual Return.

Finance

Cash and cash equivalent as at March 31, 2018 was ₹831.70 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, 2018.

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 & Key Managerial Personnel (KMPs)

Director Retire by rotation

IIn accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Prashant C. Amin, 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.

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, four Stakeholders Relationship Committee Meetings, two Nomination and Remuneration Committee Meetings, one Corporate Social Responsibility Committee Meeting, one Management 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 May 19, 2017 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

In compliance with the requirements of SEBI (LODR) Regulations, 2015, the Company has put in place a Familiarization Programme for Independent Directors to familiarize them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates, business model etc. The policy on Familiarization Programme is uploaded on the website of the Company and can be accessed through web link https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Details-of-Familiarization-Programmes-for-IDs.pdf.

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

TThe 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.

Change in KMP

During the year under review, Shri Parthiv Parikh resigned as Company Secretary, KMP & Compliance Officer of the Company w.e.f. August 4, 2017. Shri Devang Trivedi has been appointed as Company Secretary, KMP & Compliance Officer of the Company w.e.f. August 5, 2017 and he resigned as Company Secretary, KMP & Compliance Officer of the Company w.e.f. January 13, 2018.

Shri Rajat Jain resigned as Chief Financial Officer & KMP of the Company w.e.f. close of business hours of December 31, 2017. Shri Kamlesh Shah has been appointed as Chief Financial Officer & KMP of the Company w.e.f. May 4, 2018.

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-2017.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. B S R & Co. LLP, Chartered Accountants appointed as a 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.

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, 2019 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 58th Annual General Meeting. The Cost Audit Report for the year 2016-17 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 2017-18 is annexed herewith as **"Annexure B".**

Subsidiary, Joint Venture & Associate Companies

As on March 31, 2018, the Company has 12 Direct & Indirect Subsidiary Companies.

During the year under review, no new Company has been incorporated / acquired as Subsidiary, Joint Ventures or Associates Companies.

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.

Financial Performance – Subsidiary Companies

Elecon Transmission International Limited (Mauritius – consolidation)

During the financial year under review, turnover of Benzlers Radicon Group increased sales by 2.9 % from GBP 31.6 million FY 2016-17 to GBP 32.5 million FY 2017-18. There was also an increase in EBITDA from 0.2% FY 2016-17 to 2.4% FY 2017-18. Finance Cost has increased by 1.4% and SG&A Cost has increased by 6.8 % which resulted in a loss of GBP 1.22 million FY 2017-18 compared to a loss of GBP 1.71 million in FY 2016-17.

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 except Denmark. The sales dropped in Denmark during the first 6 months due to slow order intake, however the orders have picked up again in the last 6 months. The sales increased by 4.7% with highest sales growth coming from European customers (14.6%).

EBITDA grew from GBP 1.08 million (+7.1%) to GBP 1.71 million (+10.7%) due to better sales and efficient cost control processes. This together with the increased sales has given the group a PAT of GBP 1.18 million an increase of almost 3 times compared to previous year of GBP 0.45 million.

Benzlers Group sales performance in the FY 2017-18 - despite very strong competition - is in line with business strategy of changing from a product oriented company to a sales and service company. We expanded our service and repair business in the Nordic countries during FY 2017-18 and the focus will be to increase the profit in this area further. We will also put more focus on sales and development of Screwjacks range during the year which was started in 2017 with good results. We are in the process of placing more marketing activities and digital communications in the market place which will give us positive results 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 Limited

The UK domestic market continues to be cautious, due to Brexit. This is affecting capital investment decisions within a lot of industries. Which has subsequently affected a 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, due to reorganization of the British Steel industry. We are now seeing new opportunities within this sector. This coupled with having managed to secure some important contracts with key new customers, we are looking for continued 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 3.3% 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.

Sales revenue increased 1% to GBP 11.2 million in FY 2018, from GBP 11.1 million in FY 2017.

EBITDA was GBP 0.772 million compared with GBP 0.956 million in FY 2017. This was affected by new material cost saving initiatives being delayed, whilst market conditions keeping resale prices competitive with increased transport costs during the year.

Despite challenging European markets, starting the new financial 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 2018-19.

Radicon Drive Systems, Inc, (Radicon USA) – 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 increase national market penetration.

Radicon Drive Systems moved its facilities to a new much larger premises during the year. We are confident that the company now has the facility and capabilities to give the expanded customers base, the great Radicon service levels.

Subsequently, Radicon Drive Systems is now serving a larger and more geographically diverse customers base. However, converting all of these into sales revenue, is now expected to be mainly realised in the 2018-19 financial year.

As such the sales revenue for the past year increased by 4% from USD 9.6million to USD 10 million.

EBITDA loss increased from USD 1.3 million FY 2017-18 to a loss of USD 2.1 million FY 2018-19. As a consequence of the increase in selling and expansion costs plus additional one time transport costs and competitive pricing to establish new customers was also a factor.

The management is confident that Radicon Drive Systems will grow sales and profitability in FY 2018-19 and beyond.

Elecon Singapore Pte. Limited

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.

During the year under consideration revenue of Elecon Singapore Pte. Ltd., has dropped from USD 2.08 million FY 2016-17 to USD 1.72 million FY 2017-18. Accordingly EBITDA has decreased from 0.027 million FY 2016-17 to USD (0.18) million FY 2017-18.

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, Umma Al Quwain, Ras Al Khaimah), Saudi Arabia, Oman, Yemen, Jordan, Kuwait, Iran, Iraq, Syria, Turkey, Bahrin, 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 17.70 %, from AED 8.51 million FY 2016-17 to AED 7.01 million FY 2017-18. However, EBITDA has increased by 176.80 % from

AED 0.56 million FY 2016-17 to AED 1.55 million FY 2017-18.

Financial Performance - Associate

Eimco Elecon (India) Limited (EEIL)

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

EEIL is engaged in the business of manufacturing of a wide range of underground mining machinery viz. Air Powered Rocker Shovels, Electro Hydraulic Side Dump Loaders and Electro-hydraulic and Air powered Load Haul Dumpers used as loading machines in both the underground Coal mines and Metalliferous mines. EEIL is the market leader in the underground mining machinery business.

During the year, EEIL has achieved a Turnover of ₹14,216.55 Lakhs as against ₹18,540.52 Lakhs in the previous year. For the year ended on March 31, 2018, EEIL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) including other income of ₹ 2,496.76 Lakhs as against the EBIDTA of ₹3,535.15 Lakhs during the previous year.

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-2017.pdf.

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, separate reports on Management Discussion & Analysis and Corporate Governance together with a certificate from the Practicing Company Secretary 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 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 herewith 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 at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Sexual-Harassment-Policy.pdf.

Copy of Annual Return

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

Compliance of Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

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 4, 2018

MANAGEMENT DISCUSSION & ANALYSIS

Pipe conveyor at Manikgarh Cement

Global Economy and India

The global economy is estimated to have grown 3.7% during 2017, after subdued performance in 2016. The economy has been witnessing an upward growth trajectory and activity have been increasingly across the regions. The growth had been aided by rebound in investment and trade, against the backdrop of benign financing conditions, generally accommodative policies and improved confidence and the dissipating impact of the earlier commodity price collapse.

Global growth forecast for 2018 and 2019 have been recently revised upward to 3.9% by IMF. The revision reflects increased global economic activity and the expected impact of the recently approved U.S. tax policy changes. Rebound in global trade and increase in spending across the advanced economies such as Germany, Japan and USA are expected to boost economic growth. Key emerging markets and developing economies are also in the path of positive growth trajectory led by firm manufacturing activity and strong consumer confidence.

The Indian economy has been one of the brightest spot in the global economy. The economy is expected to grow at a rate of 7.3% in the coming year led by increasing infrastructure investment and policy reforms. After initial hiccups post the rollout of GST, the economy quickly picked up its pace. Major economic reforms and increased public capital outlays has helped in putting the economy back on track of robust GDP growth. Manufacturing emerged as one of the key driver of growth and gross fixed capital formation also picked up indicating that the economy is on a path of sustained recovery. Various economic reforms including the Make in India policy is expected to actively aid the economy and the industry and establish India as a preferred manufacturing destination globally.

The Engineering Sector and Gears

The Indian engineering industry witnessed stagnant growth and low orders intake, despite uptick in manufacturing and infrastructure sectors. The engineering sector has been one of the top two contributors of exports in India. The past few years have witnessed a growth slowdown due to decrease in project competitions and lack of new project expansions. On the domestic front, slowdown in public sector spending had been the major headwinds for the industry. However, on the global level, the Indian engineering sector continues to perform well and has strong export presence in countries such as USA, Europe and South Korea.

The engineering sector in India continues to be an attractive destination for the foreign players owing to its comparative advantage in terms of manufacturing costs, technology and innovation. Favorable regulatory policies and growth in the manufacturing sector has enabled the industry to maintain a strong foothold in the global market. From a long-term perspective, India remains a favorable partner for global companies due to its 100% FDI allowance. The Make in India policy is also being actively promoted, which has further helped in bringing in more investment into the sector. The government has allocated US$ 92.22 billion for the sector in the budget which is likely to boost the activity in the domestic market.

At the sectoral level, the global industrial gearbox market is expected to grow steadily at a CAGR of 4.0% during the period of 2018 – 2020. Growth in segments such as technology, mining and power has helped maintain the growth rate across the market. Growing need for metals and advances in automation and robotic equipments will further play imperative in increased demand for gearboxes.

Elecon Engineering - Company Review

Fiscal 2017-18 was a year of mixed performance for Elecon Engineering. The Gear business saw mild positive performance while the Material Handling business performed negatively. The Company is taking corrective measures in the material handling business which continues to be reeling under pressure and has decided to exit troubled projects which was negatively affecting the overall performance of the company and concentrate more on product-based business.

On the business front, Elecon's gear business gained traction from the customers after facing headwinds in the initial quarter and it reported slight 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 ₹55,502 Lakhs with power, fertilisers and cement contributing most to it. The MHE business faced significant headwind on both macro and operational front and witnessed negative performance owing to issues with some of the projects. The Company has put in place plans and strategy to arrest the downfall by not pursuing fresh EPC projects and utilize the available bandwidth to focus more on products business. The Company is confident of its growth prospect in the future on the back of revival in the economy and the sectors in which it operates. At the end of fiscal, the Company's order book in MHE business stood at ₹28,632 Lakhs.

The Company posted subdued financial performance in the fiscal 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 rolling out of GST which led to some disruption of activity. With all the major headwinds behind, the Company has reformulated its strategy and plans to pursue product-based business going forward with a focus on expanding the bottom line. The Company is seeing sustained revival in economy and increased manufacturing activity and anticipates a strong recovery in its business in the near-term future.

Segment Wise Revenue - Gear Business

During fiscal 2018, the power business contributed close to 19% in the overall business. In terms of the orders, the sector has made significant contribution compared to the other segments. The power sector is expected to witness revival in growth momentum in 2018 owing to government's thrust on expanding electricity access and promoting adoption of renewable energy. The thrust towards ensuring electricity access to all rural households under Saubhagya & DUGJY schemes will help in boosting demand. Further, proposed regulation to buy surplus solar energy from solar pumps by distribution utilities and encouraging use of solar energy under smart city programme would help in solar capacity addition. The government has earmarked ₹3,762 Crore for capacity addition in solar power, wind power and green energy corridor project. All of these presents immense opportunities for Elecon's business in power generation, distribution, transmission and equipment in the future.

Our business in Cement sector was 9% of the overall revenues. The industry is likely to maintain its positive growth trajectory and contribute significantly to our growth prospect in the future. The cement industry is expected to register a CAGR of 5-6% in the next three years driven by a revival in affordable and rural housing, Smart City Mission, Housing for All and Bharatmala projects. Under the Bharatmala project, the government aims to construct around 83,000 km roads with an investment of ₹7 Lakh Crore in the next five years. This ambitious project will create new industrial corridors and urban centres and help the industry to maintain a positive trend. Further, ongoing investment in power and infrastructure sectors is also expected to boost demand growth.

The other sectors which contributed to our revenues were sugar, steel, MHE and marine. India is the third largest steel producer globally and is back on the growth track because of the government's

push to boost domestic manufacturing, Smart Cities Mission, higher expenditure on infrastructure and affordable housing. The National Steel Policy 2017 has earmarked ₹10 Lakh Crore investment to create more capacity in the steel sector and increase per capita steel consumption to 160 kg by 2030. Annual steel capacity is expected to increase from 126 million metric tonnes currently to 150 million tonnes by 2020. We believe that this is a major positive for our business.

Marine is another promising segment for the Company and is on the cusp of major revolution. This segment is expected to experience significant growth in the coming years on the back of government's major initiatives such as the Sagarmala project, ports modernization and inland waterways & coastal shipping development. Under the Sagarmala project, the government plans to develop 12 coastal economic regions with an estimated investment of ₹12 Lakh Crore. These resulting projects would see the development of manufacturing hubs supported by port modernisation projects which augurs well for our business prospects.

The sugar industry is set for highest ever production levels seen in India in 2018-19. This is likely to lead to increase in overall crushing capacity and subsequent decline in prices. We remain cautious on the sector due to overproduction combined with weak global prices.

Financial Performance

From a financial perspective, the total standalone operating income declined to ₹91,953.72 Lakhs for FY18 as compared to income of ₹99,648.05 Lakhs in the previous year. EBITDA stood at ₹10,058.39 Lakhs as compared to ₹15,579.96 Lakhs during the corresponding period of the previous year. The EBITDA margin was 12.1% for FY18. Net profits stood at ₹808.37 Lakhs for FY18 as compared to a profit of ₹2,106.22 Lakhs in the previous year.

At the consolidated level, the total turnover during FY18 was ₹118,850.06 Lakhs as compared to an income of ₹127,465.54 Lakhs in the corresponding period of previous year. At the EBITDA levels, it registered an EBITDA of ₹11,592.29 Lakhs as compared to ₹16,402.42 Lakhs during the corresponding period of the previous year. The consolidated EBITDA margins stood at 10.2% for FY18. Consolidated PAT after share of profit of associates was at ₹748.50 Lakhs for FY18 as compared to a profit of ₹1,075.02 Lakhs in FY17.

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 placed because of a stable government.

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

Internal 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 March 31, 2018 was 774 as against 1,143 as on March 31, 2017.

Outlook

Riding on the back of government's reform, improving investment and private consumption, Indian economy is expected to grow around 7.3% in 2018-19. Increasing infrastructure spend and major reforms by the government aimed at reviving growth is likely to result in increased activity in the core manufacturing sectors which is a positive development for the company. Going into the future, the Company remains confident on the prospects of the business owing to revival in the economy and core sectors such as power, steel, cement and mining.

ANNEXURE - A TO BOARD'S REPORT

The Nomination and Remuneration Policy

Introduction

In accordance with terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter 'Listing Regulations') 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 and amended by the Board of Directors at its meeting held on August 3, 2017.

This policy shall act as a guideline for determining, interalia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees. The key features of this Company's policy shall be included in the Board's Report.

Definitions

In this Policy unless the context otherwise requires:

(1) **"Act"** means Companies Act, 2013 and rules thereunder.

(2) **"Company"** means "Elecon Engineering Company Limited".

(3) **"Board of Directors"** or **"Board"**, in relation to the Company, means the collective body of the directors of the Company.

(4) **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

(5) **"Key Managerial Personnel"** (KMP) means

- i) Chief Executive Officer or the Managing Director or the Manager,
- ii) Company Secretary,
- iii) 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 Regulations.

(7) **"Policy"** means, "Nomination and Remuneration Policy."

(8) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

(9) **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

(10) **"Ministry"** means the Ministry of Corporate Affairs.

(11) **"Regulations"** refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, Listing Regulations 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 balance 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, at least 50% 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 Regulations 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 & 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 Committee may in its discretion structure

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

(ii) Statutory Requirements:

- Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

➢ The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors and Women 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 Regulations 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, 2018

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, 2018 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, 2018 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:

1. Reappointed 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.
2. Reappointed 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.

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

Place : Ahmedabad
Date : May 4, 2018

Note : This report is to be read with our 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

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.

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

Place : Ahmedabad
Date : May 4, 2018

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 (2014-15, 2015-16 & 2016-17): **₹ 4,201.62 Lakhs**

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

   The Company is required to spend ₹ 84.03 Lakhs towards CSR.

5. Details of CSR spend during the financial year:
   a. Total amount spent for the financial year: **₹ 63.00 Lakhs**
   b. Amount unspent, if any: **₹ 21.03 Lakhs**
   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:- 1) Direct Exp. 2) Overheads	Cumulative Expenditure Upto reporting period	Amount spent: Direct or through implementing agency*
					₹ Lakhs	₹ Lakhs	
1.	Educational Scholarship, providing educational aid to needy students and Scholarship to meritorious students	Education	Dist.: Anand, State: Gujarat	--	63.00	63.00	Through Implementing Agency
			TOTAL	**--**	**63.00**	**63.00**	

*Details of implementing Agencies:- (1) B. I. Patel Charitable Trust.

6. Due to liquidity issues during the financial year, the funds were required to meet and manage the critical working capital requirements of the operations. The Board has decided not to contribute any further amount towards CSR activities. Hence, ₹ 21.03 lakhs is an amount remains unspent towards CSR activities.

7. 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 4, 2018

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

- Continuous efforts towards energy conservation by adopting new technology with more focus on 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. Installation of new as well as modified LED luminaries in the offices & workshops partially.
- Continuous installation of the AC variable frequency drives in old cranes hoist application as per requirement.
- Reduce the use of Compressor air by reducing over usages, idling of compressors, blocking of air leakages etc. Installation of energy efficient motor in the existing compressor.
- 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.
- Reviewing & controlling over usages, under usages, idling, synchronization & transmission losses of m/cs leads to power consumption savings.
- Introduction of sensors in the CNC lathes results the stoppage of idle running spindle motor. This is helpful to energy saving.
- Start to use Inverter type Air Conditioner unit to achieve the Goal of energy conservation.
- We have started implementing LED type fixtures on stockyard machines, buildings & conv. gallery area, control room etc. & found that consumption of fittings are half of conventional type fixtures with same Lumens output at work place. For example, power consumption of conventional well glass fitting was 70W which is now reduced to 35W with LED type of fittings.
- Unless specified in contract specification for efficiency class for LV Motors, we have started offering IE-3 motors which ultimately reduces energy consumption compare to IE2/IE-1 motors.

(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.

Initial cost of LED fitting would be at least 1.5 times high than conventional fittings, however later date it would be cheaper solution as energy consumption will be half. Maintenance Spare like control gear, lamps etc. would be eliminated.

(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 :

- At Elecon R & D centre, we have developed a new series of helical gear units (3 stage & 4 stage) for crane duty application. 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 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.
- Elecon manufactured large size Bucket Wheel Excavator gearbox having capacity of 700 liter and total gearbox weight is approx. 22.5 tonne. Overall size is 7 m x 3 m x 2.5 m.
- Elecon has developed Stackle plate drive gearbox of 2250 kW capacity and having weight of 53 tonne.
- Elecon has developed for Ladle Tilt Drive with soft gearing of capacity 390 kW and weight of 29 tonne.
- Elecon is currently developing higher capacity for Vertical Rolling Mill gearbox with 3-stages, having first spiral bevel stage & last two stages of planetary type. These gearboxes will be having power capacity from 2000 kW to 6000 kW.

- Elecon is developing higher capacity (2 x 1250 kW) of roughing mill gearbox for rolling mill of steel industry. Gearbox weight is 57.5 tonne.
- In India ELECON have first time developed and supplied four nos. of the Vibrating Grizzly Feeders of 2000 TPH for 2 x 660 MW Power Plant,
  - Project: Ennore SEZ STTP, Chennai.
  - Order No.: CO/2511, VF : 1403-06.
  - Model: 3000mm (W) x 7000mm (L)
- ELECON has developed and supplied heavy duty Idlers assembled with bearing sizes range from 6308 - 6311 to suit today's modern belt conveyors, having up to 10000 TPH Capacity.
- Light ON/OFF has been executed with timer circuit/automation from Touch screen on machine application with time synchronization to make it convenient as per operator's requirement.
- We have started implementing Radio communication between stock yard machine & Centre Control Room to have full access of machine data for remote operation from CCR after some initial positioning of machine.
- As per recent trend in technology & if specified in contract requirement, we have started offering & implementing Energy chain for SAC travel application instead of conventional type Festooning application.
- Use of soft starter/VFD for higher rating of motor to be equipped with gearbox and coupling.

(b) Benefits derived as a result of R & D:

At Elecon R&D we continuously strive for improvement of quality of the products and reduction in operational cost. Product performance level enhancement is given topmost priority as a primary development effort. The results derived from the effort of the R&D activities have helped the company in bringing new customers & venture into new application areas.

(c) Future plan of action:

Future R & D efforts will include –

1. Development of new helical & bevel-helical gearboxes at par in performance level with global market leaders.
2. Continuous improvement of existing products to achieve better efficiency.
3. Process improvement through introduction of more automation.
4. Introduction of ''Agile'' concept in product design for special gearboxes.

(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 2017-18 is as under:

₹ in Lakhs

Capital Expenditure	--
Revenue Expenditure	253.42
Total	**253.42**

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

- Elecon engineering successfully developed Vertical Rolling Mill Gearboxes as per customer requirements with increased load capacity to grab substantial market share in the power industry requirements.
- Continuous Value engineering / Value analysis techniques adopted during any new product development has helped us to keep the material costs with budgeted level.
- The newly published crane duty gearbox catalogue has helped Elecon bag one of the biggest orders in the particular application segment.
- Successful testing under load as per international norms has accelerated signing of agreement for supplying cooling tower application gearboxes and components with one of the major US companies.

3. FOREIGN EXCHANGE DETAILS

(₹ in Lakhs)

Particulars	2017-18	2016-17
Earnings	**6,306.88**	4,774.88
Outgo	**2,061.65**	3,165.33

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, 2018 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*	60	B. E.(Mech.) M.B.A. (U. S. A.)	July 1, 1983	Chairman & Managing Director	208.93	42	--
Shri Prashant Amin*	62	M.B.A. Finance (U.S.A.), M.B.A. (Eng. & Mngt.)	June 1, 2011	Executive Director	182.81	37	Emtici Engineering Ltd.
Shri Vijaykumar Chakraborty	54	B.E. (Metallurgy)	April 21, 2009	Vice President (Foundry)	37.63	32	Prayas Engineering Ltd.
Shri Debojyoti Sen	56	L.M.E.	December 2, 1985	Vice President (Sales & Services)	30.52	36	Emtici Engineering Ltd.
Shri Santosh S. Bhat	46	B. E. (Mech.)	November 24, 2016	General Manager (Purchase)	27.41	26	L & T MHPS Turbine Generators Ltd.
Shri Susarla Sarma	50	B. E. (Mech.)	July 31, 2012	General Manager (Construction)	27.35	27	Marg Ltd.
Shri Rajkumar Pania	54	B.Com., Dip. Material Mgmt., DILM	September 7, 2015	Vice President (Projects)	26.69	33	Kadevi Industries Ltd.
Shri Jayanta Mukhopadhyay	53	B.E. (Mech.)	September 1, 2007	Vice President (R & D)	24.36	32	Power Build Pvt. Ltd.
Shri Shailesh G. Joshi	51	B.E. (Civil)	July 1, 2015	General Manager (Design Engg.)	24.31	26	Essar Projects (I) Ltd.
Shri Vimalkumar Singh	48	B.Sc., B.E.(Mech.)	April 2, 2015	General Manager (Construction)	24.28	23	BGR Energy Systems Ltd.

Notes :

1. *The appointment is contractual.
2. The remuneration received includes Salary, Housing Allowance, Medical Allowance, Commission, Monetary value of perquisites is in accordance with provision of Income Tax Act, 1961.
3. Experience includes number of years of service elsewhere, wherever applicable.
4. Shri Prayasvin B. Patel, Chairman and Managing Director of the Company is relative of Shri 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 2017-18 (₹ in Lakhs)	Remuneration for the year 2016-17 (₹ in Lakhs)	% Increase in Remuneration in FY 2017-18	Ratio of Remuneration to Median Remuneration of Employee
A.	**Directors**					
1	Shri Prayasvin B. Patel	Chairman & Managing Director (KMP)	208.93	341.34	(38.79)	45.65
2	Shri Prashant C. Amin	Executive Director (KMP)	182.81	198.65	(7.97)	39.94
3	Shri Pradip M. Patel	Non-Independent NED	3.85	7.38	(47.83)	0.84
4	Shri Chirayu R. Amin	Independent NED	2.25	6.20	(63.71)	0.49
5	Shri Jal R. Patel	Independent NED	3.95	7.10	(44.37)	0.86
6	Shri Jai Diwanji	Independent NED	3.95	6.98	(43.41)	0.86
7	Dr. Sonal V. Ambani	Independent NED	3.20	5.75	(44.35)	0.70
B.	**Other KMPs**					
1	Shri Rajat Jain	Chief Financial Officer	43.80	58.26	#	#
2	Shri Parthiv Parikh	Company Secretary	6.87	19.50	#	#
3	Shri Devang Trivedi	Company Secretary	10.79	#	#	#

Details not given as Shri Rajat Jain resigned as Chief Financial Officer of the Company w.e.f. December 31, 2017. Shri Parthiv Parikh resigned as Company Secretary w.e.f. August 3, 2017 and Shri Devang Trivedi was appointed as Company Secretary during the year has resigned from the services w.e.f. January 13, 2018.

(i) The median remuneration of employees of the Company during the financial year was ₹ 4.58 Lakhs. There was a decrease of 4.48 % in the median remuneration of employees. There were 774 permanent employees on the rolls of Company as on March 31, 2018.

(ii) There was a decrease of 2.67% in average percentage salaries of employees (other than the managerial personnel) in the last financial year i.e. 2017-18 whereas the managerial personnel remuneration for the same financial year was decreased to 27.45 %.

(iii) 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.

(iv) 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	58.40 %
2	Bulk Material Handling Equipments	84289010	41.60 %

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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	4379437	0	4379437	3.90	4445437	0	4445437	3.96	0.06
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	61347604	0	61347604	54.68	61347604	0	61347604	54.68	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	**65727041**	**0**	**65727041**	**58.58**	**65793041**	**0**	**65793041**	**58.64**	**0.06**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8901142	0	8901142	7.93	8572923	0	8572923	7.64	-0.29
b) Banks / FI	118480	23940	142420	0.13	223040	21690	244730	0.22	0.09
c) Central Govt	278648	0	278648	0.25	934149	0	934149	0.83	0.58
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) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) Foreign Portfolio Investor	30000	0	30000	0.03	382419	0	382419	0.34	0.31
Sub-total (B)(1):-	**9328270**	**23940**	**9352210**	**8.34**	**10112531**	**21690**	**10134221**	**9.03**	**0.69**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3323774	31905	3355679	2.99	4818129	29655	4847784	4.32	1.33
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	22887879	2544565	25432444	22.66	21437792	2136560	23574352	21.01	-1.65
ii) Individual share-holders holding nominal share capital in excess of ₹ 1 lakh	4461313	181870	4643183	4.13	4319565	181870	4501435	4.01	-0.12
c) Others (specify)									
Non Resident Indians	1052367	390	1052757	0.94	802209	240	802449	0.72	-0.22
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	558584	0	558584	0.50	711926	0	711926	0.63	0.13
Trusts	29700	0	29700	0.03	29700	0	29700	0.03	0.00
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
HUF	1658531	0	1658531	1.48	1423511	0	1423511	1.27	-0.21
Directors & Their Relatives	372261	0	372261	0.33	372261	0	372261	0.33	0.00
Market Maker	17575	0	17575	0.02	9285	0	9285	0.01	-0.01
Sub-total (B)(2):-	**34361984**	**2758730**	**37120714**	**33.08**	**33924378**	**2348325**	**36272703**	**32.33**	**-0.75**
Total Public Share-holding (B)=(B)(1)+ (B)(2)	**43690254**	**2782670**	**46472924**	**41.42**	**44036909**	**2370015**	**46406924**	**41.36**	**-0.06**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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)	109417295	2782670	112199965	100.00	109829950	2370015	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-2017]			Shareholding at the end of the year [As on 31-March-2018]			% 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	26337818	23.47	7.80	26337818	23.47	20.59	0.00
2	Prayas Engineering Limited	11239414	10.02	0.00	11239414	10.02	8.02	0.00
3	K B Investments Private Limited	11190168	9.97	0.00	11190168	9.97	7.13	0.00
4	Bipra Investments And Trusts Private Limited	6709436	5.98	0.00	6709436	5.98	0.00	0.00
5	Prayasvin Bhanubhai Patel	2509932	2.24	0.00	1962932	1.75	0.00	-0.49
6	Elecon Information Technology Limited	2330481	2.08	0.00	2330481	2.08	0.00	0.00
7	Akaaish Mechatronics Limited	1864849	1.66	0.00	1864849	1.66	0.00	0.00
8	Trupti Pradip Patel	1431058	1.28	0.00	1431058	1.28	0.00	0.00
9	Devkishan Investments Private Limited	1290814	1.15	0.00	1290814	1.15	0.00	0.00
10	Akansha Prayasvin Patel	2220	0.00	0.00	615220	0.55	0.00	0.55
11	Prayasvin Bhanubhai Patel (On Behalf of Bhanubhai I. Patel -HUF)	227490	0.20	0.00	227490	0.20	0.00	0.00
12	Taruna Prayasvin Patel	206517	0.18	0.00	206517	0.18	0.00	0.00
13	Wizard Fincap Limited	184332	0.16	0.00	184332	0.16	0.00	0.00
14	Speciality Woodpack Private Limited	184332	0.16	0.00	184332	0.16	0.00	0.00
15	Power Build Private Limited	15960	0.01	0.00	15960	0.01	0.00	0.00
16	Aishwarya Prayasvin Patel	2220	0.00	0.00	2220	0.00	0.00	0.00
	TOTAL	**65727041**	**58.58**	**7.80**	**65793041**	**58.64**	**35.74**	**0.06**

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-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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	26337818	23.47	-	-	26337818	23.47
	At the end of the year	-	-	-	-	26337818	23.47
2	Prayas Engineering Limited	11239414	10.02	-	-	11239414	10.02
	At the end of the year	-	-	-	-	11239414	10.02
3	K B Investments Private Limited	11190168	9.97			11190168	9.97
	At the end of the year	-	-	-	-	11190168	9.97

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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
4	Bipra Investments & Trusts Private Limited	6709436	5.98			6709436	5.98
	At the end of the year					6709436	5.98
5	Elecon Information Technology Limited	2330481	2.08			2330481	2.08
	At the end of the year					2330481	2.08
6	Prayasvin Bhanubhai Patel	2509932	2.24			2509932	2.24
	Transfer			16 Jun 2017	(547000)	1962932	1.75
	At the end of the year					1962932	1.75
7	Akaaish Mechatronics Limited	1864849	1.66			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.	1290814	1.15			1290814	1.15
	At the end of the year					1290814	1.15
10	Akanksha Prayasvin Patel	2220	0.00			2220	0.00
	Transfer			16 Jun 2017	547000	549220	0.49
	Transfer			08 Sep2017	40000	589220	0.53
	Transfer			15 Sep 2017	26000	615220	0.55
	At the end of the year					615220	0.55
11	Prayasvin Bhanubhai Patel (On Behalf of Bhanubhai I. Patel - HUF)	227490	0.20			227490	0.20
	At the end of the year					227490	0.20
12	Taruna Prayasvin Patel	206517	0.18			206517	0.18
	At the end of the year					206517	0.18
13	Wizard Fincap Limited	184332	0.16			184332	0.16
	At the end of the year					184332	0.16
14	Speciality Woodpack Private Limited	184332	0.16			184332	0.16
	At the end of the year					184332	0.16
15	Power Build Private Limited	15960	0.01			15960	0.01
	At the end of the year					15960	0.01
16	Aishwarya Prayasvin Patel	2220	0.00			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-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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)	8601184	7.67			8601184	7.67
	Transfer			07 Jul 2017	75000	8676184	7.73

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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			29 Dec 2017	(95300)	8580884	7.65
	Transfer			23 Mar 2018	(7961)	8572923	7.64
	At the end of the year					**8572923**	**7.64**
2	**Ajay Upadhyaya**	**0**	**0.00**			**0**	**0.00**
	Transfer			29 Sep 2017	100000	100000	0.09
	Transfer			06 Oct 2017	25345	125345	0.11
	Transfer			13 Oct 2017	10	125355	0.11
	Transfer			27 Oct 2017	50000	175355	0.16
	Transfer			03 Nov 2017	(175355)	0	0.00
	Transfer			17 Nov 2017	122000	122000	0.11
	Transfer			24 Nov 2017	107734	229734	0.20
	Transfer			01 Dec 2017	110266	340000	0.30
	Transfer			08 Dec 2017	125000	465000	0.41
	Transfer			15 Dec 2017	25000	490000	0.44
	Transfer			22 Dec 2017	300000	790000	0.70
	Transfer			05 Jan 2018	100000	890000	0.79
	Transfer			12 Jan 2018	75000	965000	0.86
	Transfer			26 Jan 2018	4375	969375	0.86
	Transfer			02 Feb 2018	75164	1044539	0.93
	Transfer			09 Feb 2018	1775	1046314	0.93
	Transfer			02 Mar 2018	53000	1099314	0.98
	Transfer			09 Mar 2018	(24703)	1074611	0.96
	Transfer			16 Mar 2018	24703	1099314	0.98
	Transfer			31 Mar 2018	5000	1104314	0.98
	At the end of the year					**1104314**	**0.98**
3	**The Oriental Insurance Company Limited**	**278648**	**0.25**			**278648**	**0.25**
	At the end of the year					**278648**	**0.25**
4	**Jasmine India Fund**	**0**	**0.00**			**0**	**0.00**
	Transfer			09 Feb 2018	66335	66335	0.06
	Transfer			16 Feb 2018	103296	169631	0.15
	Transfer			23 Feb 2018	106864	276495	0.25
	At the end of the year					**276495**	**0.25**
5	**Dileep Madgavkar**	**145001**	**0.13**			**145001**	**0.13**
	Transfer			14 Apr 2017	5000	150001	0.13
	Transfer			21 Apr 2017	5000	155001	0.14
	Transfer			16 Jun 2017	5000	160001	0.14
	Transfer			07 Jul 2017	10000	170001	0.15
	Transfer			28 Jul 2017	30000	200001	0.18
	Transfer			04 Aug 2017	10000	210001	0.19
	Transfer			24 Nov 2017	15000	225001	0.20
	Transfer			01 Dec 2017	25000	250001	0.22
	Transfer			08 Dec 2017	20000	270001	0.24
	Transfer			09 Feb 2018	5000	275001	0.25
	At the end of the year					**275001**	**0.25**
6	**Pace Setters Business Solutions Pvt. Ltd.**	**0**	**0.00**			**0**	**0.00**
	Transfer			10 Nov 2017	190647	190647	0.17
	Transfer			09 Feb 2018	50000	240647	0.21
	At the end of the year					**240647**	**0.21**
7	**Nehal Pradip Patel**	**239700**	**0.21**			**239700**	**0.21**
	At the end of the year					**239700**	**0.21**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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
8	**IL and FS Securities Services Limited**	**93483**	**0.08**			**93483**	**0.08**
	Transfer			07 Apr 2017	(18990)	74493	0.07
	Transfer			14 Apr 2017	59233	133726	0.12
	Transfer			21 Apr 2017	49917	183643	0.16
	Transfer			28 Apr 2017	(27041)	156602	0.14
	Transfer			05 May 2017	(4200)	152402	0.14
	Transfer			12 May 2017	3020	155422	0.14
	Transfer			19 May 2017	(9600)	145822	0.13
	Transfer			26 May 2017	(29004)	116818	0.10
	Transfer			02 Jun 2017	(17720)	99098	0.09
	Transfer			09 Jun 2017	1214	100312	0.09
	Transfer			16 Jun 2017	(16664)	83648	0.07
	Transfer			23 Jun 2017	9100	92748	0.08
	Transfer			07 Jul 2017	(384)	92364	0.08
	Transfer			14 Jul 2017	(18169)	74195	0.07
	Transfer			21 Jul 2017	22	74217	0.07
	Transfer			28 Jul 2017	3945	78162	0.07
	Transfer			04 Aug 2017	700	78862	0.07
	Transfer			11 Aug 2017	11617	90479	0.08
	Transfer			18 Aug 2017	3215	93694	0.08
	Transfer			25 Aug 2017	(21250)	72444	0.06
	Transfer			01 Sep 2017	8885	81329	0.07
	Transfer			08 Sep 2017	(13369)	67960	0.06
	Transfer			15 Sep 2017	(6871)	61089	0.05
	Transfer			22 Sep 2017	20350	81439	0.07
	Transfer			29 Sep 2017	(15939)	65500	0.06
	Transfer			06 Oct 2017	(4475)	61025	0.05
	Transfer			13 Oct 2017	37977	99002	0.09
	Transfer			20 Oct 2017	53860	152862	0.14
	Transfer			27 Oct 2017	5884	158746	0.14
	Transfer			03 Nov 2017	(4971)	153775	0.14
	Transfer			10 Nov 2017	8330	162105	0.14
	Transfer			17 Nov 2017	12310	174415	0.16
	Transfer			24 Nov 2017	39313	213728	0.19
	Transfer			01 Dec 2017	(1517)	212211	0.19
	Transfer			08 Dec 2017	(15068)	197143	0.18
	Transfer			15 Dec 2017	3018	200161	0.18
	Transfer			22 Dec 2017	(14633)	185528	0.17
	Transfer			29 Dec 2017	29158	214686	0.19
	Transfer			05 Jan 2018	(7477)	207209	0.18
	Transfer			12 Jan 2018	188344	395553	0.35
	Transfer			19 Jan 2018	(47283)	348270	0.31
	Transfer			26 Jan 2018	33218	381488	0.34
	Transfer			02 Feb 2018	(114683)	266805	0.24
	Transfer			09 Feb 2018	(100458)	166347	0.15
	Transfer			16 Feb 2018	7537	173884	0.16
	Transfer			23 Feb 2018	(2831)	171053	0.15
	Transfer			02 Mar 2018	(12285)	158768	0.14
	Transfer			09 Mar 2018	(15858)	142910	0.13
	Transfer			16 Mar 2018	11590	154500	0.14
	Transfer			23 Mar 2018	9108	163608	0.15
	Transfer			31 Mar 2018	51594	215202	0.19
	At the end of the year					**215202**	**0.19**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year [As on 01-April-2017]		Transactions during the year		Cumulative Shareholding at the end of the year [As on 31-March-2018]	
		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
9	**Vijaya S**	**377662**	**0.34**			**377662**	**0.34**
	Transfer			07 Apr 2017	60050	437712	0.39
	Transfer			13 Oct 2017	60000	497712	0.44
	Transfer			15 Dec 2017	(40600)	457112	0.41
	Transfer			22 Dec 2017	(214721)	242391	0.22
	Transfer			05 Jan 2018	(10000)	232391	0.21
	Transfer			12 Jan 2018	(17823)	214568	0.19
	Transfer			26 Jan 2018	(2000)	212568	0.19
	At the end of the year					**212568**	**0.19**
10	**Indianivesh Capitals Limited**	**2000**	**0.00**			**2000**	**0.00**
	Transfer			26 May 2017	(300)	1700	0.00
	Transfer			02 Jun 2017	(700)	1000	0.00
	Transfer			24 Jul 2017	5000	6000	0.01
	Transfer			04 Aug 2017	(5000)	1000	0.00
	Transfer			13 Oct 2017	1000	2000	0.00
	Transfer			20 Oct 2017	152000	154000	0.14
	Transfer			27 Oct 2017	(3000)	151000	0.13
	Transfer			03 Nov 2017	(1000)	150000	0.13
	Transfer			10 Nov 2017	(150000)	0	0.00
	Transfer			22 Dec 2017	50000	50000	0.04
	Transfer			12 Jan 2018	270	50270	0.04
	Transfer			26 Jan 2018	(50000)	270	0.00
	Transfer			09 Feb 2018	9730	10000	0.01
	Transfer			23 Feb 2018	1000	11000	0.01
	Transfer			02 Mar 2018	(10000)	1000	0.00
	Transfer			23 Mar 2018	200000	201000	0.18
	At the end of the year					**201000**	**0.18**
11	**Narendrakumar K Mehta***	**502000**	**0.45**			**502000**	**0.45**
	Transfer			15 Sep 2017	(2000)	500000	0.45
	Transfer			03 Nov 2017	(20000)	480000	0.43
	Transfer			10 Nov 2017	(280000)	200000	0.18
	Transfer			24 Nov 2017	(200000)	0	0.00
	At the end of the year					**0**	**0.00**
12	**Hemang Raichand Dharamshi***	**500000**	**0.45**			**500000**	**0.45**
	Transfer			19 May 2017	(400000)	100000	0.09
	Transfer			17 Nov 2017	(65000)	35000	0.03
	Transfer			24 Nov 2017	(35000)	0	0.00
	At the end of the year					**0**	**0.00**
13	**Kalpraj Damji Dharamshi***	**300000**	**0.27**			**300000**	**0.27**
	Transfer			24 Nov 2017	(300000)	0	0.00
	At the end of the year					**0**	**0.00**
14	**Hina Kalpraj Dharamshi***	**300000**	**0.27**			**300000**	**0.27**
	Transfer			10 Nov 2017	(25000)	275000	0.25
	Transfer			17 Nov 2017	(275000)	0	0.00
	At the end of the year					**0**	**0.00**
15	**Unit Trust of India - Long Term Equity Fund (Tax Saving)**	**299958**	**0.27**			**299958**	**0.27**
	Transfer			08 Sep 2017	(215296)	84662	0.08
	Transfer			15 Sep 2017	(38243)	46419	0.04
	Transfer			29 Sep 2017	(46419)	0	0.00
	At the end of the year					**0**	**0.00**

Shareholding is consolidated based on Permanent Account Number (PAN) of the Shareholder.
* Ceased to be in the list of top ten shareholders as on March 31, 2018. The same has been reflected above since the shareholder was one of the top ten shareholders as on March 31, 2017.

v) Shareholding of Directors and Key Managerial Personnel :

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Prayasvin B. Patel Chairman & Managing Director	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year on April 1, 2017	2509932	2.24	2509932	2.24
	Decrease during the year by transfer of shares to relative	(547000)	0.49	1962932	1.75
	At the end of the year on March 31, 2018	--	--	**1962932**	**1.75**

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, 2017	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, 2018	--	--	**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, 2017	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, 2018	--	--	**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, 2017	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, 2018	--	--	**28050**	**0.03**

Sr. No.	Directors/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Shri Parthiv Parikh - Company Secretary (resigned w.e.f. 04.08.2017)	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, 2017	550	0.00	550	0.00
	Decrease during the year due to sale of shares.	(550)	0.00	0	0.00
	At the end of the year on March 31, 2018	**--**	**--**	**0**	**0.00**

The following Directors/KMPs did not hold any shares during F.Y. 2017-18:

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 (resigned w.e.f. 31.12.2017)
5. Shri Devang Trivedi – Company Secretary (resigned w.e.f. 13.01.2018)

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	46,066.18	-	-	46,066.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	151.01	-	-	151.01
Total (i+ii+iii)	**46,217.19**	**-**	**-**	**46,217.19**
Change in Indebtedness during the financial year				
* Addition	15,137.37	-	-	15,137.37
* Reduction	11,506.81	-	-	11,506.81
Net Change	**3,630.56**	**-**	**-**	**3,630.56**
Indebtedness at the end of the financial year				
i) Principal Amount	49,696.74	-	-	49,696.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	188.15	-	-	188.15
Total (i+ii+iii)	**49,884.89**	**-**	**-**	**49,884.89**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime 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	198.50	182.41	380.91
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	10.43	0.40	10.83
	(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)	**208.93**	**182.81**	**391.74**
	Ceiling as per the Act	**As per Central Government Approval & within a limit as per Schedule V of the Companies Act, 2013**		

B. Remuneration to other directors

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri Pradip Patel	Shri Chirayu Amin	Shri Jal Patel	Shri Jai Diwanji	Shri Sonal Ambani	
1	**Independent Directors**						
	Fee for attending committee meetings (I)	--	0.75	2.45	2.45	1.70	7.35
	Commission	--	1.50	1.50	1.50	1.50	6.00
	Others, please specify	--	--	--	--	--	--
	Total (1)	**--**	**2.25**	**3.95**	**3.95**	**3.20**	**13.35**
2	**Other Non-Executive Directors**						
	Fee for attending committee meetings (II)	2.35	--	--	--	--	2.35
	Commission	1.50	--	--	--	--	1.50
	Others, please specify	--	--	--	--	--	--
	Total (2)	**3.85**	**--**	**--**	**--**	**--**	**3.85**
	Total (B)=(1+2)	**3.85**	**2.25**	**3.95**	**3.95**	**3.20**	**17.20**
3	**Total Remuneration to other Directors (1+2-I-II)**	**1.50**	**1.50**	**1.50**	**1.50**	**1.50**	**7.50**
	Ceiling as per the Act	1% of Net Profit					
4	**Total Managerial Remuneration (A + B3)**	**399.24**					
	Overall Ceiling as per the Act	11% of Net Profit (for Remuneration of all Directors together)					

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO	CS	CS	
		Shri Rajat Jain*	Shri Parthiv Parikh*	Shri Devang Trivedi*	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	43.64	6.80	10.79	61.23
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0.16	0.07	0.00	0.23
	(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	2.12	0.33	0.48	2.93
	Total	**45.92**	**7.20**	**11.27**	**64.39**

* During the year Shri Rajat Jain, Shri Parthiv Parikh and Shri Devang Trivedi resigned from the services of the Company.

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, 2018 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	4	1	--
Shri Jal R. Patel (DIN : 00065021)	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	3	--	2

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, 2018, none of the Directors of the Company were related to each other except Shri Pradip M. Patel is Shri Prayasvin B. Patel's Sister's husband.

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 and rules made thereunder as well as per the Secretarial Standards.

(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 read with rules issued thereunder, SEBI Guidelines, SEBI (LODR) Regulations, 2015, Secretarial Standards issued by the Institute of Company Secretaries of India 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 2017-18, 4 (four) Board Meetings were held on May 19, 2017, August 3, 2017, November 8, 2017 and February 7, 2018. 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	3	No
Shri Jal R. Patel	4	4	Yes
Shri Jai S. Diwanji	4	4	Yes
Dr. Sonal V. Ambani	4	3	Yes

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

Shri Prashant C. Amin, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

A brief profile of Shri Prashant C. Amin 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/LOA-independent-directors-terms-conditions.pdf.**

(F) Separate meeting of Independent Directors

Separate meeting of Independent Directors was held on May 19, 2017 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, 2018.

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/2017-2018/Elecon_Code_of_Conduct_of_Prevention_of_Insider_Trading_and_Code_of_Fair_Disclosure_of_UPSI_2017.pdf**

The Compliance Officer of the Company 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-2017.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-Policy-on-Determining-Material-Subsidiary-2017.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 terms of reference of the Audit Committee *inter alia* include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
   b) Changes, if any, in accounting policies and practices and reasons for the same
   c) Major accounting entries involving estimates based on the exercise of judgment by management
   d) Significant adjustments made in the financial statements arising out of audit findings
   e) Compliance with listing and other legal requirements relating to financial statements
   f) Disclosure of any related party transactions
   g) Qualifications in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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 Jai S. Diwanji	Member	Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

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

19.05.2017	03.08.2017	08.11.2017	07.02.2018

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 Jai S. Diwanji	4	4
Dr. Sonal V. Ambani	4	3

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 August 3, 2017.

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	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Jal R. Patel	Member	Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

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

19.05.2017	03.08.2017

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	2	2
Shri Pradip M. Patel	2	2
Shri Jal R. Patel	2	2
Dr. Sonal V. Ambani	2	2

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-The-Nomination%20-and-Remuenration-Policy-2017.pdf.**

The Remuneration of the Executive Directors is determined by the Nomination and Remuneration Committee within the permissible limits of the Companies Act, 2013 and as approved 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.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The performance of the Committee was evaluated by the Board after seeking inputs from the Committee members. The Directors expressed their satisfaction with the evaluation process.

(III) Remuneration of Directors

a. Non-Executive Directors

The Company will pay commission on annual basis @ ₹ 1,50,000/- to each Non-Executive Directors for the year ended on March 31, 2018 after the Annual General Meeting to be held on September 26, 2018. 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 2017-18, are as under:

(₹ in Lakhs)

Name of Directors	Sitting fees for 2017-18	Commission on Annual basis for the year 2017-18	Total
Shri Pradip M. Patel	2.35	1.50	3.85
Shri Chirayu R. Amin	0.75	1.50	2.25
Shri Jal R. Patel	2.45	1.50	3.95
Shri Jai S. Diwanji	2.45	1.50	3.95
Dr. Sonal V. Ambani	1.70	1.50	3.20

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, 2018, will be paid after the Annual General Meeting to be held on September 26, 2018.

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 2017-18 is as follow:

(₹ in Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel	198.50	10.43	--	**208.93**
Shri Prashant C. Amin	182.41	0.40	--	**182.81**

* 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 & within the permissible limits of the Companies Act, 2013 as approved by Board and shareholders.

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.

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	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Jai S. Diwanji	Member	Independent & Non-Executive Director

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

19.05.2017	03.08.2017	08.11.2017	07.02.2018

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	4	4
Shri Pradip M. Patel	4	4
Shri Jai S. Diwanji	4	4

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 17 investors' complaints were received and resolved. There was no unattended or pending investor grievance as on March 31, 2018.

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	Chairperson	Independent & Non-Executive Director
Shri Prayasvin B. Patel	Member	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Executive Director

The CSR Committee met once during the Financial Year on May 19, 2017.

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	1	1
Shri Prayasvin B. Patel	1	1
Shri Prashant C. Amin	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	Vice President (Projects & SCM)
Shri M. M. Nanda	Member	CEO (Gear Division)
Shri J. S. Patel	Member	CEO (MHE Division)

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

18.05.2017	25.07.2017	03.11.2017	23.01.2018

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
Shri Rajkumar Pania	4	4
Shri M. M. Nanda	4	4
Shri J. S. Patel	4	4

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 reconstituted a Management Committee comprising of following Directors 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	Member	Independent & Non-Executive Director

The Management Committee met once during the Financial Year on September 28, 2017.

Attendance at Management Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Prayasvin B. Patel	1	1
Shri Prashant C. Amin	1	1
Shri Jal R. Patel	1	1
Shri. Jai S. Diwanji	1	1

The Company Secretary acts as a secretary to the Committee.

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

3. GENERAL BODY MEETINGS:

A. ANNUAL GENERAL MEETING

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
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
2016-17	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	03-08-2017	Thursday	02.00 p.m.	2

Postal Ballot

During the year under review, no resolutions were passed through Postal Ballot process.

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 12 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, interalia, by following means:

a) Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed quarterly by the Company's Audit Committee.

b) 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.

c) 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.

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. 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. There were no materially significant related party transaction during the financial year which were in conflict with the interest of the Company.

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-2017.pdf.

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

Year	Rate (%)	Per Share (₹)	Amount (₹ in lakhs)
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
2017-2018*	10%	0.20	224.40

*Subject to the approval by members at the 58th Annual General Meeting.

Stock Options / Convertible instruments

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

Green Initiative

Electronic copies of the Annual Report 2017-18 and the Notice of the 58th 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

a) 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**.

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

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

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

5. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and Time : September 26, 2018 at 2.00 p.m.

Venue : Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Gujarat.

b) Financial Calendar : April 01 to March 31

c) Date of Book Closure : Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive).

d) Dividend Payment Date : Credit/dispatch of Dividend Warrants on or after Friday, September 28, 2018

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)

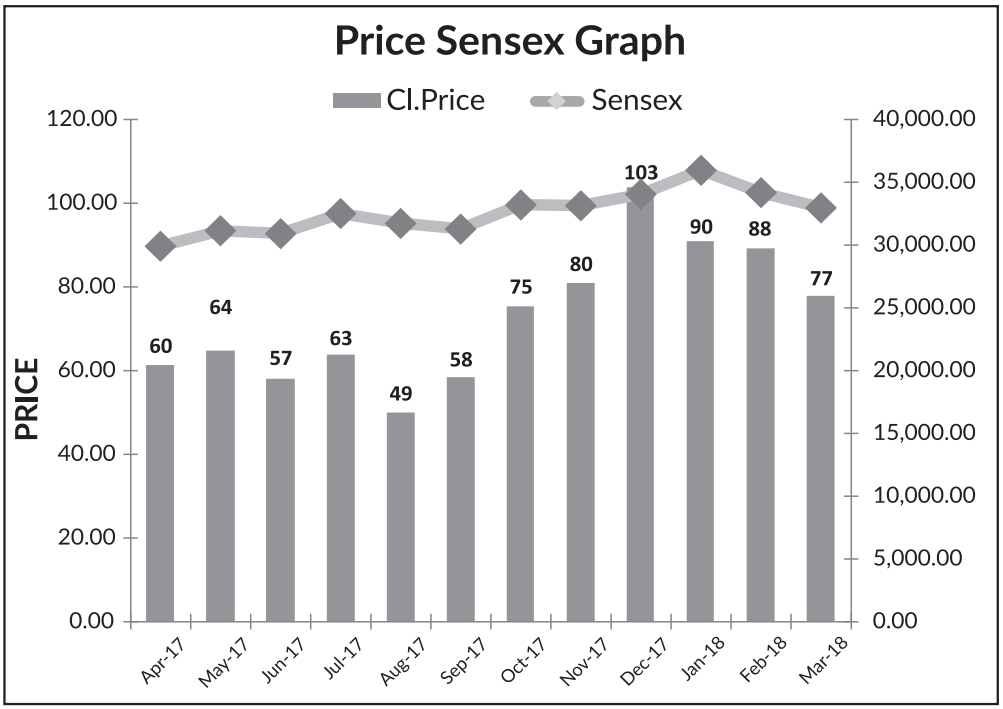
The Company has paid the Annual Listing fees to the Stock Exchanges for the Financial Year 2017-18.

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

g) Stock Market Price Data : Monthly share price movement during the year 2017-18 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2017	64.60	54.55	2,293,614	64.65	54.50	7,751,572
May – 2017	65.80	57.40	1,642,122	65.80	57.00	5,262,147
June– 2017	65.30	55.30	932,333	65.35	55.10	2,938,085
July – 2017	64.50	56.95	1,863,678	64.60	56.90	5,380,564
August – 2017	64.00	45.00	1,419,509	63.90	45.00	4,256,216
September – 2017	59.50	47.45	1,613,174	59.50	47.60	7,329,091
October – 2017	75.75	55.45	4,033,149	75.90	55.20	17,782,465
November – 2017	85.05	66.20	5,974,309	85.40	66.00	26,235,570
December – 2017	113.50	80.75	8,377,055	113.50	80.75	36,535,371
January – 2018	109.80	86.65	4,494,001	109.80	86.60	20,015,803
February–2018	91.55	74.90	2,269,628	91.70	75.30	10,099,873
March-2018	92.80	69.15	1,582,148	93.00	69.40	6,003,727

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.

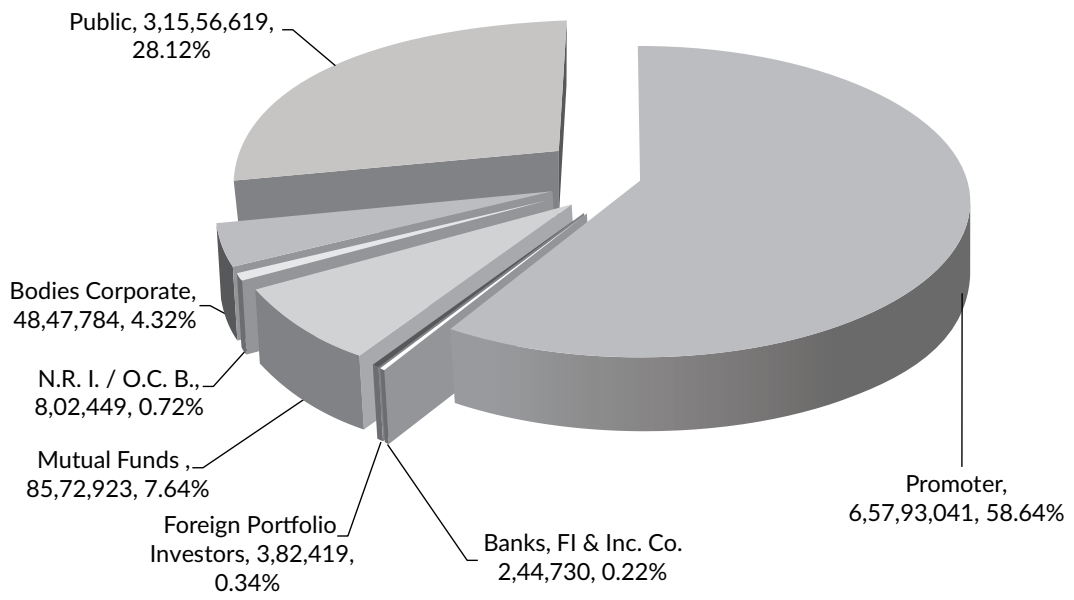
i) Share Transfer System:

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, 2018

Category	No. of Shares held	(%) of total
Promoters	6,57,93,041	58.64
Banks, Financial Institutions and Insurance Companies	2,44,730	0.22
Foreign Portfolio Investors	3,82,419	0.34
Mutual Funds	85,72,923	7.64
N.R. I. / O.C. B.	8,02,449	0.72
Bodies Corporate	48,47,784	4.32
Public	3,15,56,619	28.12
TOTAL	**11,21,99,965**	**100.00**

Shareholding Pattern



k) Distribution of Shareholding as on March 31, 2018

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	38,499	82.00	62,91,066	5.61
501 - 1000	4,023	8.57	33,33,317	2.97
1001 - 2000	2,088	4.45	31,72,560	2.83
2001 - 3000	779	1.66	20,31,253	1.81
3001 - 4000	334	0.71	12,02,150	1.07
4001 - 5000	319	0.68	15,13,136	1.35
5001 - 10000	455	0.97	33,72,383	3.00
Above 10001	452	0.96	912,84,100	81.36
TOTAL	**46,949**	**100.00**	**112,199,965**	**100.00**

l) Dematerialization of Shares and Liquidity

As on March 31, 2018, 10,98,29,950 Shares were in dematerialized form representing 97.89 % 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, 2018:

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on March 31, 2018.

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. During the year, the unclaimed dividend pertaining to the financial year 2009-10 has been transferred to the Investor Education & Protection Fund.

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 31.03.2018
2010-2011	29-08-2011	28-09-2018	20.97
2011-2012	31-07-2012	30-08-2019	26.90
2012-2013	26-08-2013	25-09-2020	10.94
2013-2014	04-08-2014	03-09-2021	11.81
2014-2015	14-08-2015	13-09-2022	13.11
2015-2016	26-07-2016	25-08-2023	19.55
2016-2017	03-08-2017	02-08-2024	10.34
Total amount lying unpaid as on March 31, 2018			**113.62**

* 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, 2017 aggregate 4,43,440 Nos. (Four Lakhs Forty Three Thousand Four Hundred Forty) Equity Shares of ₹ 2/- each was lying unclaimed in Elecon Engineering Co. Ltd. –

Unclaimed Suspense Account. During the year 6 Nos. (Six) shareholders have claimed total 6700 Nos. (Six Thousands Seven Hundred) Equity Shares of ₹ 2/- each and total 3,55,845 Nos. (Three Lakhs Fifty Five Thousands Eight Hundred Forty Five) Equity Shares of ₹ 2/- was transferred to IEPF authority demat account pursuant to IEPF rules. The Closing balance of Unclaimed Suspense Account as on March 31, 2018 was 80,895 Nos. (Eighty Thousand Eight Hundred Ninety Five 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) Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund (IEPF) Authority

Pursuant to the provisions of Section 124 and 125 of the Companies act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, ("Rules") all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF after complying with the procedure laid down under the Rules.

The Company in compliance with the aforesaid provisions and the Rules made thereunder, transferred total 6,55,501 number of equity shares of 1,367 folios of which dividends had remained unpaid or unclaimed for a period of seven consecutive years or more, to the demat account of IEPF Authority.

The shareholders who have a claim on above shares may claim the same from IEPF Authority by submitted an online application in the prescribed Form No. IEPF-5 available on the website **www.iepf.gov.in** and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred to IEPF.

r) 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 Hiren Dalwadi
Compliance Officer & Nodal 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, 2018 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".

CERTIFICATE ON COMPLIANCE WITH MANDATORY REQUIREMENTS OF CORPORATE GOVERNANCE

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, 2018** 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, 2018**, no investor grievances are pending/unattended 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 **Kiran Vaghela & Associates**
Company Secretaries

Kiran Vaghela
Proprietor
C.P. No. : 16817

Place : Anand
Date : May 4, 2018

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, 2018.

For, Elecon Engineering Company Limited

Prayasvin B. Patel
Chairman & Managing Director
DIN : 00037394

Place : Vallabh Vidyanagar
Date : May 4, 2018

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 no.-213 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, 2018 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, 2018, 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, 2018;

  (ii) there are no significant changes in accounting policies during the financial year ended on March 31, 2018 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

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

INDEPENDENT AUDITORS' 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, 2018, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows 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 state of affairs, profit (including other comprehensive income), changes in equity and cash flows 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.

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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 auditor's 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 Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT (Contd...)

a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to note 46 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.

Our opinion is not modified in respect of these matter.

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 Section 143(11) 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 Section 143 (3) 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, 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;

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 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 with reference to financial statements 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 40 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 22 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, 2018; and

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the financial statements for the period ended March 31, 2017 have been disclosed. Refer Note 41 to the standalone Ind AS financial statements.

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

Nirav Patel
Partner
Membership No: 113327

Vallabh Vidyanagar
Date: May 4, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2018

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, 2018, 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.

(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, Professional tax, Entry tax, Local body tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. 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, Professional tax, Entry tax, Local body tax and

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

other material statutory dues were in arrears as at March 31, 2018 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, 2018, 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.

(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) *During the year, the Company filed an application to the Central Government for approval of managerial remuneration to be paid for the period July 1, 2017 to March 31, 2018, which is awaited by the Company. For the year ended March 31, 2018, the Company reported inadequate profits based on audited standalone Ind AS financial statements and accordingly, eligible remuneration was to be computed as per Schedule V of the Act. This recomputation resulted in excess remuneration paid/accrued to one managerial person of the Company. Total remuneration paid/accrued was INR 231.63 Lakhs against eligible remuneration of INR 186.63 Lakhs as per Schedule V of the Act. Pending approvals from the Central Government, the managerial person refunded the excess remuneration aggregating INR 45.00 Lakhs to the Company.*

According to the information and explanations given to us and based on our examination of the records of the Company, other than matters stated above, 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
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Vallabh Vidyanagar
Date: May 4, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2018 (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	6,067.22	2003 to 2016	C.E.S.T.A.T Ahmedabad
2	The Finance Act, 1944	Service tax including penalties	1,234.31	2013 to 2017	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	172.50	2013-14	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	191.60	2006-07 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	563.47	2009-12 and 2013-15	Commissioner, Of Commercial Tax, West Bengal
8	Central Sales Tax Act, 1956 and Value added tax of various States.	Income tax including interest	0.21	2014-15	Commissioner of Commercial tax (Appeal) UP
9	The Income Tax Act, 1961	Tax and Interest	352.41	AY 2006-07 to 2011-12	ITAT
10	The Income Tax Act, 1961	Tax and Interest	757.98	AY 2009-10, 2014-15 and 2015-16	CIT (Appeals) Vadodara

* INR 1,234.94 Lakhs have been deposited under protest.

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2018

(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, 2018 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

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

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, 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, 2018, 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
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Vallabh Vidyanagar
Date: May 4, 2018

STANDALONE BALANCE SHEET

as at March 31, 2018

(₹ in Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	70,796.27	74,956.93
(b) Capital work-in-progress	3	108.20	98.97
(c) Investment properties	4	287.75	302.90
(d) Intangible assets	5	532.79	630.75
(e) Intangible assets under development	5	24.50	65.00
(f) Financial assets			
(i) Investments	6	16,039.32	12,775.41
(ii) Loans	7	117.01	129.12
(iii) Other financial assets	8	1.51	1,054.64
(g) Non-current tax assets (net)	9	1,764.41	2,214.74
(h) Other non-current assets	10	2,370.11	1,765.81
Total Non-current assets		**92,041.87**	**93,994.27**
II. Current assets			
(a) Inventories	11	20,064.63	23,183.48
(b) Financial assets			
(i) Trade receivables	12	62,311.80	58,664.74
(ii) Cash and cash equivalents	13	831.70	470.84
(iii) Bank balance other than (ii) above	13	2,470.72	133.52
(iv) Loans	7	581.62	526.89
(v) Other financial assets	8	10,198.59	1,108.36
(c) Other current assets	14	6,973.36	7,790.34
Total Current Assets		**103,432.42**	**91,878.17**
Total Assets		**195,474.29**	**185,872.44**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	15	2,244.00	2,244.00
(b) Other Equity	16	70,829.88	70,685.30
Total Equity		**73,073.88**	**72,929.30**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	14,458.11	9,060.40
(b) Non-current provisions	18	421.84	524.57
(c) Deferred tax liabilities (net)	35	6,785.98	7,151.96
Total Non-current liabilities		**21,665.93**	**16,736.93**

STANDALONE BALANCE SHEET (Contd...)

as at March 31, 2018

(₹ in Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	31,250.67	33,118.35
(ii) Trade payables	19	43,406.71	36,022.60
(iii) Other financial liabilities	20	6,925.99	6,572.93
(b) Other current liabilities	21	16,429.13	16,959.60
(c) Provisions	22	1,364.48	1,874.66
(d) Current tax liabilities (net)	23	1,357.50	1,658.07
Total Current Liabilities		**100,734.48**	**96,206.21**
Total Liabilities		**122,400.41**	**112,943.14**
Total Equity and Liabilities		**195,474.29**	**185,872.44**

The accompanying notes form an integral part of the standalone financial statements. 2 - 49

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	24	91,953.72	99,648.05
Other income	25	1,055.72	785.34
Total Income (I)		**93,009.44**	**100,433.39**
Expenses			
Cost of materials consumed	26	37,863.71	35,925.70
Changes in inventories of finished goods and work-in-progress	27	2,307.25	2,326.74
Manufacturing expense and erection charges	28	20,684.87	15,333.13
Excise duty expense		827.07	7,312.31
Employee benefits expense	29	6,534.13	8,536.71
Finance costs	30	5,798.24	6,304.87
Depreciation and amortisation expense	3,4 & 5	4,807.20	4,813.76
Other expenses	31	13,678.30	14,633.50
Total Expenses (II)		**92,500.77**	**95,186.72**
Profit before tax (I - II)		**508.67**	**5,246.67**
Tax expense	35		
Current tax		604.69	2,079.08
Adjustment of tax relating to earlier periods		(532.28)	34.56
Deferred tax (credit)/charge	33	(372.11)	1,026.81
Total tax expense		**(299.70)**	**3,140.45**
Profit for the year		**808.37**	**2,106.22**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset)		17.54	(106.42)
Income Tax Relating to above		(6.13)	31.38
Other comprehensive income (net of tax) for the year		**11.41**	**(75.04)**
Total comprehensive income for the year		**819.78**	**2,031.18**
Earnings per equity share	34		
Equity Share of face value INR 2/- each			
Basic		0.72	1.88
Diluted		0.72	1.88
The accompanying notes form an integral part of the standalone financial statements.	2-49		

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Equity Share Capital	Other equity					Total equity
		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, 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 through 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**
Balance as at April 1, 2017	**2,244.00**	**44,132.78**	**2,878.14**	**4,258.41**	**-**	**19,415.97**	**72,929.30**
Profit for the year	-	-	-	-	-	808.37	808.37
Remeasurements of post-employment benefit obligation, net of tax accounted through Other comprehensive income	-	-	-	-	-	11.41	11.41
Dividend	-	-	-	-	-	(561.00)	(561.00)
Dividend distribution tax	-	-	-	-	-	(114.20)	(114.20)
Balance as at March 31, 2018	**2,244.00**	**44,132.78**	**2,878.14**	**4,258.41**	**-**	**19,560.55**	**73,073.88**

The accompanying notes form an integral part of the standalone financial statements. 2-49

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

STANDALONE STATEMENT OF CASH FLOWS
for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before Tax	**508.67**	**5,246.67**
Adjustments for:		
(i) Depreciation and amortisation expense	4,807.20	4,813.76
(ii) Finance costs	5,798.24	6,304.87
(iii) (Gain)/loss on fair valuation of investment	(14.52)	45.25
(iv) (Gain) on sale of property plant and equipment (net)	(128.75)	(19.05)
(v) Interest income	(201.92)	(184.61)
(vi) Dividend income	(48.84)	(48.17)
(viii) Bad debts written off	307.40	162.96
(ix) Loss on sale of investments	-	27.09
(x) Unrealised exchange (gain)	(118.19)	(9.70)
(xi) Provision for liquidated damages & warranty	(110.29)	276.00
(xii) Reversal of provision for onerous contract	(411.02)	(1,464.03)
(xiii) Provision for doubtful debts	438.19	-
(xiv) Excess provision on doubtful debt written back	-	(396.39)
Operating Profit before working capital changes	**10,826.17**	**14,754.64**
Working Capital Adjustments		
Decrease/(increase) in trade receivables	(4,201.51)	7,499.18
Decrease/(increase) in inventories	3,118.85	3,093.91
Decrease/(increase) in financial assets	(8,079.64)	933.16
(Increase) in other current and non-current assets	201.92	(3,278.36)
(Decrease)/increase in trade payables	7,383.37	(4,692.11)
Increase/(decrease) in provisions, current and non-current liabilities	(622.07)	4,045.65
(Decrease)/increase in other financial liabilities	1,021.70	(2,276.56)
Cash generated from operations	**9,648.79**	**20,079.51**
Taxes paid, (net of refunds)	77.35	(443.63)
Net cash generated from operating activities (A)	**9,726.14**	**19,635.89**
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	1,131.90	58.52
Interest received	201.92	184.61
Dividend received	48.84	48.17
Bank balances not considered as cash and cash equivalent (net)	(2,356.55)	64.88
Proceeds from sale of investments	-	105.66
Payments for purchase of investments	(3,249.38)	(120.05)
Loan recovered from wholly owned subsidiary	-	1,021.59
Loan to wholly owned subsidiary	-	(2,893.98)
Payments for purchase of property, plant and equipment	(2,264.07)	(1,043.43)
Net cash used in investing activities (B)	**(6,487.34)**	**(2,574.04)**
Cash flow from financing activities		
Proceeds from non current borrowings	12,446.59	-
Repayment of borrowings (net) (Note 3)	(8,888.23)	(10,749.39)
Finance cost paid	(5,761.10)	(6,324.58)
Dividend paid (including dividend distribution tax)	(675.20)	(1,442.23)
Net cash (used in) financing activities (C)	**(2,877.94)**	**(18,516.21)**

STANDALONE STATEMENT OF CASH FLOWS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**360.86**	**(1,454.36)**
Cash and cash equivalents at 1 April (Refer note 13)	**470.84**	**1,925.19**
Cash and cash equivalents at 31 March (Refer note 13)	**831.70**	**470.84**
Components of cash & cash equivalents :		
Cash on hand	0.02	0.01
Balances with banks		
- In current accounts	786.68	448.29
Cheques on hand	45.00	22.54
	831.70	**470.84**

Notes:

1. Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.
2. 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.
3. 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.
4. Movement in financial liabilities and financial assets arising from financing activities as at March 31, 2018:

Particulars	Borrowings	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	46,066.17	-	151.01
Proceeds from borrowings	12,446.59	-	-
Repayment of borrowings	(8,888.23)	-	-
Dividends paid (including taxes)	-	(675.20)	-
Interest paid	-	-	(5,761.10)
Net cash outflows	**49,624.53**	**(675.20)**	**(5,610.09)**
Charge to statement of profit and loss	-	-	5,798.24
Foreign exchange fluctuation	72.21	-	-
Balance at the end of the year	**49,696.74**	**-**	**188.15**

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

ACCOUNTING POLICIES FOR STANDALONE FINANCIAL STATEMENTS

1. Reporting entity

Elecon Engineering Company 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 standalone financial statements were authorised for issue by the Company's Board of Directors on May 4, 2018.

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, 2018 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;
- **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

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

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.

Business combinations prior to April 1, 2015.

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.

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

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.

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
- 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.

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

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.

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.

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.

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 first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs

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

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).

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.

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

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.

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.

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

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.

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

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

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.

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

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

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

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions And advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company does not believe this amendment will have a significant impact on its financial statements.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Ind AS 12 – Income taxes

The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps. The Company does not believe this amendment will have a significant impact on its financial statements.

Ind AS 40 – Investment property

The amendment lays down the principle regarding the transfer of asset to, or from, investment property. The Company does not believe this amendment will have a significant impact on its financial statements.

3 : Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installations & fittings	Sundry Equipments	Total	Capital work in progress
Cost										
As at April 1, 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**
Additions	-	400.70	513.14	-	499.55	3.95	1.19	-	1,418.53	1,427.76
Deductions	(663.57)	(194.47)	(252.91)	-	(22.66)	(1.98)	-	-	(1,135.59)	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,418.53)
As at March 31, 2018	**33,689.94**	**6,577.11**	**42,241.02**	**531.65**	**784.67**	**2,228.77**	**1,612.84**	**309.15**	**87,975.15**	**108.20**
Accumulated depreciation										
As at April 1, 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**	
Depreciation for the year	-	508.42	3,694.35	40.35	133.34	47.94	110.87	40.75	4,576.02	
Deductions	-	(47.51)	(63.08)	-	(19.93)	(1.90)	-	-	(132.42)	
As at March 31, 2018	**-**	**2,532.94**	**10,249.43**	**419.88**	**354.65**	**2,064.00**	**1,312.05**	**245.93**	**17,178.88**	
Net Block										
As at March 31, 2018	**33,689.94**	**4,044.17**	**31,991.59**	**111.77**	**430.02**	**164.77**	**300.79**	**63.22**	**70,796.27**	
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	

Notes :

1) During the previous year, the Company 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.

2) Refer to note 17 for information on property, plant and equipment pledged as security by the Company.

3) For capital commitments, refer note 40 (b).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

4. Investment properties

Particulars	Office Building	Total
Cost		
As at April 1, 2016	**335.62**	**335.62**
Additions	-	-
Deductions	-	-
As at March 31, 2017	**335.62**	**335.62**
Additions	-	-
Deductions	-	-
As at March 31, 2018	**335.62**	**335.62**
Accumulated depreciation		
As at April 1, 2016	**17.66**	**17.66**
Depreciation for the year	15.06	15.06
Deductions	-	-
As at March 31, 2017	**32.72**	**32.72**
Depreciation for the year	15.15	15.15
Deductions	-	-
As at March 31, 2018	**47.87**	**47.87**
Carrying amount (net)		
As at March 31, 2018	**287.75**	**287.75**
As at March 31, 2017	302.90	302.90

Information regarding income and expenditure of Investment Properties

	Year Ended March 31, 2018	Year ended March 31, 2017
Rental income derived from Investment properties	11.72	11.16
Direct operating expenses (including repairs and maintenance) generating rental income	0.75	1.04
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**10.97**	**10.12**
Less : Depreciation	**15.15**	**15.06**
Profit/(Loss) arising from investment properties before indirect expenses	**(4.18)**	**(4.94)**

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, 2018

(₹ in Lakhs)

4. Investment properties (Contd...)

Fair value of the Investment properties are as under:

Fair value	Office Building
Balance as at April 1, 2016	**441.88**
Fair value increase for the year	88.38
Purchases / (Sale)	-
Balance as at March 31, 2017	**530.26**
Fair value increase for the year	35.34
Purchases / (Sale)	-
Balance as at March 31, 2018	**565.60**

Estimation of fair value

As at March 31, 2018 and March 31, 2017 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 property's 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.

The valuation of investment properties as at March 31, 2018 and March 31, 2017 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, 2018

(₹ in Lakhs)

5. Other Intangible Assets

	Computer Software	Technical Knowhow -Acquired	Licenses	Total	Intangibles under development
Cost					
As at April 1, 2016	**497.40**	**42.68**	**341.33**	**881.41**	**142.80**
Additions	183.92	-	7.76	191.68	113.89
Deductions	-	-	-	-	-
Capitalised	-	-	-	-	(191.68)
As at March 31, 2017	**681.32**	**42.68**	**349.09**	**1,073.09**	**65.00**
Additions	118.07	-	-	118.07	77.57
Deductions	-	-	-	-	-
Capitalised	-	-	-	-	(118.07)
As at March 31, 2018	**799.39**	**42.68**	**349.09**	**1,191.16**	**24.50**
Accumulated amortisation					
As at April 1, 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**	
Amortisation for the year	138.67	8.23	69.13	216.03	
Deductions	-	-	-	-	
As at March 31, 2018	**349.83**	**42.48**	**266.06**	**658.37**	
Carrying amount (net)					
As at March 31, 2018	**449.56**	**0.20**	**83.03**	**532.79**	
As at March 31, 2017	470.16	8.43	152.16	630.75	

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, 2018

(₹ in Lakhs)

6. Financial Assets - Investments

Particulars	March 31, 2018	March 31, 2017
Trade Investments		
Investment in subsidiary companies (Fully paid-up) (at cost) - Unquoted		
(a) 1,75,36,292 equity shares (March 31, 2017 : 140,14,245 equity shares) of GBP 1 each of Elecon Transmission International Limited - Mauritius	15,183.66	11,934.28
(i) The Company has pledged 42,08,035 equity shares of Elecon Transmission International Limited, Mauritius with the Bank of Baroda, Dubai towards security for repayment of loan.		
(b) 8,97,844 equity shares (March 31, 2017 : 8,97,844 equity shares) of S$ 1 each of Elecon Singapore Pte. Limited	247.60	247.60
(c) 600 equity shares (March 31, 2017 : 600 equity shares) of AED 1000 each of Elecon Middle East FZE	72.61	72.61
(A)	**15,503.87**	**12,254.49**
Investment in associates (Fully paid-up) (at cost)		
Quoted		
(a) 9,58,426 equity Shares (March 31, 2017 : 9,58,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited	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.		
(B)	**217.29**	**217.29**
Non-trade investments		
Quoted Investments (Fully paid-up) (Fair value through Profit and loss)		
(a) 2,500 equity shares (March 31, 2017 : 2,500 equity shares) of INR 10 each of HDFC Bank Limited	47.29	36.06
(b) 53,945 equity shares (March 31, 2017 : 53,945 equity shares) of INR 2 each of Bank of Baroda	76.71	93.30
(C)	**124.00**	**129.36**
Quoted Investments in mutual funds (Fair value through profit and loss)		
(a) 637,047.49 units (March 31, 2017 637,047.49 units) of Birla Sunlife mutual fund	140.01	130.02
(Mutual fund investment is pledged as security for term loan taken from a financial institution)		
(D)	**140.01**	**130.02**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

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

Particulars	March 31, 2018	March 31, 2017
Unquoted Investments (Fully Paid-up) (Fair value through profit and loss)		
(a) 2,00,000 equity Shares (March 31, 2017 : 2,00,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited	53.98	44.08
(b) 80 equity Shares (March 31, 2017 : 80 equity shares) of INR 10 each of Karamsad Urban Co-operative Limited #	0.01	0.01
(c) 100 equity Shares (March 31, 2017: 100 equity shares) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited #	0.01	0.01
(d) 30 equity shares (March 31, 2017 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #	0.15	0.15
(E)	**54.15**	**44.25**
Total Investments (A+B+C+D+E)	**16,039.32**	**12,775.41**
Aggregate value of quoted investments (including investments in associates)	481.30	476.67
Aggregate market value of quoted investment (other than investments in associates)	264.01	259.38
Aggregate value of unquoted investments (including investments in subsidiaries and associates)	15,558.02	12,298.74

The Company's investments on disposal will fetch only the principal amount invested and hence the Company considers cost and fair value to be the same.

7. Financial asset - Loans

Particulars	March 31, 2018	March 31, 2017
Loan (unsecured considered good)		
Security Deposits	**698.63**	656.01
Total Loans	**698.63**	**656.01**
Non-current	117.01	129.12
Current	581.62	526.89
Total	**698.63**	**656.01**

8. Financial asset - Other financial assets

Particulars	March 31, 2018	March 31, 2017
Balances with bank earmarked as margin money	-	1,053.21
Deposit with original maturity of more than twelve (12) months	1.51	1.43
Unbilled revenue	10,186.54	604.41
Other receivables	12.05	503.95
Total other financial assets	**10,200.10**	**2,163.00**
Non-current	1.51	1,054.64
Current	10,198.59	1,108.36
Total	**10,200.10**	**2,163.00**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

9. Non-current tax assets (net)

Particulars	March 31, 2018	March 31, 2017
Advance tax (net of provision for tax)	1,764.41	2,214.74
Total non-current tax assets (net)	**1,764.41**	**2,214.74**

10. Other non-current assets

Particulars	March 31, 2018	March 31, 2017
Capital advances	150.91	179.22
Prepaid expenses	326.14	82.19
Claims receivable from government authorities (including amount paid under protest)	1,893.06	1,504.40
Total other non-current assets	**2,370.11**	**1,765.81**

11. Inventories

Particulars	March 31, 2018	March 31, 2017
(At lower of cost and net realisable value)		
Raw materials	6,432.00	5,804.65
Work-in-progress	9,040.35	11,882.36
Finished goods	2,054.34	2,720.33
Goods in transit	1,200.76	952.33
Stores and spares	1,337.18	1,823.81
Total inventories	**20,064.63**	**23,183.48**

#Aforesaid figures are disclosed net of inventory allowance aggregating to INR 6,331.79 lakhs (March 31, 2017: INR 5,624.42 lakhs

12. Trade receivables

Particulars	March 31, 2018	March 31, 2017
Trade receivable		
Unsecured, considered good	78,240.04	74,152.40
Less : Allowance for expected credit loss	(15,928.24)	(15,487.66)
Total Trade Receivables	**62,311.80**	**58,664.74**
Receivables from related parties	2,273.22	3,262.48
Receivables from others	60,038.58	55,402.26
Total	**62,311.80**	**58,664.74**

Includes retention money receivable amounting to INR 26,828.24 lakhs (March 31, 2017 - INR 13,347.05 lakhs).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

12. Trade receivables (Contd...)

Allowance for doubtful debts

Movement in allowance for doubtful debt :

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year	**15,487.66**	**15,884.05**
Add : Allowance for the year	747.98	162.96
Less : Bad-debts write of	(307.40)	(162.96)
Less : Reversal of excess allowance	-	(396.39)
Balance at the end of the year	**15,928.24**	**15,487.66**

13. Cash and bank balances

	Particulars	March 31, 2018	March 31, 2017
(a)	**Cash and Cash Equivalents**		
	Balance with bank		
	Current accounts and debit balance in cash credit accounts	786.68	448.29
	Cheques on hand	45.00	22.54
	Cash on hand	0.02	0.01
	Total cash and cash equivalents	**831.70**	**470.84**
(b)	**Other bank balances**		
	Balance with bank earmarked as margin money	2,357.10	0.38
	Deposit account due to mature within 12 months of reporting date	-	0.26
	Unpaid dividend accounts	113.62	132.88
	Total other bank balance	**2,470.72**	**133.52**
	Total cash and bank balances	**3,302.42**	**604.36**

14. Other current assets

Particulars	March 31, 2018	March 31, 2017
Advance to suppliers	4,867.83	5,021.97
Balance with government authorities	-	1,350.60
Other advances	1,034.35	-
Prepaid expense	712.01	1,126.08
Others	359.17	291.69
Total other current assets	**6,973.36**	**7,790.34**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

15. Equity share capital

Particulars	March 31, 2018		March 31, 2017	
	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	227,500,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	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	12,750,000	12,750.00
	265,250,000	**17,800.00**	**265,250,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	112,199,965	2,244.00	112,199,965	2,244.00
Total equity share capital	**112,199,965**	**2,244.00**	**112,199,965**	**2,244.00**

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

Particulars	March 31, 2018		March 31, 2017	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
At the beginning of the year	112,199,965	2,244.00	108,935,843	2,178.71
Issued during the year	-	-	3,264,122	65.29
At the end of the year	112,199,965	2,244.00	112,199,965	2,244.00

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, 2018		March 31, 2017	
	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	26,337,818	23.47
Prayas Engineering Limited	11,239,414	10.02	11,239,414	10.02
K. B. Investments Private. Limited	11,190,168	9.97	11,190,168	9.97
Bipra Investments & Trusts Private Limited	6,709,436	5.98	6,709,436	5.98
HDFC Trustee Company Limited	8,572,923	7.64	8,601,184	7.67

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ 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, 2018	March 31, 2017
Equity shares allotted as fully paid up shares by virtue of schemes of arrangement			19,338,455	19,338,455
- Pertains to financial year	2013-14	16,074,333		
- Pertains to financial year	2016-17	3,264,122		
		19,338,455		

16. Other Equity

16.1 Other reserves

Balance	General Reserve	Securities Premium	Capital Reserve	Share Suspense Account	Retained Earnings	Total
As at April 1, 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**
Add: Profit for the year	-	-	-	-	808.37	808.37
Add: Other comprehensive income	-	-	-	-	11.41	11.41
Balance available for appropriation	**44,132.78**	**2,878.14**	**4,258.41**	-	**20,235.75**	**71,505.08**
Less : Appropriations						
Dividend	-	-	-	-	561.00	561.00
Tax on dividend	-	-	-	-	114.20	114.20
As at March 31, 2018	**44,132.78**	**2,878.14**	**4,258.41**	**-**	**19,560.55**	**70,829.88**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

16.2 Dividend distribution made and proposed

Particulars	March 31, 2018	March 31, 2017
Cash dividends on Equity shares declared and paid		
Final dividend for year ended March 31, 2017: INR 0.50 per share (March 31, 2016: INR 1.10 per share)	561.00	1,198.29
Dividend distribution tax on final dividend	114.20	243.94
	675.20	**1,442.23**
Proposed dividends on Equity shares		
Final dividend proposed for the year ended March 31, 2018: INR 0.20 per share (March 31, 2017: INR 0.50 per share)	224.40	561.00
Dividend distribution tax on proposed dividend	**46.13**	**114.21**
	270.53	**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, 2018.

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.

Share Suspense Account

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

17. Borrowings

Particulars	March 31, 2018	March 31, 2017
Non-current interest bearing borrowings		
Secured		
From financial institutions (Refer note (a)(i), (a)(ii), (a)(iii) and (b)(1) below)	14,157.92	8,298.09
From consortium banks (Refer note (a)(iv) and (b)(2) below)	276.96	816.38
Vehicle Loan		
From bank (Refer note (a)(v) and (b)(3) below)	120.98	-
	14,555.86	**9,114.47**
Less : Accrued interest	97.75	54.07
Total non-current borrowings	**14,458.11**	**9,060.40**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

17. Borrowings (Contd...)

Particulars	March 31, 2018	March 31, 2017
Current interest bearing borrowings		
Secured		
Working capital loan		
From bank (Refer note (c) below)	28,823.40	32,207.03
From financial institutions (Refer note (d)(i) and (e)(1) below)	2,517.67	-
Unsecured		
From bank (Refer note (e)(2) below)	-	1,008.26
	31,341.07	**33,215.29**
Less : Accrued interest	90.40	96.94
Total current borrowings	**31,250.67**	**33,118.35**
Total interest bearing borrowings	**45,708.78**	**42,178.75**

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

i) Term Loans from financial institution - Loan from IFCI Limited is secured by way of:-

1. Exclusive charge by way of hypothecation on specific plant & machineries.
2. Exclusive charge over commercial property of Emtici Engineering Limited at Pune, Maharashtra & Corporate Guarantee of Emtici Engineering Limited to the tune of Value of Property.
3. Exclusive charge by way of pledge of shares of Company owned by Emtici Engineering Limited of 0.7 times of loan amount
4. Post dated cheques for interest & principal payments.

The rate of interest is 11.45% p.a.

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 of the Company,
2. Exclusive charge by way of registered Mortgage on Commercial Property at Rajkot of the Company,
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 from financial institution - Loan from Tata Capital Financial Services Limited is secured by way of:

Exclusive charge by way of pledge of shares of Company owned by Prayas Engineering Limited.

The rate of Interest is 10.70%.

iv) Term Loans granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), 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) Undertaking for non disposal of various land parcels as per loan sanction letter.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

17. Borrowings (Contd...)

v) Loan from bank - Loan from HDFC Bank Limited is secured by way of:-

1. Exclusive charge by way of Hypothecation on specific vehicles.

The rate of Interest is 11.86% p.a.

Name of the bank and financial institutions:	Interest Rate %
IFCI Limited	11.45%
Aditya Birla Finance Limited	11.50%
Tata Capital Financial Services Limited	10.70%
State Bank of India	12.80% to 13.90%
Bank of Baroda	11.20% to 12.30%
IDBI Bank Limited	13.00%
Export Import Bank of India	13.50%
HDFC Bank	11.86%

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

1. Term Loans*

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
(i) Aditya Birla Term Loan	5,550.00	6,000.00	Repayable with first installment amounting to INR 89.79 Lakhs in August 2022, quarterly installments of INR 196.38 Lakhs from November 2022 till November 2025 and last installment of INR 130.99 Lakhs in February 2026.
(ii) IFCI Limited	9,500.00	-	Repayable in quarterly installments amounting to INR 220.00 Lakhs upto Sep 2018 and INR 350.00 Lakhs from Dec 2019.
(iii) Tata Capital Financial Services Limited	2,500.00	-	Repayable in quarterly installments amounting to INR 312.50 Lakhs from May 2019.
(iv) Clix Capital Finance Unlimited	-	4,447.92	
	17,550.00	**10,447.92**	

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings.

The Management periodically reviews compliance with terms and conditions of the loan agreements to identify any non-adherence. Basis the aforesaid compliance review during the year, the Company agreed to accelerate repayment to a lender as per renegotiated terms.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

17. Borrowings (Contd...)

2. From Consortium Banks*

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
(i) State Bank of India	454.51	749.70	Repayable in equated quarterly installments of INR 75 Lakhs starting from October 2015.
(ii) Exim Bank	-	520.00	-
(iii) IDBI Bank	375.00	625.00	Repayable in equated quarterly installments of INR 62.5 Lakhs starting from October 2015.
(iv) Bank of Baroda	-	750.00	-
	829.51	**2,644.70**	

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings.

3. Vehicle Loan*

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
HDFC Bank Limited	343.94	-	Repayable in 24 equated monthly installments from FY 2017-18 to FY 2019-20.
	343.94	**-**	

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings.

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

i) 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 & IndusInd Bank (Including guarantees issued by them in favour of various clients of the Company) are secured by:-

a) First pari passu hypothecation charge over all the current assets of the Company, present & future.

b) 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.

c) Registered mortgage, on first pari passu basis, of land bearing Survey No.365 & 366 in the name of Prayas Engineering Limited.

d) Pledge of 100,000 shares of Eimco Elecon (India) Limited owned by the Company.

e) Undertaking for non disposal of various land parcels as per loan sanction letter.

f) Corporate guarantees of Prayas Engineering Limited and Emtici Engineering Limited.

Name of the Bank	Interest Rate %
State Bank of India	8.80% to 10.90%
Bank of Baroda	11.25% to 12.25%
IDBI Bank	11.55% to 11.75%
Axis Bank	11.00%
IndusInd Bank	11.80%
HDFC Bank	9.75% to 10.20%

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

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

i) Working Capital Loans from Financial Institution granted by Bajaj Finance Limited is secured by:-

1. Exclusive charge by way of Pledge of shares of a company owned by K. B. Investments Private Limited.

The rate of interest is 10.75%.

(e) Terms of Repayment of working capital loan

1. Secured Loans*

(₹ in Lakhs)

Lender	Interest rate	March 31, 2018	March 31, 2017	Terms of repayment
Bajaj Finance Limited	10.75%	2,500.00	-	Repayable in a single bullet payment after 12 months of the date of disbursement.
		2,500.00	**-**	

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings.

2. Unsecured Loans*

Lender	Interest rate	March 31, 2018	March 31, 2017	Terms of repayment
HDFC Bank Limited	10.35%	-	1,000.00	
		-	**1,000.00**	

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings.

18. Non-current provisions

Particulars	March 31, 2018	March 31, 2017
Provision for leave obligations (Refer note - 39)	421.84	524.57
Total non-current provisions	**421.84**	**524.57**

19. Trade payables

Particulars	March 31, 2018	March 31, 2017
Dues to related parties	4,484.80	3,170.70
Dues to micro, small and medium enterprises	4,768.97	4,698.48
Dues to other than micro, small and medium enterprises	34,152.94	28,153.42
Total non-current provisions	**43,406.71**	**36,022.60**

Includes retention money payable to vendors amounting to INR 3,181.09 lakhs (March 31, 2017 - INR 2,836.36 lakhs)

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(₹ in Lakhs)

19. Trade payables (Contd...)

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

Particulars	March 31, 2018	March 31, 2017
Principal amount remaining unpaid to any supplier as at the period end Interest due thereon	4,768.97	4,698.48
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.	-	-
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	-	-

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management of the Company, dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management till date and relied upon by the auditors. The disclosures as required by Section 22 of the MSMED Act are given above.

20. Other financial liabilities - current

Particulars	March 31, 2018	March 31, 2017
Current maturities of non-current borrowings		
- Term loans from bank	3,215.00	2,067.43
- Loans from consortium of banks	550.00	1,820.00
- Vehicle loans	222.96	-
Interest accrued but not due on borrowings	188.15	151.01
Security deposits	110.81	80.34
Unpaid dividend*	113.62	132.88
Capital creditors	80.68	867.74
Unearned revenue	2,444.77	1,453.53
Total other financial liabilities	**6,925.99**	**6,572.93**

* 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, 2018

(₹ in Lakhs)

21. Other Current liabilities

Particulars	March 31, 2018	March 31, 2017
Advance from customers	14,538.84	16,301.10
Statutory dues	1,871.96	640.17
Employee related liabilities	18.33	18.33
Total other non-financial liabilities	**16,429.13**	**16,959.60**

22. Provisions (current)

Particulars	March 31, 2018	March 31, 2017
Provision for leave obligation (Refer note - 39)	107.71	96.58
Provision for liquidated damages	-	101.00
Provision for warranty	165.71	175.00
Provision for onerous contracts	1,091.06	1,502.08
Total provisions	**1,364.48**	**1,874.66**

Movement in Provision :

Particulars	Liquidated damages	Warranty	Onerous contract
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**
Provision made / increase in provision	-	165.71	4,694.78
Provision amount used during the year	(101.00)	-	(4,956.52)
Provision amount reversed during the year	-	(175.00)	(149.28)
Carrying amount as at March 31, 2018	**-**	**165.71**	**1,091.06**

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 primarily into material handling. 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.

23. Current Tax Liabilities (Net)

Particulars	March 31, 2018	March 31, 2017
Provision for tax (net of advance tax)	1,357.50	1,658.07
Total current tax liabilities (net)	**1,357.50**	**1,658.07**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

24. Revenue from operations

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Sale of products		
Transmission equipment sales	45,102.93	43,940.05
Material handling equipment	32,228.46	42,326.76
Export sales	6,562.18	4,945.04
	83,893.57	**91,211.85**
Sale of Services		
Erection and commissioning charges	6,721.93	6,906.05
	6,721.93	**6,906.05**
Other operating revenue		
Sale of scrap	497.63	603.06
Excess provision on doubtful debt written back	-	396.39
Bad debts recovered	141.78	-
Advances from customer written back	317.33	275.83
Duty drawback	381.48	254.87
	1,338.22	**1,530.15**
Total revenue from operations	**91,953.72**	**99,648.05**

The Government of India introduced the Goods and Services Tax (GST) with effect from July 1, 2017, consequently revenue from operations for the period from July 1, 2018 to March 31, 2018 is net of GST. However revenue for quarter ended June 30, 2017 included in the figures presented for the year ended March 31, 2018 is inclusive of excise duty.

25. Other Income

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income	201.92	184.61
Dividend income	48.84	48.17
Profit on sale of property, plant and equipment (net)	128.75	19.05
Gain on fair valuation of investments	14.52	-
Net gain on account of exchange variation	213.61	-
Rent income	104.95	178.19
Miscellaneous income	343.13	355.32
Total other income	**1,055.72**	**785.34**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

26. Cost of materials consumed

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Inventory at the beginning of the year	5,804.65	8,368.54
Add : Purchases during the year	38,491.06	33,361.81
	44,295.71	41,730.35
Less : Inventory at the end of the year	6,432.00	5,804.65
Total cost of material consumed	**37,863.71**	**35,925.70**

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

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(Increase) / decrease in inventories		
Opening work-in-progress	11,882.36	15,308.77
Closing work-in-progress	(9,040.35)	(11,882.36)
	2,842.01	**3,426.41**
Opening Finished Goods	2,720.33	1,620.66
Closing Finished Goods	(3,255.09)	(2,720.33)
	(534.76)	**(1,099.67)**
Total changes in inventories of finished goods and work-in-progress	**2,307.25**	**2,326.74**

28. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Stores, tools and spares consumed	1,694.49	2,398.77
Sub-contracting charges	7,467.62	8,372.08
Power and fuel	972.65	1,057.51
Erection and other charges	9,362.31	1,933.77
Other manufacturing expenses	1,187.80	1,571.00
Total manufacturing expense and erection charges	**20,684.87**	**15,333.13**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

29. Employee benefits expense

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, wages and bonus	5,982.22	7,818.63
Contribution to provident fund and other funds (Refer note - 39)	330.79	390.62
Employee welfare expenses	221.12	327.46
Total employee benefit expenses	**6,534.13**	**8,536.71**

30. Finance costs

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest expenses	5,458.14	5,996.00
Other borrowing costs	340.10	308.87
Total finance costs	**5,798.24**	**6,304.87**

31. Other expenses

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Rent	1,101.24	1,177.66
Computer software maintenance charges	578.61	637.10
Rates and taxes	1,258.83	705.87
Repairs and maintenance :		
- Building	77.91	307.47
- Machinery	1,386.67	1,468.83
- Others	48.27	55.12
Insurance (net of recoveries)	131.56	216.81
Travelling communication and convyance expenses	678.26	792.34
Directors sitting fees	9.70	14.18
Commission to Non-Executive Directors	7.50	25.00
Packing, forwarding and distribution expenses (net of recoveries)	2,218.54	2,311.48
Commission and brokerage	2,130.28	1,985.32
Warranty claim replacement	346.09	319.43
Bad debts written off	307.40	162.96
Bank charges	969.66	1,022.33
Advertisements and sales promotion expenses	46.20	219.48
Payment to auditors (Refer note- 32)	46.04	78.18
Loss on fair valuation of investments	-	45.25
Loss on Sale of investments	-	27.09
Donations	1.50	16.70
Expenditure on corporate social responsibility (Refer note - 33)	63.00	90.94
Car lease rentals	174.03	224.90
Legal and professional fees	890.44	1,254.34
General administrative charges	768.38	1,162.69

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

31. Other expenses (Contd...)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Net loss on account of exchange variation	-	312.03
Provision for doubtful debts	438.19	-
Total other expenses	**13,678.30**	**14,633.50**

(i) Research and development expenditure accounted through Standalone Statement of Profit and Loss aggregates INR 253.42 lakhs (2016-17: INR 358.65 lakhs).

32. Payment to auditors

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
(a)	As auditor		
	Audit fees	16.00	43.78
	Tax audit fees	-	4.15
(b)	For other services (Limited review, certification etc)	27.45	26.36
(c)	Out of pocket expenses	2.59	3.89
Total payment to auditors		**46.04**	**78.18**

During the previous year over and above the aforesaid payments an amount of INR 3.10 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 84.03 Lakhs (2016-17: INR 88.62 lakhs), however, the Company has spent INR 63.00 Lakhs (2016-17: INR 90.94 lakhs) during the current financial year. The Company has spent following amounts during the year :

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Health care, nutrition, sanitation and safe drinking water	-	6.36
Education Scholarship and vocational skill development	63.00	84.58
Total corporate social responsibility expenditure	**63.00**	**90.94**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs, except per share data)

34. Earnings per share

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
a)	Profit attributable to equity shareholders of the Company	808.37	2,106.22
b)	Weighted average number of equity shares	112,199,965	112,199,965
c)	Earning per Share (Basic and Diluted)	0.72	1.88
d)	Face value per Share	2.00	2.00

35. Tax expenses

(₹ in Lakhs)

The major component of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Statement of Profit and loss		
Current tax		
Current income tax	604.69	2,079.08
Adjustment of tax relating to earlier periods	(532.28)	34.56
Deferred tax		
Deferred tax liability relating to origination and reversal of temporary difference	(372.11)	1,026.81
Income tax expense reported in the Statement of Profit and Loss	**(299.70)**	**3,140.45**
Other comprehensive income		
Deferred tax liability /(asset) on net loss on remeasurements of defined benefit plans	6.13	(31.38)
Total tax expense	**(293.57)**	**3,109.07**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 and March 31, 2017:

A)	Current tax Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
	Profit before tax	508.67	5,246.67
	Statutory income tax rate	34.608%	34.608%
	Tax using the Company's statutory tax rate	176.04	1,815.77
	Tax effects of :		
	Tax exempt income	(5.74)	118.40
	Tax at special rate	66.93	(147.56)
	Other non-deductible expenses (net)	1.48	1,287.90
	Adjustment of tax expense relating to earlier periods	(532.28)	34.56
		(469.61)	**1,293.30**
	Tax expense	**(293.57)**	**3,109.07**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

35. Tax expenses (Contd...)

B. Deferred tax

Particulars	Balance as on March 31, 2016	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2017	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2018
Depreciation for tax purposes	(6,952.63)	267.31	(6,685.32)	454.69	(6,230.63)
Impact of fair valuation of assets	(6,957.86)	39.97	(6,917.89)	(32.56)	(6,950.45)
Deferred tax on fair value of investments	(51.42)	43.52	(7.91)	(5.93)	(13.84)
Deferred tax on prepaid finance charges	(59.10)	59.10	-	-	-
Provision for doubtful debt (including allowance for Expected Credit Losses)	5,497.15	(137.18)	5,359.97	206.26	5,566.22
Expenditure allowable on payment basis	269.01	(30.26)	238.75	(59.06)	179.69
Expenditure allowable on realised basis	2,082.97	(1,269.27)	813.71	(191.29)	622.42
Deferred tax expense/(income) accounted through Statement of Profit and Loss	-	-	-	-	-
Deferred tax expense/(income) accounted through Other Comprehensive Income	15.35	31.38	46.74	(6.13)	40.61
Total deferred tax expense / (income)	**-**	**(995.43)**	**-**	**365.98**	**-**
Net deferred tax assets/(liabilities)	**(6,156.53)**	**-**	**(7,151.96)**	**-**	**(6,785.98)**
Reflected in the balance sheet are as follows:					
Deferred tax assets			6,459.16		6,408.94
Deferred tax liabilities			(13,611.12)		(13,194.92)
Deferred tax liabilities (net)			**(7,151.96)**		**(6,785.98)**

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2018	March 31, 2017
Opening balance as of April 1	(7,151.96)	(6,156.53)
Tax income/(expense) during the period recognised in profit or loss	372.11	(1,026.81)
Tax income/(expense) during the period recognised in OCI	(6.13)	31.38
Closing balance as at March 31	**(6,785.98)**	**(7,151.96)**

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, 2018 and March 31, 2017, 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, 2018

(₹ 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/Board of Director 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, 2018, approximately 25% of the Company's borrowings are at fixed rate (March 31, 2017 : 36%). 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, 2018	March 31, 2017
Fixed-rate instruments		
Financial Assets	2,358.61	1,055.27
Financial Liabilities	12,189.34	16,703.13
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	37,507.40	29,363.05

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, 2018	
Increase in 100 basis points	(245.27)
Decrease in 100 basis points	245.27
March 31, 2017	
Increase in 100 basis points	(192.01)
Decrease in 100 basis points	192.01

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ 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). Consenquently, 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, 2018			March 31, 2017		
	USD	GBP	EUR	USD	GBP	EUR
Financial Assets						
Trade receivables	1,773.36	899.62	220.04	1,596.37	1,842.01	307.14
Cash and cash equivalents	1.86	-	16.05	3.84	-	0.87
Other financial assets	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total (A)	**1,775.22**	**899.62**	**236.09**	**1,600.21**	**1,842.01**	**308.01**
Financial Liabilities						
Trade payables	343.11	84.97	56.90	140.30	75.02	365.06
Borrowings	-	-	773.97	-	-	663.07
Total (B)	**343.11**	**84.97**	**830.87**	**140.30**	**75.02**	**1,028.13**
Net exposure to Foreign Currency (A-B)	**1,432.11**	**814.65**	**(594.78)**	**1,459.91**	**1,766.99**	**(720.12)**

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, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD 1	64.95	65.47	65.04	64.85
GBP 1	86.85	88.19	92.28	81.41
EUR 1	74.85	72.06	80.62	69.07

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, 2018									
Strengthening	1.00%	14.32	9.36	3.00%	24.44	15.98	4.00%	(23.79)	(15.56)
Weakening		(14.32)	(9.36)		(24.44)	(15.98)		23.79	15.56
March 31, 2017									
Strengthening	1.00%	14.60	9.55	6.00%	106.02	69.33	3.00%	(21.60)	(14.13)
Weakening		(14.60)	(9.55)		(106.02)	(69.33)		21.60	14.13

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

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 group 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 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, 2018	March 31, 2017
Not due	1.25%	2.85%
0-1 year	5.39%	5.61%
1-3 years	17.30%	30.39%
Greater than 3 years	72.33%	63.04%
Expected Credit Losses rate	**24.07%**	**25.47%**
Amount of expected credit loss provided for (INR in Lakhs)	**15,928.24**	**15,487.66**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

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

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.

Particulars	Carrying amount	Less than 12 months	1-2 years	2-5 years	more than 5 years	Total
Year ended March 31, 2018						
Financial liabilites						
Borrowings	45,708.78	31,250.67	4,167.91	8,932.75	7,092.49	51,443.82
Trade payables	43,406.71	43,406.71	-	-	-	43,406.71
Other financial liabilities	6,925.99	8,704.56	-	-	-	8,704.56
Total	**96,041.48**	**83,361.94**	**4,167.91**	**8,932.75**	**7,092.49**	**103,555.09**
Year ended March 31, 2017						
Financial liabilites						
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**

Despite reduction in profitability and operating cash flows, management is confident of meeting its short term liabilities as and when they become due. Further management is also in process of discussing with several financial institution on funding requirments of the Company.

(d) Commodity price risk

Commodity price risk arises due to fluctuation in prices of steel. The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in the commodity prices and freight costs. The Company's commodity risk is managed through well-established control processes.

(e) 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest-bearing loans and borrowings (Note 17 & 20)	49,696.74	46,066.18
Less: cash and cash equivalents (Note 13)	(831.70)	(470.84)
Adjusted net debt	**48,865.04**	**45,595.34**
Equity share capital (Note 15)	2,244.00	2,244.00
Other equity (Note 16)	70,829.88	70,685.30
Total equity	**73,073.88**	**72,929.30**
Adjusted net debt to total equity ratio	**0.67**	**0.63**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

37. Fair Value Measurements

A. Accounting classification and fair values

As at March 31, 2018

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value: Level 1 - Quoted price in active markets	Fair Value: Level 2 - Significant observable inputs	Fair Value: Level 3 - Significant unobse-rvable inputs	Total
Investments (Note 1)	317.99	-	0.17	318.16	264.01	-	54.15	318.16
Loans	-	-	698.63	698.63	-	-	-	-
Trade receivables	-	-	62,311.80	62,311.80	-	-	-	-
Cash and cash equivalents	-	-	831.70	831.70	-	-	-	-
Other bank balance	-	-	2,470.72	2,470.72	-	-	-	-
Other financial assets	-	-	10,200.10	10,200.10	-	-	-	-
Total Financial assets	**317.99**	**-**	**76,513.12**	**76,831.11**	**264.01**	**-**	**54.15**	**318.16**
Borrowings (excluding current maturities)	-	-	45,896.94	45,896.94	-	-	45,896.94	45,896.94
Trade payable	-	-	43,406.71	43,406.71	-	-	-	-
Other financial liabilites	-	-	6,737.84	6,737.84	-	-	-	-
Total Financial liabilities	**-**	**-**	**96,041.49**	**96,041.49**	**-**	**-**	**45,896.94**	**45,896.94**

As at March 31, 2017

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value: Level 1 - Quoted price in active markets	Fair Value: Level 2 - Significant observable inputs	Fair Value: Level 3 - Significant unobse-rvable inputs	Total
Investments (Note 1)	303.46	-	0.17	303.63	259.38	-	44.25	303.63
Loans	-	-	656.01	656.01	-	-	-	-
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	-	-	2,163.00	2,163.00	-	-	-	-
Total Financial assets	**303.46**	**-**	**62,088.28**	**62,391.74**	**259.38**	**-**	**44.25**	**303.63**
Borrowings (excluding current maturities)	-		42,329.76	42,329.76	-	-	42,329.76	42,329.76
Trade payables	-	-	36,022.60	36,022.60	-	-	-	-
Other financial liabilites	-	-	6,421.91	6,421.91	-	-	-	-
Total Financial liabilities	**-**	**-**	**84,774.27**	**84,774.27**	**-**	**-**	**42,329.76**	**42,329.76**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ 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 scoped 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 enitities 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) 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 (March 31, 2017: 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 have 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 EEECL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2018.

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 comarable companies to obtain the dicounted 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, 2018	March 31, 2017
Beta for WACC	1.00	1.00
Risk free rate of return	7.18%	7.0%
Cost of equity	11.00%	15.8%
Cost of debt	Nil	Nil
WACC	11.00%	15.83%
Perpetual growth rate	5.00%	3.00%

i) Transfers between Levels 1 and 2

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

ii) Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended March 31, 2018 and March 31, 2017 is as below:

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

37. Fair Value Measurements (Contd...)

Particulars	Amount
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**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	9.90
As at March 31, 2018	**54.15**

Transfer out of Level 3

There were no movement in level 3 in either directions during March 2018 and March 17.

Sensitivity analysis - Investments in unquoted equity instruments of EECL (Value per share)

2017-18			**Perpetual growth rate**	
			-1%	**+1%**
	Cost of equity	**-1%**	26.10	26.35
		+1%	(24.46)	(24.70)
2016-17			**Perpetual growth rate**	
			-1%	**+1%**
	Cost of equity	**-1%**	22.91	27.08
		+1%	(18.37)	(21.21)

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
(iii) Elecon Africa Pty. Limited
(iv) Elecon Engineering (Suzhou) Co. Limited, China

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

38. Related party disclosure (Contd...)

d) Key managerial personnel

(i) Mr. Prayasvin B. Patel - Chariman and Managing Director
(ii) Mr. Prashant C. Amin - Executive Director
(iii) Mr. Rajat Jain (upto December 31, 2017) - Chief Financial Officer
(iv) Mr. Pradip M. Patel - Director
(v) Mr. Jal Patel - Independent Director
(vi) Mr. Chirayu R. Amin - Independent Director
(vii) Mr. Jai S. Diwanji - Independent Director
(viii) Dr. Sonal V. Ambani - Independent Director

e) Enterprises over which (d) above have significant influence

(i) Bipra Investments & Trusts Private Limited
(ii) Devkishan Investment Private Limited
(iii) K. B. Investments Private Limited
(iv) Elecon Information Technology Limited
(v) 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) 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
(xix) Radicon Transmission FZE
(xx) Radicon Transmission (Thailand) Limited
(xxi) Radicon Transmission (Australia) Pty Limited
(xxii) Vijay M. Mistry Construction Private Limited

f) 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 in USD and GBP given to the related party carries interest rate at 4.05% to 5.17% (March 31, 2017 : 4.62%)

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

38. Related party disclosure (Contd...)

Transactions with key management personnel

Compensation of key management personnel of the Company.

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Short-term employee benefits (Remuneration)		
- Mr. Prayasvin B. Patel	242.61	385.75
- Mr. Prashant C. Amin	204.54	222.40
- Mr. Rajat Jain	45.16	58.33
Commission and sitting fees to Independent directors	17.20	39.18
Total compensation paid to key management personnel	**509.51**	**705.66**

Key Managerial Personnel 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.

38. Related party disclosure (Contd...)

(₹ in Lakhs)

Particulars	Associate		Subsidiaries		Key Managerial Personnel		Entities controlled by Directors / Relatives		Employement benefit plans	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Purchase of material / finished goods	10.89	31.56	11.18	-	-	-	4,466.00	3,877.11	-	-
Job work income	10.33	4.51	-	-	-	-	67.16	44.15	-	-
Job work expenses paid	5.98	1.76	-	-	-	-	34.32	123.39	-	-
Sale of finished goods/ consumable stores	413.04	497.86	2,807.09	2,129.84	-	-	1,096.24	1,061.43	-	-
Purchase of property plant and equipment	281.25	-	-	-	-	-	929.38	150.83	-	-
Sales of property plant and equipment	1,000.00	-	-	-	-	-	45.95	0.16	-	-
Remuneration paid key managerial personnel	-	-	-	-	509.51	705.66	-	-	-	-
Other expenses charged from related parties	26.74	47.51	161.79	-	-	-	240.53	95.63	-	-
Other expenses charged by related parties	40.36	154.55	23.45	-	-	-	3,352.07	3,785.66	-	-
Sales and other commission expense	-	-	172.46	238.72	-	-	-	110.17	-	-
Commission income on bank guarantee	-	-	265.64	217.78	-	-	-	-	-	-
Deposit / loans / advances given	-	-	3,024.21	2,893.98	-	-	-	-	-	-
Interest on above deposits / loans / advances	-	-	65.85	47.55	-	-	-	-	-	-
Interest expense on inter corporate deposit	-	-	-	-	-	-	-	42.30	-	-
Purchase of equity shares	-	-	3,249.38	1,872.39	-	-	-	-	-	-
Sale of investment in equity shares	-	-	-	-	-	-	-	105.66	-	-
Dividend income	48.84	47.92	-	-	-	-	-	-	-	-
Proceeds from repayment of loan	-	-	-	1,021.59	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-	-	655.00	-	-
Issue of shares under the scheme of amalgamation	-	-	-	-	-	5.10	-	60.04	-	-
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	119.65	161.30
Outstanding balances										
Trade payables	29.17	1,264.44	-	334.99	-	-	4,455.63	1,571.26	-	-
Trade receivables	47.83	43.79	1,499.66	2,635.30	-	-	725.72	583.39	-	-
Advance received	-	-	283.75	-	-	-	142.18	-	-	-
Guarantee given	-	-	31,774.54	24,225.31	-	-	-	4,884.36	-	-

38. Related party disclosure (Contd...)

(₹ in Lakhs)

Particulars	Associate		Subsidiaries		Entities controlled by Directors / Relatives		Employement benefit plans	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Purchase of material / finished goods								
(i) Specialty Wood Pack Private Limited	-	-	-	-	686.77	730.17	-	-
(ii) Elecon Peripharals Limited	-	-	-	-	1,322.69	1,894.88	-	-
(iii) Others	10.89	31.56	-	-	2,727.58	1,252.07	-	-
	10.89	**31.56**	**-**	**-**	**4,737.04**	**3,877.12**	**-**	**-**
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 Information Technology Limited	-	-	-	-	-	240.00	-	-
(iii) Elecon Peripherals Limited	-	-	-	-	-	325.00	-	-
(iv) Akaaish Mechatronics Limited	-	-	-	-	-	-	-	-
(v) Bipra Investment & Trust Private Limited	-	-	-	-	-	-	-	-
(vi) K. B. Investment Private Limited	-	-	-	-	-	-	-	-
(vii) Kirlosker Power Build Gear Limited	-	-	-	-	-	-	-	-
(viii) Speciality Wood Pack Private Limited	-	-	-	-	-	75.00	-	-
	-	**-**	**-**	**-**	**-**	**655.00**	**-**	**-**
Guarantee given								
(i) Elecon Transmission International Limited	-	-	26,237.47	24,225.31	-	-	-	-
(ii) Radicon Transmission UK Limited	-	-	5,537.08	-	-	4,884.36	-	-
	-	**-**	**31,774.55**	**24,225.31**	**-**	**4,884.36**	**-**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ 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 31.03.2018	Amount outstanding as at 31.03.2017	Maximum balance outstanding during the year 31.03.2018	Maximum balance outstanding during the year 31.03.2017
Elecon Transmission International Limited	Wholly owned Subsidiary	-	-	3,024.21	2,893.98

39. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 330.79 lakhs (March 31, 2017: INR 386.91 Lakhs) is recognised as expenses and included in Note No. 29 "Employee benefits expense"

Particulars	As at March 31, 2018	As at March 31, 2017
Provident Fund	323.45	380.93
Superannuation Fund	7.34	5.98
	330.79	**386.91**

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

(₹ in Lakhs)

B. Defined benefit plans:

The Company has following post employement 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 vestsonly after five years of continuous service.

March 31, 2018 : Changes in defined benefit oblligation and plan assets

	April 1, 2017	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, 2018
		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	1,323.60	109.91	99.43	209.34	(0.59)	(223.20)	-	15.87	(8.47)	(35.45)	(28.05)	-	1,281.10
Fair value of plan assets	(1,342.54)	-	(100.86)	(100.86)	-	223.20	10.51	-	-	-	10.51	(112.31)	(1,322.01)
Benefit liability	**(18.94)**	**109.91**	**(1.43)**	**108.48**	**(0.59)**	**-**	**10.51**	**15.87**	**(8.47)**	**(35.45)**	**(17.54)**	**(112.31)**	**(40.91)**
Total benefit liability	**(18.94)**	**109.91**	**(1.43)**	**108.48**	**(0.59)**	**-**	**10.51**	**15.87**	**(8.47)**	**(35.45)**	**(17.54)**	**(112.31)**	**(40.91)**

March 31, 2017 : Changes in defined benefit oblligation 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)**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ 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, 2018	Year ended March 31, 2017
Insurance Fund (%) of total plan assets	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, 2018	Year ended March 31, 2017
Discount rate	7.68%	7.51%
Future salary increase	6.50%	6.50%
Expected rate of return on plan assets	7.68%	7.51%
Employee turnover rate	10.00%	5.00%
Morality rate during employment	Indian Assured Lives Morality (2006-08)	Indian Assured Lives Morality (2006-08)

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

Gratuity

		(increase) / decrease in defined benefit obligation (Impact)	
Particulars	**Sensitivity level**	**Year ended March 31, 2018 INR**	**Year ended March 31, 2017 INR**
Discount rate	1% increase	(47.07)	(66.97)
	1% decrease	52.00	76.00

(b) Leave obligations - unfunded

The acturial Liability towards leave obligations as at March 31, 2018 is INR 529.55 Lakhs (March 31, 2017 is INR 621.15 Lakhs). Current year charge is included in Employee benefit expense (refer note 29).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

40. Contigent liabilities and commitments

Particulars		March 31, 2018	March 31, 2017
(a)	**Contingent liabilities:**		
	Claims against the Company not acknowledged as debt		
(i)	Disputed with Excise and Service tax authority	7,877.54	8,168.69
(ii)	Disputed with Sales tax authority	1,161.16	2,761.66
(iii)	Disputed with Income tax authority	1,850.67	993.29
(iv)	Sales bills discounted under letter of credit with Banks	596.69	1,427.94
(v)	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 (March 31, 2017: 206.07 lakhs). However the company has made a counter claim of INR 200.00 Lakhs (March 31, 2017: 200.00 lakhs) with the same arbitrator in response and as per the books of account INR 51.88 Lakhs (March 31, 2017 : 51.88 lakhs) is due to him.	152.36	152.36
(vi)	The Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US$ 282,99,876 (March 31, 2017: 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.	25,066.66	24,225.31
(vii)	The Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 6,000,000 (March 31, 2017: 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.	5,537.08	4,884.36
(viii)	Bonus Liability for the year 2014 -15	151.75	151.75
(ix)	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.	Amount not ascertained	Amount not ascertained
(x)	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 (March 31, 2017: 4,933 lakhs) Against this, the Company has filed a counter claim of INR 549 lakhs (March 31, 2017: 549 lakhs) against the Customer for the default made by the customer.	4,384.00	4,384.00
(xi)	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 Nil (March 31, 2017: 132.25 lakhs).	-	132.25
	Guarantees		
(i)	Corporate Guarantee provided to Swedish Pension Authority to the to the tune of SEK 15.00 Million (March 31, 2017: 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.	1,170.81	1,085.39

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

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

Particulars		March 31, 2018	March 31, 2017
(ii)	Gurantee amounting to SEK 8.00 Million (March 31, 2017: SEK 8.00 Million) issued by Company's banker 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.	624.43	578.87
(b)	**Commitments:**		
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	664.28	770.03
(ii)	Liability for Export Obligation under Advance Licence	1,552.05	1,552.05

41. Disclosure on Specified Bank Notes

During the previous year, the Company had disclosed specified bank notes or other denomination notes as defined in the MCA Notification GSR 308 (E) dated March 30, 2017 on the details of Specified bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 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.

The aforesaid disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made for the financial year 2017-18 since the requirement does not pertain to financial year ended March 31, 2018.

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 Chairman and 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. The CMD is designated as a Chief Operating Decision Maker (CODM).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

42. Segment reporting (Contd...)

Reportable segment	Description of products/services
Material handling equipment	The segment is egnaged in manufacturing of material handling equipments like raw material handling system, stackers, reclaimers, bagging & weighing machines, wagaon & truck loaders, crushers, wagon tipplers, feeders ad port equipments. It is also engaged in executing projects on these material handling euipments.
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, 2018	Year Ended March 31, 2017
Segment revenue from operations:		
(a) Material handling equipment	38,254.50	49,983.62
(b) Transmission equipment	53,699.22	50,774.24
Total segment revenue including intersegment revenue	**91,953.72**	**100,757.86**
Less: Inter regment revenue	-	1,109.81
Total segment revenue from operations	**91,953.72**	**99,648.05**
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	(2,126.68)	4,272.26
(b) Transmission equipment	8,128.35	7,503.49
Net segment profit/(loss) before tax & interest	**6,001.67**	**11,775.75**
Reconciliation of segment profit/(loss) with profit before tax		
i) Finance cost	5,798.24	6,304.87
ii) Other unallocated corporate expenses net off	133.48	283.54
iii) Unallocable income	438.72	59.33
Profit before tax as per statement of profit and loss	**508.67**	**5,246.67**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

42. Segment reporting (Contd...)

Other Information	Year Ended March 31, 2018	Year Ended March 31, 2017
Segment assets		
(a) Material Handling Equipment	68,305.29	67,594.52
(b) Transmission Equipment	109,282.05	115,182.32
Total segment assets	**177,587.34**	**182,776.84**
(c) Unallocable	17,886.95	3,095.60
Total assets	**195,474.29**	**185,872.44**
Segment liabilities		
(a) Material Handling Equipment	50,823.55	86,260.27
(b) Transmission Equipment	61,734.68	18,637.76
Total segment liabilities	**112,558.23**	**104,898.03**
(c) Unallocable	9,842.18	8,045.11
Total liabiities	**122,400.41**	**112,943.14**

Geographical information

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Segment revenue from external customers		
India	85,391.54	94,703.01
Ouside India	6,562.18	4,945.04
Total segment revenue	**91,953.72**	**99,648.05**

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, 2018

(₹ in Lakhs)

43. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Contract revenue recognised during the year	22,118.62	17,738.87
Aggregate amount of cost incurred and recognised in Standalone Statement of Profit and Loss	23,875.43	17,553.96
The net balance sheet position for ongoing construction contracts is as follows:		
Amount due from customers for contract work	10,186.54	604.41
Amount due to customer for construction contract	2,366.97	1,367.91
	7,819.57	**(763.50)**
The net position relates to		
Aggregate costs incurred and recognised profits (less recognised losses) to date	114,574.62	92,455.99
Less: Progress billing	106,755.05	93,219.49
	7,819.57	**(763.50)**
Retention outstanding for ongoing projects	**10,158.20**	**5,869.87**

44. Lease Transactions

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 12 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.

45. 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, 2018	As at March 31, 2017
Elecon Transmission International Limited, Mauritius	Wholly owned subsidary	-	-

46. Impact of merger of Elecon EPC Projects Limited with the Company.

During the previous year Elecon EPC Projects Limited (Elecon EPC), a subsidiary of the company was merged with the company with an apointed date of March 30, 2015 vide the scheme of amalgamation approved by the Honourble Hight 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 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 20, 2015, the equity reported under the Previous Indian GAAP had been increased by INR 4,444.91 lakhs and INR 2,968.11 lakhs on April 1, 2015 and

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended March 31, 2018

(₹ in Lakhs)

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**

47. Managerial remuneration

During the year, the Company filed an application before the Central Government for approval of remuneration to be paid for the period July 1, 2017 to March 31, 2018, which is still awaited by the Company. For the year ended March 31, 2018, the Company has reported inadequate profits as per these standalone financial statements. Accordingly, eligible remuneration was required to be recomputed as per Schedule V of the Companies Act, 2013 ('the Act') which resulted in excess remuneration paid / accrued to one managerial person of the Company. Total remuneration paid / accrued by the Company was INR 231.63 Lakhs against eligible remuneration of INR 186.63 Lakhs as per Schedule V of the Act. Pending necessary approvals from the Central Government, as a matter of abundant precaution, the Company has recovered excess remuneration amounting to INR 45.00 Lakhs from the concerned managerial person.

48. The Company's wholetime Company Secretary resigned during the year and the Company is in process of appointing another wholetime Company Secretary within the time limit prescribed as per provisions of the Companies Act, 2013. Accordingly, these standalone financial statements are not signed by wholetime Company Secretary of the Company.

49. The Standalone financial statements are approved for issue by the Audit Committee and Board of Directors held on May 4, 2018.

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

INDEPENDENT AUDITORS' 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, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associates to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Contd...)

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, 2018 and their consolidated profit, their consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other matters

a) We have not audit the financial statements / consolidated financial information of 12 subsidiaries, included in the consolidated Ind AS financial statements, whose financial statements / consolidated financial information reflect total assets of INR 33,419.60 lakhs as at March 31, 2018, total revenue of INR 30,112.96 lakhs and net cash outflows amounting to INR 4,080.58 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 the Group's share of net profit (including other comprehensive income) of INR 270.42 lakhs for the year ended March 31, 2018, 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 have 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, 2018, 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.

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 statement of changes in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated 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, 2018 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, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

INDEPENDENT AUDITORS' REPORT (Contd...)

(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:

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 40 and Note 47 to the consolidated Ind AS financial statements;

ii) The Group and its associates have made provisions, as required under the applicable laws 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 associates incorporated in India; and

iv) The disclosures in the Consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended March 31, 2017 have been disclosed. Refer Note 41 to the consolidated Ind AS financial statements.

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

Nirav Patel
Partner
Membership No: 113327

Vallabh Vidyanagar
Date: May 4, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2018

(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 Elecon Engineering Company Limited for the year ended March 31, 2018, 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

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

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.

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 associates 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, 2018, 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 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 report of the auditor of such company incorporated in India.

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

Nirav Patel
Partner
Membership No: 113327

Vallabh Vidyanagar
Date: May 4, 2018

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

(₹ in Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	71,008.94	75,532.44
(b) Capital work-in-progress	3	116.50	98.97
(c) Investment properties	4	287.76	302.90
(d) Goodwill	5	9,807.41	8,351.30
(e) Other intangible assets	5	2,271.75	1,905.64
(f) Intangible assets under development	5	24.50	65.00
(g) Financial assets			
(i) Investments	6	5,085.99	4,885.83
(ii) Loans	7	117.01	129.12
(iii) Other financial assets	8	1.52	1,054.65
(h) Deferred tax assets (net)	35	872.09	746.49
(i) Non-current tax assets (net)	9	1,764.41	2,138.89
(j) Other non-current assets	10	2,370.11	1,765.82
Total Non-current assets		**93,727.99**	**96,977.05**
II. Current assets			
(a) Inventories	11	28,512.06	30,157.18
(b) Financial assets			
(i) Trade receivables	12	67,124.30	62,814.83
(ii) Cash and cash equivalents	13	4,679.70	9,121.14
(iii) Bank balances other than (ii) above	13	3,596.60	133.52
(iv) Loans	7	581.62	526.89
(v) Other financial assets	8	10,212.54	1,236.99
(c) Other current assets	14	8,038.47	8,467.53
Total Current Assets		**122,745.29**	**112,458.08**
Total Assets		**216,473.28**	**209,435.13**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	2,244.00	2,244.00
(b) Other equity	16	68,643.19	68,740.97
Total Equity		**70,887.19**	**70,984.97**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	18,697.12	13,944.76
(b) Non-current provisions	18	5,460.58	4,821.18
(c) Deferred tax liabilities (net)	35	7,333.69	7,676.94
(d) Other non-current liabilities	19	56.29	57.80
Total Non-current liabilities		**31,547.68**	**26,500.68**

CONSOLIDATED BALANCE SHEET (Contd...)

as at March 31, 2018

(₹ in Lakhs)

Particulars		Notes	March 31, 2018	March 31, 2017
II.	**Current liabilities**			
(a)	Financial liabilities			
	(i) Borrowings	17	35,740.32	36,368.89
	(ii) Trade payables	20	50,927.03	48,283.25
	(iii) Other financial liabilities	21	7,548.91	10,715.68
(b)	Other current liabilities	19	16,982.97	12,934.95
(c)	Provisions	22	1,357.50	1,988.64
(d)	Current tax liabilities (net)	23	1,481.68	1,658.07
	Total Current Liabilities		**114,038.41**	**111,949.48**
	Total Liabilities		**145,586.09**	**138,450.16**
	Total Equity and Liabilities		**216,473.28**	**209,435.13**

The accompanying notes form an integral part of the consolidated financial statements. 2-50

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	24	118,850.06	127,465.54
Other income	25	547.38	856.26
Total Income (I)		**119,397.44**	**128,321.80**
Expenses			
Cost of materials consumed	26	52,332.16	53,157.32
Changes in inventories of finished goods and work-in-progress	27	2,824.18	979.47
Manufacturing expenses and erection charges	28	20,959.17	15,384.80
Excise duty expense		827.07	7,312.31
Employee benefits expense	29	13,656.42	15,277.64
Finance costs	30	6,555.81	7,957.32
Depreciation and amortisation expense	3,4 & 5	5,292.32	5,323.82
Other expenses	31	16,658.77	18,951.58
Total Expenses (II)		**119,105.90**	**124,344.26**
Profit before share of equity accounted investee and tax (I-II)		**291.54**	**3,977.54**
Share of Profit from Associate (net of tax)		270.42	408.39
Profit before tax		**561.96**	**4,385.93**
Tax expense	35		
Current tax		650.34	2,246.03
Adjustment of tax relating to earlier periods		(532.28)	34.56
Deferred tax (credit)/charge		(304.60)	1,030.32
Total Tax Expense		**(186.54)**	**3,310.91**
Profit for the year		**748.50**	**1,075.02**
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	16	(189.07)	1,001.26
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		**(189.07)**	**1,001.26**
B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	16	(421.52)	(106.41)
Income tax effect		58.63	31.38
Re-measurement gains / (losses) on defined benefit plans of associate (net of tax)		2.74	(2.39)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		(360.15)	(77.42)
Total other comprehensive income for the year (net of tax) [A+B]		**(549.22)**	**923.84**
Total comprehensive income for the year		**199.28**	**1,998.86**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Profit attributable to:			
Owners of the Company		748.50	1,075.02
Non-controlling interest		-	-
Profit for the year		**748.50**	**1,075.02**
Other comprehensive income attributable to:			
Owners of the Company		(549.22)	923.84
Non-controlling interest		-	-
Other comprehensive income for the year		**(549.22)**	**923.84**
Total comprehensive income attributable to:			
Owners of the Company		199.28	1,998.86
Non-controlling interest		-	-
Total comprehensive income for the year		**199.28**	**1,998.86**
Earnings per equity share	34		
Equity share of face value INR 2/- each			
Basic		0.67	0.96
Diluted		0.67	0.96
The accompanying notes form an integral part of the consolidated financial statements.	2-50		

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

(₹ 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 15	Note 16	Note 16	Note 16	Note 16	Note 16	Note 16	
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
Remeasurements of post-employment benefit obligation, net of tax accounted through Other comprehensive income	-	-	-	-	-	(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**
Balance as at April 1, 2017	**2,244.00**	**44,324.14**	**2,878.14**	**246.93**	**-**	**20,104.09**	**1,187.67**	**70,984.97**
Profit for the year	-	-	-	-	-	748.50	-	748.50
Re-measurement gains/(losses) on defined benefit plans	-	-	-	-	-	(360.15)	-	(360.15)
Foreign currency translation	-	-	-	-	-	-	189.07	189.07
Dividend	-	-	-	-	-	(561.00)	-	(561.00)
Dividend distribution tax	-	-	-	-	-	(114.20)	-	(114.20)
Balance as at March 31, 2018	**2,244.00**	**44,324.14**	**2,878.14**	**246.93**	**-**	**19,817.24**	**1,376.74**	**70,887.19**

The accompanying notes form an integral part of the consolidated financial statements. 2-50

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Profit before tax	**291.54**	**3,977.54**
Adjustments for :		
(i) Depreciation and amortisation expense	5,292.32	5,323.82
(ii) Finance cost	6,555.81	7,957.32
(iii) (Gain)/loss on fair valuation of investment	(14.52)	45.25
(iv) (Gain) on sale of property, plant and equipment (net)	(100.62)	(137.37)
(v) Interest income	(143.83)	(184.82)
(vi) Dividend income	(0.92)	(0.24)
(vii) Bad debts written off	371.55	162.96
(viii) Excess provision on doubtful debt written back	(10.11)	(396.39)
(ix) Provision for doubtful debts	438.19	129.44
(x) Unrealised exchange (gain)/loss	(545.80)	264.00
(xi) Provision for liquidated damages and warranty	(276.00)	288.32
(xii) Reversal of provision for onerous contract	(411.03)	(1,464.03)
(xiii) Advance from customer written back	(317.33)	(275.83)
(xiv) Loss on sale of investments	-	27.09
(xv) Unrealised (gain) on goodwill restatement	(1,456.11)	-
Operating Profit before working capital changes	**9,673.13**	**15,717.06**
Working Capital Adjustments		
Decrease /(increase) in trade receivables	(4,509.23)	8,216.83
Decrease /(increase) in inventories	1,645.12	5,779.75
Decrease /(increase) in financial assets	(7,922.33)	890.19
(Increase) in other current and non-current assets	(189.54)	(2,427.17)
(Increase)/decrease in trade payables	2,598.95	(6,195.00)
Decrease /(increase) in provisions, other current and non-current liabilities	5,059.13	374.15
(Increase) in other financial liabilities	1,021.69	(2,276.55)
(Increase)/decrease in other payables	(421.52)	(687.48)
Cash generated from operations	**6,955.40**	**19,391.78**
Taxes paid (net of refunds)	80.03	(583.87)
Net cash generated from operating activities (A)	**7,035.43**	**18,807.91**
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(2,959.53)	(1,092.64)
Proceeds from sale of property, plant and equipment (inculding exchange movement)	1,103.77	239.50
Interest received	143.83	184.82
Dividend received	0.92	0.24
Bank balances not considered as cash and cash equivalents (net)	(3,463.17)	(60.91)
Dividend received from associate	47.92	47.92
Proceeds from sale of investments	-	105.66
Payments for purchase of investments	-	(119.99)
Net cash (used in) investing activities (B)	**(5,126.26)**	**(695.40)**

CONSOLIDATED STATEMENT OF CASH FLOWS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cash flow from financing activities		
Proceeds from non current borrowings	12,446.59	(1,350.38)
Repayment of borrowings (net) (Note 3)	(11,603.31)	(3,179.11)
Interest paid	(6,518.69)	(7,459.92)
Dividend paid (including dividend distribution tax)	(675.20)	(1,431.64)
Net cash (used in) financing activities (C)	**(6,350.61)**	**(13,421.05)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(4,441.44)**	**4,691.46**
Cash and cash equivalents at 1 April (Refer Note 13)	**9,121.14**	**4,429.68**
Cash and cash equivalents at 31 March (Refer Note 13)	**4,679.70**	**9,121.14**
Components of cash & cash equivalents :		
Cash on hand	0.02	0.01
Balances with banks		
In current accounts	4634.68	9,049.93
Cheques on hand	45.00	-
In deposit account (with original maturity up to 3 months)	-	71.20
	4,679.70	**9,121.14**

Notes:

1. Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.
2. 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.
3. 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.
4. Movement in financial liabilities and financial assets arising from financing activities as at March 31, 2018:

Particulars	Borrowings	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	58,343.83	-	151.01
Proceeds from borrowings	12,446.59	-	-
Repayment of borrowings	(11,603.31)	-	-
Dividends paid (including taxes)	-	(675.20)	-
Interest paid	-	-	(6,518.69)
Net cash outflows	**59,187.11**	**(675.20)**	**(6,367.68)**
Charge to statement of profit and loss	-	-	6,555.81
Foreign exchange fluctuation	(138.79)	-	-
Balance at the end of the year	**59,048.32**	**(675.20)**	**188.13**

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

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 42).

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 consolidated financial statements were authorised for issue by the Company's Board of Directors on May 4, 2018.

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 36** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 44** – 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, 2018 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 CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

- **Note 39** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 18, 22 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 22 and 24** – 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 37** – 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 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

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

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.

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.

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

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

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

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 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.

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

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.

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.

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

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.

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.

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.

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 is 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.

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

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 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

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

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.

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.

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

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 lease, 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 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.

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

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

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirements of the amendment and its effect on the Consolidated Financial Statements.

Ind AS 115- Revenue from contracts with customers:

On March 28, 2018, Ministry of Corporate Affairs ('MCA') has notified the Ind AS 115, Revenue from contracts with customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Group is evaluating the requirements of the amendment and it`s effect on the Consolidated Financial Statements.

3. Property, plant and equipment

(₹ in Lakhs)

Particulars	Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment	Electrical installations & fittings	Sundry equipment	Total	Capital work in progress
Cost										
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
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-
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**
Additions	-	403.44	552.83	9.61	501.40	6.90	1.19	51.68	1,527.05	1,544.58
Deductions	(663.57)	(194.47)	(252.91)	-	(22.66)	(1.99)	-	-	(1,135.60)	-
Exchange difference	(19.38)	40.53	251.24	(90.18)	(138.14)	(215.76)	(76.35)	62.55	(185.49)	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,527.05)
As at March 31, 2018	**33,644.69**	**8,675.97**	**44,678.25**	**727.50**	**906.90**	**2,301.69**	**1,612.84**	**1,512.54**	**94,060.39**	**116.50**
Depreciation and Impairment										
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**	
Additions	-	706.69	3,767.84	50.32	143.93	57.00	110.87	100.58	4,937.23	-
Deductions	-	(47.53)	(64.79)	-	(19.93)	(1.90)	-	-	(134.15)	-
Exchange difference	-	170.44	243.91	(92.26)	(139.78)	(217.36)	(76.36)	37.81	(73.60)	-
As at March 31, 2018	**-**	**5,045.84**	**12,282.45**	**589.65**	**458.00**	**2,117.18**	**1,312.05**	**1,246.29**	**23,051.45**	**-**
Net Block										
As at March 31, 2018	**33,644.69**	**3,630.13**	**32,395.80**	**137.85**	**448.90**	**184.51**	**300.79**	**266.25**	**71,008.94**	**-**
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	-

Notes :

1) During the previous year, the Holding Company 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.

2) Refer to note 17 for information on property, plant and equipment pledged as security by the Group.

3) For capital commitments, refer note 40 (b).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

4. Investment properties

Particulars	Office Building	Total
Cost		
As at April 1, 2016	**335.62**	**335.62**
Additions	-	-
Deductions	-	-
As at March 31, 2017	**335.62**	**335.62**
Additions	-	-
Deductions	-	-
As at March 31, 2018	**335.62**	**335.62**
Depreciation		
As at April 1, 2016	**17.66**	**17.66**
Depreciation for the year	15.06	15.06
Deductions	-	-
As at March 31, 2017	**32.72**	**32.72**
Depreciation for the year	15.14	15.14
Deductions	-	-
As at March 31, 2018	**47.86**	**47.86**
Net Block		
As at March 31, 2018	**287.76**	**287.76**
As at March 31, 2017	302.90	302.90

Information regarding income and expenditure of Investment properties

Particulars	Year Ended March 31, 2018	Year ended March 31, 2017
Rental income derived from Investment properties	11.72	11.16
Direct operating expenses (including repairs and maintenance) generating rental income	0.75	1.04
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**10.97**	**10.12**
Less : Depreciation	**15.14**	**15.06**
Profit arising from investment properties before indirect expenses	**(4.17)**	**(4.94)**

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, 2018

4. Investment properties (Contd...)

(₹ in Lakhs)

Fair value of the Investment properties are as under:

Fair value	Office Building
Balance as at April 1, 2016	**441.88**
Fair value increase for the year	88.38
Purchases / (Sale)	-
Balance as at March 31, 2017	**530.26**
Fair value increase for the year	35.34
Purchases / (Sale)	-
Balance as at March 31, 2018	**565.60**

Estimation of fair value

As at March 31, 2018 and March 31, 2017 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 property's 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.

The valuation of investment properties as at March 31, 2018 and March 31, 2017 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, 2018

(₹ in Lakhs)

5. Intangible Assets

Particulars	Computer Software	Technical Know-how -Acquired	Licenses	Total	Goodwill on Consolidation	Intangibles under development
Cost						
As at April 1, 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**
Additions	118.08	-	-	118.08	-	77.58
Deductions	-	-	-	-	-	-
Capitalised	-	-	-	-	-	(118.08)
Exchange rate movement	-	350.72	-	350.72	1,456.11	-
As at March 31, 2018	**799.40**	**1,903.55**	**349.09**	**3,052.04**	**9,807.41**	**24.50**
Amortisation						
As at April 1, 2016	**97.05**	**163.02**	**107.45**	**367.52**	**-**	
Amortisation for the year	114.11	126.37	89.48	329.96	-	
Deductions	-	-	-	-	-	
Exchange rate movement	-	(19.88)	-	(19.88)	-	
As at March 31, 2017	**211.16**	**269.51**	**196.93**	**677.60**	**-**	
Amortisation for the year	138.67	132.15	69.13	339.95	-	
Deductions	-	-	-	-	-	
Exchange rate movement	-	(237.26)	-	(237.26)	-	
As at March 31, 2018	**349.83**	**164.40**	**266.06**	**780.29**	**-**	-
Net Block						-
As at March 31, 2018	**449.57**	**1,739.15**	**83.03**	**2,271.75**	**9,807.41**	-
As at March 31, 2017	**470.16**	**1,283.32**	**152.16**	**1,905.64**	**8,351.30**	**-**

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, 2018

6. Financial Assets - Investments

(₹ in Lakhs)

Particulars		March 31, 2018	March 31, 2017
(i) Investment in associates			
Investment in associates (Quoted) (Refer note - 47)			
Investment in Eimco Elecon (India) Limited*			
Cost of investments		217.29	217.29
Add : Share of post acquisition profit (net of accumulated losses)		4,550.54	4,364.91
*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.			
Total Investment in associates (at cost)	**(A)**	**4,767.83**	**4,582.20**
Non-trade investments			
Quoted Investments (Fully paid-up) (Fair value through profit and loss)			
(a) 2,500 equity shares (March 31, 2017 : 2,500 equity shares) of INR 10 each of HDFC Bank Limited		47.29	36.06
(b) 53,945 equity shares (March 31, 2017 : 53,945 equity shares) of INR 2 each of Bank of Baroda		76.71	93.30
	(B)	**124.00**	**129.36**
Quoted Investments in mutual funds (Fair value through profit and loss)			
637,047.49 units (March 31, 2017 637,047.49 units) of Birla Sunlife Mutual Fund (Mutual fund investment is pledged as security for term loan taken from a financial institution)		140.01	130.02
	(C)	**140.01**	**130.02**
Unquoted Investments (Fully Paid-up) (Fair value through profit and loss) (Refer Note 37)			
(a) 2,00,000 Equity Shares (March 31, 2017 : 2,00,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited		53.98	44.08
(b) 80 Equity Shares (March 31, 2017 : 80 equity shares) of INR 10 each of Karamsad Urban Co-operative Limited #		0.01	0.01
(c) 100 Equity Shares (March 31, 2017: 100 equity shares) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited #		0.01	0.01
(d) 30 Equity Shares (March 31, 2017 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #		0.15	0.15
	(D)	**54.15**	**44.25**
Total Investments (A+B+C+D)		**5,085.99**	**4,885.83**
Aggregate market value of quoted investments (including investments in associates)		5,031.84	4,841.58
Aggregate market value of quoted investment (other than investments in associates)		264.01	259.38
Aggregate book value of unquoted investments (including investments in associates)		54.15	44.25

The Company's investments on disposal will fetch only the principal amount invested and hence the Company considers cost and fair value to be the same.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

7. Financial asset : Loan

Particulars	March 31, 2018	March 31, 2017
Loan (unsecured, considered good)		
Security deposits	698.63	656.01
Total Loans	**698.63**	**656.01**
Non-current	117.01	129.12
Current	581.62	526.89
Total	**698.63**	**656.01**

8. Financial asset : Other financial assets

Particulars	March 31, 2018	March 31, 2017
Balances with bank earmarked as margin money	-	1,053.21
Deposit with original maturity of more than twelve (12) months	1.52	1.43
Unbilled revenue	10,186.54	604.41
Other receivables	26.00	632.59
Total other financial assets	**10,214.06**	**2,291.64**
Non-current	1.52	1,054.65
Current	10,212.54	1,236.99
Total	**10,214.06**	**2,291.64**

9. Non-current tax assets (net)

Particulars	March 31, 2018	March 31, 2017
Advance tax (net of provisions)	1,764.41	2,138.89
Total non-current tax assets (net)	**1,764.41**	**2,138.89**

10. Other non-current assets

Particulars	March 31, 2018	March 31, 2017
Capital advances	150.91	179.22
Claims receivable from government authorities (including amount paid under protest)	1,893.06	1,504.41
Prepaid expenses	326.14	82.19
Total other non-current assets	**2,370.11**	**1,765.82**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

11. Inventories

Particulars	March 31, 2018	March 31, 2017
(At lower of cost and net realisable value)		
Raw materials	10,723.24	8,790.62
Work-in-progress	9,091.11	12,725.76
Finished goods	6,159.78	5,849.15
Goods in transit	1,200.76	967.85
Stores and spares	1,337.17	1,823.80
Total inventories	**28,512.06**	**30,157.18**

#Aforesaid figures are disclosed net of inventory allowance aggregating to INR 6,331.79 lakhs (March 31, 2017: INR 5,624.42 lakhs).

12. Trade receivables

Particulars	March 31, 2018	March 31, 2017
Trade receivable		
Unsecured, Considered good	83,052.54	78,311.03
Doubtful	173.09	120.90
Less : Provision for doubtful receivables / Allowance for expected credit loss	(16,101.33)	(15,617.10)
Total Trade Receivables	**67,124.30**	**62,814.83**
Receivables from related parties	1,376.04	849.14
Receivables from others	65,748.26	61,965.69
Total	**67,124.30**	**62,814.83**

Includes retention money receivable amounting to INR 26,828.24 lakhs (March 31, 2017 - INR 13,347.05 lakhs)

Allowance for doubtful debts

Movement in allowance for doubtful debt :

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year	**15,617.10**	**15,884.05**
Add : Allowance for the year	865.89	292.40
Less : Bad-debts write of	(371.55)	(162.96)
Less : Reversal excess allowance	(10.11)	(396.39)
Balance at the end of the year	**16,101.33**	**15,617.10**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

13. Cash and bank balances

Particulars	March 31, 2018	March 31, 2017
(a) Cash and Cash Equivalents		
Balances with bank		
- Current accounts and debit balance in cash credit accounts	4,634.68	9,049.93
Cheques on hand	45.00	-
Deposit account (with original maturity up to 3 months)	-	71.20
Cash on hand	0.02	0.01
Total cash and cash equivalents	**4,679.70**	**9,121.14**
(b) Other bank balances		
Balances with bank earmarked as margin money	2,448.43	0.38
Deposit account due to mature within 12 months of reporting date	1,034.55	0.25
Unpaid dividend accounts	113.62	132.89
Total other bank balances	**3,596.60**	**133.52**
Total cash and bank balances	**8,276.30**	**9,254.66**

14. Other current assets

Particulars	March 31, 2018	March 31, 2017
Advances to related parties	-	13.84
Advance to suppliers	5,003.38	5,028.16
Balance with government authorities	-	1,350.60
Other advances	1,158.02	-
Prepaid expense	1,459.76	1,728.17
Others	417.31	346.76
Total other current assets	**8,038.47**	**8,467.53**

15. Share capital

Particulars	March 31, 2018		March 31, 2017	
	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	227,500,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	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	12,750,000	12,750.00
	265,250,000	**17,800.00**	**265,250,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	112,199,965	2,244.00	112,199,965	2,244.00
Total	**112,199,965**	**2,244.00**	**112,199,965**	**2,244.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

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

Particulars	March 31, 2018		March 31, 2017	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
At the beginning of the year	112,199,965	2,244.00	108,935,843	2,178.72
Issued during the year	-	-	3,264,122	65.28
At the end of the year	112,199,965	2,244.00	112,199,965	2,244.00

15.2 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.

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

Name of the Shareholder	March 31, 2018		March 31, 2017	
	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	26,337,818	23.47
Prayas Engineering Limited	11,239,414	10.02	11,239,414	10.02
K. B. Investments Private Limited	11,190,168	9.97	11,190,168	9.97
Bipra Investments & Trusts Private Limited	6,709,436	5.98	6,709,436	5.98
HDFC Trustee Company Limited	8,572,923	7.64	8,601,184	7.67

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, 2018	March 31, 2017
Equity Share allotted as fully paid up shares by virtue of schemes of arrangement			19,338,455	19,338,455
- Pertains to financial year	2013-14	16,074,333		
- Pertains to financial year	2016-17	3,264,122		
		19,338,455		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

16. Other Equity

16.1 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, 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**
Add: Profit for the year	-	-	-	-	748.50	-	748.50
Add: Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(360.15)	-	(360.15)
Add: Foreign currency translation	-	-	-	-	-	189.07	189.07
Balance available for appropriation	**44,324.14**	**2,878.14**	**246.93**	**-**	**20,492.44**	**1,376.74**	**69,318.39**
Less : Appropriations							
Dividend	-	-	-	-	(561.00)	-	(561.00)
Tax on dividend	-	-	-	-	(114.20)	-	(114.20)
As at March 31, 2018	**44,324.14**	**2,878.14**	**246.93**	**-**	**19,817.24**	**1,376.74**	**68,643.19**

16.2 Dividend distribution made and proposed

Particulars	March 31, 2018	March 31, 2017
Cash dividends on Equity shares declared and paid		
Final dividend for year ended March 31, 2017: INR 0.50 per share (March 31, 2016: INR 1.10 per share)	561.00	1,198.29
Dividend distribution tax on final dividend	114.20	243.95
	675.20	**1,442.24**
Proposed dividends on Equity shares		
Final dividend proposed for the year ended March 31, 2018: INR 0.20 per share (March 31, 2017: INR 0.50 per share)	224.40	561.00
Dividend distribution tax on proposed dividend	46.13	114.21
	270.53	**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, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

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 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.

17. Borrowings

Particulars	March 31, 2018	March 31, 2017
Non-current interest bearing borrowings		
Secured		
Term Loans		
From banks (Refer note (a)(i) and (b)(1) below)	4,239.01	4,884.36
From financial institutions (Refer note (a)(ii), (a)(iii), (a)(iv) and (b)(1) below)	14,157.92	8,298.09
From consortium banks (Refer note (a)(v) and (b) (2) below)	276.96	816.38
Vehicle Loan		
From bank (Refer note (a)(vi) and (b)(3) below)	120.98	-
	18,794.87	**13,998.83**
Less : Interest accrued	97.75	54.07
Total non-current borrowings	**18,697.12**	**13,944.76**
Current interest bearing borrowings		
Secured		
Working capital loans		
From bank (Refer note (c)(i) and (c)(ii) below)	32,354.21	35,457.57
From financial institutions (Refer note (c)(iii) and (d)(1) below)	2,517.67	-
Unsecured		
Working capital loans		
From bank	-	1,008.26
From related parties (Refer (d)(2) below)	959	-
	35,830.72	**36,465.83**
Less : Interest accrued	90.40	96.94
Total current borrowings	**35,740.32**	**36,368.89**
Total interest bearing borrowings	**54,437.44**	**50,313.65**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

17. Borrowings (Contd...)

(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 Radicon Drive Systems Inc.
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 Radicon Drive Systems Inc.
5. Negetive pledge over the entire target assets of Radicon Transmission UK Ltd. including target IPRs.
6. Corporate Guarantee of Holding Company.
7. Corporate Guarantee of Radicon Drive Systems Inc.
8. Escrow over all receivables of the entire shareholding of the borrower i.e. Radicon Tyransmission UK Ltd. in Benzler TBA BV and Radicon Drive Systems Inc.
9. Pledge of shares of Eimco Elecon (India) Limited held by Holding Company, or any other security of equivalent value.

The rate of interest is 4% approx

ii) Term Loans from financial institution - Loan from IFCI Limited is secured by way of:

1. Exclusive charge by way of Hypothecation on specific Plant & Machineries.
2. Exclusive charge over commercial property of Emtici Engineering Limited at Pune, Maharashtra & Corporate Guarantee of Emtici Engineering Limited to the tune of Value of Property.
3. Exclusive charge by way of Pledge of shares of Company owned by Emtici Engineering Limited of 0.7 times of loan amount.
4. Post dated checks for Interest & Principal Payments.

The rate of interest is 11.45% p.a.

iii) 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 of the Company.
2. Exclusive charge by way of registered Mortgage on Commercial Property at Rajkot of the Company.
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%.

iv) Term Loans from financial institution - Loan from Tata Capital Financial Services Limited is secured by way of:

1. Exclusive charge by way of Pledge of shares of Company owned by Prayas Engineering Limited.

The rate of interest is 10.70%.

v) Term Loans granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), 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 Holding Company, present and future.
3) Corporate guarantee of Prayas Engineering Limited and Emtici Engineering Limited.
4) Non disposal undertaking for certain land parcels.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

17. Borrowings (Contd...)

vi) Loan from bank - Loan from HDFC Bank Limited is secured by way of:-

1. Exclusive charge by way of Hypothecation on specific vehicles.

The rate of Interest is 11.86% p.a.

Name of the Bank and Financial Institutions	Interest Rate %
IFCI Limited	11.45%
Aditya Birla Finance Limited	11.50%
Tata Capital Financial Services Limited	10.70%
State Bank of India	12.80% to 13.90%
Bank of Baroda	11.20% to 12.30%
IDBI Bank Limited	13.00%
Export Import Bank of India	13.50%
HDFC Bank	11.86%

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

1. Term Loans*

(₹ in Lakhs)

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
(i) Aditya Birla Finance Limited	5,550.00	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) IFCI Limited	9,500.00	-	Repayable in quarterly installments amounting to INR 220.00 Lakhs upto Oct 2019 and INR 350.00 Lakhs from Jan 2020.
(iii) Tata Capital Financial Services Limited	2,500.00	-	Repayable in quarterly installments amounting to INR 312.50 Lakhs from May 2019.
(iii) Clix Capital Finance Unlimited	-	4,447.92	-
(iv) Bank of Baroda, Dubai	4,798.80	1,700.57	Repayable in 20 quarterly installments of GBP 125,000 & 375,000 after 12 months from drawdown date of March 31, 2018.
(iv) Axis Bank UK Ltd	-	2,442.18	
	22,348.80	**14,590.67**	

* excluding accrued interest and amortised cost but including current maturity of non-current borrowings.

The Management periodically reviews compliance with terms and conditions of the loan agreements to identify any non-adherence. Basis the aforesaid compliance review during the year, the Holding Company agreed to accelerate repayment to a lender as per renegotiated terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

(₹ in Lakhs)

17. Borrowings (Contd...)

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

2. From Consortium Banks*

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
(i) State Bank of India	454.51	749.70	Repayable in equated quarterly installments of INR 75 Lakhs starting from October 2015.
(ii) Exim Bank	-	520.00	
(iii) IDBI Bank	375.00	625.00	Repayable in equated quarterly installments of INR 62.5 Lakhs starting from October 2015.
(iv) Bank of Baroda	-	750.00	
	829.51	**2,644.70**	

* excluding accrued interest and amortised cost but including current maturity of non-current borrowings.

3. Vehicle Loan*

Lender	March 31, 2018	March 31, 2017	Terms of Repayment
HDFC Bank Limited	343.94	-	Repayable in 24 equated monthly installments from FY 2017-18 to FY 2019-20.
	343.94	**-**	

* excluding accrued interest and amortised cost but including current maturity of non-current borrowings.

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

(i) 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 and IndusInd Bank (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 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 in name 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 guarantees of Prayas Engineering Limited and Emtici Engineering Limited.

Name of the Bank	Interest Rate %
State Bank of India	8.80% to 10.90%
Bank of Baroda	11.25% to 12.25%
IDBI Bank	11.55% to 11.75%
Axis Bank	11.00%
IndusInd Bank	11.80%
HDFC Bank	9.75% to 10.20%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at March 31, 2018

(ii) Working Capital Loan obtained from Bank of Baroda, Dubai 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 Drive Systems Inc. and Benzlers Systems AB.
- Corporate Guarantee given by Elecon Engineering Company Limited.
- 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.

(iii) Working Capital Loans from Financial Institution granted by Bajaj Finance Limited is secured by:-

1. Exclusive charge by way of Pledge of shares of a company owned by K. B. Investments Private Limited.

The rate of Interest is 10.75%.

(d) Terms of Repayment of working capital loan

(1) Secured Loans*

(₹ in Lakhs)

Lender	Interest rate	March 31, 2018	March 31, 2017	Terms of Repayment
Bajaj Finance Limited	10.75%	2,500.00	-	Repayable in a single bullet payment after 12 months of the date of disbursement.
		2,500.00	**-**	

* excluding accrued interest and amortised cost but including current maturity of non-current borrowings.

(2) Unsecured Loans*

(₹ in Lakhs)

Lender	Interest rate	March 31, 2018	March 31, 2017	Terms of Repayment
HDFC Bank Limited	10.35%	-	1,000.00	Repayable on Demand
PPP Capital Limited	3 months LIBOR+4.5%	959 .84	-	
		958.84	**1,000.00**	

* excluding accrued interest and amortised cost but including current maturity of non-current borrowings.

18. Non-current provisions

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Provision for gratuity and pension (Refer note - 39)	5,038.74	4,296.61
Provision for leave obligations (Refer note - 39)	421.84	524.57
Total non-current provisions	**5,460.58**	**4,821.18**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

19. Other Non-financial liabilities

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Advance from customers	15,147.79	12,299.32
Statutory dues	1,873.14	693.43
Employee related liabilities	18.33	-
Total other non-financial liabilities	**17,039.26**	**12,992.75**
Non-current	56.29	57.80
Current	16,982.97	12,934.95
Total	**17,039.26**	**12,992.75**

20. Trade payables

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Dues to related parties	7,520.32	5,799.71
Dues to micro, small and medium enterprises	4,768.97	4,698.48
Dues to other than micro, small and medium enterprises	38,637.74	37,785.06
Total trade payables	**50,927.03**	**48,283.25**

Includes retention money payable to vendors amounting to INR 3,181.09 lakhs (March 31, 2017 - INR 2,836.36 lakhs).

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

Particulars	March 31, 2018	March 31, 2017
Principal amount remaining unpaid to any supplier as at the period end.	4,768.97	4,698.48
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.	-	-

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management of the Company, dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management till date and relied upon by the auditors. The disclosures as required by Section 22 of the MSMED Act are given above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

21. Other financial liabilities - Current

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Current maturities of non-current borrowings		
- Term loans from bank	3,837.92	6,210.18
- Loans from consortium of banks	550.00	1,820.00
- Vehicle loans	222.96	-
Interest accrued but not due on borrowings	188.15	151.01
Security deposits	110.81	80.35
Unpaid dividend*	113.62	132.88
Capital creditors	80.68	867.72
Unearned revenue	2,444.77	1,453.54
Total other financial liabilities	**7,548.91**	**10,715.68**

* 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.

22. Provisions

Particulars	March 31, 2018	March 31, 2017
Provision for leave obligation (Refer note - 39)	107.71	96.58
Provision for warranty	158.73	288.15
Provision for liquidated damages	-	101.00
Provision for onerous contracts	1,091.06	1,502.09
Other provisions	-	0.82
Total Provosions	**1,357.50**	**1,988.64**

Movement in provisions

Particulars	Liquidated damages	Warranty	Onerous Contract
Carrying amount as at April 1 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**
Provision made / increase in provision	-	45.58	4,694.77
Provision amount used during the year	(101.00)	-	(4,956.52)
Provision amount reversed during the year	-	(175.00)	(149.28)
Carrying amount as at March 31 2018	**-**	**158.73**	**1,091.06**

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, 2018

(₹ in Lakhs)

23. Current tax liabilities (net)

Particulars	March 31, 2018	March 31, 2017
Provision for tax (net of advance tax)	1,481.68	1,658.07
Total current tax liabilities (net)	**1,481.68**	**1,658.07**

24. Revenue from operations

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Sale of products		
Transmission equipment sales	78,371.20	76,718.68
Material handling equipment	32,228.46	42,183.72
	110,599.66	**118,902.40**
Sale of services		
Erection and commissioning charges	6,880.45	6,952.97
	6,880.45	**6,952.97**
Other operating revenue		
Sale of scrap	497.62	603.07
Excess provision on doubtful debts written back	10.11	396.39
Advances from customer written back	317.33	275.83
Bad debts recovered	141.78	-
Duty drawback	381.48	254.87
Other operating revenue	21.63	80.01
	1,369.95	**1,610.17**
Total revenue from operations	**118,850.06**	**127,465.54**

The Government of India introduced the Goods and Services Tax (GST) with effect from July 1, 2017, consequently revenue from operations for the period from July 1, 2018 to March 31, 2018 is net of GST. However revenue for quarter ended June 30, 2017 included in the figures presented for the year ended March 31, 2018 is inclusive of excise duty.

25. Other income

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income	143.83	184.82
Dividend income	0.92	0.24
Profit on sale of property, plant and equipment (net)	100.62	137.37
Gain on fair valuation of investments	14.52	-
Rent income	104.95	178.19
Miscellaneous income	182.53	355.64
Total other income	**547.38**	**856.26**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

26. Cost of materials consumed

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Inventory at the beginning of the year	8,790.62	12,687.40
Add : Purchases	54,264.78	49,260.54
	63,055.40	61,947.94
Less : Inventory at the end of the year	10,723.24	8,790.62
Cost of material consumed	**52,332.16**	**53,157.32**

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

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(Increase) / decrease in inventories		
Opening work-in-progress	12,725.76	15,392.39
Closing work-in-progress	(9,091.11)	(12,725.76)
Exchange difference	3.76	396.36
	3,638.41	**3,062.99**
Opening finished goods	6,817.00	5,064.63
Closing finished goods	(7,360.54)	(6,817.00)
Exchange difference	(270.69)	(331.15)
	(814.23)	**(2,083.52)**
Total changes in inventories of finished goods and work-in-progress	**2,824.18**	**979.47**

28. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Stores, tools and spares consumed	1,744.90	2,428.57
Sub-contracting charges	7,494.96	8,407.14
Power and fuel	972.65	1,057.51
Erection and other charges	9,362.31	1,933.77
Other manufacturing expenses	1,384.35	1,557.81
Total manufacturing expense and erection charges	**20,959.17**	**15,384.80**

29. Employee benefits expense

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries and wages	10,807.58	12,389.09
Contribution to provident fund and other funds (Refer note - 39)	668.20	703.29
Employees' welfare expenses	2,180.64	2,185.26
Total employee benefits expense	**13,656.42**	**15,277.64**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

30. Finance costs

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest expenses	5,946.52	6,884.17
Other borrowing Costs	586.22	556.03
Applicable net loss on foreign currency transaction/translation	23.07	517.12
Total finance costs	**6,555.81**	**7,957.32**

31. Other expenses

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Technical know how and design fees	87.31	313.83
Rent	1,296.09	1,394.86
Computer software charges	851.21	899.16
Rates and taxes	1,405.82	800.53
Repairs and maintenance :		
- Building	83.61	310.65
- Machinery	1,456.74	1,528.45
- Others	48.27	55.10
Insurance (net of recoveries)	280.26	356.32
Travelling, conveyance and communication expense	874.44	1,215.04
Directors sitting fees	9.70	14.18
Commission to Non-Executive Directors	7.50	25.00
Packing, forwarding and distribution expenses (net of recoveries)	2,762.75	2,789.14
Loss on fair valuation of investments	-	45.25
Loss on sale of investments	-	27.09
Commission and brokerage	2,170.97	1,958.90
Warranty claim replacement	434.97	489.46
Bad debts written off	371.55	162.96
Advertisements and sales promotion expenses	115.39	301.70
Payment to auditors (Refer note- 32)	117.84	143.73
Service charges	-	50.59
Donations	-	16.70
Expenditure on corporate social responsibility (Refer note - 33)	64.50	90.94
Lease rentals	1,008.27	1,125.76
Legal and professional fees	1,302.50	1,696.44
Bank charges	969.66	1,022.33
General administrative charges	351.82	1,988.03
Provision for doubtful debts	438.19	129.44
Total	**16,658.77**	**18,951.58**

(i) Research and development expenditure accounted through consolidated Statement of Profit and Loss aggregates INR 253.42 lakhs (2016-17: INR 358.65 lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

32. Payment to auditors

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) As auditor		
Audit fees*	87.80	109.49
Tax audit fees	-	4.15
(b) For other services (limited review, certification etc.)	27.45	26.36
(c) Out of pocket expenses	2.59	3.73
Total payment to auditors	**117.84**	**143.73**

*Includes audit fees paid to auditors of the subsidiary company

During the previous year over and above the aforesaid payments an amount of INR 3.10 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 Holding Company was required to spend INR 84.03 Lakhs (2016-17: INR 88.62 lakhs), however, the Holding Company has spent INR 63.00 Lakhs (2016-17: INR 90.94 lakhs) during the current financial year. The Holding Company has spent following amounts during the year :

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Health care, nutrition, sanitation and safe drinking water	-	6.36
Education Scholarship and vocational skill development	63.00	84.58
Total corporate social responsibility expenditure	**63.00**	**90.94**

34. Earnings per share

(₹ in Lakhs, except per share data)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit attributable to equity shareholders of the group	748.50	1,075.02
Weighted average number of equity shares	112,199,965	112,199,965
Earning per Share (Basic and Diluted)	0.67	0.96
Face value per Share	2.00	2.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

35. Tax expenses

The major component of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Statement of Profit and loss		
Current tax		
Current income tax	650.34	2,246.03
Adjustment of tax relating to earlier periods	(532.28)	34.56
Deferred tax		
Deferred tax relating to origination and reversal of temporary difference	(304.60)	1,030.32
Income tax expense reported in the Statement of Profit and Loss	**(186.54)**	**3,310.91**
Other comprehensive income		
Deferred tax (asset) on remeasurements losses of defined benefit plans	(58.63)	(31.38)
Income tax expense reported in the Statement of Profit and Loss	**(245.17)**	**3,279.53**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 and March 31, 2017.

A) Current tax

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Accounting profit before tax from continuing operations	561.96	4,385.93
Income tax rate of Company's domestic tax rate	34.608%	34.608%
Tax using Company's domestic tax rate	194.48	1,517.88
Tax effects of :		
Tax exempt income	(82.74)	-19.20
Tax at special rate	(164.31)	(147.56)
Reversal of deferred liablity on prepaid finance charges and indexation of land	-	(99.07)
Other non-deductible expenses (net)	74.38	1,426.83
Adjustment of tax expense relating to earlier periods	(532.28)	33.25
Effect of different tax rates on foreign subsidiaries	(78.00)	144.09
Current year losses on which no deferred tax was recognised	343.30	423.31
	(439.65)	**1,761.64**
Income tax expense	**(245.17)**	**3,279.53**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

35. Tax expenses (Contd...)

B. Deferred tax

(₹ in Lakhs)

Particulars	Balance as on April 1, 2016	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2017	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2018
Accelerated depreciation for tax purposes	(6,910.22)	223.35	(6,686.87)	454.69	(6,232.17)
Impact of fair valuation of assets	(6,957.85)	39.97	(6,917.88)	(32.56)	(6,950.44)
Deferred tax on fair value of investments	(51.43)	43.51	(7.92)	(5.93)	(13.85)
Deferred tax on prepaid finance charges	(59.10)	59.10	-	-	-
Provision for doubtful debt (including allowance for expected credit losses)	5,497.14	(137.17)	5,359.96	206.25	5,566.21
Provision for pension liability	223.05	-	223.05	(67.51)	155.54
Expenditure allowable on payment basis	269.03	(30.26)	238.76	(59.06)	179.70
Expenditure allowable on realised basis	2,082.97	(1,269.26)	813.71	(191.27)	622.44
Other Comprehensive Income	**15.35**	**31.39**	**46.74**	**58.63**	**105.37**
Exchange difference directly recognised in equity	-	40.44	-	105.61	105.61
Total deferred tax (expense) / income	**-**	**998.94**	**-**	**468.85**	**-**
Net deferred tax assets/(liabilities)	**(5,891.06)**	**-**	**(6,930.45)**	**-**	**(6,461.60)**
Reflected in the balance sheet are as follows:					
Deferred tax assets	275.23		746.49		872.09
Deferred tax liabilities	(6,166.29)		(7,676.94)		(7,333.69)
Deferred tax liabilities (net)	**(5,891.06)**		**(6,930.45)**		**(6,461.60)**

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2018	March 31, 2017
Opening balance as of April 1	(6,930.44)	(5,891.06)
Tax income/(expense) during the period recognised in profit or loss	304.60	(1,030.32)
Tax income/(expense) during the period recognised in OCI	58.63	31.38
Exchange difference directly recognised in equity	105.61	(40.44)
Closing balance as at March 31	**(6,461.60)**	**(6,930.44)**

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, 2018 and March 31, 2017, 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...)

as at March 31, 2018

35. B. Deferred tax (Contd....)

(₹ in Lakhs)

The Subsidaries have the following unused tax losses which arose on incurrence of business losses under the Income tax for which no deferred tax asset have been recognised in the balance sheet.

Financial year	March 31, 2018
2011-12	7.38
2012-13	71.24
2015-16	17.60
2016-17	602.79
2017-18	991.96

36. 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 approaved 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 Company seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2018, approximately 21% of the Company's borrowings are at fixed rate (March 31, 2017 : 36%).

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:

(₹ in Lakhs)

	March 31, 2018	March 31, 2017
Fixed-rate instruments		
Financial Assets	3,484.50	1,126.47
Financial Liabilities	12,198.57	16,703.13
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	46,849.75	41,640.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

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

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.

Particular	Impact on Profit / (loss) after tax
March 31, 2018	
Increase in 100 basis points	(306.36)
Decrease in 100 basis points	306.36
March 31, 2017	
Increase in 100 basis points	(272.30)
Decrease in 100 basis points	272.30

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,THB and GBP). Consenquently, 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:

Exposure to Currency Risk:-

The summary quantitative data about the company's exposure to currency risk (based on notional amounts) is as follows:

Particular	March 31, 2018				March 31, 2017			
	USD	GBP	THB	EUR	USD	GBP	THB	EUR
Financial Assets								
Trade receivables	2,390.35	899.62	-	1,352.24	2,663.49	2,025.13	-	493.05
Cash and cash equivalents	32.84	-	-	190.49	3.84	-	-	676.40
Other financial assets	-	-	-	-	12.82	-	-	4,427.50
Loans	2,474.75	-	-	-	2,072.38	-	-	-
Total A	**4,897.94**	**899.62**	**-**	**1,542.73**	**4,752.53**	**2,025.13**	**-**	**5,596.95**
Financial Liabilities								
Trade payables	796.81	84.97	236.55	438.38	1,001.77	270.24	2,448.50	832.02
Borrowings	325.24	-	-	1,521.40	323.59	928.85	-	663.07
Total B	**1,122.05**	**84.97**	**236.55**	**1,959.78**	**1,325.36**	**1,199.09**	**2,448.50**	**1,495.09**
Total A - B	**3,775.89**	**814.65**	**(236.55)**	**(417.05)**	**3,427.17**	**826.04**	**(2,448.50)**	**4,101.86**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

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

The following significant exchange rates have been applied during the year. (₹ in Lakhs)

Rupees	Average rate		Year-end spot rate	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD 1	64.95	65.47	65.04	64.85
GBP 1	86.85	88.19	92.28	81.41
EUR 1	74.85	72.06	80.62	69.07
THB 1	0.50	0.53	0.48	0.53

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.

(₹ 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, 2018												
Strengthening	1.00%	37.76	24.69	6.00%	48.88	31.96	3.00%	(12.51)	(8.18)	5.00%	(11.83)	(7.73)
Weakening		(37.76)	(24.69)		(48.88)	(31.96)		12.51	8.18		11.83	7.73
March 31, 2017												
Strengthening	2.50%	85.68	56.03	2.50%	20.65	13.50	3.00%	123.06	80.47	5.00%	(122.43)	(80.06)
Weakening		(85.68)	(56.03)		(20.65)	(13.50)		(123.06)	(80.47)		122.43	80.06

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

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

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, 2018	March 31, 2017
Not due	1.25%	2.85%
0-1 year	5.39%	5.61%
1-3 years	17.30%	30.39%
Greater than 3 years	72.33%	63.04%
Expected Credit Losses rate	**24.07%**	**25.47%**
Amount of expected credit loss provided for	**16,101.33**	**15,617.10**

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. 11.

(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 domestic and international banks 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.

Particulars	Carrying amount	Less than 12 months	1-2 years	2-5 years	more than 5 years	Total
Year ended March 31, 2018						
Financial liabilites						
Borrowings	54,437.44	36,656.00	5,494.58	12,853.17	7,092.49	62,096.25
Trade payables	50,927.03	50,927.03	-	-	-	50,927.03
Other financial liabilities	7,548.91	8,704.06	-	-	-	8,704.06
Total	**112,913.38**	**96,287.09**	**5,494.58**	**12,853.17**	**7,092.49**	**121,727.33**
Year ended March 31, 2017						
Financial liabilites						
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**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at March 31, 2018

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

Despite reduction in profitability and operating cash flows, management is confident of meeting its short term liabilities as and when they become due. Further management is also in process of discussing with several financial institution on funding requirments of the Group.

(d) Commodity price risk

Commodity price risk arises due to fluctuation in prices of steel. The Group has a risk management framework aimed at prudently managing the risk arising from the volatility in the commodity prices and freight costs. The Group's commodity risk is managed through well-established control processes.

(e) 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.

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest-bearing loans and borrowings (Note 17 and 21)	59,048.32	58,343.83
Less: cash and cash equivalents (Note 13)	(4,679.70)	(9,121.14)
Adjusted net debt	**54,368.62**	**49,222.69**
Equity share capital (Note 15)	2,244.00	2,244.00
Other equity (Note 16)	68,643.19	68,740.97
Total equity	**70,887.19**	**70,984.97**
Adjusted net debt to total equity ratio	**0.77**	**0.69**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

37. Fair Value Measurements

A. Accounting classification and fair values

(₹ in Lakhs)

As at March 31, 2018

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Note 1)	317.99	-	0.17	318.16	264.01	-	54.15	318.16
Trade receivables	-	-	67,124.30	67,124.30	-	-	-	-
Cash and cash equivalents	-	-	4,679.70	4,679.70	-	-	-	-
Other bank balance	-	-	3,596.60	3,596.60	-	-	-	-
Other financial assets	-	-	10,214.06	10,214.06	-	-	-	-
Loans	-	-	698.63	698.63	-	-	-	-
Total Financial assets	**317.99**	**-**	**86,313.46**	**86,631.45**	**264.01**	**-**	**54.15**	**318.16**
Borrowings (excluding current maturities)	-	-	54,437.44	54,437.44	-	-	54,437.44	54,437.44
Trade payables	-	-	50,927.03	50,927.03	-	-	-	-
Other financial liabilites	-	-	7,548.91	7,548.91	-	-	-	-
Total Financial liabilities	**-**	**-**	**112,913.38**	**112,913.38**	**-**	**-**	**54,437.44**	**54,437.44**

As at March 31, 2017

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
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	-	-	2,291.64	2,291.64	-	-	-	-
Loans	-	-	656.01	656.01	-	-	-	-
Total Financial assets	**303.46**	**-**	**75,017.31**	**75,320.77**	**259.38**	**-**	**44.25**	**303.63**
Borrowings (excluding current maturities)	-	-	50,313.65	50,313.65	-	-	50,313.65	50,313.65
Trade payables	-	-	48,283.25	48,283.25	-	-	-	-
Other financial liabilites	-	-	10,715.68	10,715.68	-	-	-	-
Total Financial liabilities	**-**	**-**	**109,312.58**	**109,312.58**	**-**	**-**	**50,313.65**	**50,313.65**

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 enitities other than subsidiaies, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

37. 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 (March 31, 2017 INR 0.17 lakhs) , the Group has not fair valued the same.

ii) Levels 1, 2 and 3

Level 1 : It includes Investment in equity shares and mutual funds that have 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 March 31, 2018.

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 comarable companies to obtain the dicounted 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, 2018	March 31, 2017
Beta for WACC	1.00	1.00
Risk free rate of return	7.18%	7.0%
Cost of equity	11.00%	15.8%
Cost of debt	Nil	Nil
WACC	11.00%	15.83%
Perpetual growth rate	5.00%	3.00%

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, 2018 and March 31, 2017 is as below:

(₹ in Lakhs)

Particulars	Amount
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**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	9.90
As at March 31, 2018	**54.15**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

37. Fair Value Measurements (Contd...)

Transfer out of Level 3

There were no movement in level 3 in either directions during March 2018 and March 2017.

Sensitivity analysis - Investments in unquoted equity instruments of EECL (Value per share)

2017-18		Perpetual growth rate	
		-1%	+1%
	Cost of equity	26.10	26.35
		(24.46)	(24.70)
2016-17		Perpetual growth rate	
		-1%	+1%
	Cost of equity	22.91	27.08
		(18.37)	(21.21)

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
(iii) Elecon Africa Pty. Limited
(iv) Elecon Engineering (Suzhou) Co. Limited, China

d) Key managerial personnel

(i) Mr. Prayasvin B. Patel - Chariman & Managing Director
(ii) Mr. Prashant C. Amin - Executive Director
(iii) Mr. Rajat Jain (upto December 31, 2017) - Chief Financial Officer
(iv) Mr. Pradip M. Patel - Director
(v) Mr. Jal Patel - Independent Director
(vi) Mr. Chirayu R Amin - Independent Director
(vii) Mr. Jai S Diwanji - Independent Director
(viii) Dr. Sonal V Ambani - Independent Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

38. Related party disclosure (Contd...)

e) Enterprises over which (d) above have significant influence

(i) Bipra Investments & Trusts Private Limited
(ii) Devkishan Investment Private Limited
(iii) K. B. Investments Private Limited
(iv) Elecon Information Technology Limited
(v) 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) 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
(xix) Radicon Transmission FZE
(xx) Radicon Transmission (Thailand) Limited
(xxi) Radicon Transmission (Australia) Pty Limited
(xxii) Vijay M. Mistry Construction Private 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 in USD and GBP given to the related party carries interest rate at 4.05% to 5.17% (March 31, 2017 : 4.62%).

Commitments with related parties

The Group has not provided any commitment to the related party as at March 31, 2018 (March 31, 2017: Rs.Nil).

Transactions with key management personnel

Compensation of key management personnel of the Company.

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Short-term employee benefits		
- Mr. Prayasvin B. Patel	242.61	385.75
- Mr. Prashant C. Amin	204.54	222.40
- Mr. Rajat Jain	45.16	58.33
Commission and sitting fees to Independent director	17.20	39.18
Total compensation paid to key management personnel	**509.51**	**705.66**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

38. Related party disclosure (Contd...)

Key Managerial Personnel 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.

Particulars	Associate		Key Managerial Personnel		Entities controlled by Directors / Relatives		Employement benefit plans	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Purchase of material / finished goods	10.89	31.56	-	-	10,837.53	9,182.84	-	-
Job work income	10.33	4.51	-	-	67.16	44.15	-	-
Job work expenses paid	5.98	1.76	-	-	34.32	123.39	-	-
Sale of finished goods/ consumable stores	413.04	497.86	-	-	1,513.12	842.90	-	-
Purchase of property plant and equipment	281.25	-	-	-	929.38	150.83	-	-
Sales of property plant and equipment	1,000.00	-	-	-	45.95	0.16	-	-
Remuneration paid to key managerial personnel	-	-	635.82	831.51	-	-	-	-
Advances given to director	-	-	-	1.41	-	-	-	-
Other expenses charged from related parties	26.74	47.51	-	-	417.82	113.30	-	-
Other expenses charged by related parties	40.36	154.55	-	-	3,352.07	3,785.66	-	-
Sales and other commission expense	-	-	-	-	-	110.17	-	-
Commission income on bank guarantee	-	-	-	-	-	85.33	-	-
Interest expense on inter corporate deposit	-	-	-	-	-	42.30	-	-
Interest Expenses	-	-	-	-	73.61	130.42	-	-
Sale of investment in equity shares	-	-	-	-	-	105.66	-	-
Repayment of loans	-	-	-	-	-	655.00	-	-
Loan taken	-	-	-	-	-	-		
Issue of shares under the scheme of amalgamation	-	-	-	5.10	-	60.04	-	-
Contribution made to post employment defined benefit plans trust	-	-	-	-	-	-	-	161.30
Advances received back	-	-	-	-	-	561.65	-	-
Outstanding balances								
Trade payables	29.17	20.80	-	-	7,885.23	5,778.91	-	-
Trade receivables	47.83	24.08	-	-	1,328.21	825.07	-	-
Advances received	-	-	-	-	147.71	13.84	-	-
Advances given	-	-	-	-	2.58	-	-	-
Advance given to director	-	-	-	1.41	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

38. Related party disclosure (Contd...)

Particulars	Associate		Entities controlled by Directors / Relatives		Employement benefit plans	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Purchase of material / finished goods						
(i) Specialty Wood Pack Private Limited	-	-	686.77	730.17	-	-
(ii) Elecon Peripharals Limited	-	-	1,322.69	1,894.88	-	-
(iii) Eimco Elecon (India) Limited	10.89	31.56	-	-	-	-
(iv) Power Build Private Limited	-	-	721.72	926.58	-	-
(v) Radicon Transmission (Thailand) Limited	-	-	6,042.12	4,638.07	-	-
(vi) Others	-	-	2,064.23	993.14	-	-
	10.89	**31.56**	**10,837.53**	**9,182.84**	**-**	**-**
Other expenses charged by related parties						
(i) Akaaish Mechatronics Limited	-	-	1,014.70	1,185.17	-	-
(ii) Elecon Information Technologies Limited	-	-	17.04	360.84	-	-
(iii) Emtici Engineering Limited	-	-	1,167.90	1,251.88	-	-
(iv) Prayas Engineering Limited	-	-	313.56	283.86	-	-
(v) Others	-	-	838.87	703.91	-	-
	-	**-**	**3,352.07**	**3,785.66**	**-**	**-**
Trade payables						
(i) Elecon Peripherals Limited	-	-	952.22	1,243.64	-	-
(ii) Radicon Transmission (Thailand) Limited	-	-	3,382.89	2,909.92	-	-
(iii) Others	-	-	3,550.12	1,625.35	-	-
	-	**-**	**7,885.23**	**5,778.91**	**-**	**-**

39. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 668.21 lakhs (March 31, 2017: INR 699.57 Lakhs) is recognised as expenses and included in Note No. 29 "Employee benefits expense"

Particulars	As at March 31, 2018	As at March 31, 2017
Provident Fund and Pension	660.87	693.59
Superannuation Fund	7.34	5.98
	668.21	**699.57**

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

B. Defined benefit plans:

The Group has following post employement 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 vestsonly after five years of continuous service.

March 31, 2018 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2017	Gratuity and pension cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset and Increase (decrease) in obligation due to fluctuation in exchange rate	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2018
		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	1,323.60	109.91	99.43	209.34	(0.59)	(223.20)	-	15.87	(8.47)	(35.45)	(28.05)	-	1,281.10
Fair value of plan assets	(1,342.54)	-	(100.86)	(100.86)	-	223.20	10.51	-	-	-	10.51	(112.31)	(1,322.01)
Benefit liability/(asset)	**(18.94)**	**109.91**	**(1.43)**	**108.48**	**(0.59)**	**-**	**10.51**	**15.87**	**(8.47)**	**(35.45)**	**(17.54)**	**(112.31)**	**(40.91)**
Pension, gratuity and medical plan													
Defined benefit obligation	4,296.61	1.85	(275.01)	(273.16)	573.22	-	-	-	405.07	-	405.07	36.99	5,038.74
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**4,296.61**	**1.85**	**(275.01)**	**(273.16)**	**573.22**	**-**	**-**	**-**	**405.07**	**-**	**405.07**	**36.99**	**5,038.74**
Total benefit liability	**4,277.67**	**111.75**	**(276.44)**	**(164.68)**	**572.63**	**-**	**10.51**	**15.87**	**396.60**	**(35.45)**	**387.54**	**(75.31)**	**4,997.83**

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

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/ Transfer Out liability/ asset and Increase (decrease) in obligation due to fluctuation in exchange rate	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 OCI		
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/(asset)	**74.08**	**50.54**	**6.25**	**56.79**	**-85.00**	**-**	**(3.67)**	**24.89**	**36.25**	**45.00**	**102.47**	**(167.28)**	**(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	-	4,296.61
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**4,707.59**	**-**	**112.44**	**112.44**	**-393.63**	**(167.69)**	**-**	**37.90**	**-**	**-**	**37.90**	**-**	**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**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ 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 and Pension are as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Insurance Fund for gratuity (%) of total plan assets	100%	100%
Insurance Fund for pension	0%	0%

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

a) For Gratuity (for Indian entities)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.68%	7.51%
Future salary increase	6.50%	6.50%
Expected rate of return on plan assets	7.68%	7.51%
Employee turnover rate	10.00%	5.00%
Morality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)

b) For Pension (for overseas entities)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	2.35%	2.55%
Future salary increase	0.00%	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, 2018 INR	Year ended March 31, 2017 INR
Discount rate	1% increase	(47.07)	(66.97)
	1% decrease	52.00	76.00

c) Leave obligations -Unfunded

The acturial Liability towards leave obligations as at March 31, 2018 is INR 529.55 Lakhs (March 31, 2017 is INR 621.15 Lakhs). Current year charge is included in Employee benefit expense (refer note 29).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

40. Contigent liabilities and commitments

	Particulars	March 31, 2018	March 31, 2017
(a)	**Contingent liabilities:**		
	Claims against the Company not acknowledged as debt		
(i)	Disputed with Excise and Service tax authority	7,877.54	8,168.69
(ii)	Disputed with Sales tax authority	1,161.16	2,761.66
(iii)	Disputed with Income tax authority	1,850.67	993.29
(iv)	Sales bills discounted under letter of credit with Banks	596.69	1,427.94
(v)	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 (March 31, 2017: 206.07 lakhs). However the group has made a counter claim of INR 200.00 Lakhs (March 31, 2017: 200.00 lakhs) with the same arbitrator in response and as per the books of account INR 51.88 Lakhs (March 31, 2017 : 51.88 lakhs) is due to him.	152.36	152.36
(vi)	The Holding Company has provided Corporate Guarantee to Bank of Baroda, Dubai to the tune of GBP 7,216,000 and US$ 282,99,876 (March 31, 2017: 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 Holding Company.	25,066.66	24,225.31
(vii)	The Holding Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 6,000,000 (March 31, 2017: GBP 6,000,000) as a security for repayment of Financial facility availed by Radicon Transmission UK Limited, United Kingdom, a subsidiary of the Holding Company.	5,537.08	4,884.36
(viii)	Bonus Liability for the year 2014 -15	151.75	151.75
(ix)	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
(x)	In respect of a commercial civil suit filed by a customer against the Holding Company with the Commercial Civil Court, Ahmedabad amounting to INR 4,933 lakhs (March 31, 2017: 4,933 lakhs). Against this, the Group has filed a counter claim of INR 549 lakhs (March 31, 2017: 549 lakhs) against the Customer for the default made by the customer.	4,384.00	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 Nil (March 31, 2017: 132.25 lakhs).	-	132.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

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

	Particulars	March 31, 2018	March 31, 2017
	Guarantees		
(i)	Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 15.00 Million (March 31, 2017: SEK 15.00 Million) and SEK 35 Million (March 31, 2017: SEK 35.00 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 .	3,900.81	3,619.39
(ii)	Contingent liability with PRI (Pension liability) for AB Benzlers (Sweden) SEK 934,000 (March 2017 : 974,000)	72.85	70.52
(iii)	Guarantee amounting to SEK 8.00 Million (March 31, 2017: SEK 8.00 Million) issued by Company's banker 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 Holding Company.	624.43	578.87
(b)	**Commitments:**		
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	664.28	770.03
(ii)	Liability for Export Obligation under Advance Licence	1,552.05	1,552.05

41. Disclosure on Specified Bank Notes

During the previous year, the Holding Company had disclosed specified bank notes or other denomination notes as defined in the MCA Notification GSR 308 (E) dated March 30, 2017 on the details of Specified bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 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.

The aforesaid disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made for the financial year 2017-18 since the requirement does not pertain to financial year ended March 31, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

42. 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 Chairman & 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. The CMD is designated as a Chief Operating Decision Maker (CODM).

Reportable segment	Description of products/services
Material handling equipment	The segment is egnaged in manufacturing of material handling equipments like raw material handling system, stackers, reclaimers, bagging & weighing machines, wagaon & truck loaders, crushers, wagon tipplers, feeders ad 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, 2018	Year Ended March 31, 2017
Segment revenue from operations:		
(a) Material handling equipment	38,254.50	49,983.62
(b) Transmission equipment	80,595.56	81,410.95
Total segment revenue including intersegment revenue	**118,850.06**	**131,394.57**
Less: Inter regment revenue	-	3,929.03
Total segment revenue from operations	**118,850.06**	**127,465.54**
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	(2,126.68)	3,706.94
(b) Transmission equipment	9,073.45	8,636.31
Net segment profit/(loss) before tax & interest	**6,946.77**	**12,343.25**
Reconciliation of segment profit/(loss) with profit before tax		
i) Finance cost	6,555.81	7,957.32
ii) Other unallocated corporate expenses net off	205.28	-
iii) Unallocable income	376.28	-
Profit before tax as per statement of profit and loss	**561.96**	**4,385.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

42. Segment reporting (Contd...)

(₹ in Lakhs)

Other Informations	Year Ended March 31, 2018	Year Ended March 31, 2017
Segment assets		
(a) Material Handling Equipment	68,305.29	68,301.09
(b) Transmission Equipment	138,661.72	140,387.55
Total segment assets	**206,967.01**	**208,688.64**
(c) Unallocable	9,506.27	746.49
Total assets	**216,473.28**	**209,435.13**
Segment liabilities		
(a) Material Handling Equipment	50,823.55	51,989.27
(b) Transmission Equipment	85,957.73	78,783.95
Total segment liabilities	**136,781.28**	**130,773.22**
(c) Unallocable	8,804.81	7,676.94
Total liabiities	**145,586.09**	**138,450.16**

Geographical information

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Segment revenue from external customers		
India	85,391.52	94,703.01
Ouside India	33,458.54	32,762.53
Total segment revenue	**118,850.06**	**127,465.54**

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Non-current assets		
India	81,261.65	83,618.27
Ouside India	12,466.34	12,913.98
Total non-current assets	**93,727.99**	**96,532.25**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

43. Disclosure as per Ind AS 11 - Construction Contracts

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Contract revenue recognised during the year	22,118.62	17,738.87
Aggregate amount of cost incurred and recognised in Consolidated Statement of Profit and Loss	23,875.43	17,553.96
The net balance sheet position for ongoing construction contracts is as follows:		
Amount due from customers for contract work	10,186.54	604.41
Amount due to customer for construction contract	2,366.97	1,367.91
	7,819.57	**(763.50)**
The net position relates to		
Aggregate costs incurred and recognised profits (less recognised losses) to date	114,574.62	92,455.99
Less: Progress billing	106,755.05	93,219.49
	7,819.57	**(763.50)**
Retention outstanding for ongoing projects	**10,158.20**	**5,869.87**

44. Lease Transactions

The operating lease arrangements for Holding Company are cancellable subject to the stipulated notice period which generally does not exceed 12 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:

Particulars	March 31, 2018	March 31, 2017
Not later than one year	7.32	16.59
Between one and five years	-	6.91
	7.32	**23.50**
Rental expenses paid during the financial year	17.14	16.82

The lease of the Company's office premises on which rental is payable will expire on August 31, 2018, and the current rate payable on the lease is INR 1.92 lakhs per month.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

45. 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	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
1. Elecon Engineering Company Limited	102.78%	72,856.59	108.00%	808.37	32.35%	(177.66)	316.50%	630.71
Subsidiaries								
Foreign								
1. Elecon Transmission International Limited, Mauritius	8.00%	5,669.35	-138.72%	(1,038.30)	-50.01%	(374.30)	-708.87%	(1,412.60)
2. Elecon Middle East FZE, Middle East	3.01%	2,130.17	35.4%	264.83	-	-	132.89%	264.83
3. Elecon Singapore Pte. Limited, Singapore	0.62%	439.20	-16.06%	(120.18)	-	-	-60.31%	(120.18)
Associates(Investment as per equity method)								
Indian								
1. Eimco Elecon (India) Limited	6.73%	4,767.84	36.13%	270.42	-0.50%	2.74	137.08%	273.16
Inter company elimination	-21.13%	(14,975.96)	75.26%	563.36	-	-	282.70%	563.36
Total	**100.00%**	**70,887.19**	**100.00%**	**748.50**	**100.00%**	**(549.22)**	**100.00%**	**199.28**

46. 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 subsidaries and associate companies :

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary		Accounting Period
		March 31, 2018	March 31, 2017	
(a) Subsidiary Companies				
Elecon Transmission International Limited	Mauritius	100.00	100.00	April 1,2017 to March 31, 2018
Elecon Singapore Pte. Limited	Singapore	100.00	100.00	April 1,2017 to March 31, 2018
Elecon Middle East FZE	UAE	100.00	100.00	April 1,2017 to March 31, 2018
(b) Step Down Subsidiary Companies				
Benzlers Systems AB	Sweden	100.00	100.00	April 1,2017 to March 31, 2018
Radicon Transmission UK Limited	United Kingdom	100.00	100.00	April 1,2017 to March 31, 2018
AB Benzlers	Sweden	100.00	100.00	April 1,2017 to March 31, 2018
Radicon Drive Systems, Inc., USA (formerly known as Elecon USA Transmission Limited, USA) (wef September 27, 2016)	USA	100.00	100.00	April 1,2017 to March 31, 2018
Benzler Transmission A.S.	Denmark	100.00	100.00	April 1,2017 to March 31, 2018
Benzler Antriebstechnik G.m.b.h	Germany	100.00	100.00	April 1,2017 to March 31, 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

46. 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, 2018	March 31, 2017	
Benzler TBA B.V.	Netherlands	100.00	100.00	April 1, 2017 to March 31, 2018
OY Benzler AB	Finland	100.00	100.00	April 1, 2017 to March 31, 2018
Benzlers Italia s.r.l.	Italy	100.00	100.00	April 1, 2017 to March 31, 2018
(c) Associate Companies				
Elecon Engineering (Suzhou) Co. Limited	China	50.00	50.00	April 1, 2017 to March 31, 2018
Elecon Africa Pty. Limited	South Africa	50.00	50.00	April 1, 2017 to March 31, 2018
Elecon Australia Pty. Limited	Australia	50.00	50.00	April 1, 2017 to March 31, 2018
Eimco Elecon (India) Limited	India	16.62	16.62	April 1, 2017 to March 31, 2018

47. 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, 2018	March 31, 2017
Non-current assets	16,497.51	14,893.63
Current assets	17,301.39	16,497.32
Non-current liabilities	(1,001.74)	(999.08)
Current liabilities	(3,337.84)	(2,246.74)
Net assets	**29,459.32**	**28,145.13**
Group's share of net assets (16.62%)	4,896.14	4,677.72
Less: Elimination of proportionate share in profit on sale of fixed assets by Holding Company (net of deferred tax)	(128.31)	(95.52)
Carrying amount of interest in associates	**4,767.83**	**4,582.20**
Particulars	**March 31, 2018**	**March 31, 2017**
Revenue	14,216.55	18,540.52
Profit	1,627.07	2,471.61
Other comprehensive income	16.49	(14.36)
Total comprehensive income	1,643.56	2,457.25
Group's share of Profit (16.62%)	270.42	410.78
Group's share of OCI (16.62%)	2.74	(2.39)
Group's share of the total comprehensive income (16.62%)	**273.16**	**408.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended March 31, 2018

(₹ in Lakhs)

47. Equity accounted investees (Contd...)

The associate had the following contingent liabilities and capital commitments

Particulars	March 31, 2018	March 31, 2017
a. Guarantee given by the company on behalf of Elecon Engineering Company Limited	-	2,426.39
b. Guarantees issued by Banks	1,969.57	1,761.38
c. Income tax demands disputed	3.17	20.61
d. Sales tax demands disputed	154.97	75.30
e. Excise & Service tax demands disputed	1,945.26	1,007.56
f. Capital Commitments	100.47	403.62

48. Managerial remuneration

During the year, the Holding Company filed an application before the Central Government for approval of remuneration to be paid for the period July 1, 2017 to March 31, 2018, which is still awaited by the Holding Company. For the year ended March 31, 2018, the Holding Company has reported inadequate profits as per these standalone financial statements. Accordingly, eligible remuneration was required to be recomputed as per Schedule V of the Companies Act, 2013 ('the Act') which resulted in excess remuneration paid / accrued to one managerial person of the Company. Total remuneration paid / accrued by the Holding Company was INR 231.63 Lakhs against eligible remuneration of INR 186.63 Lakhs as per Schedule V of the Act. Pending necessary approvals from the Central Government, as a matter of abundant precaution, the Holding Company has recovered excess remuneration amounting to INR 45.00 Lakhs from the concerned managerial person.

49. The Group's wholetime Company Secretary resigned during the year and the Group is in process of appointing another wholetime Company Secretary within the time limit prescribed as per provisions of the Companies Act, 2013. Accordingly, these Consolidated financial statements are not signed by wholetime Company Secretary of the Group.

50. The Consolidated financial statements are approved for issue by the Audit Committee and Board of Directors held on May 4, 2018.

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 4, 2018

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jal Patel
Director
DIN : 00065021

Kamlesh Shah
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 4, 2018

Annexure-A

Salient features of the financial statements of subsdiaries 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	14,275.59	(7,001.74)	14,598.89	5,417.32	-	29.41	(511.08)	1.94	(513.02)	-	100
		GBP	175.36	(75.87)	158.19	58.70	-	0.34	(5.98)	0.02	(6.00)	-	
2	Elecon Singapore Pte. Limited	INR	416.80	21.12	773.26	334.06	-	1,112.47	(120.18)	-	(120.18)	-	100
		SGD	6.43	0.32	11.89	5.14	-	17.26	(1.86)	-	(1.86)	-	
3	Elecon Middle East FZE	INR	106.11	2,023.79	2,266.53	136.36	-	1,228.30	264.83	-	264.83	-	100
		AED	6.00	114.14	127.84	7.69	-	70.04	15.10	-	15.10	-	
4	Benzlers Systems AB	INR	7.24	3,912.73	4,032.49	111.95	-	(2.08)	(4.81)	-	(4.81)	-	100
		SEK	1.00	501.29	516.63	14.34	-	(0.27)	(0.62)	-	(0.62)	-	
5	Radicon Transmission UK Limited	INR	1,755.13	846.62	14,136.43	11,300.14	-	9,552.44	247.65	15.56	232.09	-	100
		GBP	21.56	9.17	153.18	122.45	-	111.78	2.90	0.18	2.72	-	
6	AB Benzlers	INR	940.67	2,875.49	9,923.92	6,033.73	-	11,157.45	724.88	-	724.88	-	100
		SEK	130.00	368.40	1,271.42	773.02	-	1,447.33	94.03	-	94.03	-	
7	Radicon Drive Systems, Inc.	INR	516.34	(2,434.82)	4,966.05	6,882.95	-	6,462.34	(1,807.63)	-	(1,807.63)	-	100
		USD	7.96	(37.43)	76.35	105.82	-	100.27	(28.05)	-	(28.05)	-	
8	Benzler Transmission A.S.	INR	139.35	272.59	580.56	157.52	-	1,126.19	72.49	16.00	56.49	-	100
		DKK	15.00	27.18	57.88	15.71	-	104.57	6.73	1.49	5.25	-	
9	Benzler Antriebstechnik G.m.b.h	INR	70.63	555.63	648.97	10.90	-	1,499.22	84.28	26.61	57.67	-	100
		EURO	1.02	6.89	8.05	0.14	-	19.88	1.12	0.35	0.76	-	
10	Benzler TBA B.V.	INR	141.11	951.65	1,537.27	420.90	-	3,011.28	175.08	38.87	136.21	-	100
		EURO	2.04	11.80	19.07	5.22	-	39.94	2.32	0.52	1.81	-	
11	OY Benzler AB	INR	104.55	36.67	202.15	43.45	-	758.74	41.77	7.48	34.29	-	100
		EURO	1.51	0.45	2.51	0.54	-	10.06	0.55	0.10	0.45	-	
12	Benzlers Italia s.r.l.	INR	6.91	60.37	615.79	552.45	-	720.02	18.85	(1.59)	20.44	-	100
		EURO	0.10	0.75	7.64	6.85	-	9.55	0.25	(0.02)	0.27	-	

As on 31.03.18: 1 GBP = 92.28 INR, 1 USD = 65.04 INR, 1 EURO = 80.62 INR,1 MYR = 14.65 INR, 1 DKK = 9.33 INR, 1 AED = 17.73 INR, 1 SEK = 7.81 INR

NOTICE

NOTICE IS HEREBY GIVEN THAT the 58th Annual General Meeting of members of Elecon Engineering Company Limited will be held on Wednesday, the 26th day of September, 2018 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, 2018 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, 2018.
3. To appoint a Director in place of Shri Prashant C. Amin (DIN : 01056652), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, 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 member 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 59th Annual General Meeting to be held for the financial year 2018-19 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, 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, 2019 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."

6. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution:**

   "RESOLVED THAT in accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent be and is hereby accorded to Shri Jal R. Patel (DIN : 00065021) to continue as an Independent Director of the Company till the completion of his present term i.e. up to March 31, 2019.

   RESOLVED FURTHER THAT in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any amendment thereto or modification thereof, this Meeting hereby approves the re-appointment of Shri Jal R. Patel (DIN : 00065021) as an Independent Director of the Company for a period of three years with effect from April 1, 2019 and as may be determined by any applicable statutes, rules, regulations or guidelines."

By order of Board of Directors

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

Bharati Isarani
Company Secretary

Date : August 22, 2018

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. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with the specimen signature(s) of their representative(s) who are authorized to attend and vote on their behalf at the Meeting.

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 No. 3 & 6 is 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 Thursday, September 20, 2018 to Wednesday, September 26, 2018 (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 2018-19 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, 2018 when declared at the meeting, will be paid:

    (i) to those members whose names appear in the Register of Members of the Company on Wednesday, September 26, 2018.

    (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 Wednesday, September 19, 2018.

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. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 which have come into force from September 7, 2016, the Company has transferred, on due dates, the unclaimed final dividend for the financial year 2009-10 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

    Further in terms of Section 124(6) of the Companies Act, 2013 read with the 'Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto and notifications issued by the Ministry of Corporate Affairs from time to time, the Company has transferred during the year, the required number of shares in respect of which dividends had remained unpaid or unclaimed for a period of seven consecutive years or more, to the IEPF Authority.

The details of the shareholders whose equity share had been transferred to the IEPF Authority and dividends which remain with the Company as unclaimed is available on the website of the Company at www.elecon.com. Shareholders may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

17. A route map showing direction to reach the venue of the Annual General Meeting is provided at the end of this Notice.

18. The instructions and other information relating to Remote E-Voting are as under:

(i) The voting period begins on Sunday, September 23, 2018 at 9.00 a.m. and ends on Tuesday, September 25, 2018 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 Wednesday, September 19, 2018, 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 (iv).

(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 cast their vote using CDSL's mobile app - "CDSL m-Voting" available for iphone as well as android and windows based mobiles. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(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 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 Sunday, September 23, 2018 at 9.00 a.m. and ends on Tuesday, September 25, 2018 at 5.00 p.m. During this period Shareholders of the Company holding shares either in physical form or in dematerialized form, may caste 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. Wednesday, September 19, 2018.

By order of Board of Directors

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

Bharati Isarani
Company Secretary

Date: August 22, 2018

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

Item No. 5

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, 2019 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.

Item No. 6

The Members of the Company at their Annual General Meeting held on August 4, 2014 approved the appointment of Shri Jal R. Patel (DIN : 00065021) as an Independent Director of the Company for a period of five years with effect from April 1, 2014. Shri Jal R. Patel will complete his present term on March 31, 2019.

In terms of the recently notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive Director beyond the age of seventy five years. Shri Jal R. Patel will attain the age of Eighty One years which is beyond the age of seventy five years as per abovesaid amended Regulations.

The Nomination & Remuneration Committee ('the Committee') and the Board of Directors of the Company ('the Board') are of the view that in order to take advantage of counsel and advice of Shri Jal R. Patel, it would be appropriate that he continues to serve on the Board till the completion of his present term of appointment as already approved by the Members of the Company. Accordingly, the Board, which by way of the Circulate Resolution passed on August 22, 2018 and on the recommendation of the Nomination and Remuneration Committee by way of the Circular Resolution on August 22, 2018, recommended for the approval of the Members, continuation of Shri Jal R. Patel as an Independent Director of the Company till the completion of his present term i.e. up to March 31, 2019, on the existing terms and conditions.

Beside the above, the term of appointment of Shri Jal R. Patel is going to be expired on March 31, 2019.

The Board of Directors of the Company ('the Board'), which by way of Circular Resolution passed on August 22, 2018, on the recommendation received from the Nomination & Remuneration Committee by way of Circular Resolution, recommended for the approval of the Members, the re-appointment of Shri Jal R. Patel as an Independent Director of the Company for a term of three years with effect from April 1, 2019, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof. The Company has received his consent to be re-appointed on the Board of the Company.

The Board is of the view that the continued association of Shri Jal R. Patel would benefit the Company by way of his knowledge, experience and performance of Shri Jal R. Patel and contribution to the Board processes by him. Declaration has been received from Shri Jal R. Patel that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable Regulation of the Listing Regulations 2015 and the amendments thereof. In the opinion of the Board, Shri Jal R. Patel fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations, 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company. In addition to the sitting fees for attending the meetings of the Board and its Committees, Shri Jal R. Patel would be entitled to remuneration by way of commission as may be determined by the Board.

Additional information in respect of Shri Jal R. Patel, is annexed hereto pursuant to the Listing Regulations, 2015 and the Secretarial Standard on General Meetings. He does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Shri Jal R. Patel and his relatives are interested in this Special Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

By order of Board of Directors

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

Bharati Isarani
Company Secretary

Date : August 22, 2018

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 Prashant C. Amin	Shri Jal R. Patel
Date of Birth	09-08-1956	17-09-1937
Date of Appointment	29-07-2008	12-05-2012
DIN	01056652	00065021
Qualifications	M.B.A. (Finance) (U.S.A.) & Master Degree in Engineering & Management	Associate member of Institute of Chartered Accountants of India (ICAI), Associate member of Institute of Company Secretaries of India (ICSI).
Brief Resume & Expertise in specific Functional areas	Shri Prashant C. Amin has more than 31 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 Udyognagar Industries Association and is a Board Member of the Sardar Patel Energy Research Institute, the Charotar Vidya Mandal and Charotar Arogya Mandal. He also served CII Gujarat State Council as its Chairman for the year 2017.	Shri Jal R. Patel was associated with the German FAG group of Bearing companies since 1962 where he handled various managerial functions. His areas of expertise include Finance, Accounts and Administration. He is also actively involved with various social and welfare associations and federations as well as various trusts.
Other Listed Companies in which Directorship held as on March 31, 2018	- Eimco Elecon (India) Limited	- Ineos Styrolution India Limited - ABC Bearings Limited - Munjal Auto Industries Limited - Gujarat Gas Limited
Chairman/Membership of Audit Committee and Stakeholders' Relationship Committees in other Listed Companies as on March 31, 2018	**Eimco Elecon (India) Limited** -Stakeholders' Relationship Committee – Chairman	**Gujarat Gas Limited** - Audit Committee – Chairman - Stakeholders' Relationship Committee – Member **ABC Bearings Ltd.** - Audit Committee - Chairman **Ineos Styrolution India Ltd.** - Audit Committee - Chairman - Stakeholders' Relationship Committee – Member
No. of Shares held	37,675	NIL
Relationship with any Director of the Company	-	-

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

Bharati Isarani
Company Secretary

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

NECS MANDATE FORM

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

The following address if shares are held in physical form	OR	To your DP if shares are held in demat form

To,

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

1. Name of 1st Registered holder (in Block Letters) : .....
2. Folio No. / DPID & Client ID No. : .....
3. Name of the Bank : .....
4. Name of the Branch : .....
5. Account Number (As appearing on your Cheque Book) : .....
6. Account Type (Saving Bank A/c. Current A/c. or Cash Credit) with code :

S.B.	**Current**	**Cash Credit**

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

(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. : _____

Email Id : _____

Date : _____

* 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.

Folio No/Client ID & DP ID

ATTENDANCE SLIP

58th Annual General Meeting
on Wednesday, 26th September, 2018
at 2.00 p.m. at Audio Visual Hall,
Eimco Elecon Building,
Anand-Sojitra Road,
Vallabh Vidyanagar - 388120.
Gujarat.

* 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
58th 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.

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

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

3. 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 58th Annual General Meeting of the Company, to be held on Wednesday, the 26th September, 2018 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:

1. Adoption of Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended on March 31, 2018 and the Reports of the Board of Directors ("the Board") and Auditors thereon.
2. Declaration of Dividend for the financial year ended on March 31, 2018.
3. Appointment of a Director in place of Shri Prashant C. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.
5. To ratify remuneration to M/s. Y. S. Thakar & Co. as Cost Accountants of the Company for financial year 2018-19.
6. To approve the continuation and re-appointment of Shri Jal R. Patel as an Independent Director.

Signed this _____ day of _____ 2018

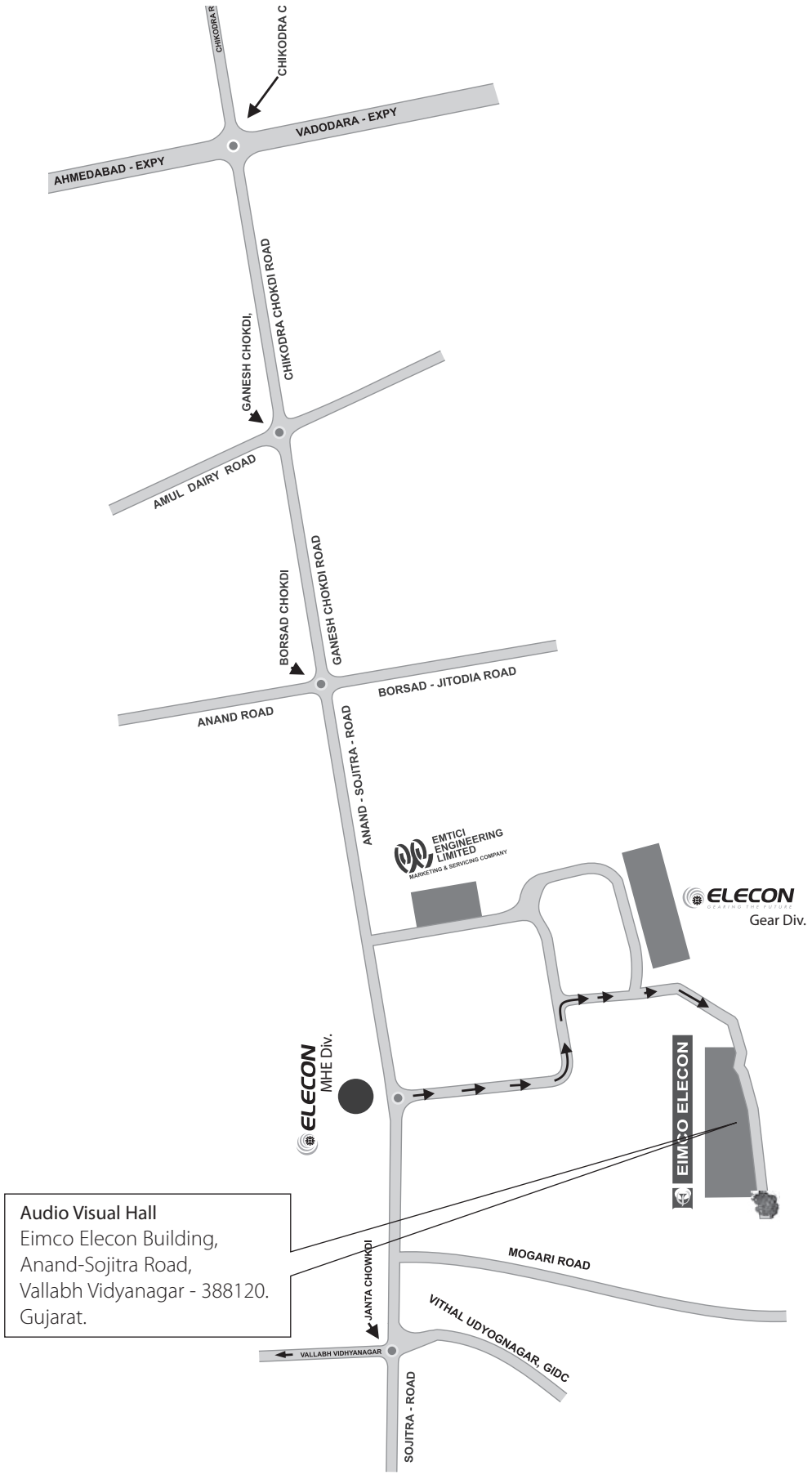
Signature of shareholder(s) : _____

Signature of Proxy holder(s) : _____

Affix
Revenue
Stamp

Notes :
1. This form of proxy in order to be effective should be duly completed and deposited a the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the 58th 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 you e-mail ID earlier, please ignore this request.

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

DP ID / Client ID : Name :

E-mail ID : Signature : _____ PAN :

For Shareholders holding shares in Physical form

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

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

Folio No. : Name :

E-mail ID : Signature : _____ PAN :

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

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

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

Link Intime India Private Ltd.,
Unit: **Elecon Engineering Company Ltd.,**
B- 102 and 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara 390 020.

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

Thanking you,

Yours faithfully,
For Elecon Engineering Company Limited

Bharati Isarani
Company Secretary

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

FOLD

ELECON ENGINEERING COMPANY LIMITED

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

Tel: +91 2692 238 701/702/703/704, 236 469, Fax: +91 2692 227 020.

Website: www.elecon.com | CIN L29100GJ1960PLC001082