



1<sup>st</sup> June, 2024

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. : 64<sup>th</sup> Annual Report of the Company for the Financial Year 2023-24  
Ref. : Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In terms of the subject referred Regulation, we hereby submit the 64<sup>th</sup> Annual Report of Elecon Engineering Company Limited for the Financial Year 2023-24. The 64<sup>th</sup> Annual General Meeting (AGM) of the Company is to be convened on Tuesday, 25<sup>th</sup> June, 2024 at 3:00 p.m. (IST) through Video Conferencing ('VC') / Other Audio Video Means ('OAVM').

Please note that the electronic copy of the 64<sup>th</sup> Annual Report for the Financial Year 2023-24 alongwith the Notice of 64<sup>th</sup> AGM and Business Responsibility & Sustainability Report (BRSR) is being sent by email to those Members whose email addresses are registered with the Company/Depositories. The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide relevant MCA Circulars and SEBI Circulars. The Notice of the 64<sup>th</sup> AGM and the Annual Report 2023-24 are also being uploaded on the website of the Company at [www.elecon.com](http://www.elecon.com) and on the website of Link Intime India Private Limited at <https://instavote.linkintime.co.in>.

Please take the same on your record.

Thanking you.

Yours faithfully,  
For Elecon Engineering Company Limited,

Bharti Isarani  
Company Secretary & Compliance Officer



Encl.: As above



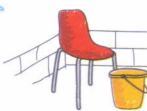
Cranes



Rubber Industry



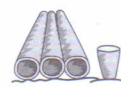
Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry



**Gearing industries. Gearing economies.**

**Unifying Vision, Global Impact.**

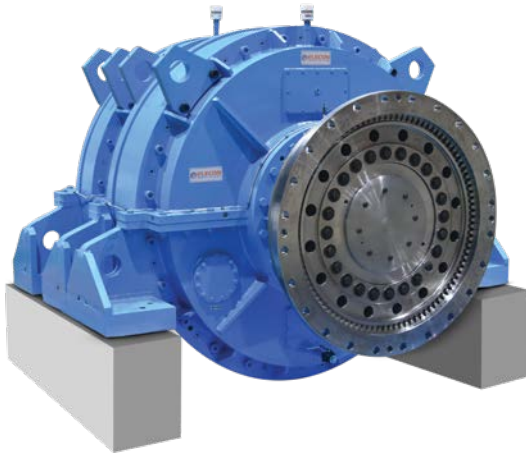


# ELECON GROUP OF COMPANIES ACROSS GLOBE



-  MANUFACTURING FACILITIES
-  ASSEMBLY & REPAIR CENTER
-  SALES OFFICE
-  SALES REPRESENTATIVE





## Unifying Vision, Global Impact

Elecon Engineering Company Limited is one of the giants that led Industrial Gear Manufacturing in Asia. Relentless pursuit of excellence over seven decades has led Elecon to be internationally recognized across the globe for leading Gear Manufacturing and Material Handling Equipment.

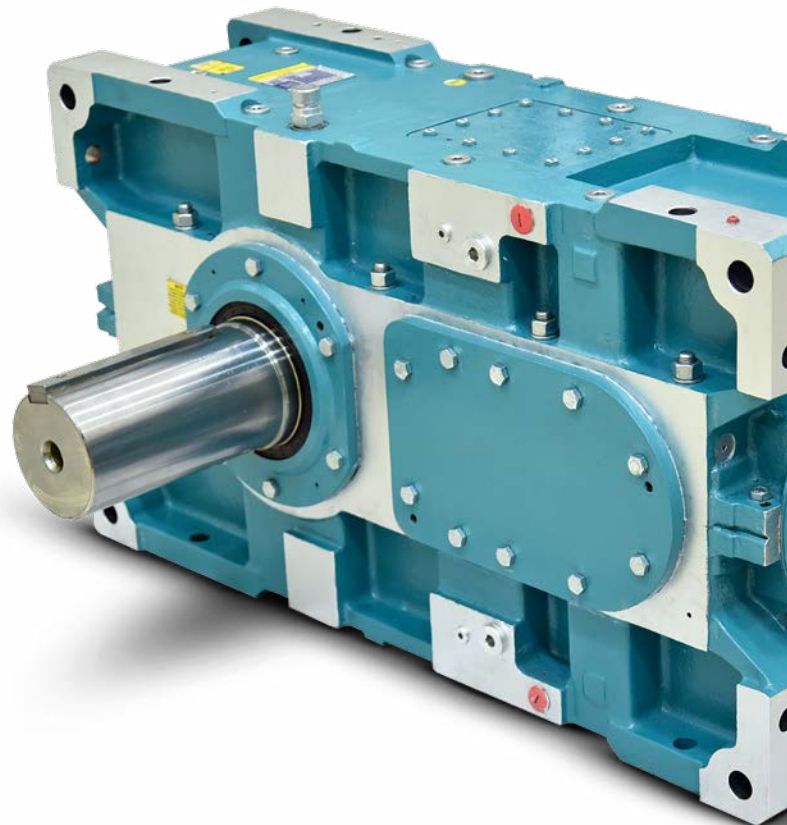
Originally established in 1951 in Goregaon, Mumbai by Late Shri Ishwarbhai B. Patel, Elecon was fundamentally driven by a unifying vision to provide growth to the industrial and technological sectors. After relocating to Anand, Gujarat in 1960 Elecon has ever since continued to strive for excellence and mutual growth.

Elecon aims to unify various sectors, provide technological innovation, research and development for the ever-evolving industry. In the post-covid years, Elecon has proven itself as a resilient and reliable partner, which has allowed us have a significant impact on the global market.

Achieving milestones globally in innovation, varied partnerships, pioneering, technology, sales and services. Elecon business model offers range of services, including Engineering Solutions, Product Sales, and Services tailored to meet needs of diverse industrial sectors.

This approach enables us to delve into unexplored markets, garner novel perspectives and concepts, and draw talent from diverse backgrounds. Continuously challenging boundaries, Elecon aims for sustainable expansion and a competitive edge in the global sphere.

Elecon's unwavering commitment to engineering excellence, unifying vision, global impact, and social responsibility epitomizes our steadfast dedication to forging a better future for our nation and the world. We take pride in our contributions and remain resolute in our pursuit of excellence, continuously striving to make a positive impact on society.



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# Board of Directors



**Shri Prayasvin B. Patel**  
Chairman & Managing Director



Shri Prashant C. Amin



Shri Pradip M. Patel



Shri Pranav C. Amin



Shri Jai S. Diwanji  
(Upto 31<sup>st</sup> March, 2024)



Dr. Sonal V. Ambani



Shri Ashutosh A. Pednekar



Shri Aayush A. Shah



Shri Nirmal P. Bhogilal  
(w.e.f. 1<sup>st</sup> April, 2024)

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**Chief Financial Officer**

Shri Narasimhan Raghunathan

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**Company Secretary**

Smt. Bharti L. Isarani

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**Auditors**

M/s. C N K & Associates LLP,  
Chartered Accountants

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**R & T Agent**

Link Intime India Private Limited

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**Bankers**

State Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
IDBI Bank Limited

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**Company's Registered Office:**

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

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# Elecon at a Glance



Elecon Group's establishment in 1951 in Goregaon, Mumbai, by Late Shri Ishwarbhai B. Patel marked the beginning of a remarkable journey. In the year 1960, Elecon Engineering Company Limited was incorporated and shifted its headquarters to its current location in Vallabh Vidyanagar, Gujarat, marking a strategic move in its development.

Initially specializing in the manufacturing of conveyor systems, the Elecon soon diversified its focus to include Engineering, Procurement, and Construction projects across India.

In the year 1963, the Elecon started manufacturing power transmission equipment. Recognizing the importance of specialization, Elecon established an independent Gear Division in 1976. This strategic move allowed the Elecon to focus exclusively on the design and manufacturing of Torque transmission gears. With over seven decades of experience, the Elecon is recognized as a leading industrial gear manufacturer in Asia, boasting a global presence across Asia, the US, UK, and Europe. Elecon was a pioneer in introducing modular design concepts and case hardened & ground gear technologies in India. The Elecon has a sterling reputation for designing and manufacturing of worm gears, helical and spiral bevel helical gears, planetary Gears fluid, geared, flexible & highly flexible couplings.

Elecon Gear Division is acknowledged as the most modern in the industry, deploying the latest technological innovations. Elecon's machineries are Computerised Numerical Control (CNC) ensuring high degree of precision manufacturing and quality testing of gear components to achieve quality of gearbox as per international standard DIN/AGMA/ISO/API. The Elecon has an ultramodern, Lean Gear Manufacturing unit known as the Bhanubhai Memorial Centre of Excellence (BMCE) for manufacturing standard helical and bevel helical gears with a higher volume of production and greater accuracy, utilizing the latest in manufacturing innovations, creating a benchmark in the industry.

Elecon has always focused towards success through the Mantra of "Innovation, Change and Adaptability to the Change".

Our commitment goes beyond Torque transmission solutions, with a dedicated Material Handling Equipment (MHE) Division that caters to the entire value chain. Renowned as a top-tier bulk material handling equipment manufacturer in India, MHE Division has left an indelible mark on numerous landmark projects, offering comprehensive solutions, including Stacker Reclaimers, Conveyors, Crushers, Feeders, Wagon Tipplers, and more coupled with efficient after-sales services.

Elecon prides itself on being a driving force behind India's success story. Elecon has unmatched expertise in providing custom-built gearboxes for Steel Mills, High Speed Turbine, Sugar Mills, Marine Applications, Plastic Extrusions, Cement Mills, Rubber Mills, Hydro Turbine, Vertical Rolling Mills, Windmill Gearboxes and many more. It has supplied hi-tech equipment to major core sectors such as Fertilizers, Cement, Coal and Lignite mining, Power, Textile, Plastic, Steel and Port Mechanization in India and abroad.

Over the past decade, the Gear Division has achieved remarkable milestones, doubling its manufacturing capacity and undergoing a comprehensive transformation in internal component production. Additionally, the Elecon has strategically built a committed workforce dedicated to delivering prompt and effective after-sales service, further solidifying its position as a leader in the industry.

Backed by a promise of exceptional customer satisfaction, Elecon has strategically positioned itself in both Indian and International markets. Our teams consist of highly skilled and experienced professionals who excel in analysing root causes and offering cost-effective project management solutions that are not only feasible but also optimized for maximum efficiency.

Elecon has been awarded the prestigious "Great Place To Work" certification for the second consecutive year. This recognition is a testament to Elecon's ongoing commitment to upholding high standards in management practices, fostering respect among employees, ensuring fairness in the workplace, cultivating employee pride in their work, and promoting camaraderie among team members.

# It's all about - DRIVE!

In the rapidly evolving business landscape, staying ahead requires more than just strategic adjustments; it demands a foundational shift in organizational workforce. Elecon embarked on a rapid growth path leading to newels. The Elecon embarked on a re-invigoration journey to strengthen the foundations of the Values and Beliefs in the organization. This initiative is underpinned by the core belief that *"Our Values are our Bedrock,"* guiding behaviour and ensuring that ethical standards and fairness are maintained in all dealings.

## Elecon Core Values

D		<b>Delightful Customer Experience</b>	<b>Ensure unparalleled positive customer experiences all the time</b> Proactiveness   Adaptability   Relationship   Service Orientation
R		<b>Resolute Trust</b>	<b>Foster unwavering trust through camaraderie and credible conduct</b> Intent   Trustworthiness   Competence   Commitment Orientation
I		<b>Ingenious Entrepre- neurship</b>	<b>Demonstrate accountability for the purpose, empowerment, and business acumen</b> Innovation   Risk-Taking   Agility   Solution Orientation
V		<b>Value Creation</b>	<b>Create value and enable growth for every stakeholder</b> Wealth   Learning   Research   Partnership Orientation
E		<b>Ethics at the Core</b>	<b>Uphold the highest standards of ethical conduct and individual integrity</b> Honesty   Fairness   Transparency   ESG Orientation

# Ten Years at a Glance

Standalone											(₹ in Lakhs)
Particulars	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	
Turnover	1,59,967	1,19,699	89,282	79,610	83,574	95,546	91,954	99,648	1,06,473	50,319	
EBIDTA	41,361	28,069	18,423	14,381	10,530	11,349	10,936	15,580	14,237	10,650	
PBT	40,613	24,646	12,361	5,828	128	2,786	509	5,247	6,123	4,765	
PAT	30,316	18,815	9,552	3,626	7,242	1,207	808	2,106	3,651	3,319	
Equity Dividend	3,366*	2,244	1,571	449	-	224	224	560	1,200	1,198	
Dividend%	150%*	100%	70%	20%	-	10%	10%	25%	55%	55%	
Net Worth	1,34,548	1,07,782	90,567	81,637	77,800	73,360	72,517	72,230	71,550	51,039	
<b>Key Indicators</b>											
Earnings Per Share (₹)	27.02	16.77	8.51	3.23	6.45	1.08	0.72	1.88	3.25	3.05	
Debt Equity Ratio (Total Debt : Equity)	0.03	0.02	0.13	0.31	0.50	0.65	0.68	0.63	0.79	0.49	
EBIDTA/Turnover %	25.86	23.45	20.63	18.06	12.60	11.88	10.94	15.64	13.37	21.16	
Net Profit Margin%	18.95	15.72	10.70	4.56	8.67	1.26	0.88	2.11	3.43	6.60	
Return On Net Worth%	22.53	17.46	10.55	4.44	9.31	1.65	1.11	2.92	5.10	6.50	
Return On Capital Employed%	30.01	23.31	14.39	9.77	6.44	0.96	0.64	1.72	4.94	4.30	

Consolidated											(₹ in Lakhs)
Particulars	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	
Turnover	1,93,742	1,52,968	1,21,195	1,04,444	1,08,846	1,22,484	1,18,972	1,27,466	1,36,555	1,32,889	
EBIDTA	47,447	33,888	24,644	18,534	14,038	13,970	11,333	15,992	16,083	16,956	
PBT	46,538	29,983	17,053	8,129	1,951	8,826	562	4,386	5,961	3,393	
PAT	35,558	23,749	14,049	5,763	8,970	7,010	760	1,075	3,737	1,634	
Net Worth	1,58,408	1,26,156	1,03,492	90,127	83,470	74,559	58,780	60,660	59,110	53,557	
<b>Key Indicators</b>											
Earnings Per Share (₹)	31.69	21.17	12.52	5.14	7.99	6.25	0.67	0.96	3.33	1.50	
Debt Equity Ratio (Total Debt : Equity)	0.04	0.05	0.14	0.36	0.54	0.71	0.83	0.82	0.79	1.03	
EBIDTA/Turnover %	24.49	22.15	20.33	17.75	12.90	11.41	9.75	12.87	11.78	12.76	
Net Profit Margin%	18.35	15.53	11.59	5.52	8.24	5.72	0.64	0.84	2.74	1.23	
Return On Net Worth%	22.45	18.83	13.58	6.39	10.75	9.40	1.29	1.77	6.32	3.05	
Return On Capital Employed%	28.70	22.84	16.92	11.29	7.02	0.51	0.06	0.83	2.82	1.52	

Financial details from FY 17 onwards are as per IND AS.

Networth : Paid of Share Capital + Other Equity - Intangible Assets.

Total Debt represents Current Borrowings + Non Current Borrowings + Lease liabilities.

Return on Capital Employed is calculated as EBIT divided by Capital Employed whereby Capital Employed represents Total Equity + Borrowings + Deferred

Tax liabilities and Earning Before Interest and Tax (EBIT) represents as Profit Before Tax+ Interest Expense.

Figures for previous years have been regrouped/reclassified wherever necessary.

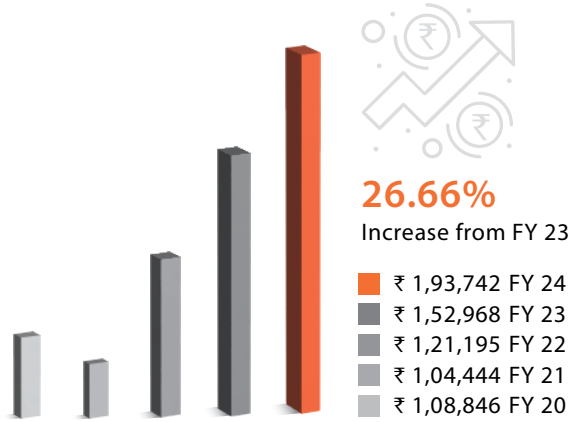
\*50% interim dividend and 100% final dividend for FY 2023-24.

#### Credit Rating Updates:

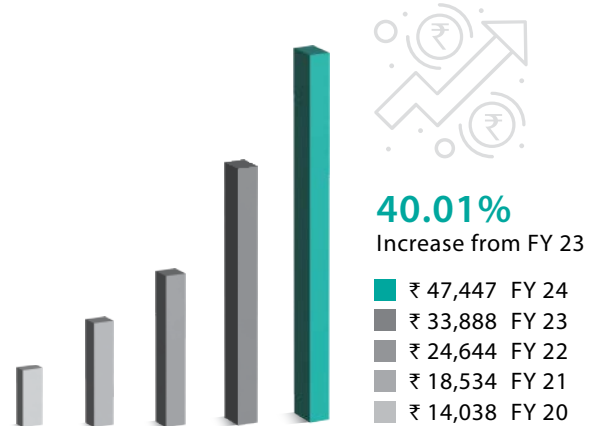
Current Rating	Previous Rating
[ICRA]AA- (Stable) and [ICRA]A1+	[ICRA]A+ (Stable) and [ICRA]A1

# Performance Indicators (Consolidated)

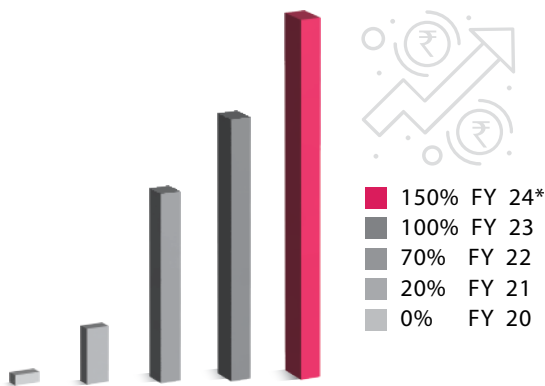
## Revenue from Operations ₹ in Lakhs FY 20 - FY 24



## EBIDTA ₹ in Lakhs FY 20 - FY 24



## Dividend in% FY 20 - FY 24



\*50% interim dividend and 100% final dividend for FY 24



Highly Flexible Couplings (HFC-A)

# Management Insight



Elecon has once again demonstrated remarkable performance, achieving its highest-ever revenue and profit. This impressive performance was driven by robust domestic demand across various sectors and products. The Gear Division maintained its growth trajectory, benefiting from government focus on infrastructure development and sustained demand across sectors, even amidst the challenges posed by global economic slowdown, geopolitical tensions, and supply chain disruptions. In FY24, the Company has made substantial inroads overseas, forging 11 OEM partnerships. In MHE, the segment has witnessed significant turnaround and continued to deliver strong profitability. The segment witnessed increased order inflows throughout the year and forged new orders for supply of product. Going forward, our focus will be to increase our share of business from overseas market through new OEMs

addition and higher wallet share from existing ones. In FY25, our focus will be on expanding our global network and strengthening the Elecon brand overseas. Concurrently, India, with its government capital expenditure on infrastructure development and mining incentives, presents significant growth potential. We remain committed to maintaining our domestic leadership and fostering innovation through continued investment in research and development for new product enhancements.

At Elecon, we provide solutions and not just manufacture products. The recognition and accolades received from our esteemed customers, serve as a strong testament to the exceptional quality of our products and services. Our unwavering commitment remains focused on delivering best-in-class products while driving operational efficiency.

As an organization, we value our stakeholders and are deeply committed to serving society. Our unwavering focus remains on ensuring the safety of our workforce and safeguarding the environment.

Lastly, I extend my heartfelt gratitude to everyone contributing to the Company's success.

**Prayasvin B. Patel** - Chairman & Managing Director

Gear segment is accelerating on a growth trajectory, consistently delivering robust performance. This success is fuelled by strong demand from end-user industries, closely tied to the government's infrastructure development initiatives. Our precision components, delivered with remarkably short lead times, have unlocked opportunities for expansion in European markets and facilitated strategic partnerships.

R&D, coupled with focused product development, has empowered us to offer globally competitive gear solutions. Our customers' recognition stands as evidence of our commitment to quality. Through ongoing product enhancements and the introduction of new offerings, we've increased segment efficiency, leading to improved profitability. Our commitment to streamlined operations has significantly reduced working capital days, contributing to a healthy balance sheet and strong cash flow.



Looking ahead, we maintain an optimistic outlook for the segment. Our robust order pipeline and the successful commercialization of overseas orders reinforce our confidence in sustained growth.

**M. M. Nanda** - Business Head (Gear Division)



FY24 was an exciting and inspiring year for us at MHE. The segment has witnessed a remarkable turnaround, driven by a strategic focus on product supply and aftersales services. This renewed emphasis has resulted in building one of the most innovative engineering and professional companies for Material Handling Equipment and Services, with a remarkable 35% year-on-year growth in revenue.

This year, thanks to the leadership, passion, and rigour of our teams and our strong operational execution, we met our financial ambitions, including solid organic growth and improved profitability.

We focused on diligently integrating the orders booked in the previous year, the majority having been from Power, Steel, and Cement sector.

The robust order book and expanding pipeline of orders instil confidence in continual growth. Additionally, we've observed strong traction in the replacement and after sale segment, which has significantly boosted profitability.

**P. K. Bhasin** - Business Head (MHE division)

Elecon achieved its highest-ever consolidated revenues of ₹1,937 crores, growing at an impressive 27% year-on-year. Additionally, we achieved our highest-ever consolidated profit after tax of ₹356 crores, representing a remarkable growth of 50%. FY24 marked yet another year of robust performance, driven by both our Gear and Material Handling Equipment segments.

At the Company level, we implemented several cost rationalization measures, ensuring optimal utilization of available capacity and continuous improvement in profitability through enhanced efficiency.

Standalone revenue surged by 34% year-on-year, reaching ₹1,600 crores, while standalone PAT increased by an impressive 61% to ₹303 crores. Our consolidated revenue also saw substantial growth, rising by 27% to ₹1,937 crores, with a revenue composition of 85% from the Gear segment and 15% from MHE.

Working capital management for inventory, receivables and payables was in constant focus during the year resulting in improvement of working capital days. Elecon maintains a net debt-zero position, a testament to our financial strength. Our unwavering focus on efficiency has led to improved financial ratios.

In summary, Elecon stands in a very comfortable net cash surplus position, reflecting our commitment to financial stability and sustainable growth.

**Narasimhan Raghunathan** - Chief Financial Officer



# Elecon's Social Impact:

## FOSTERING SUSTAINABLE DEVELOPMENT THROUGH COMMUNITY ENGAGEMENT INITIATIVES

*Elecon Engineering Company Limited (Elecon) has exemplified a steadfast commitment to making a positive difference in society through its Corporate Social Responsibility endeavors. With a focus on enhancing livelihoods, fostering education, and advancing community well-being, Elecon has actively engaged in diverse initiatives, including awarding scholarships and grants to students, organizing community outreach events, and extending support to the families of deceased contractual workers. Their dedication to addressing social and environmental concerns underscores their vision of holistic sustainable development, transcending mere economic prosperity.*

### **"Nurturing the Environment and Empowering Communities"**

Elecon is dedicated to safeguarding the environment for future generations while actively engaging with the community. The company undertakes meaningful initiatives to support diverse groups, such as students, seniors, employees' families, and the wider society. This comprehensive strategy underscores a profound commitment to social responsibility and sustainable growth.

#### **Observance of World Environment Day:**

Organised a Tree Plantation initiative across the entire organization, distributing more than 700 saplings to individuals, promoting environmental conservation and nurturing.



#### **Renewable Energy:**

We've added 2.7 MW solar rooftop and 2 MW solar farm system to our sustainability efforts, assisting to cut our organization's greenhouse gas emissions. In addition, our wind farm, which we possess, generates electricity, contributing to renewable energy efforts and assisting in offsetting our electricity costs through credits. Altogether, we've got 4.7 MW in solar capacity and 13.85 MW in wind farms, showing our dedication to renewable energy and environmental responsibility.





### *“From Scarcity to Security: Local Initiatives Combatting Hunger and Building Resilience”*

Tackling food scarcity stands as a pressing global challenge, and it's inspiring to witness endeavors aimed at supplying nourishing meals to the underprivileged. Initiatives of this nature not only address immediate hunger but also bolster the stability and prosperity of regional economies. By prioritizing the welfare of local workers and marginalized groups, these initiatives strive for a future where food security becomes universal. Such efforts represent a noteworthy stride in reducing hunger levels and nurturing communal strength.



The Elecon Family's dedication to community service is praiseworthy. Organizing the “Bhandaro Seva” during festivals and significant events is a generous means of supporting and interacting with the community. Serving approximately 4,000 people on each occasion is a remarkable achievement, showcasing the commitment and generosity ingrained within the Elecon Family. These initiatives not only offer immediate assistance to attendees but also foster stronger community ties and serve as a positive influence for others to emulate.

### *“Elecon's Commitment to Health: Saving Lives, Inspiring Hope”*

#### **Blood Donation Drive:**

Blood donation is an essential practice capable of saving multiple lives with a single act of kindness. At Elecon, the dedication to this cause is admirable, as evidenced by numerous blood donation camps showcasing the organization's commitment to community service. The achievement in the number of bottles donated this year symbolizes an opportunity to commemorate the







collective endeavor and its societal impact. Elecon's continual commitment to upholding this life-saving initiative is genuinely inspiring, reaffirming the core principle of giving and aiding those in need as an integral part of its mission.

#### **Celebration of World No Tobacco Day:**

Conducted a march to raise awareness regarding the hazards of tobacco. Hosted counselling sessions led by medical professionals from Shree Krishna Hospital, urging individuals to embrace tobacco cessation.



#### **Support for Old Age Home:**

Securing financial aid for healthcare and medical services in old age homes is a vital concern. Elecon extends financial aid to Jalaram Bapa Old Age Home to cover healthcare and medical expenses for all residents.

#### ***“Elecon’s Compassionate Outreach: Supporting Bereaved Workers’ Families and Strengthening Community Bonds”***

Elecon’s commitment to social responsibility is evident in its compassionate endeavors. Providing financial assistance to the families of its contractual workers who are bereaved is a clear indication of Elecon’s acknowledgment of their contributions and mirrors its

empathetic corporate values. These actions emphasize Elecon’s prioritization of human dignity and its dedication to giving back to the community, particularly during challenging times. Such an approach not only enhances Elecon’s corporate reputation but also establishes a lasting legacy of compassion and accountability.



At Elecon, we are deeply committed to fulfilling our social responsibilities with a spirit of philanthropy. We understand the challenges faced by the families of deceased contractual workers. While our safety policies have fortunately prevented any fatalities on the job, we still recognize the importance of support in such unfortunate circumstances. Elecon provides financial assistance to support the surviving relatives.

#### ***“Elecon’s Impactful Initiative: Empowering Education”***

Whenever society requires assistance in education, particularly for bright and specially-abled students, Elecon consistently steps up to support them in shaping a brighter future. Every year, Elecon provides scholarships to engineering students, extending a helping hand to those in need. Moreover, Elecon has employed specially-abled individuals, demonstrating a further commitment to fostering inclusivity and empowerment.

Backing educational institutions such as the PC Bhatt Deaf & Dumb School is a praiseworthy endeavor with the potential to profoundly influence the lives of students facing hearing and speech impairments. Financial support can enable a variety of initiatives aimed at enriching their educational journey, from obtaining new learning resources to arranging special gatherings. These donations play a crucial role in guaranteeing that every student has equal access to top-notch education and avenues for individual development.

#### **Educational Support Through Scholarships:**

Facilitated scholarships and infrastructure development assistance to schools, fostering access to quality education for deserving students. Elecon extends financial aid to 60

students from BVM Engineering College to facilitate their educational pursuits.



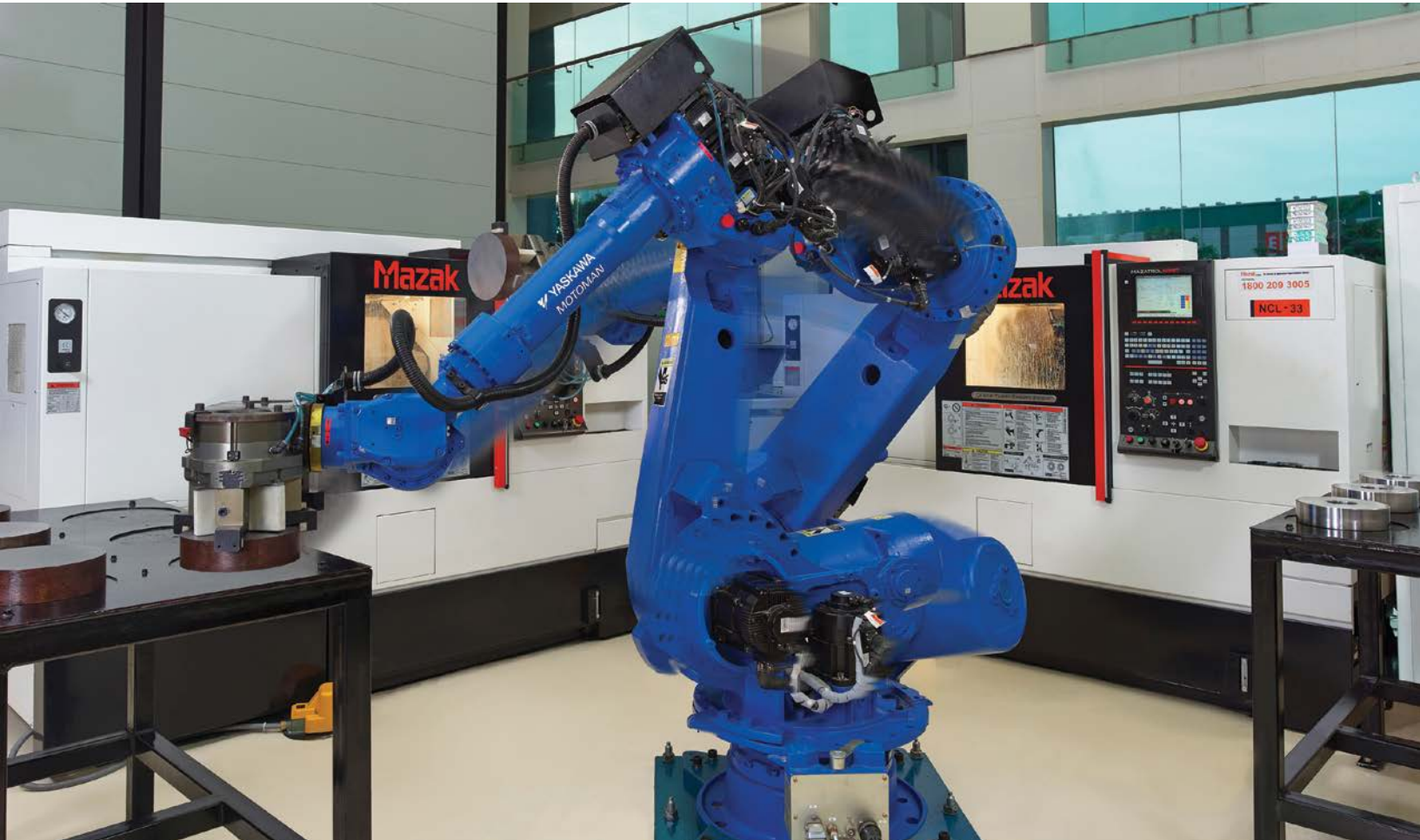
#### **Fostering Entrepreneurship: Anand Start-up Summit**

ELECON Engineering Company Ltd. proudly supported as the Title Sponsor of the Anand Start-up Summit 2023.

This event provided a unified platform for all stakeholders to cultivate a vibrant start up ecosystem in Anand.

The summit aimed to foster and nurture innovation and entrepreneurship, promoting growth and support for start-ups within the region.

# Gear Division



## ▲ Industrial Robot for machine loading & unloading

### Manufacturing Strengths

Financial Year 2023-24 surpassed all previous milestones in Elecon Engineering Company Limited ('the Company' / 'Elecon') and witnessed a phenomenal revenue growth. The Company's business growth in Domestic Sales was commanding. However, the year on year business growth in Export Revenue was an exact result of the thrust this organisation put in recent past on its overseas business. This was only possible because of always hungry mammoth sized manufacturing facility Elecon built in Vallabh Vidyanagar over the years.

Elecon's state of the art Vallabh Vidyanagar plant delivered as it has been delivering over the past years. Its never fulfilled capacity provided the confidence amongst customer fraternity in placing their valuable orders which got turned into finished products in remarkable time span.

Elecon's manufacturing superiority got further enhanced this year with inclusion of few extremely sophisticated European machine tools. They not only increased the capacity but also can reduce machining time. Effect of the same will further be visible in years to come.

Elecon's quality and environmental consciousness are reflected in its ISO 9001:2015, BS OHSAS 18001:2007 & ISO 14001:2015 accreditations.

Elecon could cater the entire product range in Mechanical Power Transmission industry. Gearboxes are well supplemented with all types of heavy duty Couplings and accessories to make the drive chain complete. Some of the important items from Elecon Product range are Marine Gearbox for Warships, Vertical Mill Gearboxes in Cement & Power, Rolling Mill Pinion Stands, and Sugar Mill Planetary Drives.

Elecon has positioned themselves as one of the largest Gearbox manufacturing companies in Asia due to reasons explained above. Elecon's product presence are well felt nowadays in the Asia Pacific, Middle East, Europe, Americas, Africa apart from the complete India.

### Growth Drivers

Industrial Growth drove the Gearbox demand throughout the financial year 2023-24.

Elecon was expecting and was well prepared to cater the enhanced need of its valued buyers and accordingly is able to post a better result in going ahead of regular industrial growth.

Iron and Steel Sector played a pivotal role in the growth and was well complemented by Cement, Sugar & Material Handling. Elecon's product range for all the core industrial sectors are complete and it only enable Elecon to take the advantage of enhanced demand from market.

Elecon's innovative technologies and marketing strategies enabled renowned European OEMs to come to Elecon for their critical Gearbox needs for the projects being put up at various parts of the globe. Elecon's journey to conquer global market has gained momentum in financial year 2023-24 and is all set to long jump in upcoming years.

# Revenue from Operations (Consolidated)

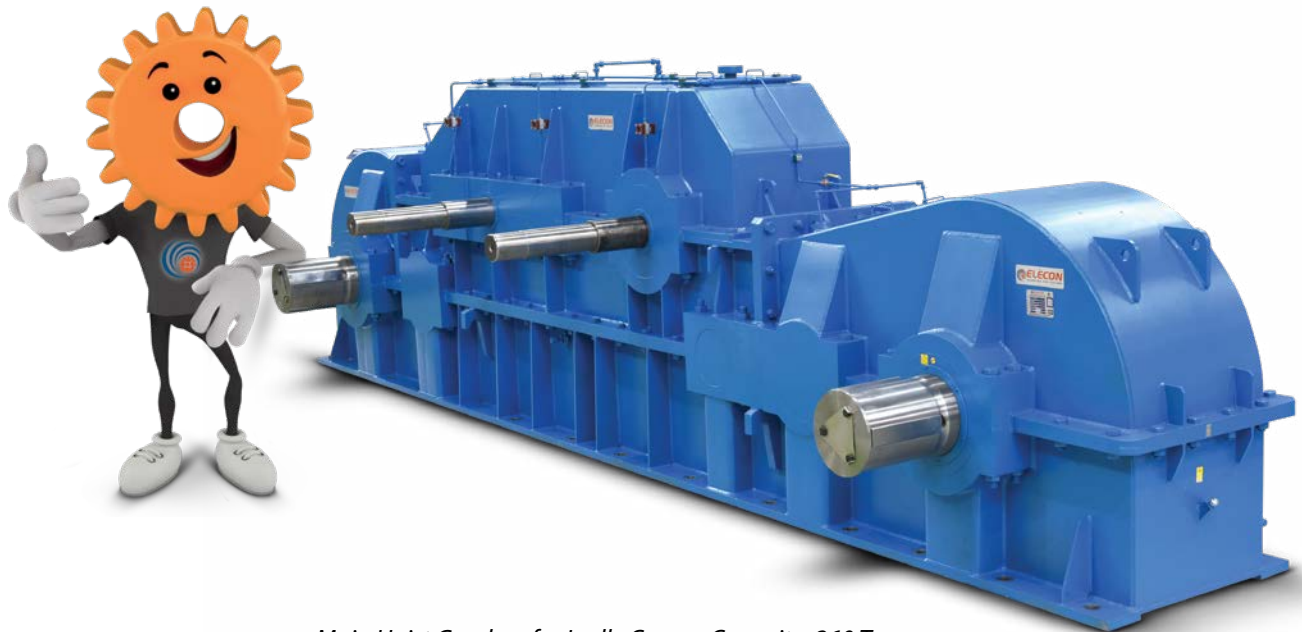
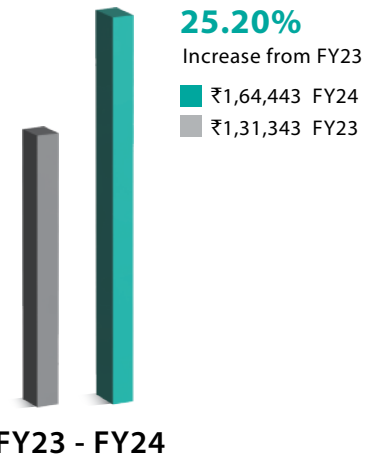
## Gear Division

### ₹1,64,443 Lakhs

### In 2023-24

### Gear

Revenue from Operations  
₹ in Lakhs



Main Hoist Gearbox for Ladle Crane - Capacity: 260 T ▲

# Material Handling Equipment Division



▲ Bucket Wheel type Stacker cum Reclaimer having capacity of 1200 TPH for CHP at MPPGCL, Birsinghpur, MP

## Manufacturing Strengths

- Elecon MHE Division, is endowed with expertise in Bulk Material Handling equipment and systems, built up over decades of innovation and technology upgradation.
- Seven decades ago Elecon decided to build its own manufacturing facilities to indigenously produce equipment and systems. At that point of time, most of the major manufacturers were from Europe & North America.
- Since then we have grown manifold, making available to market an enviable range of products.
- MHE Division is one point solution provider for Bulk Solid Material Handling Requirements having credentials with various sectors like Power/ Steel/ Mines/ Cement / Fertilizer/ Port etc. by supplying more than -

- 200 nos' complete plants (Coal Handling Plants)
- 700 no's Stockyard machines - Highest in India and among top 10 in the world
- 260 units of Wagon tippers - Highest in India
- 2,000 nos of Crushers / Feeders
- Pipe Conveyors and Specialized Belt Conveyors Systems

## Customers rely on our:

- a) State of the art manufacturing facility
- b) World class quality
- c) Updated design & engineering capability
- d) Exceptional execution skills
- e) Prompt after-sales services and spares availability
- f) Innovative solutions

**Some recent Achievements:**

Post Covid Pandemic, in spite of uncertainty of Geo-political tensions, MHE business has remained to be a bright spot.

We have executed the major orders and products like:-

Products	Capacity / Qty	Clients
Wagon Trippler	3 Sets	GSECL, Wonder Cement, IISCO Steel Plant, MPPCGL, SCCL, and also covers Cement, steel and fertilizers industries, including few products across India
Barrel Reclaimer	1 Set	
Stockyard Equipments	22 nos	
Stacker cum reclaimer	1 Set	
Crusher and Feeders	20 nos	
Shiftable Conveyors	5 nos (2.2 Kms)	

**Renovation and Modernisation (R&M)**

Products	Capacity / Qty	Clients
Stacker Reclaimer Restoration	1 Set	MSPGCL, NTPC, SAIL
Electrical Renovation of Stacker and Reclaimer	1 Set	
Wagon Tippler and Side Arm Charger Upgradation	1 Set	
MAMC make Stacker Reclaimer Restoration	1 Set	

The Company has received the appreciation from its various reputed customers regarding manufacturing strength, and have given to the Company repeated orders.giving the preference to the Company.

**Growth Drivers:**

- After Sales and Service - contributes major portion of our turnover (NTPC, MAHAGENCO, GSECL, NMDC, TNEB).

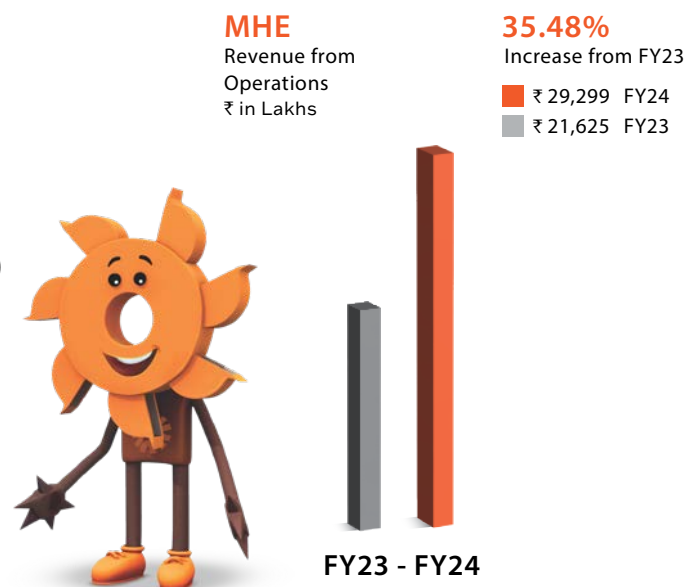
**The equipment in:**

- Power (NTPC, BHEL, MSEB, GSECL, various state Electricity Board)
- Steel (SAIL, AMNS, KIOCL)
- Cement (Shree Cement, Wonder Cement, Birla Corporation, Nuvoco, Adani Cement, Dalmia)
- Fertilizer – GNFC, Talcher Fertilizer

Now, looking forward with optimism and enthusiasm to the opportunities of the export business, covering various regions like Russia, Africa, Middle East & Europe.

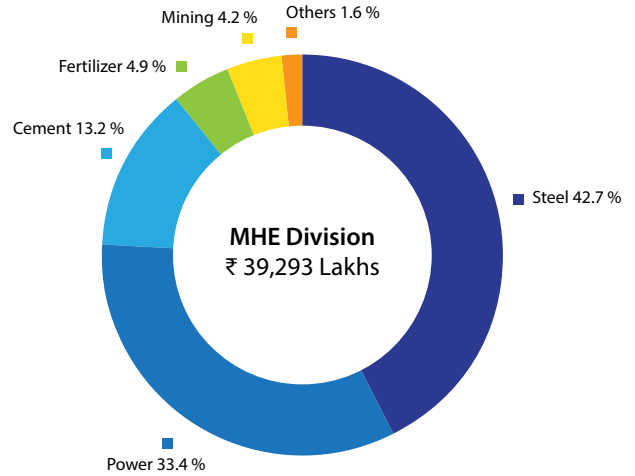
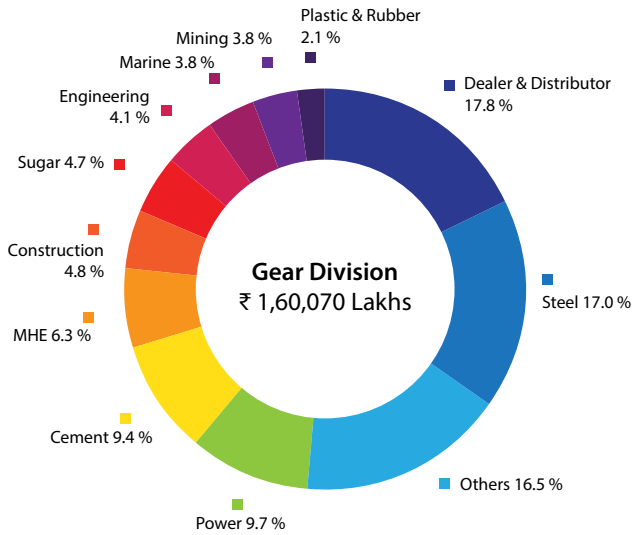
The Team engagement at different all levels like Marketing, Design, Production, Order Execution, SCM with their team work drives for the success and grow of MHE business.

Revenue from  
Operations (Consolidated)  
**MHE Division**  
**₹ 29,299 Lakhs**  
In 2023-24

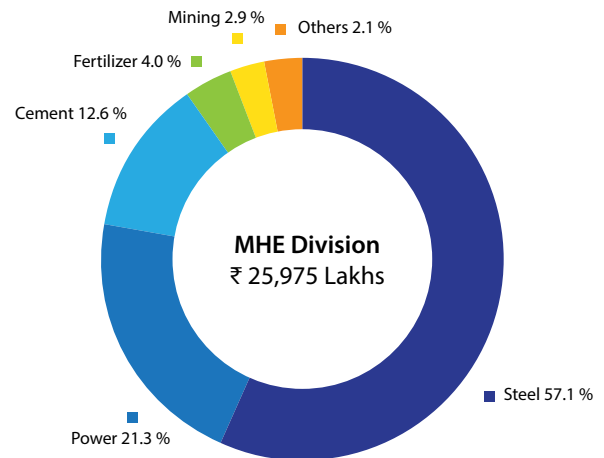
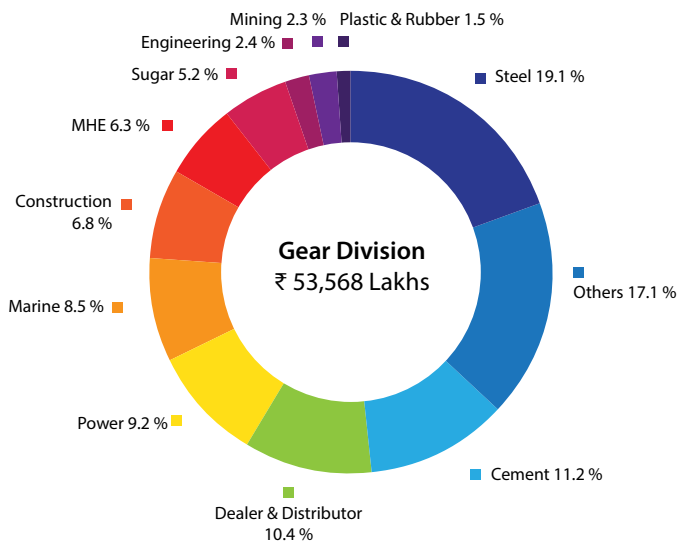


# Industry-wise consolidated order analysis

## Order Book in FY24



## Order in hand as at 31<sup>st</sup> March, 2024



# Board's Report



▲ Modern Assembly Centre

Dear Members,

Your Directors have pleasure in presenting this 64<sup>th</sup> Annual Report together with the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2024.

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 31<sup>st</sup> March, 2024, the Company has achieved a Turnover of ₹1,59,967 Lakhs as against ₹1,19,699 Lakhs in the previous year.

For the year ended on 31<sup>st</sup> March, 2024, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹41,361 Lakhs as against the EBIDTA of ₹28,069 Lakhs during the previous year.

The Net Profit after tax of the Company for the financial year 2023-24 was ₹30,316 Lakhs compared to ₹18,815 Lakhs during the previous year.

The Company holds total unexecuted orders about ₹69,863 Lakhs (₹43,888 Lakhs for Gear Division and ₹25,975 Lakhs of MHE Division) as on 31<sup>st</sup> March, 2024. This will help us to continue to have sustainable growth in coming years.

### Consolidated Operations

Your Company's total consolidated turnover for the year ended on 31<sup>st</sup> March, 2024 was ₹1,93,742 Lakhs as against ₹1,52,968 Lakhs in the previous year.

For the year ended on 31<sup>st</sup> March, 2024, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹47,447 Lakhs as against the EBIDTA of ₹33,888 Lakhs during the previous year.

The Consolidated Net Profit after tax of the Company for the financial year 2023-24 was ₹35,558 Lakhs compared to ₹23,749 Lakhs during the previous year.

During the year under review, your Company's consolidated Net Worth is ₹1,58,408 Lakhs as against ₹1,26,156 Lakhs for previous year.

The Company holds total unexecuted orders about ₹79,543 Lakhs (₹53,568 Lakhs for Gear Division and ₹25,975 Lakhs of MHE Division) as on 31<sup>st</sup> March, 2024.

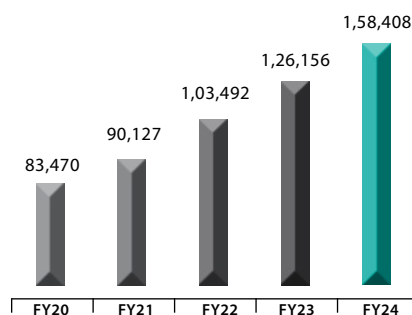


The summary of financial highlight is given below:

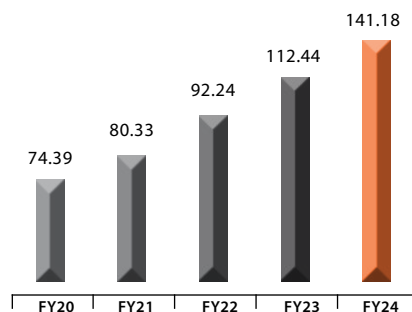
(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Turnover	1,59,967	1,19,699	1,93,742	1,52,968
Profit Before Tax, Finance Cost, Depreciation & Amortization and Adjustments for previous year (EBIDTA)	41,361	28,069	47,447	33,888
Add: Other Income	3,971	1,635	4,406	2,005
<b>EBIDTA (Including other income)</b>	<b>45,332</b>	<b>29,704</b>	<b>51,853</b>	<b>35,893</b>
<b>Less : Finance Cost</b>	<b>594</b>	<b>1,130</b>	<b>864</b>	<b>1,331</b>
Depreciation & Amortization	4,125	3,928	5,092	4,904
<b>Profit before share of equity accounted investee and tax</b>	<b>40,613</b>	<b>24,646</b>	<b>45,897</b>	<b>29,658</b>
Share of Profit of Associates	-	-	641	325
<b>Profit Before Tax</b>	<b>40,613</b>	<b>24,646</b>	<b>46,538</b>	<b>29,983</b>
<b>Less: Provision for Tax</b>	<b>10,331</b>	<b>5,950</b>	<b>11,014</b>	<b>6,349</b>
Deferred Tax	(34)	(119)	(34)	(115)
<b>Profit After Tax</b>	<b>30,316</b>	<b>18,815</b>	<b>35,558</b>	<b>23,749</b>
<b>Add:</b>				
Other comprehensive income	(135)	(63)	88	75
Previous Year Balance Brought Forward	53,739	36,558	76,623	54,370
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>83,920</b>	<b>55,310</b>	<b>1,12,269</b>	<b>78,194</b>
<b>APPROPRIATIONS:</b>				
Dividend Paid	3,366	1,571	3,366	1,571
Balance Carried Forward	80,544	53,739	1,08,903	76,623

Consolidated Net Worth (₹in Lakhs)



Consolidated Book Value of Shares (₹)



This will help us to continue to have sustainable growth in coming years.

### Dividend

During the year, your Board has declared and paid an Interim Dividend of ₹1/- (i.e. 50%) per Equity Share of ₹2/- each for the financial year 2023-24. The said interim dividend was paid to shareholders of the Company on 8<sup>th</sup> November, 2023 and has amounted a cash outflow of ₹1,122 Lakhs.

Your Directors have recommended Final Dividend of ₹2/- (i.e. 100%) per Equity Share of ₹2/- each for the financial year ended on 31<sup>st</sup> March, 2024 (previous year ₹2 per share). The said dividend, if approved by the shareholders, would involve a cash outflow of ₹2,244 Lakhs, against ₹2,244 lakhs dividend in the previous year.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. As required under the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has a Policy on Dividend Distribution. The Dividend Distribution Policy of the Company can be accessed at

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Dividend-Distribution-Policy.pdf>

During the year under review, the unclaimed dividend pertaining to the financial year 2015-16 has been transferred to the Investor Education & Protection Fund.

### Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for financial year 2023-24 in the statement of profit and loss.

### Share Capital

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2024 was ₹2,244 Lakhs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

The Board of Directors at their meeting held on 19<sup>th</sup> April, 2024 approved the sub-division of one equity share of face value of ₹2/- each fully paid up, into 2 equity shares of face value of ₹1/- each fully paid up, subject to the approval of the members at the ensuing General Meeting.

In view of the same, subject to the approval of the shareholders at the ensuing General Meeting, your Board of Directors has approved the alteration to the Clause V of Memorandum of Association of the Company with the following:

“The Authorized Share Capital of the Company is ₹1,78,00,00,000 (Rupees One Hundred Seventy Eight Crores) divided into 45,50,00,000 (Forty Five Crores Fifty Lakhs) Equity Shares of ₹1/- each and 2,50,00,000 (Two Crores Fifty Lakhs) Cumulative Redeemable Preference Shares of ₹2/- each and 1,27,50,000 (One Crore Twenty Seven Lakhs Fifty Thousand) Non-Cumulative Non-Convertible Redeemable Preference Shares each of ₹ 100/-.”

The Board of Directors at their meeting held on 19<sup>th</sup> April, 2024, has also considered and approved the request received from the Wizard Fincap Limited, belonging to the category of Promoter Group and who hold Nil shares in the Company, seeking its reclassification from the category of “Promoter Group” of the Company to the category to “Public” as they confirmed the Compliance requirement as set out under Regulation 31A of the Listing Regulations, subject to approval of members of the Company, Stock Exchanges and/or other approval(s), if any, as may be required.

### Borrowings

#### Working Capital Borrowings:

Continuous monitoring and review of the receivables, inventories and other working capital parameters helped the Company to continue with Nil working capital borrowings as at 31<sup>st</sup> March, 2024. Further, the Company is working on effective Supply Chain Management to optimize overall working capital flow in the Company.

Cash and Cash Equivalent as at 31<sup>st</sup> March, 2024 was ₹2,770 Lakhs.

There is no instance of one time settlement and valuation while taking loan from banks/financial Institutions.

#### Fixed Deposits:

The Company has not accepted any fixed deposits and there is no unpaid/unclaimed deposits as on 31<sup>st</sup> March, 2024.

#### 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 Companies Act, 2013 are given in the notes to the Financial Statements.

### Directors & Key Managerial Personnel (KMPs)

#### Cessation of Tenure of Independent Director

During the year under review, Shri Jai S. Diwanji (DIN: 00910410), a Non-Executive & Independent Director of the Company had completed the second & final term of his tenure and consequently, he ceased to be a Director of the Company from close of business hours on 31<sup>st</sup> March, 2024.

The Board placed on record their appreciation for the assistance and guidance provided by Shri Jai S. Diwanji during his tenure as a Non-Executive & Independent Director of the Company.

#### New Appointment

Shri Nirmal P. Bhogilal (DIN: 00173168), was appointed as a Non-Executive & Independent Director of the Company effective from 1<sup>st</sup> April, 2024 for a period of five years not liable to retire by rotation.

Members’ approval has been obtained by way of Special Resolution passed through Postal Ballot (remote e-voting) on 3<sup>rd</sup> March, 2024 for his appointment as a Non-Executive & Independent Director, under Sections 149 and 152 of the Companies Act, 2013 and under Regulation 17(1A) and Regulation 25 of Listing Regulations.

He is an industrialist and has a rich experience of more than 49 years in managing Machine Building and Engineering Industry. He is the Chairman of Batliboi Group. The Group’s operations are in Machine Tools, Textile Machinery, Textile Air Engineering, Air-conditioning & refrigeration, Environmental Engineering, Wind Energy, Solar Energy and International Trade & Logistics. He was Past President of the Indian Machine Tool Manufacturers Association (IMTMA). He is currently a member of the CII Western Region. He is a Committee Member and Past President of Indo German Chamber of Commerce.

In the opinion of the Board, he is well versed in the fields of managing Machine Building and Engineering Industry. He has strong operational, deep understanding of multicultural business challenges. He has the requisite skills and capabilities for handling the desired roles & responsibilities as a Non-Executive & Independent Director of the Company his vast experience in the realm of various fields will be beneficial to the Company. Further, he possesses relevant proficiency which will bring tremendous value to the Board and to the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Regulation 16(1)

(b) and other applicable regulations of the Listing Regulations, an Independent Director shall hold office for a term of five consecutive years and not be liable to retire by rotation. Accordingly, Shri Nirmal P. Bhogilal (DIN: 00173168) is appointed as an Independent Director to hold office for a term of five consecutive years from the date of 1<sup>st</sup> April, 2024 and shall not be liable to retire by rotation.

#### Director Retire by Rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Prashant C. Amin (DIN: 01056652), Director retires by rotation at the forthcoming 64<sup>th</sup> Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

The Board recommends his appointment for your approval.

#### Evaluation of Board and Senior Management

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations, 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. Further, the Nomination & Remuneration Committee has carried out the performance evaluation of Senior Management including the Company Secretary and Chief Financial Officer of the Company. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report which forms part of this report.

#### Meetings

During the year under review, four Board Meetings, four Audit Committee Meetings, one Stakeholders Relationship Committee Meeting, two Nomination and Remuneration Committee Meetings, one Corporate Social Responsibility Committee Meeting, three Risk Management Committee Meetings and one Separate Meeting of Independent Directors were held. During the year, some of the resolutions were also passed by way of circular, 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 Listing Regulations and their meetings are given in the Corporate Governance Report which forms part of this report.

#### Independent Directors

The Independent Directors met on 30<sup>th</sup> January, 2024 without 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 and under Regulation 25(8) of Listing Regulations, 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 Listing Regulations.

#### Familiarization Programme for Independent Directors

In compliance with the requirements of Listing Regulations, 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., alongwith updating on various amendments in the Listing Regulations and the Companies Act, 2013. 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>

#### Nomination and Remuneration Policy

The Board has framed a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) and their remuneration.

As and when need arises to appoint Director, KMP and SMP, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC, while recommending candidature to the Board, takes into consideration the qualification, attributes, experience and independence of the candidate. Director(s), KMP(s)

and SMP(s) appointment and remuneration will be as per NRC Policy of the Company.

The salient features of the NRC Policy of the Company has been disclosed in the Corporate Governance Report, which is a part of this report. The said Policy is available on the Company's website on <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Amendment-Policy-on-determining-materiality-events.pdf>

#### 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.

#### Key Managerial Personnel (KMP)

As on 31<sup>st</sup> March, 2024, Shri Prayasvin B. Patel, Chairman & Managing Director, Shri Narasimhan Raghunathan, Chief Financial Officer and Smt. Bharti L. Isarani, Company Secretary are designated as KMP(s) of the Company.

#### Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith 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;
- (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; and

- (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 with prior approval of the Audit Committee. No material contract or arrangement with related parties was 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/RPT-Policy-2022-FINAL.pdf> None of the Directors or any Key Managerial Personnel has any material pecuniary relationships or transactions vis-à-vis the Company.

#### Auditors

##### Statutory Auditors

M/s. C N K & Associates, LLP, Chartered Accountants, appointed as a Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of 61<sup>st</sup> Annual General Meeting for the Financial Year 2020-21.

The Board has taken note and M/s. C N K & Associates LLP, Chartered Accountants have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder as Statutory Auditors of the Company. As required under Listing Regulations, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

##### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company in respect of its manufacturing activity are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Ketki D. Visariya & Co., Cost Accountants as a Cost Auditors to audit the cost accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2025 at a remuneration of ₹1,70,000/- 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. Ketki D. Visariya & Co., Cost Auditors is included in the Notice convening the 64<sup>th</sup> Annual General Meeting.

The Cost Audit Report provided by the Cost Auditors of the Company i.e. M/s. Y. S. Thakar & Co., for the year 2022-23 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 M/s. Samdani Shah & Kabra, Company Secretary in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2023-24. The Report on the Secretarial Audit carried out by the Secretarial Auditor i.e. M/s. Samdani Shah & Kabra, Practicing Company Secretary during the Financial Year 2023-24 is annexed herewith as "Annexure A". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. Further, your Directors have on the recommendation of the Audit Committee appointed M/s. Samdani Shah & Kabra, Vadodara, Practicing Company Secretary, as Secretarial Auditors of the Company to undertake the Secretarial Audit of the Company for the Financial Year 2024-25.

#### Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2023-24 for all applicable compliances as per Listing Regulations and Circulars/Guidelines issued by SEBI from time to time. The Annual Secretarial Compliance Report for abovesaid financial year has been submitted to the stock exchanges within prescribed time limit as per Listing Regulations.

#### Subsidiary, Joint Venture & Associate Companies

As on 31<sup>st</sup> March, 2024, the Company has 12 Direct & Indirect Subsidiary Companies.

Pursuant to the provisions of Sections 129, 134 and 136 of the Companies Act, 2013 read with rules framed thereunder and Listing Regulations, your Company has prepared Consolidated Financial Statements of the Company and its Subsidiaries and a separate statement containing salient features of financial statement of

Subsidiaries forms part of the Annual Report.

The Annual Report of the Company containing standalone and consolidated financial statements has been placed on the website of the Company. Further, annual accounts of the Subsidiary Companies have also been placed on the website of the 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

##### Radicon Transmission UK Limited (Consolidated)

Total Income of the Benzlers Radicon Group has decreased by 2% to GBP 32.97 Million in current year compared to GBP 33.62 Million in previous year. EBITDA excluding other income increased to GBP 5.12 million in the current year compared to GBP 4.95 Million in previous year. The Company has made a Profit before Tax of GBP 3.97 Million in Current Year compared to Profit Before Tax of GBP 3.78 Million in previous year. The Company has achieved the profitability by cost rationalization coupled with change in strategy of optimization.

##### Benzlers Group (Nordic and Europe)

Benzlers Group has witnessed an increase in Sales Revenue of 3% to GBP 14.5 million in the current year compared to GBP 14.1 million in the previous year. The Company's EBITDA Margin is GBP 0.95 million in the current year compared to GBP 1.37 million in the previous year. Profits before tax and exceptional income have decreased to GBP 0.8 million compared to GBP 1.32 million in the previous year. The Company has achieved profitability through cost rationalization coupled with a change in strategy of optimization.

##### Radicon Transmission UK Limited

The Sales Revenue for the year has decreased by 4% to GBP 10.98 million compared to GBP 11.47 million in the previous year. EBITDA Margin has increased to GBP 1.74 million compared to GBP 1.68 million in the previous year. Profits Before Tax are GBP 1.35 million in the current year compared to GBP 1.13 million in the previous year.

##### Radicon Drive Systems, Inc

Radicon-USA has witnessed a decrease in Sales Revenue of 8% to GBP 8.44 million in the current year compared to GBP 9.14 million in the previous year. EBITDA increased with the current year to GBP 2.35 million, compared with the previous year of GBP 1.86 million.

Generating a Profit Before Tax of GBP 1.78 million in the current year compared to GBP 1.43 million in the previous year. The Company has achieved profitability through cost rationalization coupled with a change in strategy of optimization.

#### Elecon Singapore Pte. Limited

During the year under consideration, revenue of Elecon Singapore Pte. Ltd., has decreased by 6% from USD 2.85 million FY 2022-23 to USD 2.68 million FY 2023-24. EBITDA has decreased by 14% from 0.17 million FY 2022-23 to USD 0.15 million FY 2023-24.

#### Elecon Middle East FZCO, Dubai (Consolidated)

During the year, total revenue of Elecon Middle East FZCO (Consolidated) has increased by 12.5 %, from AED 28.42 million FY 2022-23 to AED 32.08 million FY 2023-24. Decrease in EBITDA by 5% from AED 5.73 million FY 2022-23 to AED 5.45 million FY 2023-24.

Elecon Middle East FZCO, Dubai, a Wholly Owned Subsidiary of the Company has incorporated its wholly owned subsidiary namely "Elecon Radicon Africa (Pty) Limited on 17<sup>th</sup> November, 2023.

#### Financial Performance - Associate

##### Eimco Elecon (India) Limited (EEIL)

During the year, EEIL has achieved a Turnover of ₹22,750 Lakhs for year ended on 31<sup>st</sup> March, 2024 as against ₹17,271 Lakhs in the previous year. For the year ended on 31<sup>st</sup> March, 2024; EEIL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) including other income of ₹ 5,649 Lakhs as against the EBIDTA of ₹ 3,310 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-2022-new.pdf>

#### Corporate Social Responsibility (CSR) Initiatives

In accordance with the provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has already amended its policy on the recommendation of the Members of the CSR Committee and with the approval of the Board. The CSR policy may be accessed on the Company's Website at the <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Index-CSR%20Policy-05.05.2021-30.08.2021.pdf>

The Composition of the Committee and other details are provided in Corporate Governance Report, which is a part of this Annual Report.

The Company implements various CSR activities directly and / or through the implementing agencies and the activities 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 and amendments thereto, is given in "Annexure B", forming part of this report.

#### Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The policy is available on our website at <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Index-Elecon-Board-Diversity-Policy-30.08.2022.pdf>

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

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.

#### Application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016

During the financial period under review, no application is made or pending under the Insolvency and Bankruptcy Code, 2016 ("IBC 2016") against the Company.

### Material Changes and Commitments

There are no material changes and commitments, affecting the financial performance of the Company that occurred during the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

There is no change in the nature of business during the year under review.

### Reporting of Frauds

There was no instance of fraud during the year under review, which required the Statutory Auditors and/or Secretarial 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

Being one of the top 500 Listed Company, the Company has implemented Risk Management System. 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. The details pertaining to the composition of the Risk Management Committee are included in the Corporate Governance Report, which is a part of this report.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

### Particulars of Employees

Disclosures relating to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **"Annexure D"**.

Details of employee remuneration as required under the provisions of Section 197 of the Companies Act, 2013 and Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are available to any Shareholder for inspection on request. If any Shareholder is interested in obtaining

a copy thereof, such Shareholder may write to the Company Secretary, where upon a copy would be sent through email only. The Annual Report excluding the aforesaid information is being sent to the members of the Company.

### 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 workplace. 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/POSH-Policy-Final.pdf>

### Material Subsidiaries

The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The policy is available on the Company's website at <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Policy-on-Determining-Material-Subsidiary-2020.pdf>

The Company does not have material subsidiary company.

### Annual Return

The Annual Return of the Company as on 31<sup>st</sup> March, 2024 in the prescribed format is available on the Company's website. The web-link is as under:

<https://www.elecon.com/investors/annual-return-as-provided-under-section-92-of-the-companies-act-2013>

### Business Responsibility and Sustainability Report

SEBI, vide its circular dated 10<sup>th</sup> May, 2021, made Business Responsibility and Sustainability Report (BRSR) mandatory for the top 1,000 listed companies (by market capitalization) from financial year 2022-23.

Your Company being covered under top 500 companies, BRSR is applicable to it. The BRSR is forming part of the Annual Report and annexed as **"Annexure- E"**.

## Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, separate reports on Management Discussion & Analysis and Corporate Governance together with a certificate from the Practising 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. A detailed report on Corporate Governance is annexed as “Annexure F” to this Report alongwith the Auditors’ Certificate on its compliance by the Company.

## 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.

## Internal Financial Control Systems and their adequacy

Your Company has an effective internal control and risk-mitigation systems, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company’s internal control system is commensurate with its size, scale and complexities of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, the Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions are taken by the Management. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the Management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee.

## 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 and Financial Institutions. 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 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 : 19<sup>th</sup> April, 2024



# Management Discussion & Analysis



▲ Gear teeth dimension measurement by disc micrometre

## Global Economy and India

In 2023, global economic expansion demonstrated resilience, as inflation decreased at a faster pace than expected. However, outcomes varied among countries, with robust growth seen in the United States and numerous emerging markets, while most European countries experienced a slowdown.

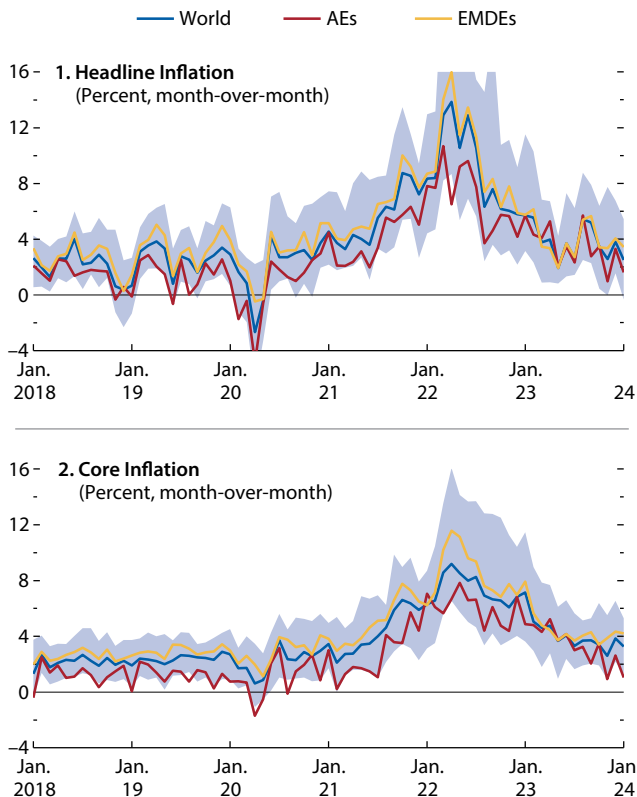
Projected global growth stands at 3.1% for 2024 and 3.2% for 2025. However, this projection for 2024-25 falls below the historical average of 3.8% (2000–19). Elevated central bank policy rates aimed at curbing inflation, reduced fiscal support due to high debt burdens dampening economic activity, and sluggish underlying productivity growth contribute to this outlook.

### Global Economic Growth (In %)

Particulars	Year-on-Year		
	Estimate	Projections	
(In %)	2023	2024	2025
World Output	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Germany	-0.3	0.2	1.3
France	0.9	0.7	1.4
Italy	2.5	1.9	2.1
Spain	1.9	0.9	1.0
Japan	0.1	0.5	1.5
United Kingdom	1.1	1.2	2.3
Canada	1.1	1.2	2.3
Emerging Market and Developing Economies	4.3	4.2	4.2

## Inflationary Pressures Subsiding

Inflationary pressures are subsiding faster than anticipated across most regions, driven by the resolution of supply-side issues and tightening monetary policies. Global headline inflation is predicted to decline to 5.8% in 2024 and 4.4% in 2025, with a downward revision to the 2025 forecast. Near-term inflation expectations have fallen in major economies, with long-term expectations remaining anchored.



## Geopolitical Tensions Loom as Significant Downside Risk to Economic Recovery

The escalation of conflict in the Middle East presents a significant downside risk. This, along with escalating geopolitical tensions in other regions, could negatively impact commodity markets, trade, and financial connections, leading to increased uncertainty and decreased confidence. With weak growth, substantial debt burdens, and high real interest rates, the risk of financial strain is heightened. Additionally, recent subdued economic activity raises concerns about slower-than-anticipated growth in China, potentially causing adverse effects globally. Conversely, the recent strong economic performance in the United States, coupled with decreasing inflation, suggests that growth could surpass projections, possibly due to improved supply conditions.

## The Indian Economy: A shining star

In 2023, India demonstrated remarkable resilience amidst global challenges, maintaining its position as the world's fastest-growing major economy. Factors contributing to this performance include growing demand, moderate inflation, stable interest rates, and robust foreign exchange reserves. Despite prevailing pessimism in developed nations and escalating geopolitical tensions, India recorded a GDP expansion of 6.1% in the Jan – Mar 2023, reaching 7.8% in the Apr-June 2023, 7.6% in the July-Sept 2023 and 8.4% in Oct-Dec 2023.

India is anticipated to sustain its growth momentum, outpacing China and other major economies according to OECD projections. However, geopolitical uncertainties and global economic slowdowns could pose challenges to India's domestic demand. Despite these risks, India's economy remains optimistic, as indicated by positive consumer confidence and household income perceptions.

India's manufacturing push, especially in sectors like semiconductors, electronics, electric vehicles, renewable energy, and defense, aligns with its ambition to become a \$10 trillion economy. Government initiatives, including increased capital expenditure and production-linked incentive schemes, aim to bolster manufacturing capabilities and infrastructure.

In March, India's manufacturing sector surged to a 16-year high, reaching a PMI of 59.1, propelled by increased orders, inventory upturn, and heightened job creation. This growth trend follows months of steady improvement, with February's PMI at 56.9 and January's at 56.5. Notably, new orders expanded at the fastest rate in nearly three-and-a-half years, supported by strong demand domestically and in export markets.

Looking ahead, forecasts project a growth rate of around 6.4% for the upcoming fiscal year, with inflation expected to moderate. The Reserve Bank of India has maintained an actively disinflationary stance, keeping the repo rate unchanged. However, potential rate cuts may be considered in 2024 if inflation remains within the specified range and geopolitical tensions do not disrupt global oil prices.

India's macroeconomic indicators remain strong, with growth expected to reach 6.5% in FY2024 and 6.2% in FY2025. The RBI's projections suggest a decline in retail inflation, providing further stability. Despite external uncertainties, India's foreign exchange reserves have surpassed USD 600 billion, providing a buffer against global economic challenges. Overall, the outlook remains optimistic, with government initiatives expected to further fuel this growth.

## The Engineering Sector

In the aftermath of COVID-19, the world has encountered turbulent geopolitical conditions, disruptions in global supply chains, trade imbalances, escalating energy costs, and a worsening climate crisis. Amid these challenges, India stood out as the bright spot. The current focus on 'Make in India' has led to enhanced emphasis on strengthening the manufacturing capabilities which has brought the spotlight to the Capital Goods sector. Currently the sector contributes 12% of the total manufacturing output, and in turn manufacturing sector contributes around 17% to the GDP of the country.

Favourable government policies, notably the Production Linked Incentive (PLI) Scheme, alongside India's increasing demands in construction, infrastructure, and global markets, continue to uplift the industry. In the engineering sector, demand is fueled by investments and capacity expansion in crucial areas such as power, infrastructure, mining, oil, as well as in sectors like general manufacturing, automotive, process industries, and consumer goods.

The Government's 'Vision Plan 2030,' aimed at positioning the country as a manufacturing and export hub for construction equipment and driving the development of world-class infrastructure, has not only enhanced exports but also stimulated growth in the sector. With China +1 and economic slowdown in leading manufacturing hub like Europe, Indian products have emerged as the preferred choice. The industry continues to invest in technology to enhance operational efficiency and maintain global competitiveness. The sector has witnessed increased order booking on the back of increasing consumer demand and infrastructure development. However, supply chain disruptions such as the red sea crisis acts as a headwind to the sector's growth prospects.

## The Gearbox Industry

The global industrial gearbox market is experiencing significant growth, driven by several key factors. Firstly, favorable government policies across various regions stimulate growth within the industrial gearbox sector, including incentives, subsidies, and supportive regulations aimed at encouraging industrial development and investment in machinery and equipment.

Secondly, there's a notable surge in construction and building activities worldwide, especially in emerging economies and developing regions. Rapid urbanization, infrastructure projects, and increasing industrialization have heightened the demand for industrial gearboxes, crucial components in various construction and manufacturing machinery.

Moreover, the rising adoption of industrial automation across diverse industries has fuelled demand for industrial gearboxes.

Furthermore, there's a trend towards increased utilization of renewable energy sources like wind and solar power, addressing environmental concerns and reducing reliance on fossil fuels. Industrial gearboxes play a critical role in wind turbines and solar power systems, facilitating the conversion of kinetic energy into usable electrical energy. As the global shift towards renewable energy accelerates, the demand for industrial gearboxes for renewable energy applications is expected to grow significantly.

The outlook for the sector remains optimistic.

## Elecon Engineering - Company Overview

The Company achieved its highest-ever revenues and profit after tax. This remarkable performance underscores the Company's resilience, even amidst a global economic slowdown. Within the Gears segment, robust performance was observed domestically. Strong order inflows came from end user industries such as steel, power, cement, and paper. This growth was fueled by government emphasis on infrastructure development. In the international market, we successfully onboarded 11 new OEMs. Their estimated annual business volume amounts to approximately €6.0 million. Commercial production is slated to commence in FY25. Elecon has capitalized on robust replacement demand in key overseas regions, further bolstering its business prospects. The Company's industry-leading lowest lead time has positioned it as a reliable partner for clients worldwide. Elecon's commitment to timely delivery and operational excellence sets it apart in a competitive landscape. The segment delivered record breaking revenues growing at 25% on a YoY basis with EBIT Margin standing at 25.6%. The order inflows during the year stood at ₹1,601 Crs. Registering a growth of 15% on a year on year basis, highlighting strong demand from the end user industries.

The MHE Segment continued its strong performance. The segment has witnessed a sharp turnaround with revenues growing at 36% on a YoY basis with EBIT Margin standing at 23.3%. The shift toward product supply and aftermarket services contributed to the successful turnaround of this segment. Additionally, there has been a sharp improvement in profitability due to a better product mix. The order inflows during the year stood at ₹393 Crs.

Elecon has firmly established itself as a leader in India and stands as one of the largest gear solutions providers in Asia. Our successful OEM partnerships in

European markets have bolstered our confidence in expanding our market presence through references. The references and credibility we gain through these partnerships serve as a powerful catalyst for further expansion. Concurrently, we are dedicated to expanding our footprint in newer geographies. The Company's unwavering dedication to growth extends to its product development efforts. Several exciting products are currently under development, and their impending launch is expected to further enhance Elecon's market position. Elecon's strategic moves, successful partnerships, and innovative product pipeline position it for continued success and growth in the competitive landscape.

The Company's has delivered strong cash flows backed by a healthy balance sheet. Its unwavering focus on optimizing operational efficiency is evident in its strong financial performance, steady cash inflows, and resilient balance sheet.

At Elecon, our values and principles form the bedrock of our identity. We prioritize sustainable practices, envisioning a future that shines even brighter. By wholeheartedly embracing diversity, ensuring safety, and actively uplifting our communities, Elecon fosters a socially responsible ecosystem where everyone thrives.

#### Segment Wise Revenue - Gear & MHE Business

Elecon with its widest range of gears finds applications in a diverse range of end user industries – Steel, Power, Cement, Sugar, among others.

The Steel sector contributed ~17% to the consolidated revenues of Elecon. The Indian steel sector is the world's second largest and represents one-eighth of the nation's manufacturing GDP.

- **India's Steel Demand:** The construction sector, bolstered by government initiatives like 'Smart Cities' and 'Affordable Housing,' drives steel demand in India. Over the past three years, the sector has experienced robust double-digit growth (11% to 13%). Projections indicate an 8% growth in Indian steel demand over 2024 and 2025. By 2025, India's steel demand is estimated to be nearly 70 million tonnes higher than in 2020. The infrastructure segment remains a key driver and is likely to sustain momentum.
- **Global Trends:**
  - **MENA and ASEAN:** These regions are poised for accelerated steel demand growth during 2024-2025, following a slowdown in 2022-2023. However, challenges in ASEAN (such as political instability and competitiveness erosion) may impact future growth.

- **Developed World:** Anticipate a strengthening recovery with 1.3% growth in 2024 and 2.7% in 2025. Notably, the EU is expected to show meaningful steel demand growth in 2025, while the US, Japan, and Korea remain resilient.

India, as the second-largest cement producer globally, contributes to over 8% of the global installed capacity. Looking ahead, the Indian cement sector's capacity is projected to expand at a compound annual growth rate (CAGR) of 4-5% over the next four years, culminating in an installed capacity of 715-725 million metric tons (MT) per year by the start of the 2028 financial year. Cement consumption is anticipated to reach 450.78 million tonnes by the end of FY27.

Increased investments in the sector are driving this positive trajectory. Notably, foreign direct investment (FDI) inflows related to the manufacturing of cement and gypsum products have surged, reaching US\$ 6.10 billion (₹5.08 lakh crore) between April 2000 and December 2023. Furthermore, the National Infrastructure Pipeline (NIP) has introduced ambitious projects worth ₹102 lakh crore (US\$ 14.59 billion) for the next five years, further bolstering the industry's growth prospects.

However, it's important to note that in FY25, the sector may experience some slowdown due to the general election and a high base year. Despite this, the overall outlook remains positive for sustained growth.

The power sector is expected to witness a surge in demand, with electricity sales projected to rise about 2% in 2024 compared to 2023. India, China, and Southeast Asia are expected to drive a significant portion of this growth. Renewable energy is expected to play a key role in driving power generation, with the share of renewable generation rising from 21% in 2023 to 24% in 2024 and 25% in 2025. This is driven by significant capital expenditure in the renewable energy space. Electrification of transportation, buildings, and industrial segments is expected to further boost electricity demand, with projections of a 16-36% compound annual growth rate in electricity demand from the transportation sector. Supply chain disruptions, rising costs, and extreme weather continue to impact the power sector. However, innovation and investment trends, buoyed by recent legislation, can help achieve secure, reliable, clean, and affordable electricity.

The sugar sector in India is expected to have a bright outlook, driven by factors like Surging Global Raw Sugar Prices. Global raw sugar prices have soared to 11-year highs, creating a favorable environment for the Indian sugar industry. This surge is expected to continue, especially during the peak summer season,

when demand traditionally spikes. Large integrated sugar mills in India stand to benefit significantly from this price upswing.

Another driver being a compelling trend within the sector is the diversion of sugar production towards ethanol manufacturing. This strategic shift aligns with global efforts to promote cleaner fuels and reduce dependence on fossil-based energy sources. Lastly, The Indian Government has been proactive in supporting the sugar industry. Measures like the Sugar Loan Program and Sugar Marketing Allotments bolster prices and production. These initiatives provide stability and encourage investment in the sector.

### Financial Performance

It can be referred in the Board's Report under heading "Performance of the Company" in this Annual Report.

### Financial Ratios

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-

Particulars	Standalone		Consolidated	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Debtors Turnover Ratio*	4.53	3.53	4.90	4.02
Inventory Turnover Ratio*	9.70	6.72	7.62	5.66
Interest Coverage Ratio*	113.19	43.34	74.64	39.26
Current Ratio*	2.92	2.31	3.05	2.52
Debt Equity Ratio*	0.03	0.02	0.04	0.05
Operating Profit Margin	25.86	23.45	24.49	22.15
Net Profit Margin (%)	18.95	15.72	18.35	15.53
Return on Net Worth(%)*	22.53	17.46	22.45	18.83

\*There is a change of more than 25% in Debtors Turnover Ratio, Inventory Turnover Ratio, Interest Coverage Ratio, Current Ratio, Debt Equity Ratio and Return on Net Worth. Such change in Debtors Turnover Ratio and Inventory Turnover Ratio is mainly due to higher efficiency on Working capital improvement. Such change in Interest Coverage Ratio is mainly due to reduction in finance Cost and debt. Such change in Current Ratio is mainly due to increase in current assets and effective working capital management. Such change in Debt-Equity Ratio is mainly due to entrance of new lease agreement by the Company. Such change in Return on Net Worth is mainly due to

Increased Turnover and reduced debt.

### Risk and Concerns

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

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

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

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

### Internal Controls System

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

Internal Controls are continuously evaluated by the Internal Auditors and Management. Findings from internal audits are reviewed by the Management and the Audit Committee. The corrective actions and controls have been put in place wherever

necessary. Scope of work of Internal Auditors covers review of controls on accounting, statutory and other compliances and operational areas in addition to reviews relating to efficiency and economy in operations.

#### **Development in Human Resources/Industrial front**

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

The number of employees as on 31<sup>st</sup> March, 2024 was 687 as against 652 as on 31<sup>st</sup> March, 2023.

#### **Outlook**

The Indian economy has been performing well, with robust consumption activity and increasing disposable income. Despite geopolitical uncertainties, the demand remains resilient. In the financial year 2023-24, the real GDP (at constant 2011-12 prices) is estimated to reach ₹172.90 lakh crore, growing at a rate of 7.6% compared to the previous year's growth rate of 7.0%. Globally, the economic outlook is cautiously optimistic. The risks to global growth are broadly balanced, and a soft landing is possible.

Global growth is projected to be 3.1% in 2024 and 3.2% in 2025. This forecast is slightly higher than the previous estimate due to resilience in the United States, emerging markets, and fiscal support in China. Inflation is falling faster than expected in most regions, and headline inflation is expected to decline to 5.8% in 2024 and 4.4% in 2025.

As an organization, we remain mindful of challenges posed by geopolitical tensions in West African conflict zones, supply chain disruptions, and the upcoming election period in India. Nevertheless, we maintain confidence in delivering strong performance in FY25 and sustaining current margins.

## **ANNEXURE - A TO BOARD'S REPORT**

### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members,  
**ELECON ENGINEERING COMPANY LIMITED**  
Anand-Sojitra Road,  
Vallabh Vidyannagar - 388 120,  
Gujarat, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Elecon Engineering Company Limited** ("Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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, we hereby report that, in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2024 ("review period"), 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:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the review period, according to the provisions of:

- i. The Companies Act, 2013 ("Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India ("SEBI") Act, 1992:-
  - a. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018; However, there were no actions / events pursuant to these regulations, hence not applicable;
  - b. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. SEBI (Buy-back of Securities) Regulations, 2018; However, there were no actions / events pursuant to these regulations, hence not applicable;
  - d. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable;
  - e. SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - f. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Act and dealing with client;
  - g. SEBI (Delisting of Equity Shares) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable;
  - h. SEBI (Depositories and Participants) Regulations, 2018;
  - i. SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021; However, there were no actions / events pursuant to these regulations, hence not applicable; and
  - j. SEBI (Debenture Trustees) Regulations, 1993; However, there were no actions / events pursuant to these regulations, hence not applicable.

We have also examined compliance with the applicable clauses / regulations of the following:-

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the review period, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**We further report that;**

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Changes in the composition of the Board of Directors during the review period were carried out in accordance with the Act;
- B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance in general and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable Laws, Rules, Regulations and Guidelines;
- E. During the review period, there were no specific instances / actions in the Company in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc. having major bearing on the Company's affairs.

**S. Samdani**  
*Partner*

**Samdani Shah & Kabra**  
*Company Secretaries*  
FCS No. 3677 | CP No. 2863  
ICSI Peer Review # 1079/2021

Place : Vadodara  
Date : 19<sup>th</sup> April, 2024  
ICSI UDIN: F003677F000178258

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



## 'APPENDIX - A'

To

The Members,

**ELECON ENGINEERING COMPANY LIMITED**

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

Our Secretarial Audit Report of even date is to be read alongwith this letter, that :

- i. Maintenance of secretarial records and compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. Wherever required, we have obtained the management representation about the Compliance of Laws, Rules and Regulations, happening of events, etc.
- iv. 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 Company's affairs.

**S. Samdani**  
*Partner*

**Samdani Shah & Kabra**  
*Company Secretaries*  
FCS No. 3677 | CP No. 2863  
ICSI Peer Review # 1079/2021

Place : Vadodara  
Date : 19<sup>th</sup> April, 2024  
ICSI UDIN: F003677F000178258

## ANNEXURE - B TO BOARD'S REPORT

### CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

#### FORMAT FOR CSR ACTIVITIES INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2024

1. A brief outline on CSR Policy of the Company:

The Company's CSR Policy is in adherence to the provisions of Section 135 of the Companies Act, 2013 ("Act") read with rules framed thereunder and provides for carrying out CSR activities in the area of Education, Healthcare including preventive healthcare, etc. either directly by the Company or through 'Non-Profit Organizations', viz. B. I. Patel Charitable Trust, I. B. Patel Charitable Trust and others or by way of contribution to Central / State Government Relief Funds.

2. Composition of the CSR Committee:

Sl. No.	Name of Directors	Designation / Nature of Directorship	Number of meeting(s) of CSR Committee held during the year	Number of meeting(s) of CSR Committee attended during the year
1.	Dr. Sonal V. Ambani	Chairperson, Independent & Non-Executive Director	1	1
2.	Shri Prayasvin B. Patel	Member, Non-Independent & Executive Director	1	1
3.	Shri Prashant C. Amin	Member, Non-Independent & Non-Executive Director	1	1

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

Composition of the CSR committee shared above and is available on the Company's website on: <https://www.elecon.com/about-us/board-committees>

CSR policy - <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Index-CSR%20Policy-05.05.2021-30.08.2021.pdf>

CSR projects – **Not applicable**

4. Provide the executive summary alongwith web-link(s) of Impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **Not Applicable**

5. CSR obligation for the Financial Year:

Sl. No.	Particulars	Amount
(a)	Average net profit of the Company as per sub-section (5) of Section 135.	14,382.79
(b)	Two percent of average net profit of the Company as per sub-section (5) of Section 135.	287.66
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	NIL
(d)	Amount required to be set-off for the financial year, if any.	NIL
(e)	Total CSR obligation for the financial year [(b)+(c)-(d)].	287.66

6. CSR amount spent or unspent for the Financial Year:

Sl. No.	Particulars	Amount
(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	292.06
(b)	Amount spent in Administrative Overheads.	NIL
(c)	Amount spent on Impact Assessment, if applicable.	Not applicable
(d)	Total amount spent for the Financial Year [(a)+(b)+(c)].	292.06

- (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total amount transferred to the Unspent CSR Account as per Section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to Sub-Section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
292.06	NIL	-	-	NIL	-

(f) Excess amount for set-off, if any: (₹ in Lakhs)

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135.	287.66
(ii)	Total amount spent for the Financial Year.	292.06
(iii)	Excess amount spent for the Financial Year [(ii)-(i)].	4.40
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any.	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)].	4.40

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: **Not Applicable**

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ in Lakhs).	Balance amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Financial Year (₹ in Lakhs).	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding Financial Years (₹ in Lakhs).	Deficiency, if any.
					Amount (₹ in Lakhs).	Date of transfer.		
<b>Not applicable</b>								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

 Yes  No
If Yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	CSR Registration number.
NIL							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: **Not Applicable**

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 : 19<sup>th</sup> April, 2024

## ANNEXURE – C 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:

#### (a) Energy Conservation measures taken.

- Continuous efforts towards energy conservation by adopting new technology with more focus on improvement and process, through improved maintenance practices like Time Base Maintenance and Analysis through short interval control etc.
- The power saving by use of LED lights for work lights of machines, overhead light in workshops as well as office lighting in the Company. This year we have replaced 84 nos. of old lighting fixtures to LED Lightings, this includes workshop high bay, street lighting, area lighting and office lighting, which results in saving of more than 33,000 KWh. Now, more than 98% light fittings are LED fittings.
- New VRV technology adopted in air cooling plant for Gr. Room of EP Division, which replaces old VAM system of cooling. It results in running cost saving more than ₹ 62 Lakhs annually.
- Hybrid Thermal Solar (HTS) is installed as a pilot project in BMCE division for air cooling of office which results in saving of more than 8,500 KWh.
- Continuous monitoring and reconditioning of PFC panel leads to PF unity which saves energy bill as well as active power usage.

#### (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. For Solar harvesting, The Company is planning to install 3 MW ground mounted solar plant at Bamangam and 1 MW roof top solar plant at MHE Division.

Addition to above old manual controlled air compressor will be replaced by VFD controlled air compressor to save energy.

#### (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 be 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

- **Specific Area in which R&D carried out by the Company & Benefits derived as a result of R&D :**  
The Company has an in-house R&D facility that has been approved by the Department of Scientific and

Industrial Research, where R&D activities are carried out. The following are some of the R&D activities completed and the benefits obtained as a result:

- A new Helical and Bevel Helical gearbox series has been upgraded. The benefits include high efficiency, robust design, increased thermal rating, universal mounting, and excellent torque to weight capacity.
- High Speed gearbox was successfully developed and tested.
- Development of a central drive gearbox for mill use. The advantages include increased gearbox rating, compact and robust design and import substitute.
- Development of a series of roller press drive planetary gearboxes for the cement industry. The benefits include increased torque to weight capacity, a full drive solution, and a dependable product.
- Rationalization of Sugar Mill Drive planetary gearbox series. The benefits include a compact and stronger design, a higher torque-to-weight ratio, and improved efficiency.
- Standard and Customized condition monitoring system developed as per industry IoT 4.0.
- Developed single stage helical gearbox with large torque capacity for mill application.
- Developed highly flexible coupling known as HFC-A couplings have a high torsional flexibility. ELECON HFC-A couplings are suited for machines with a non-uniform load distribution due to their low torsional rigidity and damping characteristics. This couplings are suitable for shaft misalignment.
- Marine gearbox design was successfully validated through classification society.

#### ➤ **Future plan of action:**

The following is a summary of the future action plan:

1. Development of a extruder gearbox series.
2. Development of direct meshing girth gear unit drive for mill application.
3. Development of Special Worm gearbox series.

#### ➤ **Expenditure on R & D:**

In order to pursue R&D endeavors, the Company incurs R&D expense on a continual basis, which is separately recognized in the financial statements. The overall R&D expenditure for the Financial Year 2023-24 is as follows:

	(₹ in Lakhs)
Capital Expenditure	NIL
Revenue Expenditure	375.28
<b>Total</b>	<b>375.28</b>

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

- Procured software for simulate and calculate torsional vibration analysis of drive train and enhance journal bearing design for high speed gearbox for increase efficiency.
- We are developing reverse reduction marine gearboxes for Fast petrol vessel as well as commercial small ferry. This gearbox is very compact and suitable for light ships.

3. **FOREIGN EXCHANGE DETAILS**

(₹ in Lakhs)

Particulars	2023-24	2022-23
Earnings	10,987.16	12,494.35
Outgo	8,685.51	8,098.48

## ANNEXURE - D TO BOARD'S REPORT

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 KMPs	Designation	% Increase in Remuneration in FY 2023-24	Ratio of Remuneration to Median Remuneration of Employees
<b>A. Directors :-</b>				
1	Shri Prayasvin B. Patel	Chairman & Managing Director	*59.74	288.61
2	Shri Prashant C. Amin	Non-Independent & Non-Executive Director	(2.05)	1.75
3	Shri Pradip M. Patel	Non-Independent & Non-Executive Director	(3.80)	1.89
4	Shri Pranav C. Amin	Independent & Non-Executive Director	(2.72)	1.60
5	Shri Jai S. Diwanji	Independent & Non-Executive Director	(7.76)	1.85
6	Dr. Sonal V. Ambani	Independent & Non-Executive Director	(2.58)	1.92
7	Shri Ashutosh A. Pednekar	Independent & Non-Executive Director	#	#
8	Shri Aayush A. Shah	Non-Independent & Non-Executive Director	#	#
<b>B. Key Managerial Personnel :-</b>				
1	Shri Narasimhan Raghunathan	Chief Financial Officer	13.82	8.65
2	Smt. Bharti L. Isarani	Company Secretary	16.00	3.47

\* The Commission payable of ₹ 15.00 crores is included in the remuneration of Shri Prayasvin B. Patel for the financial year 2023-24 (₹ 9.00 crores for financial year 2022-23).

# Shri Ashutosh A. Pednekar was appointed as an Independent Director w.e.f. 1<sup>st</sup> July, 2022 and Shri Aayush A. Shah was appointed as a Non-Executive Non-Independent Director w.e.f. 25<sup>th</sup> April, 2023. Hence, in all such matters; the current year's remuneration is not comparable.

- The median remuneration of employees of the Company during the financial year was ₹ 6.69 Lakhs. There was an increase of 2.61% in the median remuneration of employees.
- There were 687 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2024.
- There was an increase of 12.60% in average percentage salaries of employees (other than the managerial personnel) in the last financial year i.e. 2023-24 whereas the managerial personnel remuneration for the same financial year was increased to 59.74%. Change in Managerial Personnel Remuneration is mainly due to change in remuneration on re-appointment and inclusion of commission payment in the remuneration of Shri Prayasvin B. Patel for the financial year 2023-24.
- 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 Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## ANNEXURE - E TO BOARD'S REPORT

### Business Responsibility & Sustainability Report

Elecon Engineering Company Limited is a brand that stands for industry leadership and relentless innovation in the Transmission business as well as being a provider of integrated solutions for the whole value chain of material handling systems. By working in collaboration with and enabling our stakeholders, we are committed to establishing an environment of transparency and accountability to foster sustainable development which is beneficial for all.

Environmental, Social and Governance (ESG) factors are important for our long-term growth and to all our stakeholders given that our activities are having an impact on the society and environment. We have integrated ESG aspects significantly into our Company's strategy.

#### SECTION A: GENERAL DISCLOSURES

##### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L29100GJ1960PLC001082
2.	Name of the Listed Entity	ELECON ENGINEERING COMPANY LIMITED
3.	Year of incorporation	1960
4.	Registered address	Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Dist. Anand, Gujarat.
5.	Corporate address	Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Dist. Anand, Gujarat.
6.	E-mail id	<a href="mailto:investor.relations@elecon.com">investor.relations@elecon.com</a>
7.	Telephone	+91-2692-238701
8.	Website	<a href="http://www.elecon.com">www.elecon.com</a>
9.	Financial year for which reporting is being done	2023-24
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11.	Paid-up Capital	₹ 2,244.00 Lakhs
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Smt. Bharti L. Isarani, Company Secretary & Compliance Officer +91-2692-238701 <a href="mailto:investor.relations@elecon.com">investor.relations@elecon.com</a>
13.	Reporting boundary	Standalone Basis
14.	Name of Assurance provider	Not Applicable
15.	Type of Assurance obtained	Not Applicable

##### II. Products/Services

##### 16. Details of business activities (accounting for 90% of the turnover):

Sr.No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Electrical equipment, General Purpose and Special purpose Machinery & equipment, Transport equipment	100%

##### 17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr.No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Gears (Reduction gears)	29131	80.35%
2.	Bulk Material Handling Equipment	29151	17.95%
3.	Repair and maintenance of bearings, gears, gearing and driving element	29138	0.88%
4.	Repair and maintenance of lifting and handling equipment	29158	0.82%

### III. Operations

#### 18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	2	13	15
International	5	6	11*

\* Elecon is disclosing its international plants and offices which forms part of consolidated reporting boundary. However, the reporting boundary for the purpose of this report is standalone.

#### 19. Markets served by the entity:

##### a. Number of locations

Locations	Number
National (No. of States)	28
International (No. of Countries)	54

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Export constitutes 7.52% of the total turnover of the entity.

##### c. A brief on types of customers

We are engaged in manufacturing of Industrial Gears and Material Handling Equipment. We cater to the following industries:

- Steel Industries
- Cement Manufacturing Industries
- Power Generation & Transmission Industries
- Sugar Manufacturing Industries
- Material Handling Equipment Industries
- Defense Industries
- Mining Industries
- Fertilizer Industries

### IV. Employees

#### 20. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled)

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	687	665	98%	22	2%
2.	Other than Permanent (E)					
3.	<b>Total Employees (D + E)</b>	<b>687</b>	<b>665</b>	<b>98%</b>	<b>22</b>	<b>2%</b>
<b>WORKERS</b>						
1.	Permanent (F)	1,287	1,286	100%	1	-
2.	Other than Permanent (G)					
3.	<b>Total Workers (F + G)</b>	<b>1,287</b>	<b>1,286</b>	<b>100%</b>	<b>1</b>	<b>-</b>



**b. Differently abled Employees and Workers:**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	9	8	88.88%	1	11.12%
2.	Other than Permanent (E)					
3.	<b>Total differently abled Employees (D + E)</b>	<b>9</b>	<b>8</b>	<b>88.88%</b>	<b>1</b>	<b>11.12%</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
1.	Permanent (F)	4	4	100%	-	-
2.	Other than Permanent (G)					
3.	<b>Total differently abled Workers (F + G)</b>	<b>4</b>	<b>4</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**21. Participation/Inclusion/Representation of women:**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50%
Key Management Personnel	2	1	50.00%

\* Excluding Key Management Personnel covered under Board of Directors

**22. Turnover rate for permanent Employees and Workers (in %):**

	FY 2023-24 (Turnover rate in Current FY)			FY 2022-23 (Turnover rate in Previous FY)			FY 2021-22 (Turnover rate in the year prior to the Previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.82	11.54	9.88	9.12	11.11	9.17	15.27	-	14.94
Permanent Workers	38.10	-	38.10	32.36	-	32.36	43.64	-	43.64

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****23. (a) Names of Holding / Subsidiary / Associate Companies / Joint Ventures**

Sr. No.	Name of the Holding / Subsidiary / Associate Companies / Joint Ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Radicon Transmission UK Limited	Subsidiary	100	No
2	Elecon Singapore PTE. Limited	Subsidiary	100	No
3	Elecon Middle East FZCO	Subsidiary	100	No
4	Benzlers Systems AB	Step Down Subsidiary	100	No
5	AB Benzlers	Step Down Subsidiary	100	No
6	Radicon Drive Systems Inc.	Step Down Subsidiary	100	No
7	Benzlers Transmission A.S.	Step Down Subsidiary	100	No
8	Benzlers Antriebstechnik G.m.b.h	Step Down Subsidiary	100	No
9	Benzlers TBA B.V.	Step Down Subsidiary	100	No
10	OY Benzlers AB	Step Down Subsidiary	100	No
11	Benzlers Italia s.r.l.	Step Down Subsidiary	100	No
12	Elecon Radicon Africa (Pty) Ltd.	Step Down Subsidiary	100	No
13	Eimco Elecon (India) Limited	Associate	16.62	No

## VI. CSR Details

24. (i) Whether CSR is applicable as per Section 135 of the Companies Act, 2013 (Yes/No) : Yes  
(ii) Turnover ₹ 1,59,967 Lakhs (FY 2023-24)  
(iii) Net worth ₹ 1,34,751 Lakhs (FY 2023-24)

## VII. Transparency and Disclosures Compliances

25. Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	NA	-	-	NA
Investors (other than shareholders)	Yes	-	-	NA	-	-	NA
Shareholders	Yes	9	-	NA	11	-	NA
Employees and Workers	Yes	-	-	NA	-	-	NA
Customers	Yes	359	15	NA	263	3	NA
Value Chain Partners	Yes	-	-	NA	-	-	NA
Other (please specify)	-	-	-	NA	-	-	NA

## Links:

<https://www.elecon.com/investors/policies>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Code%20of%20Conduct-new-2023.pdf>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Human%20Rights%20Policy-new-2023.pdf>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Supplier%20Code%20of%20Conduct-2023.pdf>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Customer%20Relationship%20Policy-2023.pdf>

26. Overview of the entity's material responsible business conduct issues

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Sustainable Product	Opportunity	Our R&D team is dedicated to enhancing our product range to minimize electricity and oil consumption during operation. Both our existing and upcoming products are focused on use of recyclable materials.	-	Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Renewable Energy	Opportunity	In our commitment to renewable energy, we have transitioned to solar and wind power, significantly expanding our renewable energy footprint. This shift not only benefits the environment but also helps to reduce our energy costs. Currently, we have an installed capacity of 4.7 MW in solar and 13.85 MW in wind farms. Our efforts are ongoing, as we are in the process of commissioning 4 MW renewable energy (solar). These initiatives reflect our dedication to sustainability and our proactive approach to adopting clean energy solutions.	-	Positive
3.	Sustainable Supply Chain	Opportunity	The Company values long-term relationships with suppliers, viewing them as essential partners in growth. We regularly organize Strategic Partner Meetings to strengthen these bonds, promote open communication, and foster collaboration. This approach ensures mutual success, aligns strategic goals, and drives sustainable growth through shared innovation and partnership.	-	Positive
4.	Occupational Health & Safety	Risk	Neglecting health and safety can disrupt smooth operations, reduce workforce availability, and potentially result in legal action. Ensuring robust health and safety measures is crucial to maintaining operational efficiency, protecting employee well-being, and avoiding costly litigation. This proactive approach safeguards the company's productivity and reputation.	We are enhancing our safe work practices/ procedures by automating most of our machinery and working procedures. In addition, we are working towards increasing the frequency and coverage of our training and awareness programs.	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Training and Skill Development	Opportunity	Our skill enhancement and training programs boost efficiency and help retain our highly skilled workforce. By investing in continuous learning and professional development, we ensure our employees remain competent and engaged, leading to improved performance and long-term retention of specialized talent. This commitment to growth drives our overall success and competitiveness.	-	Positive
6.	Stakeholder Engagement	Opportunity	As we strive to become a more sustainable business, including diverse stakeholders in our growth journey is essential. We incorporate their feedback into our strategic planning and regularly engage with employees, investors, suppliers, and customers. Through initiatives like employee engagement programs, investor meetings, and vendor conferences, we ensure ongoing collaboration and alignment with our sustainability goals.	-	Positive
7.	Ethical Behavior	Opportunity	Adhering to ethical behavior, as outlined in our Code of Conduct, promotes good governance and ensures compliance with regulatory standards. Our company places significant emphasis on ethical conduct and compliance, and it is one of our core values. This commitment fosters a positive organizational culture, upholding integrity, accountability, and responsible business practices.	-	Positive

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

**Disclosure Questions**

Policy and Management processes		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	<a href="https://www.elecon.com/investors/policies">https://www.elecon.com/investors/policies</a>								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 14001 (2015), ISO 45001 (2018), Authorised Economic Operator certification, Great Place to Work certification, ISO 9001 (2015), API standards as per requirement, National Accreditation Board for Testing & Calibration Laboratories (NABL) certificate, CE/ATEX certification for certain products.								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>We continue our sustainability journey &amp; have outlined ambitious ESG commitments. As we continue to progress in our ESG journey, we are in the process to benchmark our ESG indicators and set goals and SBTi targets.</p> <p>We are actively transitioning to renewable energy by installing solar and wind systems to boost the proportion of renewable energy in our energy portfolio. We are commissioning 3 MW solar farm at Bamangam and 1 MW solar rooftop in our premises. Additionally, we nurture extensive green spaces on our premises and have implemented rainwater harvesting measures.</p> <p>Socially, we are committed to increasing workforce diversity, enhancing employee well-being with comprehensive wellness programs, and doubling community engagement efforts. Governance-wise, we ensures ethical conduct through stringent codes of conduct. These goals, backed by specific timelines, exemplify Elecon’s dedication to environmental stewardship, social responsibility, and transparent governance.</p>								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We established a 2 MW solar farm, significantly lowering our organization’s greenhouse gas emissions. Additionally, our windfarm generates electricity supplied to the grid, with unit credits offsetting our electricity bill. Our total capacity includes 4.7 MW in solar and 13.85 MW in windfarms.								

Governance, leadership and oversight																			
7.	Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	<p>The Company stands as a testament to the tireless efforts and ambitious vision of its founders and successors in maintaining excellence through a business strategy centered on sustainability, which places equal importance on ecological and social progress alongside financial growth. Our Company's progress hinges on our commitment to customer satisfaction, adoption of eco-friendly and energy-efficient manufacturing practices, and adherence to top-tier work safety and health standards, all aimed at meeting the diverse needs of our stakeholders.</p> <p>To embed sustainability across our operations, our Board and Committees regularly engage in strategic discussions on key ESG issues, guided by a thorough materiality assessment process. We maintain open and continuous dialogue with employees, suppliers, customers, associations, and authorities to drive progress in quality, environmental stewardship, and workplace safety. This year, we refined our materiality assessment based on stakeholder feedback, emphasizing critical themes for action. Our innovative solutions are empowering industries and businesses to reduce their environmental footprint, ensuring a brighter future for generations to come. Upholding the highest standards in quality, resource conservation, energy efficiency, and safety, we are transitioning to renewable energy sources with significant investments in solar 4MW this year in addition to existing 4.7MW and wind farms 13.85MW. These investments not only enhance energy efficiency but also drive cost savings.</p> <p>We continuously review and improve our management systems through internal and external evaluations, driving ongoing enhancements in our overall performance. The strong emphasis and engagement in our ESG &amp; Sustainability agenda are encouraging, reflecting the early successes we've achieved and our commitment to sustained progress in this critical domain.</p>																	
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Our Board has overview on the Business Responsibility Policies. Respective Business Heads are responsible for implementing and driving the policies.																	
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No. Our Board, during their meetings discusses topics on sustainability and takes appropriate decisions as and when required. The respective business heads are responsible for implementation and monitoring of ESG parameters within their scope.																	
10.	Details of Review of NGRBCs by the Company:																		
	<b>Subject For Review</b>	<b>Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee</b>									<b>Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)</b>								
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	As a sustainable practice, our Board reviews the policies on need basis and sustainability initiatives on an annual basis. During review, the effectiveness of the policies is assessed and any necessary changes to policies and procedures are adopted. Department and Business Heads also review our policies and their effectiveness periodically and any update or change is timely presented to the Board for approval, if required.									Our Board reviews the policies on need basis and sustainability initiatives on an annual basis.								
	Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Board of Directors and its Committee									Annual Basis								

11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes / No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
		While the Company has not carried out an independent audit of the policies, the policies are periodically reviewed by the Board and its Committees as well as Auditors of respective functions like ISO Auditors, Internal Auditors and Secretarial Auditors, etc. In addition, Elecon is certified for ISO 9001, ISO 14001 and ISO 45001 which are assessments done by external audit agency. They assess the policies and procedures maintained by the organization, as part of the certification process. The Information security policy, privacy policy and risk management policy have been reviewed as part of this process. Elecon has a documented management policies reviewed and approved by Management.								
12.	<b>If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:</b>									
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
	The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
	It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)										

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable**

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	5	Recent Amendments in the SEBI Regulations, update programme on the plant operations, business strategy and performance	100%
Key Managerial Personnel	2	POSH, Values & Culture	100%
Employees other than BoD and KMPs	177	POSH, Values, Health & Safety, Human Rights & Culture, Skill Enhancement	100%
Workers	90	Topics/ principles covered under the training and its impact: Health & Safety, Skill Enhancement, Quality & Manufacturing Circle Awareness	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	None	-	Not Applicable	Not Applicable
Settlement	-	None	-	Not Applicable	Not Applicable
Compounding fee	-	None	-	Not Applicable	Not Applicable

Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of the Case	Has an appeal been preferred (Yes/No)
Imprisonment	-	None	-	Not Applicable	Not Applicable
Punishment	-	None	-	Not Applicable	Not Applicable

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. It is a part of our Code of Conduct. We ensure all our systems are operated ethically.

**Web-link to the policy:**

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Code-of-Conduct.pdf>,

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Code%20of%20Conduct-new-2023.pdf>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particulars	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

Particulars	FY 23-24 (Current Financial Year)		FY 22-23 (Current Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	Not Applicable	-	Not Applicable
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	Not Applicable	-	Not Applicable



7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable.

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

Particulars	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Number of days of account payables	81	130

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	21.31%	23.11%
	b. Number of trading houses where purchases are made from	442	412
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	59.41%	65.42%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	9.00%	10.00%
	b. Number of dealers / distributors to whom sales are made	64	63
	c. Sales to top 10 dealers/distributors as % of total sales to dealers / distributors	58.00%	59.00%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	12.14%	10.47%
	b. Sales (Sales to related parties / Total Sales)	8.14%	7.78%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	59.70%
	d. Investments (Investments in related parties / Total Investments made)	34.61%	86.19%

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	-	-	Our R&D department is not only focused on upgrading our technology but also focused on making our products more sustainable. To reduce the environment and social impact of our products the department works on projects considering reduction of weight of our product and optimal use of oil in operations, improvising safety features and operational efficiency. Our R&D/Manufacturing department created a process for producing higher quality class gears to reduce meshing losses, which increases gearbox efficiency and reduces power loss. Furthermore, higher quality gears minimize noise levels, which is critical for the environment.

Capex	10.15	70.88	<p>In the previous years we had installed solar systems to increase our renewable energy consumption. In addition to this in FY 2023-24, we have undertaken following initiatives to increase our operational energy efficiency as under:</p> <p>Ground mounted solar generation at other premises having capacity of 2 MW.</p> <p>Installation of new plate cutting machine with upgraded environmental and operator's health features.</p> <p>Replacing older &amp; out dated more power consuming equipment with energy efficient new equipment as well as loss prevention.</p>
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2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

b. If yes, what percentage of inputs were sourced sustainably?

Yes, the Company has formulated an operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials and there is very specific focus towards the conservation of energy, water & environment as well as safety at their end.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Our product line comprises products predominantly made of metals, accounting for around 99% of the composition. This metal content renders our products highly recyclable. The materials used, including ferrous and non-ferrous elements, contribute to a robust and sustainable life cycle lasting approximately 20-25 years. As a result, direct reclamation of our products for recycling post their life cycle is currently unviable.

Our product manual serves as a tool to raise awareness among customers, advocating for the recycling of used products through designated recyclers. At the end of their life cycle, our products do not generate plastic, e-waste, hazardous waste, or any other form of waste, aligning with our commitment to environmental sustainability.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, we are disposing the waste in line with the EPR requirement to registered recyclers.

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

1. a. Details of measures for the well-being of Employees:

% of Employees covered by											
Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees and Other than Permanent Employees</b>											
Male	665	665	100%	665	100%	-	-	-	-	-	-
Female	22	22	100%	22	100%	22	100%	-	-	-	-
<b>Total</b>	<b>687</b>	<b>687</b>	<b>100%</b>	<b>687</b>	<b>100%</b>	-	-	-	-	-	-

**b. Details of measures for the well-being of Workers:**

% of Workers covered by											
Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>Permanent Workers and Other than Permanent Workers</b>											
Male	1,286	1,148	88.50%	1,286	100%	-	-	-	-	-	-
Female	1	1	100%	1	100%	1	100%	-	-	-	-
<b>Total</b>	<b>1,287</b>	<b>1,149</b>	<b>88.50%</b>	<b>1,287</b>	<b>100%</b>	<b>1</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format :**

Particulars	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Cost incurred on wellbeing measures as a % of total revenue of the company	0.044%	0.082%

**2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

Benefits	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	No. of Employees covered as a % of total Employees	No. of Workers covered as a % of total Workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of Employees covered as a % of total Employees	No. of Workers covered as a % of total Workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI*	NA	NA	NA	NA	NA	NA
<b>Others - Please Specify</b>						
Felicitation Scheme	100%	NA	NA	NA	NA	NA
NPS	5.68%	-	Y	4.75%	-	Y

\*The facilities and branches of the Company are either exempted from or not covered under ESIC Scheme.

**3. Accessibility of Workplaces – Are the premises / offices of the entity accessible to differently abled Employees and Workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard**

Yes, our office and manufacturing unit are accessible to differently abled Employees and Workers.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.**

Yes, we emphasize on treating every individual with dignity and respect inside our organisation and also within our supply chain. We also ensure that Human Rights Policy is strictly adhered in our premises and also encourage our supply chain partners to comply with our policy.

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Human%20Rights%20Policy-new-2023.pdf>.

**5. Return to work and Retention rates of permanent Employees and Workers that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

None of the Employees were on maternal leave in the last 3 financial years (including FY 23-24).

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes*, we are having a grievance redressal mechanism which is elaborated in our Code of conduct through which Employees & Workers can raise their concerns and which are addressed at the earliest.
Other than Permanent Employees	
Permanent Workers	Employees & Workers will promptly report to the Management about any actual or possible violation of the Code of Conduct, or any event he or she becomes aware of that could affect the business or reputation of any unit of our Company to the appropriate person(s) as defined in the policy.
Other than Permanent Workers	

\*Detailed redressal mechanism can be viewed in specific policies whose link is

<https://www.elecon.com/investors/policies>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Code%20of%20Conduct-new-2023.pdf>

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Human%20Rights%20Policy-new-2023.pdf>

7. Membership of Employees and Worker in association(s) or Unions recognised by the listed entity:

Category	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Total Employees / Workers in respective category (A)	No. of Employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total Employees / Workers in respective category (C)	No. of Employees / Workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Total Permanent Workers</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

8. Details of training given to employees and workers:

Category	FY 23-24 (Current Financial Year)					FY 22-23 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	665	648	97%	545	82%	613	250	41%	450	73%
Female	22	22	100%	15	68%	18	18	100%	12	67%
<b>Total</b>	<b>687</b>	<b>670</b>	<b>97%</b>	<b>560</b>	<b>81%</b>	<b>631</b>	<b>268</b>	<b>42%</b>	<b>462</b>	<b>73%</b>
<b>Workers</b>										
Male	1,286	1,286	100%	349	28%	1,185	462	39%	683	58%
Female	1	1	100%	-	-	-	-	-	-	-
<b>Total</b>	<b>1,287</b>	<b>1,287</b>	<b>100%</b>	<b>349</b>	<b>28%</b>	<b>1,185</b>	<b>462</b>	<b>39%</b>	<b>683</b>	<b>58%</b>

9. Details of performance and career development reviews of Employees and Workers:

Category	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees*</b>						
Male	665	640	96%	613	551	90%
Female	22	20	91%	18	17	94%
<b>Total</b>	<b>687</b>	<b>660*</b>	<b>95%</b>	<b>631</b>	<b>568*</b>	<b>90%</b>

Workers						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

\* Only employees joining before the cut-off date are eligible for performance review.

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?**

Yes, At Elecon, safety is ingrained as a fundamental value rather than just a priority. To mitigate safety incidents and emphasize the importance of well-being, we take proactive and preventive measures. These include safety audits, emergency preparedness plans, fire safety protocols, comprehensive training, and targeted initiatives. Our dedication to preventing injuries and occupational illnesses is reflected in our adherence to ISO 45001:2018 standards and similar guidelines, which we promote throughout our organization. This comprehensive occupational health and safety management system underscores our commitment to ensuring a safe and healthy work environment for all employees. The detailed policy is available at <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/EHS%20policy-2023.pdf>.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

To ensure comprehensive risk management across our offices and manufacturing facility, we have implemented a systematic risk management procedure. This includes active involvement from engineers, production-in-charge personnel, and members of the Environment Health & Safety (EHS) team in conducting risk assessments and managing identified risks. Documentation, approval, and communication of risk mitigation plans to relevant stakeholders are integral steps in our risk management process. Our operations are guided by safety observations, rectification plans, and procedures encompassing Hazard Identification & Risk Assessment for all activities, contractor safety management, and regular external audits to maintain a safe and compliant workplace.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, We have a structured risk management approach in place to ensure safety across our offices and manufacturing facility. This involves engineers, production supervisors, and EHS team members actively participating in risk assessments and managing identified risks. Documenting, approving, and communicating risk mitigation plans to stakeholders is crucial. Our operations are guided by safety observations, rectification plans, and procedures covering Hazard Identification & Risk Assessment, contractor safety management, and routine external audits for workplace safety compliance.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, all workers, including their dependent family members, have access to an external multispecialty reputed hospital in close proximity to our premises. This hospital is equipped with the latest facilities and infrastructure to provide comprehensive non-occupational medical and healthcare services. Additionally, we conduct awareness programs conducted by experts on various topics such as good health habits, heart attack, varicose veins, orthopedic pain, and more to educate and empower our employees and their families.

Furthermore, all our employees are covered under a group health insurance policy that ensures access to a wide range of non-occupational medical and healthcare services. This coverage reinforces our commitment to supporting the well-being and health needs of our workforce and their loved ones.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	0.20	-
Total recordable work-related injuries	Employees	-	1
	Workers	1	1
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

The entity maintains a safe and healthy workplace through a range of measures. These include routine safety audits, emergency preparedness plans, fire safety measures, and comprehensive training programs. Hazards are promptly identified, and risk levels are mitigated to acceptable standards, with controls regularly reviewed and deviations addressed promptly. Adherence to safety protocols is closely monitored, with a focus on hazard elimination. Additionally, periodic training and awareness sessions reinforce safety practices, fostering a culture of safety across all operations. This holistic approach ensures that the entity prioritizes the well-being of its employees and creates a conducive environment for productive and safe work.

**13. Number of Complaints on the following made by Employees and Workers:**

	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	NA	-	-	NA
Health & Safety	-	-	NA	-	-	NA

**14. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health & safety practices	100*
Working Conditions	100*

\*Third party assessments are carried out viz. IMS audit by TUV Rheinland. We also undertake external safety audit every two years as per new amendment in BIS 14489 and, approved accredited laboratories carry out workplace condition monitoring on quarterly basis.

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Our actions are addressed in form of Kaizens and Poka-yoke based on recommendations received by assessments in order to mitigate the risk & concerns arising at working locations proactively with horizontal deployment.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Through our Stakeholder Engagement and Materiality Assessment process, we have identified important internal and external groups of stakeholders. These stakeholders play an important role in activities related to Elecon and can help our company shape a sustainable future.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Direct engagement, Customer satisfaction survey, Customer feedback	As and when required	To ensure product quality and safety, high customer satisfaction
Shareholders	No	Email, SMS, Newspaper advertisement, website	Annually/ Half yearly/ Quarterly	Annual Financial Statements and other related information, awareness programme on requirement for dematerialization of shares

Employees	No	Meetings, Email, SMS, Intranet, Posters, Slogans	Monthly/Quarterly meetings and continuous communications	Engagement Initiatives, Trainings and Policy updates, Occupational Health & Safety and other Department updates
Regulators & Government	No	Direct engagement	As and when required	To comply with applicable regulations
Communities	No	Direct engagement, CSR partners	As and when required	To have an overview on the implementation and success of the projects
Vendors	No	Regular supplier and contractor meets	As and when required	To resolve supplier and contractor concerns and encourage suppliers to adhere to Elecon's policies

**PRINCIPLE 5: Businesses should respect and promote human rights**

1. Employees and Workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Total (A)	No. of Employees / Workers covered (B)	% (B/A)	Total (C)	No. of Employees / Workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	687	687	100	631	143	23
Other than Permanent						
<b>Total Employee</b>	<b>687</b>	<b>687</b>	<b>100</b>	<b>631</b>	<b>143</b>	<b>23</b>
<b>Workers</b>						
Permanent	1,287	1,287	100	1,185	-	-
Other than Permanent						
<b>Total Workers</b>	<b>1,287</b>	<b>1,287</b>	<b>100</b>	<b>1,185</b>	<b>-</b>	<b>-</b>

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 23-24 (Current Financial Year)					FY 22-23 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage\	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees (Permanent and Other than Permanent)</b>										
Male	665	-	-	665	100	613	-	-	613	100
Female	22	-	-	22	100	18	-	-	18	100
<b>Workers (Permanent and Other than Permanent)</b>										
Male	1,286	64	4.90	1,222	95.10	1,185	57	4.81	1,128	95.18
Female	1	-	-	1	100	-	-	-	-	-

## 3. Details of remuneration/salary/wages, in the following format\*:

## a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (in ₹)	Number	Median remuneration/ salary/ wages of respective category (in ₹)
Board of Directors (BoD)	7	12,36,000*	1	12,84,000*
Key Managerial Personnel	1	57,89,676	1	23,20,344
Employees other than BoD and KMP	663	7,12,116	21	7,47,024
Workers	1,286	2,40,600	1	4,20,516

\* It is inclusive of remuneration, sitting fees with commission payable to the Directors for FY 2023-24.

## b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Gross wages paid to females as % of total wages	3.30	3.01

The percentage is calculated basis CTC (inclusive of Gratuity) of female Employees (Permanent & Other than Permanent) to that of total CTC of Employees (Permanent & Other than Permanent).

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The HR Department and respective Business Heads are responsible for addressing human rights-related issues.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Yes. The HR Department is the focal point of contact for any human rights issue. A cross-functional team is formed to verify and investigate if an issue is reported. After identifying and resolving the issue, a report is prepared, and all business heads are made aware of it for precautionary measures. In case of any severe human rights issues, the Board is presented with the report findings and further action to avoid repetition.

## 6. Number of Complaints on the following made by Employees and Workers:

Category	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	NA	-	-	NA
Discrimination at workplace	-	-	NA	-	-	NA
Child Labour	-	-	NA	-	-	NA
Forced Labour/ Involuntary Labour	-	-	NA	-	-	NA
Wages	-	-	NA	-	-	NA
Other human rights related issues	-	-	NA	-	-	NA

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	-	-



Complaints on POSH as a % of female employees / workers	-	-
Complaints on POSH upheld	-	-

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

We are dedicated towards preventing harassment in the workplace, particularly sexual harassment, and have zero tolerance for such behavior. We support reporting any concerns about harassment and take complaints about it or any unpleasant or uncomfortable behavior seriously. Committee have been established to investigate complaints of sexual harassment and to suggest appropriate action where necessary.

We have a Prevention of Sexual Harassment (POSH) Policy and Human Rights Policy that defines the mechanism of resolving any discrimination and harassment case, which has set guidelines for members of the grievance redressal mechanism.

**9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, we encourage our suppliers to adhere with our Supplier Code of Conduct and other policies. Our Supplier Code of Conduct can be viewed at <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Supplier%20Code%20of%20Conduct-2023.pdf>.

**10. Assessments for the year:**

	<b>% of plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child Labour	100%. Our HR team takes a survey by randomly selecting employees and contractors for evaluation. An external auditor verifies and assesses the processes followed by our HR team. Regulatory inspectors also verify the processes being followed in our manufacturing plants.
Forced Labour/Involuntary Labour	
Sexual Harassment	
Discrimination at workplace	
Wages	
Other human rights related issues	

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

There were no significant risks / concerns arising from the human rights assessments.

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>From renewable sources (Giga Joules)</b>		
Total electricity consumption (A)	41,306.60	35,998.90
Total fuel consumption ((B)	-	-
Energy consumption through other sources (C)	13,990.20*	13,703.80*
Total energy consumption (A+B+C)	55,296.80*	49,702.70
<b>From non-renewable sources (Giga Joules)</b>		
Total electricity consumption (D)	50,751.20	42,822.42
Total fuel consumption (E)	32,161.10	36,003.14
Energy consumption through other sources (F)	-	-
Total energy consumption from non-renewable sources(D+E+F)	82,912.30	78,825.56
Total energy consumption (A+B+C+D+E+F)	1,38,209.10	1,28,528.26
Energy intensity per rupee of turnover (Total energy consumption/ revenue from operations)	0.86	1.07#

Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)** ((GJ/Lakh of adjusted turnover)	19.35	24.57
Energy intensity in terms of physical output	NA**	NA
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

\*Small part of our solar rooftop electricity generated is supplied to the grid and the same is not included in this calculation as the value is not significant.

\*\*Intensity, in terms of physical output, is not applicable due to the diverse range of products manufactured, majority of measured in numbers rather than tonnage, making it challenging to track in standardized units.

\*\*\*Purchasing power parity (PPP) conversion factor is 22.4 for the year 2022 as per IMF data available at <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/ADVEC/SAQ/IND>.

#The intensity figures from last year have been revised following the correction of a decimal error.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No Such assessment or evaluation has been carried out during the year.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable, as we do not have any recognized sites/facilities as a Designated Consumer (DC) under Perform, Achieve & Trade scheme.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater*	2,02,164.09	1,55,261.00
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	2,02,164.09	1,55,261.00
<b>Total volume of water consumption (in kilolitres)</b>	2,02,164.09*	1,55,261.00*
<b>Water intensity per rupee of turnover (Water consumed / revenue from operations) (KL/Lakh)</b>	1.26	1.30**
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)</b>	28.31	29.68
Water intensity in terms of physical output	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

\*74,121 kilolitres consumption of recycled water is not considered in this calculation as per the definition in the regulation.

\*\* The intensity figures from last year have been revised following the correction of a decimal error.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No such assessment or evaluation is being carried out during the year.

## 4. Provide the following details related to water discharged:

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	-	-

\* Our units implement initiatives to conserve freshwater by recycling treated wastewater, ensuring ZLD (Zero Liquid Discharge).

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.

No

## 5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes. Our water stewardship strategy revolves around optimizing water usage to minimize intake while maximizing efficiency. Across all our company-owned facilities and offices, we prioritize water conservation and recycling efforts, aiming for Zero Liquid Discharge (ZLD). Following treatment, all wastewater is recycled to support the preservation and expansion of our green spaces. Moreover, we've implemented rainwater harvesting systems across our extensive industrial site, channeling collected rainwater into designated pits to replenish our groundwater levels.

## 6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please Specify Unit	FY 23-24* (Current Financial Year)	FY 22-23** (Previous Financial Year)
NOx	mg/Nm3	0.17	15.41
SOx	mg/Nm3	0.16	9.63
Particulate matter (PM)	mg/Nm3	19.30	26.00
Persistent organic pollutants (POP)	mg/Nm3	Not Available	Not Available
Volatile organic compounds (VOC)	mg/Nm3	Not Available	Not Available
Hazardous air pollutants (HAP)	mg/Nm3	Not Available	Not Available
Others – please specify	mg/Nm3	Not Available	Not Available

\* This year we have calculated air emissions for 10 stacks with highest Diesel consumption in FY2023 using CPCB Standards. We shall gradually increase the number of locations in FY2024.

\*\*Last year the values were measured quarterly and an average of it was mentioned. The location of measurement is the factory gate of our manufacturing unit.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency**

Yes, independent assessment has been carried out by external third-party agency. This agency is National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited and Ministry of Environment, Forest and Climate Change (MoEF) approved.

**7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Units	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	MtCO <sub>2</sub> e	2,213.45	2,060.90
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	MtCO <sub>2</sub> e	10,943.85	8,445.53
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	MtCO <sub>2</sub> e/INR Lakh	0.08	0.09
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	MtCO <sub>2</sub> e/INR Lakh	1.72	2.01*
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>	-	NA	NA
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

\*The intensity figures from last year have been revised following the correction of a decimal error.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No such independent assessment is being carried out during the year ending 31<sup>st</sup> March 2024.

**8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, this year we have set up a 2 MW capacity of solar rooftop, significantly contributing to our organization's sustainability efforts by reducing greenhouse gas emissions. Additionally, to achieve net-zero emissions in our operations, we've established our own windfarm, which generates electricity supplied to the grid. We receive credits for the units contributed, effectively reducing our electricity bills. Our renewable energy infrastructure boasts a total installed capacity of 4.7 MW in solar rooftop and 13.85 MW in windfarms. Through the utilization of these renewable sources, we've successfully avoided CO<sub>2</sub> emissions.

We are committed to reducing our greenhouse gas emissions in alignment with the Science-Based Targets initiative (SBTi), target validation will get done this year. Our emission reduction target will be established based on identified decarbonization strategies, including the adoption of renewable energy, enhancing energy efficiency, and implementing fuel-switching measures.

**9. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	10.99	0.59
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	2.41	7.26

Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	156.34	142.89
Other Non-hazardous waste generated (H) Please specify, if any (Break-up by composition i.e., by materials relevant to the sector)	10,773.12	10,465.31
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>10,942.85</b>	<b>10,615.05</b>
<b>Waste intensity per rupee of turnover</b> (Total waste generated / Revenue from operations)	0.07	0.09
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations adjusted for PPP)	1.53	2.03
<b>Waste intensity in terms of physical output</b>	NA	NA
<b>Waste intensity</b> (optional) – the relevant metric may be selected by the entity	-	-

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Category of Waste</b>		
(i) Recycled	4,874.84	5,050.86
(ii) Re-used	6,067.85	5,565.06
(iii) Other recovery operations	-	-
<b>Total*</b>	<b>10,942.69</b>	<b>10,615.92</b>

\*Waste recovery is done internally as well as through authorized recyclers.

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Parameter	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
<b>Category of Waste</b>		
(i) Incineration	0.16	0.10
(ii) Landfilling	-	-
(iii) Other disposal operations*	-	-
<b>Total</b>	<b>0.16</b>	<b>0.10</b>

\* This year, our plastic waste encompasses not only packaging materials, as last year, but also includes plastic accessories and consumables which are in the form of hard plastics.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No. During our ISO 14001 external audit, the waste collection procedure and data is verified as a part of the process.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We closely monitor waste management techniques. Automated machining of gear parts addresses this issue by minimizing the amount of metal scrap generated. We generate a substantial amount of metal scrap, which is then reused in our foundry shop to make castings. Hazardous waste (used oil) contaminated empty containers (carboys, tins, cans, etc.) are disposed of to an approved recycler in accordance with regulatory requirements. Our foundry produces a substantial volume of burnt sand, which is used by recyclers in the infrastructure and building industries.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable, as our plants/ offices are not situated in ecological sensitive areas where environmental approval/ clearance is required.			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Environmental impact assessments are not applicable to us, and we have not performed the same during the financial year ending 31 <sup>st</sup> March, 2024.					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sr. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable, as we have not violated any ruled mentioned in the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act for the year ending 31 <sup>st</sup> March, 2024.				

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

1. a. **Number of affiliations with trade and industry chambers/associations.**  
We are associated with 9 trade and Industry chambers/associations.
- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Confederation of Indian Industry (CII)	National
2.	Federation Gujarat Industries (FGI)	State
3.	Gujarat Chamber of Commerce & Industry (GCCI)	State
4.	Central Gujarat Chamber of Commerce & Industry (CGCCI)	State
5.	Indo-German Chamber of Commerce (IGCC)	National
6.	EEPC India	National
7.	Vitthal Udyognagar Industries Association	Local
8.	Indian Institute of Materials Management	National
9.	Quality Circle Federation of India (QCFI)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of Authority	Brief of the Case	Corrective Action Taken
Not applicable, as no such adverse order is received from any authority for which corrective action must be taken by our Company for the year ending 31 <sup>st</sup> March, 2024.		

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**

We have grievance redressal mechanism in our Human Rights Policy. Our Board level CSR Committee is responsible to redresses any community related grievances.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	62.00	51.60
Sourced directly from within the district and neighboring districts	50.01	49.02

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 23-24 (Current Financial Year)	FY 22-23 (Previous Financial Year)
Rural	-	-
Semi-Urban	86.40	88.00
Urban	0.60	0.80
Metropolitan	13.00	11.20

*The percentage is calculated basis CTC (inclusive of Gratuity) of employees and workers to that of total CTC.*

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

We have divided our operational geography amongst branches. Each branch is responsible for customers in their respective geography. We have deployed service personnel in each of our geography. Our service personnel are technically sound and are being given regular training.

Our customers can raise issues or complaints in the respective branches or online in our central Customer Resolution Management. These details are made available in our handbook to every customer. After lodging of a complaint, we deploy our competent personnel to resolve the complaint. After resolution, the service personnel shall inform the customer of the preventive action to be taken to avoid further complaints and safe operations of our equipment.

Complaints are reported to all concern HOD's/CEO/Vice President on Monthly basis and a Management Review Meeting (M.R.M.) is carried out every six months.

## 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	82.05
Safe and responsible usage	100.00
Recycling and/or safe disposal	82.05

## 3. Number of consumer complaints in respect of the following:

Sr. No.	FY 23-24 (Current Financial Year)			FY 22-23 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	359	15	Our consumers contacted our service team for training and operations of our products.	263	3	Our consumers contacted our service team for training and operations of our products.

## 4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

## 5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, we secure our digital data and maintain privacy through various mechanisms. We have our own internal IT policy which is adhered to.

<https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Data%20Privacy%20and%20Cyber%20Security%20Policy-2023.pdf>.

## 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of Consumers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Nil

## 7. Provide the following information relating to data breaches:

a. Number of instances of data breaches	Nil
b. Percentage of data breaches involving personally identifiable information of customers	Not Applicable
c. Impact, if any, of the data breaches	Not Applicable



## ANNEXURE – F TO BOARD’S REPORT

### CORPORATE GOVERNANCE REPORT

#### COMPANY’S PHILOSOPHY ON THE CODE OF GOVERNANCE

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. Comprehensive Corporate Governance is critical to enhance and retain trust of the 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.

This Report sets out the compliance with the principle of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and amendments thereof (hereinafter referred as “Listing Regulations”).

#### 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 Board has identified the list of core skills/expertise/competences of the Board of Directors as required in the context of the business of the Company, which also forms part of the Policy of the Nomination and Remuneration.

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

#### Composition

The Company has 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 as on 31<sup>st</sup> March, 2024; comprises 8 (Eight) Directors out of which 7 (Seven) Directors (88%) are Non-Executive Directors.

The Company has an Executive Chairman and 4 (Four) Independent Directors including 1 (One) Woman Director, which comprises half (50%) 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 17(A) of the Listing Regulations, none of the Directors of the Company serves as an Independent Director in more than 7 (Seven) listed entities. Moreover, none of the Directors on the Company’s Board is a Member of more than 10 (Ten) Committees or act as 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 pursuant to the Regulation 26 of Listing Regulations. Necessary disclosures have been made by each Director.

The composition & category of Board of Directors and the number of Directorships and Committee positions held by them as on 31<sup>st</sup> March, 2024 are as under:

Name and Designation of Director(s) (DIN)	Category	No. of other Directorships held in other public Companies	No. of Board Committees in which Chairman / Member in other public Companies		List of Directorship held in Other Listed Companies and Category of Directorship
			Chairman	Member	
Shri Prayasvin B. Patel, Chairman & Managing Director (DIN : 00037394)	Non-Independent & Executive Director (Promoter)	8	--	--	<b>Eimco Elecon (India) Limited</b> - Executive Director
Shri Prashant C. Amin (DIN : 01056652)	Non-Independent & Non-Executive Director	1	1	--	<b>Eimco Elecon (India) Limited</b> - Non-Executive - Nominee Director
Shri Pradip M. Patel (DIN : 00012138)	Non-Independent & Non-Executive Director	2	--	2	<b>Eimco Elecon (India) Limited</b> - Chairperson, - Non-Executive - Non Independent Director
Shri Jai S. Diwanji (DIN : 00910410) (upto 31.03.2024)	Independent & Non-Executive Director	4	2	2	<b>Kaira Can Limited</b> - Non-Executive - Independent Director <b>Alembic Pharmaceuticals Limited</b> - Non-Executive - Independent Director <b>Onward Technologies Limited</b> - Non-Executive - Independent Director <b>Batliboi Limited</b> - Non-Executive - Independent Director
Shri Pranav C. Amin (DIN : 00245099)	Independent & Non-Executive Director	3	1	1	<b>Alembic Pharmaceuticals Limited</b> - Managing Director <b>Max Healthcare Institute Limited</b> - Non-Executive - Independent Director

Dr. Sonal V. Ambani (DIN : 02404841)	Independent & Non-Executive Director	6	--	3	<b>Carysil Limited</b> - Non-Executive - Independent Director <b>Fairchem Organics Limited</b> - Non-Executive - Independent Director
Shri Ashutosh A. Pednekar (DIN: 00026049)	Independent & Non-Executive Director	2	2	--	--
Shri Aayush A. Shah (DIN: 07140517)	Non-Independent & Non-Executive Director	--	--	--	--
Shri Nirmal P. Bhogilal (DIN: 00173168) (w.e.f. 01.04.2024)	Independent & Non-Executive Director	1	--	1	<b>Batliboi Limited</b> - Chairperson, Executive Director

**Notes:**

- 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.
- Represents Membership/Chairmanship of two Committees viz. Audit Committee and Stakeholders Relationship Committee (excluding the Committees of the Company) as per Listing Regulations.
- Relationship between the Directors inter-se as on 31<sup>st</sup> March, 2024, none of the Directors of the Company were related to each other except Shri Pradip M. Patel, who is Shri Prayasvin B. Patel's sister's husband and Shri Aayush Shah, who is son-in-law of Shri Prayasvin B. Patel.
- All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and under Regulation 16 (1)(b) of Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the Management.
- Video Conferencing & Other Audio Visual Means facilities are used as and when required to facilitate Directors at other locations to participate in the meetings.
- Due to completion of tenure, Shri Jai S. Diwanji ceased to be Non-Executive & Independent Director with effect from 1<sup>st</sup> April, 2024 and the Company has appointed Shri Nirmal P. Bhogilal as a Non-Executive & Independent Director with effect from 1<sup>st</sup> April, 2024.
- During the period under review, none of the Independent Director of the Company has resigned.

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

- The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused discussions at the meeting. To address specific urgent need, meetings are also being called at shorter notice. The Board and Committees thereof are also authorized to pass resolution by circulation for all such matters, which are of utmost urgent nature.
- Where it is not practicable to attach any document or the agenda is of confidential nature, the same is placed on the table with the 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.
- The agenda papers are prepared by the Company Secretary and submitted to the Chairman & Managing Director for his approval. Duly approved agenda papers are circulated amongst the Board Members by the Company Secretary.
- 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.
- As per the convenience of the Members of the Board, the Board Meetings are usually held at the Company's Registered Office at Anand-Sojitra Road, Vallabh Vidyanagar, Dist. Anand.
- 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.
- 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 in compliance of Companies Act, 2013 and Listing Regulations.

- 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 & Rules made thereunder and 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, Listing Regulations, 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 Financial Year :-**

During the financial year 2023-24, 4 (Four) Board Meetings were held on 25<sup>th</sup> April, 2023; 11<sup>th</sup> July, 2023; 20<sup>th</sup> October, 2023 and 25<sup>th</sup> January, 2024. The Company has held atleast 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 concern Directors upon receipt of the request who could not attend the respective Board Meeting. Majority of these Board Meetings were held in video conferencing/other audio-visual mode as allowed under MCA Circulars and SEBI Circulars.

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 Jai S. Diwanji	4	3	Yes
Shri Pranav C. Amin	4	2	Yes
Dr. Sonal V. Ambani	4	4	Yes
Shri Ashutosh A. Pednekar	4	4	Yes
Shri Aayush A. Shah	4	4	Yes

During the year under review, the Circular Resolutions were passed by the Board of the Directors of the Company on 10<sup>th</sup> August, 2023; 28<sup>th</sup> November, 2023 and 8<sup>th</sup> March, 2024.

There are no such instances where the Board had not accepted any recommendation of any committee of the Board during the financial year 2023-24.

**Securities held by Non-Executive Directors in the Company as on 31<sup>st</sup> March, 2024:**

Name of Directors	No. of Equity shares held	No. of convertible instruments held
Shri Jai S. Diwanji	28,050	Nil
Shri Pradip M. Patel	62,412	Nil
Shri Prashant C. Amin	40,675	Nil

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

Shri Prashant C. Amin (DIN: 01056652), 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 Director, Company issues formal letter of appointment to Independent Director 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 web-link <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 30<sup>th</sup> January, 2024 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 web-link <https://www.elecon.com/investors/corporate-information>.

**(H) The following is the list of core skills/expertise/ competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively with name of Directors having such skills/expertise/ competencies:**

The Board comprises with highly qualified members possessing required skills, expertise and competence in making effective contributions towards the growth of the Company. Leadership, operational experience, strategic planning, industry experience, research & development, innovation, consumer insights, marketing, supply chain management and branding are the key core skill / expertise / competence, in the context of the Company's business apart from governance, finance, taxation and regulatory affairs functions. In the opinion of the Board, these skills are available with the board and the following chart / matrix depicts the aforesaid skills/expertise/competence possessed by the Board.

Sr. No.	Skills / expertise / competencies	Shri Prayasvin B. Patel	Shri Prashant C. Amin	Shri Pradip M. Patel	Shri Jai S. Diwanji	Dr. Sonal V. Ambani	Shri Pranav C. Amin	Shri Ashutosh A. Pednekar	Shri Aayush A. Shah	Shri Nirmal P. Bhogilal
<b>1</b>	<b>Qualification &amp; Knowledge:</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(a) Degree holder in relevant disciplines (e.g. management, finance, engineering, marketing, legal etc.);									
	(b) Knowledge to understand the Company's business (including its mission, vision & values), strategic plans, goals, policies and major risk factors as well as threats & opportunities.	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>2</b>	<b>Experience:</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(c) Experience of management in a diverse organisation									
	(d) Experience in finance, administration, corporate and strategic planning, sales & marketing etc.	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(e) Demonstrable ability to work effectively with Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(f) Experience in Corporate Strategic Decision Making to achieve the goals and mission	✓	✓	✓	-	✓	✓	✓	✓	✓
<b>3</b>	<b>Skills:</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(g) Excellent interpersonal, communication and representational skills									
	(h) Financial Skills, Technical or other relevant Professional Skills	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(i) Demonstrable leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(j) Extensive team building and management skills	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(k) Strong influencing and negotiating skills	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(l) Having continuous professional development to refresh knowledge and skills	✓	✓	✓	✓	✓	✓	✓	✓	✓

Sr. No.	Skills / expertise / competencies	Shri Prayasvin B. Patel	Shri Prashant C. Amin	Shri Pradip M. Patel	Shri Jai S. Diwanji	Dr. Sonal V. Ambani	Shri Pranav C. Amin	Shri Ashutosh A. Pednekar	Shri Aayush A. Shah	Shri Nirmal P. Bhogilal
4	<b>Abilities and Attributes:</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(m) Commitment to high standards of ethics, personal integrity and probity	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(n) Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(o) Attributes & Competencies to function well as team members and to interact with the key stakeholders	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(p) Social Responsibilities towards Society at large.	✓	✓	✓	✓	✓	✓	✓	✓	✓

**(I) Certification from Company Secretary in Practice**

The Company has received a certificate from M/s. Samdani Shah & Kabra, Practicing Company Secretaries, as required under the Listing Regulations, confirming that none of the Directors on Board of the Company has debarred or disqualified from being appointed or continuing as Director of the Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as stipulated under Regulation 34(3) of the Listing Regulations, is attached to this Report.

**(J) 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 financial year ended on 31<sup>st</sup> March, 2024.

A declaration on confirmation of compliance of the Code of Conduct, signed by the Company's Chairman and Managing Director is annexed in this Report.

**(K) Prevention of Insider Trading Code**

The Board of Directors of the Company have approved the policy on the Code of Conduct for Prevention of Insider Trading & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 as posted on the website of the Company and can be accessed through web-link [https://www.elecon.com/views/templates/admin-uploads/Investors/Trading-Window/2020-2021/Elecon\\_Code\\_of\\_Conduct\\_of\\_Prevention\\_of\\_Insider\\_Trading\\_and\\_Code\\_of\\_Fair\\_Disclosure\\_of\\_UPSI\\_2020\\_2021.pdf](https://www.elecon.com/views/templates/admin-uploads/Investors/Trading-Window/2020-2021/Elecon_Code_of_Conduct_of_Prevention_of_Insider_Trading_and_Code_of_Fair_Disclosure_of_UPSI_2020_2021.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."

**(L) 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 may 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 case was reported. No employee of the Company has been denied access to the Audit Committee.

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 web-link <https://www.elecon.com/views/templates/admin-uploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy-2022-new.pdf>.

**(M) 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 Listing Regulations. The said certificate is a part of the Annual Report.

**(N) 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-2020.pdf>. For financial year 2023-24, the Company does not have any material subsidiary Company.

**(O) Policy for Determining Materiality for Disclosures**

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations, which is available on our website <https://www.elecon.com/views/templates/admin/uploads/Investors/Policies/Elecon-Amendment-Policy-on-determining-materiality-events.pdf>. The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of material events and information on an ongoing basis.

**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 constituted 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 the amendments to Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. 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) modified opinion(s) 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 thereon;
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;
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Audit Committee comprises of experts specializing in accounting/financial management. During the year under review, the Board had approved and passed resolution by circulation on 8<sup>th</sup> March, 2024 to re-constitute the Audit Committee effective from 1<sup>st</sup> April, 2024.

The composition of the Audit Committee is as under:

Name of Members	Designation	Category
Shri Ashutosh A. Pednekar	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director
Shri Jai S. Diwanji*	Member	Independent & Non-Executive Director
Shri Nirmal P. Bhogilal*	Member	Independent & Non-Executive Director

*\*Due to completion of tenure, Mr. Jai S. Diwanji ceased to be Non-Executive & Independent Director and member of the Audit Committee w.e.f. 1<sup>st</sup> April, 2024 and the Company has appointed Mr. Nirmal P. Bhogilal, Non-Executive & Independent Director, as a member of the Audit Committee w.e.f. 1<sup>st</sup> April, 2024.*

The Audit Committee met 4 (Four) times on the following dates during the last Financial Year:

25.04.2023	11.07.2023	20.10.2023	25.01.2024
------------	------------	------------	------------

#### Attendance at Audit Committee Meetings:

Name of Members	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri Ashutosh A. Pednekar	4	4
Shri Pradip M. Patel	4	4
Dr. Sonal V. Ambani	4	4
Shri Jai S. Diwanji	4	3

All these Committee meetings were held through video conference and physical mode in compliance of MCA Circulars and SEBI Circulars.

The composition of the Audit Committee effective from 1<sup>st</sup> April, 2024 is as under:

Name of Members	Designation	Category
Shri Ashutosh A. Pednekar	Chairman	Independent & Non-Executive Director
Shri Nirmal P. Bhogilal	Member	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

The CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meetings. They attended and participated at the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee. The minutes of Audit Committee Meetings were reviewed by the Board of Directors at the subsequent Board Meetings.

## 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 Listing Regulations.

Terms of reference of Nomination and Remuneration Committee as amended by the Board 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;  
For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
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.
5. Review whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

The policy is framed by the Nomination and Remuneration Committee and approved by the Board. The terms and conditions of appointment are disclosed on the website of the Company at <https://www.elecon.com/investors/policies>.

During the year under review, the Board had approved and passed resolution by circulation on 8<sup>th</sup> March, 2024 to re-constitute the Nomination and Remuneration Committee effective from 1<sup>st</sup> April, 2024.

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

Name of Members	Designation	Category
Shri Jai S. Diwanji*	Chairman	Independent & Non-Executive Director
Shri Nirmal P. Bhogilal*	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

\* Due to completion of tenure, Shri Jai S. Diwanji ceased to be Non-Executive & Independent Director and Chairperson of the Nomination and Remuneration Committee w.e.f. 1<sup>st</sup> April, 2024 and the Company has appointed Shri Nirmal P. Bhogilal, Non-Executive & Independent Director, as a Chairperson of the Nomination and Remuneration Committee w.e.f. 1<sup>st</sup> April, 2024.

The Nomination and Remuneration Committee met twice on 25<sup>th</sup> April, 2023 and 25<sup>th</sup> January, 2024 during the financial year through video conference mode as allowed under MCA Circulars and SEBI Circulars.

### Attendance at Nomination and Remuneration Committee Meetings:

Name of Members	No. of Meeting held during the tenure of Membership	No. of Meeting Attended
Shri Jai S. Diwanji	2	2
Shri Pradip M. 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 were 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://elecon.com/views/templates/admin-uploads/Investors/Policies/Nomination%20&%20Remuenration%20Policy%20-25.04.2023.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, Key Managerial Personnel (KMPs) and Senior Managerial Personnel (SMPs), 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, senior officials;
- Review management's succession plan;
- Effective meetings;
- Assuring appropriate board size, composition, independence, structure;
- Clearly defining roles & monitoring activities of committees; and
- Review of corporation's ethical conduct.

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 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 Board as a whole, Committees of the Board, Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The Committee has also reviewed the performance of the KMPs and SMPs as per the said policy of the Company for the year under review.

The Company has identified SMPs of the Company and there were no change in SMPs during the financial year under review.

**(III) Remuneration of Directors**

**a. Non-Executive Directors**

The Company will pay commission on annual basis at ₹ 10,00,000/- to each Non-Executive Directors for the Financial Year ended on 31<sup>st</sup> March, 2024. The Non-Executive Directors do not draw any remuneration from the Company other than the commission and sitting fees. The Company pays the sitting fees to each Non-Executive

Director at the rate of ₹ 30,000/- for attending each Board Meeting & Audit Committee Meeting, ₹ 12,000/- for Management Committee and Independent Directors Meeting, ₹ 10,000/- for Nomination & Remuneration Committee Meeting, ₹ 6,000/- for other Committee Meetings. The details of sitting fees & commission paid to Non-Executive Directors for attending Board and Committee Meetings during the financial year 2023-24, are as under:

(₹ in Lakhs)

Name of Directors	Sitting fees for 2023-24	Commission on Annual basis for Financial Year 2023-24	Total
Shri Pradip M. Patel	2.66	10.00	12.66
Shri Jai S. Diwanji	2.36	10.00	12.36
Dr. Sonal V. Ambani	2.84	10.00	12.84
Shri Prashant C. Amin	1.44	10.00	11.44
Shri Pranav C. Amin	0.72	10.00	10.72
Shri Ashutosh A. Pednekar	2.52	10.00	12.52
Shri Aayush A. Shah	1.20	10.00	11.20

#### b. Executive Directors

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

The remuneration paid to the Chairman & Managing Director by the Company for the Financial Year 2023-24 is as follow:

(₹ in Lakhs)

Name of Director	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel#	422.03	8.75	1,500.00	1,930.78

# The appointment is contractual.

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

The payment of aforesaid remuneration is 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.

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

The aforesaid Executive Director, so long as he functions 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 Listing Regulations.

Terms of reference of Stakeholders Relationship Committee as amended by the Board are as under:

- 1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- 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 of Registrar & Transfer Agent about the details of complaints received and their disposal during the quarter.

During the year under review, the Board had approved and passed resolution by circulation on 8<sup>th</sup> March, 2024 to re-constitute the Stakeholders Relationship Committee effective from 1<sup>st</sup> April, 2024.

The composition of Stakeholders Relationship Committee is as under:

Name of Members	Designation	Category
Shri Jai S. Diwanji*	Chairman	Independent & Non-Executive Director
Shri Nirmal P. Bhogilal*	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

\* Due to completion of tenure, Shri Jai S. Diwanji ceased to be Non-Executive & Independent Director and Chairperson of the Stakeholders Relationship Committee w.e.f. 1<sup>st</sup> April, 2024 and the Company has appointed Shri Nirmal P. Bhogilal, Non-Executive & Independent Director, as a Chairperson of the Stakeholders Relationship Committee w.e.f. 1<sup>st</sup> April, 2024.

The Stakeholders Relationship Committee met once on 25<sup>th</sup> April, 2023 during the financial year under review through video conference mode as allowed under MCA Circulars and SEBI Circulars.

#### Attendance at Stakeholders Relationship Committee Meeting:

Name of Members	No. of Meetings held during the tenure of Membership	No. of Meeting Attended
Shri Jai S. Diwanji	1	1
Shri Pradip M. Patel	1	1
Dr. Sonal V. Ambani	1	1

Smt. Bharti L. Isarani, Company Secretary of the Company acts as a Secretary to the Committee and is also a Compliance Officer of the Company.

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 9 investors' complaints were received and resolved pertaining to Equity Shares of the Company. There was no unattended or pending investor grievance as on 31<sup>st</sup> March, 2024.

#### 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.

Terms of Reference of Corporate Social Responsibility Committee as amended by the Board are as under:

1. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
2. The manner of execution of such projects or programmes as specified in Sub-Rule (1) of Rule 4;
3. The modalities of utilization of funds and implementation schedules for the projects or programmes;
4. Monitoring and reporting mechanism for the projects or programmes;
5. Details of need and impact assessment, if any, for the projects undertaken by the Company;
6. The CSR Committee/Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year;
7. Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company;
8. Review and comply with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements.
9. To take necessary actions on the matters delegated by the Board from time to time.

The 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 & Non-Executive Director

The CSR Committee met once during the Financial Year on 25<sup>th</sup> April, 2023 through video conference mode as allowed under MCA Circulars and SEBI Circulars.

**Attendance at CSR Committee Meeting:**

Name of Members	No. of Meetings held during the tenure of Membership	No. of Meeting Attended
Dr. Sonal V. Ambani	1	1
Shri Prayasvin B. Patel	1	1
Shri Prashant C. Amin	1	1

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

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

**E. Risk Management Committee**

As per the Listing Regulations, it is mandatory for top 1000 Listed Companies to constitute the Risk Management Committee consisting of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director.

Terms of Reference of Risk Management Committee as amended by the Board are as under:

1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. To monitor and review the risk management plan, cyber security and such other functions as may be delegated by the Board to the Risk Management Committee, as may be necessary for effective implementation of the Risk Management Policy; and
8. To take necessary actions on the matters delegated by the Board from time to time.

During the year under review, the Board had approved and passed resolution by circulation on 8<sup>th</sup> March, 2024 to re-constitute the Risk Management Committee effective from 1<sup>st</sup> April, 2024.

The composition of Risk Management Committee is as under:

Name of Members	Designation	Category
Shri Jai S. Diwanji*	Chairman	Independent Director & Non-Executive Director
Shri Nirmal P. Bhogilal*	Chairman	Independent Director & Non-Executive Director
Shri Prayasvin B. Patel	Member	Executive Director

Name of Members	Designation	Category
Shri Prashant C. Amin	Member	Non-Independent & Non-Executive Director
Shri M. M. Nanda#	Member	Head (Gear Division)
Shri P. K. Bhasin#	Member	Head (MHE Division)

\* Due to completion of tenure, Shri Jai S. Diwanji ceased to be Non-Executive & Independent Director and Chairperson of the Risk Management Committee w.e.f. 1<sup>st</sup> April, 2024 and the Company has appointed Shri Nirmal P. Bhogilal, Non-Executive & Independent Director, as a Chairperson of the Risk Management Committee w.e.f. 1<sup>st</sup> April, 2024.

# They are the Senior Management persons of the Company.

The Committee met 3 (Three) times on the following dates during the last financial year through video conference mode:

02.06.2023	02.11.2023	19.03.2024
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#### Attendance at Risk Management Committee Meeting:

Name of Members	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri Jai S. Diwanji	3	3
Shri Prayasvin B. Patel	3	3
Shri Prashant C. Amin	3	3
Shri M. M. Nanda	3	3
Shri P. K. Bhasin	3	3

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

The minutes of the said Committee were reviewed by the Board of Directors at the subsequent Board Meeting.

The Risk Management Policy of the Company is available at the website of the Company <https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Risk-Management-Policy.pdf>.

#### F. Management Committee:

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

During the year under review, the Board had approved and passed resolution by circulation on 8<sup>th</sup> March, 2024 to re-constitute the Management Committee effective from 1<sup>st</sup> April, 2024.

The composition of Management Committee is as under:

Name of Members	Designation	Category
Shri Prayasvin B. Patel	Chairman	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Non-Executive Director
Shri Jai S. Diwanji*	Member	Independent & Non-Executive Director
Shri Nirmal P. Bhogilal*	Member	Independent & Non-Executive Director
Shri. Pranav C. Amin	Member	Independent & Non-Executive Director

\* Due to completion of tenure, Shri Jai S. Diwanji ceased to be Non-Executive & Independent Director and member of the Management Committee w.e.f. 1<sup>st</sup> April, 2024 and the Company has appointed Shri Nirmal P. Bhogilal, Non-Executive & Independent Director, as a member of the Management Committee w.e.f. 1<sup>st</sup> April, 2024.

During the year under review, no meeting of the Management Committee was held. Further, the Board of Directors at its meeting held on 19<sup>th</sup> April, 2024 had approved to dissolve / discontinue the Management Committee of the Company with effect from 19<sup>th</sup> April, 2024.

### 3. GENERAL BODY MEETINGS:

#### A. GENERAL MEETING

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

Year	Location*	AGM/ EGM	Date	Day	Time	No. of Special Resolution(s) Passed
2020-21	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	06-08-2021	Friday	4.00 p.m.	1
2021-22	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	28-06-2022	Tuesday	3.00 p.m.	1
2022-23	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	28-06-2023	Wednesday	3.00 p.m.	2

\* Deemed Venue - Registered Office of the Company at Anand-Sojitra Road, Vallabh Vidyanagar - 388120, Dist. Anand, Gujarat.

#### The details of special resolution passed in the previous three annual general meetings:

Date of AGM	Item of Special Resolution
06-08-2021	Continuation of Directorship of Shri Pradip M. Patel (DIN: 00012138), who retires by rotation, on attaining the age of Seventy-five (75) years on 5 <sup>th</sup> November, 2022.
28-06-2022	Appointment of Shri Ashutosh A. Pednekar (DIN: 00026049), as a Non-Executive & Independent Director of the Company with effect from 1 <sup>st</sup> July, 2022.
28-06-2023	Appointment of a Director in place of Shri Pradip M. Patel (DIN: 00012138), who retires by rotation and being eligible, offers himself for re-appointment who has attained the age of Seventy-five (75) years.
28-06-2023	Re-appointment of Shri Prayasvin B. Patel (DIN: 00037394), as the Chairman & Managing Director of the Company for a period of 3 years with effect from 1 <sup>st</sup> July, 2023 and fixation of remuneration.

#### Postal Ballot

During the year under review, the Company has passed following Special Resolution through Postal Ballot Process on 3<sup>rd</sup> March, 2024:-

Approval of the appointment of Shri Nirmal Bhogilal (DIN: 00173168) as a Non-Executive & Independent Director and approval for continuing his Directorship upon attaining Seventy-five (75) years of age.

Voting Results details are as under:

Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes		% of Votes in favour on votes polled	% of Votes against on votes polled	
				Polled on outstanding shares	No. of Votes – in favour			No. of Votes –Against
		[1]	[2]	[3]={{[2]/[1]}*100	[4]	[5]	[6]={{[4]/[2]}*100	[7]={{[5]/[2]}*100
Promoter and Promoter Group	E-Voting		6,65,22,702	100.00	6,65,22,702	0	100.00	0.00
	Poll		0	0.00	0	0	0.00	0.00
	Postal Ballot	6,65,22,702	0	0.00	0	0	0.00	0.00
	<b>Total</b>		<b>6,65,22,702</b>	<b>100.00</b>	<b>6,65,22,702</b>	<b>0</b>	<b>100.00</b>	<b>0.00</b>
Public Institutions	E-Voting		79,36,316	77.60	40,58,045	38,78,271	51.13	48.87
	Poll		0	0.00	0	0	0.00	0.00
	Postal Ballot	1,02,26,920	0	0.00	0	0	0.00	0.00
	<b>Total</b>		<b>79,36,316</b>	<b>77.60</b>	<b>40,58,045</b>	<b>38,78,271</b>	<b>51.13</b>	<b>48.87</b>
Public Non Institutions	E-Voting		2,57,418	0.73	2,54,118	3,300	98.72	1.28
	Poll		0	0.00	0	0	0.00	0.00
	Postal Ballot	3,54,50,343	0	0.00	0	0	0.00	0.00
	<b>Total</b>		<b>2,57,418</b>	<b>0.73</b>	<b>2,54,118</b>	<b>3,300</b>	<b>98.72</b>	<b>1.28</b>
<b>Total</b>		<b>11,21,99,965</b>	<b>7,47,16,436</b>	<b>66.59</b>	<b>7,08,34,865</b>	<b>38,81,571</b>	<b>94.80</b>	<b>5.20</b>

#### **Person who conducted the Postal Ballot exercise**

Shri S. Samdani, Partner of M/s. Samdani Shah & Kabra, Practicing Company Secretary was appointed as Scrutinizer to conduct the postal ballot process which, inter alia, includes the above referred Special Resolution for appointment of Shri Nirmal P. Bhogilal (DIN: 00173168) as a Non-Executive & Independent Director and approval for continuing his Directorship upon attaining 75 years of age in a fair and transparent manner.

#### **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 thereunder, 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 Link Intime India Private Limited for the purpose of providing e-voting facility to all its members.

#### **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, inter alia, 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 meetings of Board of Directors of the unlisted subsidiary Company were placed before the Board of the Company regularly. For the financial year under review, the Company does 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 as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations. 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 of Directors is uploaded on the Company's website at <https://elecon.com/views/templates/admin-uploads/Investors/Policies/Nomination%20&%20Remuenration%20Policy%20-25.04.2023.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 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

Financial Year	Rate (%)	Per Share (₹)	Amount (₹ in Lakhs)
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
2018-2019	10%	0.20	224.40
2019-2020	Nil	Nil	Nil
2020-2021	20%	0.40	448.80
2021-2022	70%	1.40	1,570.80
2022-2023	100%	2.00	2,244.00
2023-2024 (Interim Dividend)	50%	1.00	1,122.00
2023-24*	100%	2.00	2,244.00

\* Subject to the approval by the members at the 64<sup>th</sup> AGM. For financial year 2023-24, the Board of Directors recommended Final Dividend of ₹ 2/- (i.e. 100%) per Equity Share.

#### 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 2023-24 and the Notice of the 64<sup>th</sup> Annual General Meeting are being sent to all members whose email addresses are registered with the Company/Depository Participant(s).

#### 4. MEANS OF COMMUNICATION

##### a) Quarterly, Half-yearly and Annual Results:

The quarterly/ half yearly and annual financial results are normally published in prominent daily newspapers viz. The Economic Times, Financial Express, The Business Standard, The Hindu Business Line, Naya Padkar, Jay Hind having wide circulation across the country and also displayed on the website of the Company on [www.elecon.com](http://www.elecon.com).

##### b) The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the 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](http://www.elecon.com).

##### d) Management Discussion and Analysis Report is attached with the Board's Report in this Annual Report.

#### 5. GENERAL SHAREHOLDER INFORMATION

##### a) Annual General Meeting

**Date and Time** : Tuesday, 25<sup>th</sup> June, 2024 at 3:00 p.m. IST

**Venue** : Through Video Conferencing ('VC')/Other Audio Visual means ('OAVM')  
The place of the meeting deemed to be the Registered Office of the Company at Anand-Sojitra Road, Vallabh Vidyanagar - 388120, Dist. Anand, Gujarat.

##### b) Financial Calendar : 1<sup>st</sup> April to 31<sup>st</sup> March.

##### c) Date of Book Closure : Saturday, 15<sup>th</sup> June, 2024 to Tuesday, 25<sup>th</sup> June, 2024 (both days inclusive).

##### d) Dividend Payment Date : Credit/dispatch of Dividend Warrants on or after Friday, 28<sup>th</sup> June, 2024.

##### e) Listing on Stock Exchanges : **Securities** **Name & address of the Stock Exchanges and Stock Code**

Equity Shares **BSE Limited (BSE)**  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  
(Stock Code: 505700)

**The National Stock Exchange of India Limited (NSE),**  
"Exchange Plaza", Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051.  
(Stock Code: ELECON)

The Company has paid the Annual Listing fees to the Stock Exchanges for the



Financial Year 2023-24. The equity shares of the Company have been neither de-listed nor suspended from trading during the year under review.

f) Demat ISIN in NSDL and CDSL

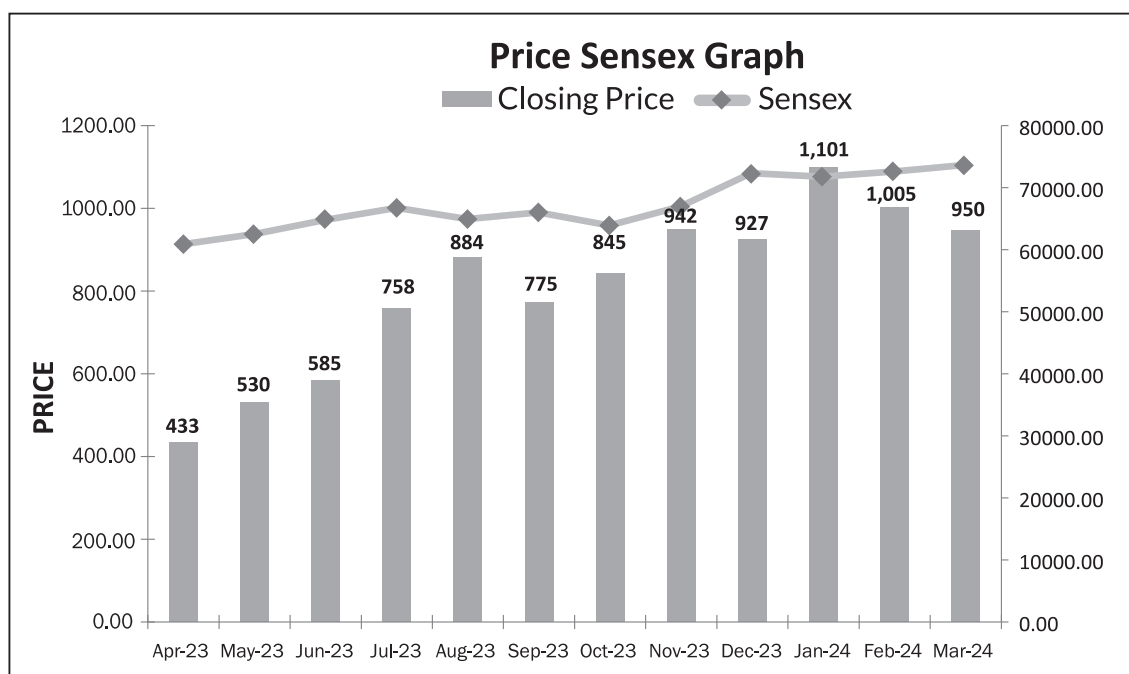
- For Equity Shares : INE 205B01023

g) Stock Market Price Data

: Monthly share price movement during the financial year 2023-24 at BSE & NSE

Months	BSE			NSE		
	High	Low	Volume (In Lakhs)	High	Low	Volume (In Lakhs)
Apr – 2023	473.50	380.05	11.63	473.75	380.85	97.29
May – 2023	599.95	429.30	14.27	599.90	429.00	135.12
June – 2023	596.35	523.80	5.79	596.95	529.00	60.64
July – 2023	781.70	587.05	12.30	781.90	587.35	154.31
Aug – 2023	886.00	757.45	5.61	886.05	756.00	85.31
Sep – 2023	983.40	693.35	12.39	983.00	692.15	117.22
Oct – 2023	849.50	714.00	8.45	850.00	713.25	88.66
Nov – 2023	987.55	850.00	9.78	989.80	850.80	120.44
Dec – 2023	984.30	859.00	5.81	984.00	857.55	57.89
Jan – 2024	1,120.50	903.80	8.27	1,122.00	905.00	124.61
Feb – 2024	1,108.25	911.00	3.24	1,109.20	911.00	42.59
Mar - 2024	1,009.75	790.00	4.39	1,009.80	790.30	60.16

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



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

The Company has appointed SEBI Registered Category I Registrar & Transfer Agent and the details of which are as under:

**M/s. Link Intime India Pvt. Ltd.**

Geetakunj, 1 Bhakti Nagar Society,  
Behind ABS Tower, Old Padra Road,  
Vadodara, Gujarat - 390015.

Email: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)

Phone: 0265-3566768

**Contact Person: Shri Alpesh Gandhi**

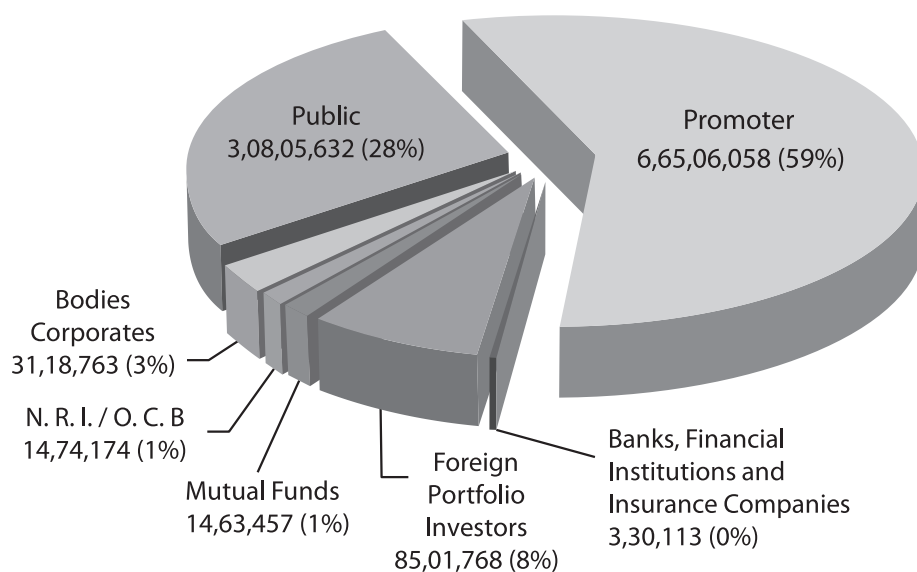
Shareholders are requested to correspond directly with the R&T Agent for transfer / transmission of shares, change of address, queries pertaining to their shares, dividend etc.

**i) Share Transfer System:**

SEBI has mandated that w.e.f. 1<sup>st</sup> April, 2019, shares shall be transferred only in Demat form. The request for share transfer in physical form received upto 31<sup>st</sup> March, 2019 were processed and transferred by Registrar and Transfer Agents in accordance with SEBI circulars in this regard and the share certificates were returned within the stipulated period, if the documents were accurate in all respect. No fresh requests for transfer of shares in physical form can be lodged by the shareholders. The Board has delegated powers to Registrar and Transfer Agents to effect requests for transmission, name deletion, duplicate share certificates, etc.

**j) Shareholding Pattern as on 31<sup>st</sup> March, 2024:**

Category	No. of Shares held	(%) of total
Promoters	6,65,06,058	59.28
Banks, Financial Institutions and Insurance Companies	3,30,113	0.29
Foreign Portfolio Investors	85,01,768	7.58
Mutual Funds	14,63,457	1.30
N.R. I. / O.C. B.	14,74,174	1.31
Bodies Corporate	31,18,763	2.78
Public	3,08,05,632	27.46
<b>TOTAL</b>	<b>11,21,99,965</b>	<b>100.00</b>

**Shareholding Pattern**

**k) Distribution of Shareholding as on 31<sup>st</sup> March, 2024:**

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	88,042	92.47	68,08,272	6.07
501 – 1000	3,300	3.47	25,38,959	2.26
1001 – 2000	1,839	1.93	26,83,464	2.39
2001 – 3000	635	0.67	16,23,214	1.45
3001 – 4000	296	0.31	10,51,422	0.94
4001 – 5000	231	0.24	10,60,232	0.94
5001 – 10001	423	0.44	30,39,149	2.71
Above 10001	443	0.47	9,33,95,253	83.24
<b>TOTAL</b>	<b>95,209</b>	<b>100.00</b>	<b>11,21,99,965</b>	<b>100.00</b>

**l) Dematerialization of Shares and Liquidity:**

As on 31<sup>st</sup> March, 2024, 11,10,72,065 Shares were in dematerialized form representing 98.99% 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 31<sup>st</sup> March, 2024:**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31<sup>st</sup> March, 2024.

**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 & Protection Fund (IEPF) set up by the Central Government. During the year, the unclaimed dividend pertaining to the financial year 2015-16 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 31.03.2024
2016-2017	03-08-2017	02-08-2024	10.08
2017-2018	26-09-2018	30-10-2025	3.30
2018-2019	17-09-2019	21-10-2026	2.93
**2019-2020	-	-	Not Applicable
2020-2021	06-08-2021	10-09-2028	5.08
2021-2022	28-06-2022	02-07-2029	14.06
2022-2023	28-06-2023	03-08-2030	16.75
2023-24 (Interim Dividend)	20-10-2023	03-12-2030	7.39
<b>Total amount lying unpaid as on 31<sup>st</sup> March, 2024</b>			<b>59.59</b>

\* Indicative dates, actual dates may vary.

\*\* In the financial year 2019-20, the Company had not declared dividend.

**o) Commodity price risk or foreign exchange risk and hedging activities:**

The raw materials of the Company are subject to market rate fluctuations including raw materials prices and foreign exchange volatility. The Company has in place a risk management framework for identification, monitoring and mitigation of above market rate fluctuations by way of hedging instruments as well as pass through of the impact to the Customers. The exposure to currency risk is explained in detail in the notes to the financial statements.

**p) Unclaimed Shares:**

At the beginning of the year as on 1<sup>st</sup> April, 2023 aggregate 39,305 Nos. (Thirty Nine Thousand Three Hundred and Five) Equity Shares of ₹ 2/- each were lying unclaimed in Elecon Engineering Company Limited – Unclaimed Suspense Account. During the year under review, 2 Nos. (Two) shareholders have claimed total 320 Nos. (Three Hundred and Twenty) Equity Shares of ₹ 2/- each and total 1,170 Nos. (One Thousand One Hundred Seventy) Equity Shares of ₹ 2/- were transferred to IEPF Authority demat account pursuant to IEPF Rules. The Closing balance of Unclaimed Suspense Account as on 31<sup>st</sup> March, 2024 was 37,815 Nos. (Thirty Seven Thousand Eight Hundred and Fifteen) 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 Sections 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 IEPF after complying with the procedure laid down under the Rules.

The Company is in compliance with the aforesaid provisions and the Rules made thereunder, transferred total 51,611 number of equity shares of 178 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 submitting an online application in the prescribed Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, alongwith 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.

<b>r) Plant Locations</b>	<b>:</b>	<b>Works</b>
		1. Gear Division Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat.
		2. Material Handling Equipment Division Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat.
<b>Address of Regd. Office</b>	<b>:</b>	Anand-Sojitra Road, Vallabh Vidyanagar - 388 120. Gujarat.
<b>Website</b>	<b>:</b>	<a href="http://www.elecon.com">www.elecon.com</a>

**Address for Correspondence:**

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

**Smt. Bharti L. Isarani**

Company Secretary & Compliance Officer

Elecon Engineering Company Limited

Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Tal. & Dist. Anand, Gujarat.

Tel No. (02692) 238701, 238702

Email address : [investor.relations@elecon.com](mailto:investor.relations@elecon.com)

**6. Credit Rating**

Following are the list of credit ratings obtained by the Company from ICRA Limited (Current Rating Agency) during the Financial Year 2023-24:

**Rating by ICRA Limited (ICRA) for Bank Facilities of amount as mentioned hereunder:**

Instrument Details	Rating October, 2022		Current Rating June, 2023	
	Amount (₹ in Crores)	Rating	Amount (₹ in Crores)	Rating
<b>Rated on Long Term Scale:</b>				
Cash Credit Limits	150.00	[ICRA]A+ (Stable)	100.00	[ICRA]AA- (Stable)
<b>Rated on Short Term Scale:</b>				
Non-Fund Based Limits	350.00	[ICRA]A1	200.00	[ICRA]A1+

**7. Compliance with mandatory / discretionary requirements**

During the year, the Company has fully complied with the mandatory requirements as stipulated in Listing Agreement and Listing Regulations.

The status on the compliance with the discretionary requirements as specified in Listing Regulations and Part E of Schedule II of Listing Regulations is as under:

- **The Board**  
The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company, since the Chairman of the Company is an Executive Director.
- **Shareholders rights**  
The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.
- **Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**  
The Company has not adopted the said discretionary requirement.
- **Modified opinion(s) in audit report**  
The Company's Standalone & Consolidated Financial Statements for the financial year ended on 31<sup>st</sup> March, 2024 are with unmodified audit opinion.
- **Reporting of Internal Auditor**  
Internal Auditors report to the Audit Committee, Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

**8. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place a policy for prevention of sexual harassment at the work place in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the above Act.

The following is the summary of sexual harassment complaints received and disposed off during the current financial year:

1. Number of Complaints received: Nil
2. Number of Complaints disposed of: Nil
3. Number of Complaints pending as on end of the financial year: Nil

**9. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part**

Details relating to fees paid to the Statutory Auditors are given in Note 34 to the Standalone Financial Statements and Note 35 to the Consolidated Financial Statements.

During the year under review, there is no payment made to the entities in the network firm/network entity of which the statutory auditors are a part.

**10. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)**

Regulation No.	Particulars	Compliance Status (Yes or No.)
17	Board of Directors	Yes
17A	Maximum Number of Directorships	Yes
18	of Directorships	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	Yes
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management, Key Managerial Persons, Directors and Promoters	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**11. Practicing Company Secretary's Corporate Governance Certificate**

The Company has obtained a certificate from M/s. Samdani Shah & Kabra, Practicing Company Secretaries confirming compliance of the conditions of Corporate Governance as stipulated in Para E of Schedule V to the Listing Regulations is annexed to this report.

**12. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations**

During the period under review, it is not applicable to the Company.

**13. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'**

During the period under review, there is no loan to firms/companies in which directors are interested.

**14. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries**

During the period under review, it is not applicable to the Company.

**15. Disclosure of certain types of agreements binding Company**

During the year under review, no such agreement has been entered which required to be disclosed under Clause 5A of Paragraph A of Part A of Schedule III of the Listing Regulations.

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*[Pursuant to Regulation 34(3) read with Schedule V Para C Clause 10 (i)  
of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To,  
The Members,  
**Elecon Engineering Company Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.  
Dist. Anand, Gujarat, India.

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents of Elecon Engineering Company Limited ("Company"), having CIN: L29100GJ1960PLC001082, situated at Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, India, as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN)) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company, its officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended on 31<sup>st</sup> March, 2024, has been debarred or disqualified from being appointed or continuing as Director of the Company by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Directors	DIN	Original Date of Appointment
1.	Mr. Aayush Alkesh Shah*	07140517	25-04-2023
2.	Mr. Ashutosh Arvind Pednekar	00026049	01-07-2022
3.	Mr. Jai Shishir Diwanji	00910410	01-11-2012
4.	Mr. Pradip Manubhai Patel	00012138	14-11-1977
5.	Mr. Pranav Chirayu Amin	00245099	27-05-2021
6.	Mr. Prashant Chandrakant Amin	01056652	29-07-2008
7.	Mr. Prayasvin Patel	00037394	01-07-2011
8.	Dr. Sonal Vimal Ambani	02404841	14-08-2015

\* Mr. Aayush Alkesh Shah has been appointed as an Additional Director of the Company effective from 25<sup>th</sup> April, 2023.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**S. Samdani**  
Partner

**Samdani Shah & Kabra**  
Company Secretaries  
FCS No. 3677 | CP No. 2863  
ICSI Peer Review # 1079/2021

Place : Vadodara  
Date : 19<sup>th</sup> April, 2024  
ICSI UDIN: F003677F000178214

## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

*[For the Financial Year ended 31<sup>st</sup> March, 2024 pursuant to Regulation 34(3) read with Schedule V – Para E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To,  
The Members,  
**Elecon Engineering Company Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.  
Dist. Anand, Gujarat, India.

We have examined the compliance of the conditions of Corporate Governance by Elecon Engineering Company Limited ("Company") (CIN: L29100GJ1960PLC001082) for the Financial Year ended on 31<sup>st</sup> March, 2024 ("review period"), as per the relevant provisions of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of the Listing Regulations.

We state that in respect of investor grievances received during the review period, no such grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

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

**S. Samdani**  
*Partner*

**Samdani Shah & Kabra**  
*Company Secretaries*  
FCS No. 3677 | CP No. 2863  
ICSI Peer Review # 1079/2021

Place : Vadodara  
Date : 19<sup>th</sup> April, 2024  
ICSI UDIN: F003677F000178225



## DECLARATION

To,  
The Members,  
**Elecon Engineering Company Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120,  
Gujarat, India.

I, Prayasvin B. Patel, Chairman and Managing Director of the Company, do hereby declare that all members of the Board of Directors (Including Independent Directors) and Senior Management Personnel of the Company have affirmed to exercise 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 adhere to the provisions of the same, for the financial year ended on 31<sup>st</sup> March, 2024.

For, **Elecon Engineering Company Limited,**

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

Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

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

To,  
The Board of Directors  
**Elecon Engineering Company Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120,  
Gujarat, India.

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 31<sup>st</sup> March, 2024 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 31<sup>st</sup> March, 2024, 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 31<sup>st</sup> March, 2024;
  - (ii) there are no significant changes in accounting policies during the financial year ended on 31<sup>st</sup> March, 2024 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*

**Narasimhan Raghunathan**  
*Chief Financial Officer*

Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

## INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **Elecon Engineering Company Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2024, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	<p><b>Allowance for Expected credit loss on trade receivables.</b></p> <p>Evaluation of trade receivables for impairment requires exercise of judgement and involves consideration of various factors. These factors include customer's ability and willingness to pay the outstanding amounts, past due receivables, financial and economic difficulties of customers;</p> <p>This assessment is done for each group of customers resulting from possible defaults over the expected life of the receivables. Based on this assessment, credit loss rate is determined in provision matrix. The credit loss rate is based on the experience of actual credit losses over past years adjusted to reflect the current economic conditions and forecasts of future economic conditions. Based on such credit loss rate, the Company records expected credit loss (ECL) allowance for trade receivables.</p> <p>In view of the above, we have considered measurement of ECL on trade receivables (including retention monies) as a key audit matter.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Evaluating the accounting policy for impairment of trade receivables in terms of the relevant Indian accounting standard;</li> <li>• Testing the design, implementation and operating effectiveness of the Company's key internal financial controls. These controls relate to measurement of ECL on trade receivables;</li> <li>• Evaluated monitoring mechanism by the company related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses;</li> <li>• For past due receivables, we examined the ageing of receivables, impairment losses provided/ reversed during the year and compared them to historical experience;</li> <li>• Evaluating the Company's assessment regarding credit worthiness of such customers and identification of the credit impaired customers;</li> <li>• Balance confirmation requests were circulated to some of the customers, selected basis random sampling;</li> <li>• We evaluated the historical credit loss experience, current observable data and forward-looking outlook;</li> <li>• Assessing the adequacy of the related disclosures in the Standalone Financial Statements with reference to the relevant Indian accounting standards.</li> </ul>

# INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024

## Key Audit Matters (Contd...)

Sr. No.	Key audit matter	Auditor's Response
2.	<p><b>Related party transactions</b></p> <p>The Company has undertaken several transactions with its related parties. These include sale of goods, purchase of goods and availing services from related parties. We identified related party transactions as a key audit matter due to significance of related party transactions, increased regulatory compliances and risk of such transactions remaining undisclosed in the financial statements.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions;</li> <li>• Read minutes of shareholder meetings, board meetings, audit committee meetings and reports of Internal Auditors regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length;</li> <li>• Tested, on a sample basis, related party transactions with the underlying contracts, confirmations and other supporting documents;</li> <li>• Verified the related party information disclosed in the financial statements as per the relevant Indian accounting standards with the underlying supporting documents, on a sample basis.</li> </ul>
3.	<p><b>IT systems and controls over financial reporting.</b></p> <p>We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit;</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations;</li> <li>• Performed inquiry procedures with the IT team of the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year;</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company;</li> <li>• Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.</li> </ul>

### Information other than the Standalone Financial Statement and Auditor's Report thereon

The Company's Management and the Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to that Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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 (Also refer our comments in para 2(h)(vi));
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to Standalone Financial Statements;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 as on March 31, 2024 on its financial position in its Standalone Financial Statements - Refer Note No. - 42 to the Standalone Financial Statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on, long term contracts including derivative contracts - Refer Note No. - 8 to the Standalone 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.
    - iv.
      - a) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note No. - 47(h) to the Standalone Financial Statement no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note No. - 47(i) to the Standalone Financial Statement no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner

## INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024

whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under a) and b) above, contain any material misstatement.
- v. The interim dividend declared and paid by the Company during the year is in accordance with section 123 of the Companies Act, 2013;

The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend;

As stated in note no.- 17.2 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Companies Act, 2013, to the extent it applies to declaration of dividend;

- vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit logs) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software except for the certain areas like Purchase invoice, Purchase Order, Sales Order, Price Master, Bill of Material and Purchase Requisition were enabled from August / September 2023. Further, during the course of our audit we did not come across any instances of audit trail feature being tampered with.

For **C N K & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 101961W/W-100036

**Himanshu Kishnadwala**

*Partner*

Membership No. 037391

UDIN : 24037391BKBOHF6132

Place : Vallabh Vidyanagar

Date : April 19, 2024

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in normal course of audit, we state that:

- i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:
- a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets;
  - (B) The Company has maintained proper records showing full particulars of intangible assets;
  - b) The Company has a programme of physical verification of its Property, Plant and Equipment, investment property and right-of-use assets so by which all the items are verified in a phased manner over a period of three years. In accordance with this programme, the Company has physically verified certain Property, Plant and Equipment during the year and the discrepancies were not material and have been properly dealt with in the books of account;
  - c) On the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except the following:

Description of property	Gross carrying value held (₹ In Lakhs)	Title deeds held in name of	Whether promoter, director or their relative or employee	Period held since which date	Reason for not being held in name of company
Land - Survey No.79/P, 82/P1, 94/9, 99/1P, 100P, 108/P4, Naransari, Bhachau, Kutch	37	Veer Energy & Infrastructure Limited	No	August 29, 2008	Mutation Pending

- d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year;
  - e) As disclosed in note no. 47(a) of the Standalone Financial Statements, the Company does not have any proceedings initiated or pending for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder;
- ii.
- a) The physical verification of inventories except goods-in-transit have been conducted by the management during the year. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt in the books of account;
  - b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate during the year from various banks on the basis of security of current assets. The discrepancies in quarterly filed returns or statements with the books of accounts, which are not material, are mentioned in note no.18.1(i)(f) to the Standalone Financial Statements.
- iii.
- a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under clause 3 (iii) a) of the order is not applicable;
  - b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company’s interest;
  - c) In the case of loans granted by the Company in earlier years, in our opinion, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular as per stipulation;
  - d) There is no overdue amount for more than ninety days in respect of loans granted in earlier years;
  - e) There are no loans which has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties;
  - f) During the year the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment. Hence reporting under clause 3 (iii) f) of the order is not applicable;
- iv. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans granted, investment made, guarantee and securities provided, as applicable;
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence reporting under clause 3(v) of the order is not applicable;
- 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;



**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2024 (Contd...)**

## vii. In respect of statutory dues:

- a) In our opinion, the company has been generally regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues to the extent applicable to the Company, in arrears as at March 31, 2024 for a period of more than six months from the date they became payable;
- b) Details of statutory dues referred to in clause a) above which have not been deposited as on March 31, 2024 on account of any disputes are given below:

(₹ in Lakhs)

Sr. No.	Name of the statute	Nature of dues	Amount (net of amount paid under protest)	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
1	Finance Act, 1994	Service Tax	2,811	249	2009 to 2014	CESTAT, Ahmedabad
2	Central Excise Act, 1944	Excise Duty	1,869	-	November 2014 to June 2017	Gujarat High Court
3	Goods & Service Tax, Act 2017	Goods & Service Tax	927	93	July 2017	Additional Commissioner of GST & Central Excise
4	Central Excise Act, 1944 & Finance Act, 1994	Excise Duty and Service tax	7	68	July 2017	Gujarat High court
5	Sales Tax Act	Sales Tax / Value Added Tax	12	-	2010-11	Commissioner of Tax
6	Goods & Service Tax, Act	Goods & Service Tax	25	0	2018-19	Deputy Commissioner of GST & Central Excise
7	Income Tax Act, 1961	Income Tax	3,387	1,174	A.Y.2009-10, A.Y.2014-15 to A.Y.2018-19, A.Y. 20-21	Commissioner of Income Tax (Appeals)

- viii. As disclosed in note no.- 47(d) of the Standalone Financial Statements, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;
- ix. a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year;
- b) As disclosed in note no. 47(b) of the Standalone Financial Statements, the Company is not declared wilful defaulter by any bank or financial institution or other lender;
- c) On an examination of the records of the company, we report that the funds of term loans have been utilised for the purpose for which the loans were obtained;
- d) We report that the company has not utilised funds raised on short term basis for long term purposes;
- e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
- f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies;

**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2024 (Contd...)**

- x. a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x) a) of the order is not applicable;
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence the reporting under clause 3 (x) b) of the order is not applicable;
- xi. a) No fraud by the Company and no material fraud on the company has been noticed or reported during the year;
- b) No report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the order is not applicable;
- xiii. The Company is in compliance with section 177 and 188 of the Companies Act, 2013, with respect to applicable transactions with the related parties;
- xiv. a) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
- b) We have considered report of the internal auditors for the period under audit; issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures;
- xv. The Company has not entered into non-cash transactions with the directors or persons connected with its directors. Hence, the provisions of section 192 of the Companies Act, 2013 are not applicable;
- xvi. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi) a), b) and c) of the order is not applicable;
- b) As informed to us by the Management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and hence reporting under clause 3 (xvi) d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date; We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due;
- xx. a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the Companies Act, 2013. Hence reporting under clause 3 (xx) a) of the Order is not applicable;
- b) There are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub-section (6) of section 135 of Companies Act, 2013. Hence reporting under clause 3 (xx) b) of the Order is not applicable.

**For C N K & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 101961W/W-100036

**Himanshu Kishnadwala**

*Partner*

Membership No. 037391

UDIN : 24037391BKBOHF6132

Place : Vallabh Vidyanagar

Date : April 19, 2024

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in paragraph 2 f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

**Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

### Opinion

We have audited the internal financial controls with reference to Standalone Financial Statements of **Elecon Engineering Company Limited** (“the Company”) as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2024 except for the matters stated in the para 2(h)(vi) of Report on other legal and regulatory requirements on reporting under Rule 11(g), based on the internal financial controls with reference to Standalone Financial Statements 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 (the “Guidance Note”).

### Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. 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 with reference to Standalone Financial Statements were established and maintained and whether 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of such internal financial controls, 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 Standalone 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 with reference to Standalone Financial Statements.

### Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company’s internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to Standalone Financial Statements include 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 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 Financial Statements.

### Inherent limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **C N K & Associates LLP**

*Chartered Accountants*

Firm’s Registration No: 101961W/W-100036

**Himanshu Kishnadwala**

*Partner*

Membership No. 037391

UDIN : 24037391BKBOHF6132

Place : Vallabh Vidyanagar

Date : April 19, 2024

**STANDALONE BALANCE SHEET**as at 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	51,504	52,606
(b) Capital work-in-progress	3	69	12
(c) Investment property	4	2,512	2,523
(d) Right of Use Assets	3	8,076	5,275
(e) Other Intangible assets	5	203	154
(f) Financial assets			
(i) Investments	6	13,858	11,894
(ii) Loans	7	-	329
(iii) Other financial assets	8	553	845
(g) Income tax assets (Net)	9	1,046	1,040
(h) Other Non-current assets	10	3,746	1,167
<b>Total non-current assets</b>		<b>81,567</b>	<b>75,845</b>
<b>II. Current assets</b>			
(a) Inventories	11	15,413	17,574
(b) Financial assets			
(i) Investments	12	20,328	1,906
(ii) Trade receivables	13	40,653	29,944
(iii) Cash and cash equivalents	14	2,770	2,447
(iv) Bank balances other than (iii) above	14	8,865	11,121
(v) Loans	7	-	560
(vi) Other financial assets	8	5,636	852
(c) Other current assets	15	724	1,316
<b>Total current assets</b>		<b>94,389</b>	<b>65,720</b>
<b>Total assets</b>		<b>1,75,956</b>	<b>1,41,565</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	16	2,244	2,244
(b) Other equity	17	1,32,507	1,05,692
<b>Total equity</b>		<b>1,34,751</b>	<b>1,07,936</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	-
(ii) Lease liabilities	22	3,918	1,578
(b) Non-current provisions	19	575	870
(c) Other Non-current liabilities	20	1,845	1,076
(d) Deferred tax liabilities (Net)	37	2,540	2,620
<b>Total non-current liabilities</b>		<b>8,878</b>	<b>6,144</b>

**STANDALONE BALANCE SHEET (Contd...)**as at 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	-
(ii) Lease liabilities	22	430	446
(iii) Trade payables	21		
(A) Total outstanding dues of micro enterprises and small enterprises		5,759	4,984
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		10,324	10,200
(iv) Other financial liabilities	23	260	600
(b) Other current liabilities	24	13,336	9,625
(c) Current provisions	25	1,695	1,314
(d) Current tax liabilities (Net)	26	523	316
<b>Total current liabilities</b>		<b>32,327</b>	<b>27,485</b>
<b>Total liabilities</b>		<b>41,205</b>	<b>33,629</b>
<b>Total equity and liabilities</b>		<b>1,75,956</b>	<b>1,41,565</b>

The accompanying notes form an integral part of the  
Standalone Financial Statements.

2-48

As per our report of even date attached

For **C N K & Associates LLP**

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

For and on behalf of the Board of Directors,

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Himanshu Kishnadwala**

Partner

Membership No: 037391

**Prayasvin Patel**

Chairman &amp; Managing Director

DIN : 00037394

**Ashutosh Pednekar**

Director

DIN : 00026049

**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : April 19, 2024

Place : Vallabh Vidyanagar

Date : April 19, 2024

**STANDALONE STATEMENT OF PROFIT AND LOSS**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Income</b>			
Revenue from operations	27	1,59,967	1,19,699
Other income	28	3,971	1,635
<b>Total income (I)</b>		<b>1,63,938</b>	<b>1,21,334</b>
<b>Expenses</b>			
Cost of materials consumed	29	70,336	54,071
Changes in inventories of finished goods and work-in-progress	30	777	751
Manufacturing expenses and erection charges	31	15,097	11,782
Employee benefit expenses	32	11,052	8,345
Finance costs	33	594	1,130
Depreciation and amortisation expense	3,4 & 5	4,125	3,928
Other expenses	34	21,344	16,681
<b>Total expenses (II)</b>		<b>1,23,325</b>	<b>96,688</b>
<b>Profit before tax (I - II)</b>		<b>40,613</b>	<b>24,646</b>
<b>Tax expense</b>			
Current tax	37	10,331	5,950
Deferred tax		(34)	(119)
<b>Total tax expense</b>		<b>10,297</b>	<b>5,831</b>
<b>Profit for the year</b>		<b>30,316</b>	<b>18,815</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans to Profit or loss		(181)	(84)
Income tax related to items that will not be reclassified to profit or loss		46	21
<b>Other comprehensive income (net of tax) for the year</b>		<b>(135)</b>	<b>(63)</b>
<b>Total comprehensive income for the year</b>		<b>30,181</b>	<b>18,752</b>
<b>Earnings per equity share (in INR)</b>			
Equity share of face value INR 2/- each	36		
Basic		27.02	16.77
Diluted		27.02	16.77

The accompanying notes form an integral part of the standalone financial statements. 2 - 48

As per our report of even date attached

For **C N K & Associates LLP**  
Chartered Accountants  
Firm's Registration No : 101961 W/W - 100036

**Himanshu Kishnadwala**  
Partner  
Membership No: 037391

Place : Vallabh Vidyanagar  
Date : April 19, 2024

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

**Prayasvin Patel**  
Chairman & Managing Director  
DIN : 00037394

**Narasimhan Raghunathan**  
Chief Financial Officer

Place : Vallabh Vidyanagar  
Date : April 19, 2024

**Ashutosh Pednekar**  
Director  
DIN : 00026049

**Bharti Isarani**  
Company Secretary

**STANDALONE STATEMENT OF CHANGES IN EQUITY**for the year ended 31<sup>st</sup> March, 2024**(1) Current reporting period**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024
Equity share capital	2,244	-	2,244	-	2,244

**(2) Previous reporting period**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
Equity share capital	2,244	-	2,244	-	2,244

**B. Other Equity****(1) Current reporting period**

(₹ in Lakhs)

Particulars	Reserves & Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2023	4,942	2,878	44,133	53,739	1,05,692
Restated balance as at April 1, 2023	4,942	2,878	44,133	53,739	1,05,692
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	(135)	(135)
Profit for the year	-	-	-	30,316	30,316
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>30,181</b>	<b>30,181</b>
Dividends	-	-	-	(3,366)	(3,366)
<b>Balance as at March 31, 2024</b>	<b>4,942</b>	<b>2,878</b>	<b>44,133</b>	<b>80,554</b>	<b>1,32,507</b>

**(2) Previous reporting period**

(₹ in Lakhs)

Particulars	Reserves & Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2022	4,942	2,878	44,133	36,558	88,511
Restated balance as at April 1, 2022	4,942	2,878	44,133	36,558	88,511
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	(63)	(63)
Profit for the year	-	-	-	18,815	18,815
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>18,752</b>	<b>18,752</b>
Dividends	-	-	-	(1,571)	(1,571)
<b>Balance as at March 31, 2023</b>	<b>4,942</b>	<b>2,878</b>	<b>44,133</b>	<b>53,739</b>	<b>1,05,692</b>

For description of Reserves Refer Note 17.

As per our report of even date attached

For C N K & Associates LLP  
Chartered Accountants  
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala  
Partner  
Membership No: 037391

Place : Vallabh Vidyanagar  
Date : April 19, 2024

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

Prayasvin Patel  
Chairman & Managing Director  
DIN : 00037394

Narasimhan Raghunathan  
Chief Financial Officer

Place : Vallabh Vidyanagar  
Date : April 19, 2024

Ashutosh Pednekar  
Director  
DIN : 00026049

Bharti Isarani  
Company Secretary

**STANDALONE STATEMENT OF CASH FLOW**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Cash flow from operating activities		
<b>Profit before tax</b>	<b>40,613</b>	<b>24,646</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	4,125	3,928
Finance costs	594	1,130
(Gain)/Loss on fair valuation of investment	(65)	(49)
(Gain)/Loss on sale of/discarded property plant and equipment (Net)	(261)	159
Interest income	(1,600)	(393)
Dividend income	(87)	(80)
(Gain)/Loss on sale of investments	(90)	-
Allowances for Expected Credit Loss (including Bad debts and advanced written off)	1,656	749
Unrealised exchange (Gain) / Loss	(51)	(79)
Provision for other contractual liabilities, warranty and others	304	(785)
Increase/(Reversal) of provision for onerous contract	(73)	(21)
Provision for Slow and non moving inventory as Non cash expenses	1,142	(978)
Liabilities written-back	(552)	(264)
Rent Income	(329)	(248)
	<b>45,326</b>	<b>27,715</b>
<b>Working Capital Adjustments</b>		
(Increase)/Decrease in trade receivables	(12,057)	7,261
(Increase)/Decrease in inventories	1,019	1,445
(Increase)/Decrease in financial assets	(4,390)	5,456
(Increase)/Decrease in other current and non-current assets	(1,565)	616
(Decrease)/Increase in trade payables	1,451	(4,222)
(Decrease)/Increase in provisions, current and non-current liabilities	4,230	(2,313)
(Decrease)/Increase in other financial liabilities	(339)	(169)
<b>Cash generated from operations</b>	<b>33,675</b>	<b>35,789</b>
Taxes paid (Net of refund)	(10,130)	(6,355)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>23,545</b>	<b>29,434</b>
<b>Cash flow from investing activities</b>		
Payments for purchase of property, plant and equipment	(3,069)	(4,445)
Proceeds from sale of property, plant and equipment	592	21
Payments for Purchase of investments	(21,243)	(1,901)
(Increase)/Decrease in Bank Deposits	2,256	(8,627)
Proceeds from sale of Investments	1,012	3
Rent Income	329	248
Interest received	1,498	227
Dividend received	87	80
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(18,538)</b>	<b>(14,394)</b>
<b>Cash flow from financing activities</b>		
Repayments of non-current borrowings	-	(1,966)
(Repayment)/Proceeds of current borrowings (Net)	-	(8,035)
Repayment against other financial arrangements	(430)	(1,193)
Finance cost paid	(595)	(1,169)
Dividend paid	(3,366)	(1,571)
Principal payment of lease liabilities	(294)	(73)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(4,685)</b>	<b>(14,007)</b>



**STANDALONE STATEMENT OF CASH FLOWS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net increase/(decrease) in cash and cash equivalents (A+B+C)	323	1,033
Cash and cash equivalents at the beginning of the year (Refer Note 14)	2,447	1,413
Cash and cash equivalents at the end of the period (Refer Note 14)	2,770	2,447
<b>Components of cash and cash equivalents :-</b>		
Cash on hand	-	0
Balances with banks		
- In current accounts	867	446
Deposits with bank (with maturity up to 3 months)	1,903	2,001
	2,770	2,447

**Notes:**

- Cash and cash equivalents includes positive balances in Cash credit accounts with banks and forms an integral part of the Company's cash management.
- The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows
- In accordance with para 22 of Ind AS 7 - Statement of Cash Flows, cash flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.
- Movement in liabilities arising from financing activities as at March 31, 2024:

(₹ in Lakhs)

Particulars	Borrowings	Lease Liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	-	2,024	-	1
Proceeds from borrowings	-	2,918	-	-
Repayment of borrowings/liabilities	-	(724)	-	-
Dividends paid (including taxes)	-	-	(3,366)	-
Interest paid	-	-	-	(595)
<b>Net cash outflows</b>	-	<b>4,218</b>	<b>(3,366)</b>	<b>(594)</b>
Charge to statement of profit and loss	-	-	-	594
Interest Accrued during the year	-	130	-	-
<b>Balance at the end of the year</b>	-	<b>4,348</b>	-	<b>(0)</b>

As per our report of even date attached

For C N K &amp; Associates LLP

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

**Himanshu Kishnadwala**

Partner

Membership No: 037391

For and on behalf of the Board of Directors,

Elecon Engineering Company Limited

CIN: L29100GJ1960PLC001082

**Prayasvin Patel**

Chairman &amp; Managing Director

DIN : 00037394

**Ashutosh Pednekar**

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**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : April 19, 2024

Place : Vallabh Vidyanagar

Date : April 19, 2024

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 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 Vidyanagar, Gujarat. The Company is involved in the design and manufacturing of Industrial Gears and Material Handling Equipment and is also involved in providing erection and commissioning solutions for its products. The Company has manufacturing operations based out of India, Sweden, UK, USA and The Netherlands with Sales Offices at Dubai and Singapore.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These Standalone financial statements of the Company comprises, the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the material accounting policies and other explanatory information (herein referred to as "Standalone financial statements"). These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013, (the 'Act') and guidelines issued by the Securities and Exchange Board of India (SEBI).

Details of the Company's material accounting policies are included in Note 2.5.

#### 2.2 Basis of measurement

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

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

#### 2.3 Use of estimates and judgments

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

##### *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 and/ or building as an investment property.
- **Note 6** – determining the amount of Impairment loss.
- **Note 38** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 2.5 I and 27**– identification of performance obligation in revenue recognition

##### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

- **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 37** – recognition of tax expense;
- **Note 41** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 20, 25 and 42** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 38** – impairment of financial and non-financial assets.
- **Note 25 and 44** – Revenue recognition based on percentage of completion and provision for onerous contracts.
- **Note 3 and 22** - Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives.
- The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.  
The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 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 38 and 39** – financial instruments.

### 2.5 Material accounting policies

#### (a) Operating cycle and classification of current and non-current:

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 considers the operating cycle for assets and liabilities as 12 months.

All the assets and liabilities are classified as current and non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

### A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Other Assets and Liabilities except as stated above are classified as non-current.

## b) Foreign currency transactions

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees. 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 statement of profit and loss.

## c) 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 – 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

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.

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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.
<b>Financial assets at amortised cost</b>	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 the statement of profit and 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 the statement of profit and 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, 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.

### **Derivative financial instruments:**

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

## **d) 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 labour, 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 statement of profit and loss.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024***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:

Particulars	Depreciation Method	Useful life
Plant and Equipments	Straight Line Basis	5 to 25 years
Buildings	Written Down Value Basis	10 to 60 years
All other Property Plant and Equipment	Written Down Value Basis	As prescribed in Schedule II to the Companies Act, 2013

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

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

***Capital Work in Progress (CWIP)***

Cost of assets not ready for intended use, as on the balance sheet date, is shown as CWIP. CWIP is stated at cost, net of accumulated impairment loss, if any.

Advances given towards acquisition of assets (including CWIP) and 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.

**e) Intangible assets*****Internally generated: Research and development activities and Enterprise resource planning software***

Expenditure on research activities is recognised in statement of profit and 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 the statement of profit and 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 that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

***Subsequent expenditure***

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 amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and amortisation in Statement of profit and loss is provided below:

Particulars	Depreciation Method	Useful life
Computer Software	Straight Line Basis	3 years
Licenses	Straight Line Basis	6 years

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

Amortisation method, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate.

### f) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model. Investment property includes freehold/leasehold land and building.

#### **Depreciation**

Based on technical evaluation, the Management believes a period of 25-60 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.

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and included in the statement of profit or loss in the period in which the property is derecognized.

### g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on 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.
- **Stores and spares** (consisting of engineering spares, which are used in operating machines or consumed as indirect materials in the manufacturing process): 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.
- **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.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

### h) 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



## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

- it is probable that the borrower will enter bankruptcy or other financial reorganization.

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 Expected credit losses ("ECL") together with appropriate Management's estimate of credit loss at each reporting date, 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 shortfall (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.

### **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 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.

## **i) Employee benefits**

### **Short term employee benefits**

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

contribution plans are recognised as an employee benefit expense in statement of profit and 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 the statement of profit and 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 the statement of profit and 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 the statement of profit and loss in the period in which they arise.

### Termination benefits

Termination benefits are expensed through statement of profit and loss 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.

### j) 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.

### 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 all possible outcomes by their associated probabilities.

### 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.

### k) Contingent Liabilities and Contingent Assets

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### l) Revenue recognition

#### Sale of goods and services

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

Revenue from services towards erection, commissioning and other services is recognised when services are rendered and there is certainty of the realisation.

#### Transaction Price

The Company is required to determine the transaction price in respect of each of its contracts with customers. Contract with customers for sale of goods or services are either on a fixed price or on variable price basis. For allocating the transaction price, the Company measures the revenue in respect of each performance obligation of contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In making judgment about the standalone selling price, the Company also assesses the impact of any variable consideration in the contract, due to discounts or rebates.

#### Performance Obligations

If a contract contains more than one distinct goods and service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices.

#### Dividend and Interest income

Dividend income from investments is recognised when the Company's right to receive payment is established.

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Insurance claim

Insurance claims are recognised on the basis of claims admitted / expected to be admitted, to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

#### Other Income

Other income is comprised primarily of gain / loss on investments, exchange gain/loss on foreign currency transactions and commission for corporate guarantee.

### m) Government Grants

The export incentives received by the Company such as duty draw back, Remission of Duties or Taxes on Export Products Scheme (RoDTEP) and Export Promotions on Capital Goods (EPCG) scheme are treated as government grants.

### n) Leases

#### As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a Purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

### o) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it may relate to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 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, if any.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 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 43.

### r) Cash and cash equivalents

Cash and cash equivalents 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) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from the operating, investing and financing activities of the Company are segregated. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

### u) The Dividend Distribution to equity shareholders:

The Holding Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Holding Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

### v) Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 2.6 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

### 2.7 Rounding off

Amounts in these Financial Statements are rounded off to the nearest lakhs except Earnings per share. The amount "0" (zero) represents value, which is less than INR 1 lakh.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

Particulars	(₹ in Lakhs)									
	Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installations & fittings	Other Equipments	Total	Capital work in progress
<b>Cost</b>										
As at April 1, 2022	27,432	7,340	41,800	287	207	1,178	679	2	78,925	15
Additions	2	10	3,546	5	87	237	408	-	4,295	4,291
Deductions	-	-	(997)	(120)	(3)	(768)	(385)	(1)	(2,274)	-
Capitalised	-	-	-	-	-	-	-	-	-	(4,294)
As at March 31, 2023	27,434	7,350	44,349	172	291	647	702	1	80,946	12
Additions	336	1,277	764	-	253	7	231	-	2,868	2,925
Deductions	-	-	(485)	-	(6)	-	-	-	(491)	-
Capitalised	-	-	-	-	-	-	-	-	-	(2,868)
As at March 31, 2024	27,770	8,627	44,628	172	538	654	933	1	83,323	69
<b>Accumulated depreciation</b>										
As at April 1, 2022	-	4,223	20,515	220	183	968	497	2	26,608	-
Depreciation for the year	-	318	2,992	16	28	177	64	0	3,595	-
Deductions	-	-	(683)	(110)	(2)	(712)	(355)	(1)	(1,863)	-
As at March 31, 2023	-	4,541	22,824	126	209	433	206	1	28,340	-
Depreciation for the year	-	381	3,089	12	45	128	217	0	3,872	-
Deductions	-	-	(388)	-	(5)	-	-	-	(393)	-
As at March 31, 2024	-	4,922	25,525	138	249	561	423	1	31,819	-
<b>Carrying value (Net)</b>										
As at March 31, 2024	27,770	3,705	19,103	34	289	93	510	(0)	51,504	-
As at March 31, 2023	27,434	2,809	21,525	46	82	214	496	(0)	52,606	-

**Notes :**

- Refer to Note 18.1 for information on property, plant and equipment pledged as security by the Company.
- For commitments on capital account, Refer Note 42 (II).

### (ii) Title Deeds of Immovable Properties not held in the name of the Company

Relevant line item in the Balance Sheet	Gross carrying value (₹ in Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
<b>Property, Plant &amp; Equipment</b>					
<b>LAND</b>	37	Veer Energy & Infrastructure Ltd.	No.	August 29, 2008	Mutation Pending
Survey No.79/P, 82/P1, 94/9, 99/1P, 100P, 108/P4, Naransari, Bhachau, Kutch					

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

(iii) The following is the movement in Right of use Assets (ROU) during the year ended March 31, 2024

(₹ in Lakhs)

Particulars	Lease Land	Building	Plant & Equipments	Total
<b>I. Cost</b>				
As at April 1, 2022	3,936	57	23	4,016
Additions	1,659	-	-	1,659
As at March 31, 2023	5,595	57	23	5,675
Addition during the year	29	-	2,930	2,959
Deductions	-	(57)	(14)	(71)
As at March 31, 2024	5,624	-	2,939	8,563
<b>II. Accumulated Depreciation</b>				
As at April 1, 2022	214	33	16	263
Depreciation during the year	124	12	2	138
Recoupment/Adjustment	-	-	(1)	(1)
As at March 31, 2023	338	45	17	400
Depreciation during the year	136	2	10	148
Deductions	-	(47)	(14)	(61)
As at March 31, 2024	474	-	13	487
Carrying value (Net) as at March 31, 2024	5,150	-	2,926	8,076
Carrying value (Net) as at March 31, 2023	5,257	12	6	5,275

(iv) CWIP Ageing Schedule

(₹ in Lakhs)

CWIP	Amount in CWIP				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2023</b>					
Projects in progress	12	-	-	-	12
<b>As at March 31, 2024</b>					
Projects in progress	69	-	-	-	69

**Note:** There are no projects whose completion is overdue or has exceeded its cost.



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**4. Investment property**

(₹ in Lakhs)

Particulars	Land	Office Building	Total
<b>Cost</b>			
As at April 1, 2022	2,300	336	2,636
Addition	-	-	-
As at March 31, 2023	2,300	336	2,636
Addition	-	-	-
As at March 31, 2024	2,300	336	2,636
<b>Accumulated depreciation</b>			
As at April 1, 2022	-	101	101
Depreciation for the year	-	12	12
Deductions	-	-	-
As at March 31, 2023	-	113	113
Depreciation for the year	-	11	11
As at March 31, 2024	-	124	124
Carrying value (Net)			
As at March 31, 2024	2,300	212	2,512
As at March 31, 2023	2,300	223	2,523

**Information regarding income and expenditure of Investment property**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Rental income derived from Investment property	14	13
Less: Direct operating expenses (including repairs and maintenance) generating rental income	2	1
<b>Profit arising from investment property before depreciation and indirect expenses</b>	<b>12</b>	<b>12</b>
Less : Depreciation	11	12
<b>Profit arising from investment property before indirect expenses</b>	<b>1</b>	<b>-</b>

**Notes :**

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

**Fair value of the Investment property is as under:**

(₹ in Lakhs)

Fair value	Land	Office Building
Balance as at April 1, 2022	2,822	654
Fair value increase/(decrease) for the year	66	9
Purchases / (Sale)	-	-
Balance as at March 31, 2023	2,888	663
Fair value increase/(decrease) for the year	166	9
Purchases / (Sale)	-	-
Balance as at March 31, 2024	3,054	672

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**4. Investment property (Contd...)****Estimation of fair value**

As at March 31, 2024 and March 31, 2023 the fair values of the property are based on valuations performed by Registered Valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules 2017.

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

The Company obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment property as at March 31, 2024 and March 31, 2023 is done based on market feedback on values of similar properties and hence considered under "Level 2" of fair value measurement.

**5. Other Intangible assets**

(₹ in Lakhs)

Particulars	Computer Software	Licenses	Total
<b>Cost</b>			
<b>As at April 1, 2022</b>	<b>640</b>	<b>40</b>	<b>680</b>
Additions	152	-	152
Deductions	(60)	-	(60)
<b>As at March 31, 2023</b>	<b>732</b>	<b>40</b>	<b>772</b>
Additions	35	108	143
Deductions	-	-	-
<b>As at March 31, 2024</b>	<b>767</b>	<b>148</b>	<b>915</b>
<b>Accumulated amortisation</b>			
<b>As at April 1, 2022</b>	<b>467</b>	<b>25</b>	<b>492</b>
Amortisation for the year	177	6	183
Deductions	(57)	-	(57)
<b>As at March 31, 2023</b>	<b>587</b>	<b>31</b>	<b>618</b>
Amortisation for the year	63	31	94
Deductions	-	-	-
<b>As at March 31, 2024</b>	<b>650</b>	<b>62</b>	<b>712</b>
<b>Carrying value (Net)</b>			
<b>As at March 31, 2024</b>	<b>117</b>	<b>86</b>	<b>203</b>
<b>As at March 31, 2023</b>	<b>145</b>	<b>9</b>	<b>154</b>

**Note :**

1. Computer software consists of capitalised development costs of enterprise resource planning software being internally generated intangible assets.
2. There are no Intangible Assets under development as on March 31, 2024 and March 31, 2023.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**6. Non-Current Financial assets - Investments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Investment in subsidiary companies (Fully paid-up) (at cost) - Unquoted (Refer Note 2.5(s))</b>		
(a) 12,486,287 equity shares (March 31, 2023 : 12,486,287 equity shares) of GBP 1 each of Radicon Transmission UK Limited - United Kingdom	11,297	11,297
(b) 897,844 equity shares (March 31, 2023 : 897,844 equity shares) of S\$1 each of Elecon Singapore Pte. Limited	248	248
(c) 600 equity shares (March 31, 2023 : 600 equity shares) of AED 1000 each of Elecon Middle East FZCO	73	73
<b>(A)</b>	<b>11,618</b>	<b>11,618</b>
<b>Investment in associates (Fully paid-up) (at cost) (refer note 2.5(s))</b>		
<b>Quoted</b>		
(a) 958,426 equity Shares (March 31, 2023 : 958,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited#	217	217
<b>(B)</b>	<b>217</b>	<b>217</b>
<b>Investments carried at fair value through profit and loss:</b>		
<b>Investment in equity shares</b>		
<b>(i) Unquoted</b>		
(a) NIL equity Shares (March 31, 2023 : 200,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited	-	59
(b) 30 equity shares (March 31, 2023: 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited ##	0	0
<b>Investment in Mutual Fund</b>		
<b>(i) Quoted</b>		
36,500 units (March 31, 2023 : Nil) of SBI Magnum Ultra SD Fund ###	2,023	-
<b>(C)</b>	<b>2,023</b>	<b>59</b>
<b>Total Investments (A+B+C)</b>	<b>13,858</b>	<b>11,894</b>
Aggregate value of quoted investments (including investments in associates)	217	217
Aggregate market value of quoted investments (other than investments in associates)	-	-
Aggregate value of unquoted investments (including investments in subsidiaries and associates)	13,641	11,677

# NIL equity shares (March 31, 2023 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans. (Refer Note 18.1(d))

## 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.

### Pledged with State Bank of India as margin for availing Non-Fund Based limits.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**7. Financial asset - Loans**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
<b>Loans receivable unsecured - considered good</b>				
Loans to related party for business purpose#	-	-	560	329
<b>Total Loans</b>	<b>-</b>	<b>-</b>	<b>560</b>	<b>329</b>

# Loans to related party represent loans given to wholly owned subsidiary - Radicon Transmission UK Limited.

**Loans or Advances in nature of Loans to Related Parties**

(₹ in Lakhs)

Particulars	For the year ending March 31, 2024		For the year ending March 31, 2023	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Wholly-owned Subsidiary	-	-	889	100%

**8. Financial asset - Other financial assets**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
<b>Unsecured, considered good</b>				
Unbilled revenue - Contract assets	31	-	103	-
Deposits with banks earmarked as margin money	-	456	-	845
Deposits with banks having original maturity of more than 12 months	4,845	97	-	-
Security Deposits#	219	-	499	-
Accrued Interest on Fixed Deposits	346	-	244	-
Asset on account of Forex Derivatives	-	-	6	-
Accrued Interest on Investments	195	-	-	-
<b>Total other financial assets</b>	<b>5,636</b>	<b>553</b>	<b>852</b>	<b>845</b>

# Security deposits are primarily in relation to public utility services, tender deposits and rental properties.

**9. Income tax assets (Net)**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Income tax assets (Net)	1,046	1,040
<b>Total income tax assets (Net)</b>	<b>1,046</b>	<b>1,040</b>

**10. Other non-current assets**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Unsecured, considered good</b>		
Capital advances	2,981	395
Expenses paid in advance	148	121
Balances with government authorities (including amounts paid under protest)	617	651
<b>Total other non-current assets</b>	<b>3,746</b>	<b>1,167</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**11. Inventories**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(At lower of cost and net realisable value)#</b>		
Raw materials [(Includes Goods in transit of INR 15 lakhs (March 31, 2023: NIL)]	3,941	4,334
Work-in-progress	5,754	6,788
Finished goods	1,587	1,926
Goods in transit	3,974	3,377
Stores and spares	157	1,149
<b>Total inventories</b>	<b>15,413</b>	<b>17,574</b>
<b>Carring amount of inventories pledged as security for liabilities</b>	<b>15,413</b>	<b>17,574</b>

#Net of inventory allowance aggregating to INR 1,414 lakhs (March 31, 2023: INR 271 lakhs)

**12. Current Financial assets - Investments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Investment at FVTPL</b>		
Exchange Traded Funds : Quoted	552	1,415
Infrastructure Investment Trust (InvITs): Quoted	830	284
Non Convertible Market Linked Debentures : Quoted	12,464	35
Mutual Funds : Quoted	8,505	172
Less: Amount pledged disclosed as Non current Investment	(2,023)	-
<b>Total Current Financial assets - Investments</b>	<b>20,328</b>	<b>1,906</b>

**13. Trade receivables**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Secured, considered good	-	-
Unsecured, considered good	42,455	30,994
Which have significant increase in credit risk	-	-
	<b>42,455</b>	<b>30,994</b>
Less : Allowance for expected credit loss#	(1,802)	(1,050)
<b>Total Trade receivables</b>	<b>40,653</b>	<b>29,944</b>
Receivables from related parties (Refer note 40)	3,872	1,282
Receivables from others	36,781	28,662
<b>Total</b>	<b>40,653</b>	<b>29,944</b>

**Allowance for expected credit loss (ECL)**

#Allowance for Expected Credit Loss is calculated based on the ECL model as described under Ind AS 109. Refer Note 2.5 and Note 38(b) for the Company's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Balance at the beginning of the year</b>	<b>1,050</b>	<b>1,656</b>
Add : Allowance for the year	932	137
Less : Reversal of allowance	(180)	(743)
<b>Balance at the end of the year</b>	<b>1,802</b>	<b>1,050</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**13A. Trade receivables (Current)****(1) For the year ending March 31 2024.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	20,531	18,066	1,333	635	197	306	41,068
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	18	106	55	67	112	1,029	1,387
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Less: ECL Provision</b>							<b>(1,802)</b>
<b>Total</b>	<b>20,549</b>	<b>18,172</b>	<b>1,388</b>	<b>702</b>	<b>309</b>	<b>1,335</b>	<b>40,653</b>

Above includes retention money receivable amounting to INR 3,706 lakhs.

**(2) For the year ending March 31, 2023.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	11,797	13,394	1,050	624	219	1,277	28,361
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	3	191	21	19	2,399	2,633
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Less: ECL Provision</b>							<b>(1,050)</b>
<b>Total</b>	<b>11,797</b>	<b>13,397</b>	<b>1,241</b>	<b>645</b>	<b>238</b>	<b>3,676</b>	<b>29,944</b>

Above includes retention money receivable amounting to INR 6,048 lakhs.

**14. Cash and bank balances**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(a) Cash and cash equivalents</b>		
<u>Balance with bank</u>		
Current accounts and debit balance in cash credit accounts	867	446
Deposits with bank (with maturity up to 3 months)	1,903	2,001
Cash on hand	-	0
<b>Total cash and cash equivalents</b>	<b>2,770</b>	<b>2,447</b>
<b>(b) Other bank balances</b>		
Deposits with bank earmarked as margin money	3,497	20
Deposits with banks having original maturity of more than 3 months but less than 12 months	5,308	11,046
Unpaid dividend accounts	60	55
<b>Total other bank balances</b>	<b>8,865</b>	<b>11,121</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**15. Other current assets**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Unsecured, considered good</b>				
Advance to suppliers		281		205
Receivable from government authorities	257			918
Less: Provision for Doubtful balances	(246)			(728)
		11		190
Expenses paid in advance		363		632
Other Claims Receivable		69		273
Gratuity paid in advance		0		16
<b>Total other current assets</b>		<b>724</b>		<b>1,316</b>

**16. Equity share capital**

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Authorised share capital</b>				
Equity shares of INR 2 each	22,75,00,000	4,550	22,75,00,000	4,550
Cumulative Redeemable Preference Shares of INR 2 each	2,50,00,000	500	2,50,00,000	500
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	1,27,50,000	12,750	1,27,50,000	12,750
	<b>26,52,50,000</b>	<b>17,800</b>	<b>26,52,50,000</b>	<b>17,800</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of INR 2 each	11,21,99,965	2,244	11,21,99,965	2,244
<b>Total equity share capital</b>	<b>11,21,99,965</b>	<b>2,244</b>	<b>11,21,99,965</b>	<b>2,244</b>

**16.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
At the beginning and at the end of the year	11,21,99,965	2,244	11,21,99,965	2,244

**16.2 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, which is approved by Board of Directors. 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**16.3 Number of shares held by each shareholder holding more than 5% shares in the Company**

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Equity shares of INR 2 each fully paid held by:				
Aakaish Investments Private Limited	5,23,02,237	46.62	5,23,02,237	46.62
K. B. Investments Private Limited	97,23,774	8.67	97,40,418	8.68

**16.4 Number of Shares held by Promoters/Promoter Group:**

Sr. No.	Name of the Promoters/Promoter Group	March 31, 2024		March 31, 2023		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1.	Prayasvin Bhanubhai Patel	19,62,932	1.75%	19,62,932	1.75%	0.00%
2.	Trupti Pradip Patel	14,31,058	1.28%	14,31,058	1.28%	0.00%
3.	B I Patel-HUF	2,27,490	0.20%	2,27,490	0.20%	0.00%
4.	Taruna Patel	2,18,917	0.20%	2,18,917	0.20%	0.00%
5.	Aishwarya P. Patel	5,220	0.00%	5,220	0.00%	0.00%
6.	Akansha P. Patel	6,18,470	0.55%	6,18,470	0.55%	0.00%
7.	Aakaish Investments Private Limited	5,23,02,237	46.62%	5,23,02,237	46.62%	0.00%
8.	K B Investments Private Limited	97,23,774	8.67%	97,40,418	8.68%	-0.01%
9.	Power Build Private Limited	15,960	0.01%	15,960	0.01%	0.00%
10.	Emtici Engineering Limited	-	0.00%	-	0.00%	0.00%
11.	Prayas Engineering Limited	-	0.00%	-	0.00%	0.00%
12.	Bipra Investments & Trusts Private Limited	-	0.00%	-	0.00%	0.00%
13.	Elecon Information Technology Limited	-	0.00%	-	0.00%	0.00%
14.	Akaish Mechatronics Limited	-	0.00%	-	0.00%	0.00%
15.	Devkishan Investments Private Limited	-	0.00%	-	0.00%	0.00%
16.	Speciality Woodpack Private Limited	-	0.00%	-	0.00%	0.00%
17.	Wizard Fincap Limited	-	0.00%	-	0.00%	0.00%
18.	Lotus Trust (Ultimate beneficiary)	-	0.00%	-	0.00%	0.00%
<b>Total holding of Promoters and Promoter Group</b>		<b>6,65,06,058</b>	<b>59.27%</b>	<b>6,65,22,702</b>	<b>59.29%</b>	<b>-</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**17. Other Equity****17.1 Other reserves**

(₹ in Lakhs)

Balance	General Reserve	Securities Premium	Capital Reserve	Retained Earnings	Total
<b>As at April 1, 2022</b>	<b>44,133</b>	<b>2,878</b>	<b>4,942</b>	<b>36,558</b>	<b>88,511</b>
<b>Total comprehensive income for the period</b>					
Profit for the year	-	-	-	18,815	18,815
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	(63)	(63)
<b>Balance available for appropriation</b>	<b>44,133</b>	<b>2,878</b>	<b>4,942</b>	<b>55,310</b>	<b>1,07,263</b>
<b>Appropriations</b>					
Dividend paid	-	-	-	(1,571)	(1,571)
<b>As at March 31, 2023</b>	<b>44,133</b>	<b>2,878</b>	<b>4,942</b>	<b>53,739</b>	<b>1,05,692</b>
Profit for the year	-	-	-	30,316	30,316
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	(135)	(135)
<b>Balance available for appropriation</b>	<b>44,133</b>	<b>2,878</b>	<b>4,942</b>	<b>83,920</b>	<b>1,35,873</b>
<b>Appropriations</b>					
Dividend paid	-	-	-	(3,366)	(3,366)
<b>As at March 31, 2024</b>	<b>44,133</b>	<b>2,878</b>	<b>4,942</b>	<b>80,554</b>	<b>1,32,507</b>

**17.2 Dividend distribution made and proposed**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Dividends on equity shares declared and paid</b>		
Final dividend for year ended March 31, 2023: INR 2.00 per share (March 31, 2022: INR 1.40 per share)	2,244	1,571
Interim dividend for the FY 2023-24: INR 1.00 per share	1,122	-
	<b>3,366</b>	<b>1,571</b>
<b>Proposed dividends on Equity shares</b>		
Final dividend proposed for the year ended March 31, 2024: INR 2.00 per share (March 31, 2023: INR 2.00 per share)	2,244	2,244
	<b>2,244</b>	<b>2,244</b>

Proposed dividend on equity shares is subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2024.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 17.3 Description of Reserves

#### General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

#### 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 amounting to INR 4,259 lakhs is recorded in bargain purchase transaction of business combination in which the fair value of acquired net assets exceeded the purchase consideration. Capital reserve is not available for dividend distribution.
- Capital Reserve amounting to INR 683 lakhs represent difference between book value of the net assets and reserves of Elecon Transmission International Limited ('ETIL') and investment in equity shares of Elecon Transmission International Limited.

#### Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

### 18. Borrowings

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Working capital loan</b>		
From banks (Refer Note 18.1)	-	1
Less : Accrued interest	-	1
<b>Total current borrowings</b>	-	-
<b>Total borrowings</b>	-	-

#### 18.1 Nature of Securities {Loans repayable on demand}

- Working Capital Loans from banks granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Axis Bank, IDBI Bank & HDFC Bank (Including guarantees issued by them in favour of various clients of the Company) are secured by:-
  - First pari passu hypothecation charge over all the current assets of the Company, present and future.
  - Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable and immovable) present and future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions.
  - Undertaking for non disposal of various land parcels of the company as per loan sanction letter.
  - Securities released by Consortium of Banks during the current year:**
    - Registered mortgage, on first pari passu basis, of land bearing Survey No.365 & 366 in the name of and corporate guarantee of INR 96,450 lakhs by Prayas Engineering Limited, a related party.
    - Pledge of 200,000 shares of Eimco Elecon (India) Limited, an associate company held by the company.
  - Rate of Interest for Loan from banks during the year ended:

Particulars	Interest Rate %	
	March 31, 2024	March 31, 2023
State Bank of India	8.60% to 8.70%	7.80% to 9.50%
Bank of Baroda	#	7.85% to 9.65%
IDBI Bank Ltd.	8.00% to 8.90%	8.00% to 8.75%
Axis Bank Ltd.	5.45% to 9.10%	1.47% to 9.75%
HDFC Bank Ltd.	6.75% to 9.20%	6.75% to 7.50%

# Ceased to be a lender under Consortium w.e.f. November 1, 2023.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**18.1 Nature of Securities {Loans repayable on demand} (Contd...)****f) Borrowings secured against Current Assets** (₹ in Lakhs)

Quarter ended	Name of Bank	Details of security provided	Amount as per Books	Amount reported in quarterly returns	Amount of Difference	Reasons for material discrepancies#
June 2023	Consortium of Banks led by State Bank of India	Inventory	19,789	19,648	141	None
		Receivables	32,398	32,100	298	
September 2023		Inventory	17,622	17,587	35	
		Receivables	34,074	33,635	439	
December 2023		Inventory	18,111	18,183	(72)	
		Receivables	42,225	42,253	(28)	
March 2024		Inventory	15,413	15,398	15	
		Receivables	40,653	40,568	85	

# Considered upto 5% of amount reported in quarterly returns.

**19. Non-current provisions**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Provision for employee benefits</b>		
Provision for compensated absences (Refer Note - 41)	1	36
<b>Other Provision</b>		
Provision for warranty	574	834
<b>Total non-current provisions</b>	<b>575</b>	<b>870</b>

**20. Other Non Current Liability**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Deferred Revenue:</b>		
EPCG Obligation	-	76
Amount received under Protest#	1,845	1,000
<b>Total non-current provisions</b>	<b>1,845</b>	<b>1,076</b>

# Amount received under protest against arbitration award, deposited by customer for appeal with higher court.

**21. Trade payables**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Total outstanding dues of micro and small enterprises	5,759	4,984
Total outstanding dues of creditors other than micro and small enterprises	10,324	10,200
<b>Total trade payables</b>	<b>16,083</b>	<b>15,184</b>
Dues to related parties (Refer Note - 40)	1,422	1,155
Dues to third parties	14,661	14,029
	<b>16,083</b>	<b>15,184</b>

Includes retention money payable to creditors amounting to INR 3 Lakhs (March 31, 2023 - INR 308 Lakhs)

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**Details of Dues to Micro, Small & Medium Enterprises (MSME) as defined under MSMED Act, 2006**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Principal amount remaining unpaid to any supplier as at the period end	5,759	4,984
Interest due thereon	-	-
The amount of payment made to supplier beyond appointed date	21,826	43,230
Interest paid thereon	-	-
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 year.	-	-
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 Act"), certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company's management, dues to MSME have been determined to the extent such parties have been identified on the basis of information collected till the reporting date and has been relied upon by the Statutory Auditors. The Management has not provided for interest due (if any) to these MSME parties basis, no claim being made for the same and management representation that the same would be waived. The disclosures as required by Section 22 of the MSMED Act are given above.

**21A. Trade payables (Current)****(1) For the year ending March 31, 2024.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,916	843	-	-	-	5,759
(ii) Others	8,631	1,475	11	-	207	10,324
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>13,547</b>	<b>2,318</b>	<b>11</b>	<b>-</b>	<b>207</b>	<b>16,083</b>

**(2) For the year ending March 31 2023.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3,527	1,332	18	34	73	4,984
(ii) Others	8,148	1,927	30	28	67	10,200
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>11,675</b>	<b>3,259</b>	<b>48</b>	<b>62</b>	<b>140</b>	<b>15,184</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**22. Lease Liabilities**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Lease Liabilities	430	3,918	16	1,578
Other financing arrangements	-	-	430	-
<b>Total lease liabilities</b>	<b>430</b>	<b>3,918</b>	<b>446</b>	<b>1,578</b>

**23. Other financial liabilities - current**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Interest accrued but not due on borrowings	-	1
Security deposits	200	176
Unpaid dividend#	60	55
Billing in excess of revenue - Contract liability	-	368
<b>Total other financial liabilities - current</b>	<b>260</b>	<b>600</b>

# 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.

**24. Other Current liabilities**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Advance from customers	7,176	6,299
Managerial Remuneration payable	1,500	900
Other Employee payable	2,133	865
Statutory dues	2,527	1,561
<b>Total other current liabilities</b>	<b>13,336</b>	<b>9,625</b>

**25. Current provisions**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Provision for employee benefits (Refer Note - 41)</b>		
Provision for compensated absences	28	62
<b>Other Provisions</b>		
Provision for contract liabilities	-	142
Provision for warranty	1,667	1,037
Provision for onerous contracts	-	73
<b>Total provisions</b>	<b>1,695</b>	<b>1,314</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**25. Current provisions (Contd...)****Movement in Provisions:**

(₹ in Lakhs)

Particulars	Provision for contract liabilities	Provision for Warranty	Provision for Onerous contracts
<b>Carrying amount as at March 31 2022</b>	1,337	1,463	93
Provision made / increase in provision	-	1,873	-
Provision amount used during the year	(1,195)	(1,463)	(20)
<b>Carrying amount as at March 31 2023</b>	<b>142</b>	<b>1,873</b>	<b>73</b>
Provision made / increase in provision	-	2,241	-
Provision amount used during the year	(142)	(1,873)	(73)
<b>Carrying amount as at March 31 2024</b>	<b>-</b>	<b>2,241</b>	<b>-</b>

Refer 2.5 (j) of significant accounting policies.

**Provision for contract liabilities** - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Company on account of potential delays in meeting the contractual obligations of the Company with regard to agreed deliveries/commissioning.

**Provision for warranties** - 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 weighing of all possible outcomes by their associated probabilities. The timing of the outflows is expected to be within a period of one year from the date of balance sheet.

**Provision for onerous contracts** - The Company has entered into various contracts primarily into material handling. Provision for 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. The movement of onerous contracts is recognised in cost of material consumed (Refer note 29).

**26. Current tax liabilities (Net)**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Provision for tax (net of taxes paid in advance)	523	316
<b>Total current tax liabilities (Net)</b>	<b>523</b>	<b>316</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**27. Revenue from operations**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Sale of products (Refer Note 44)</b>		
<u>Transmission equipment sales</u>		
Local	1,12,200	82,838
Export sales	12,033	10,840
<u>Material handling equipment</u>		
Local	27,756	20,187
Export sales	2	48
	<b>1,51,991</b>	<b>1,13,913</b>
<b>Sale of services</b>		
Erection, Commissioning and Service charges	2,628	2,967
	<b>2,628</b>	<b>2,967</b>
<b>Sale - Others</b>	2,259	-
	<b>2,259</b>	-
<b>Other operating revenue</b>		
Sale of scrap	1,249	1,389
Income from generation of electricity from renewable sources	1,426	1,108
Export incentives	414	322
	<b>3,089</b>	<b>2,819</b>
<b>Total revenue from operations</b>	<b>1,59,967</b>	<b>1,19,699</b>

**28. Other Income**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Interest income:</b>		
- on deposits	1,176	367
- on income tax	-	177
- on loan given and others	424	26
<b>Dividend income:</b>		
- From Subsidiaries and Associates	48	24
- From Others	39	56
Gain on sale of Property, plant and equipment (Net)	261	-
Gain on fair valuation of Investments (Net)	65	49
Gain on sale of Investments at FVTPL (Net)	90	-
Foreign exchange gain (Net)	221	276
Gain on derivative financial instruments (Net)	-	7
Rent income	329	248
Liabilities no longer payable written-back	552	265
Bad debts previously written off, now recovered / advance written back	327	-
Insurance claims	372	11
Commission on Corporate Guarantee	29	48
Miscellaneous income	38	81
<b>Total other income</b>	<b>3,971</b>	<b>1,635</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**29. Cost of materials consumed**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Inventory at the beginning of the year	4,334	4,355
Add : Purchases during the year (See Notes)	69,928	54,050
	<b>74,262</b>	<b>58,405</b>
Less : Inventory at the end of the year	3,926	4,334
<b>Total cost of material consumed</b>	<b>70,336</b>	<b>54,071</b>

**Note:**

- (i) Includes INR 482 lakhs towards reversal of provision for doubtful GST Input Tax Credit Reversal during the current year (against the said provision made in previous year for INR 728 lakhs.)
- (ii) Includes INR 2,259 lakhs of items traded during the current year (March 31, 2023: NIL)

**30. Changes in inventories of finished goods and work-in-progress**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>(Increase) / decrease in inventories</b>		
Opening work-in-progress	6,789	9,127
Closing work-in-progress	(5,754)	(6,789)
	<b>1,035</b>	<b>2,338</b>
Opening finished goods	5,303	3,716
Closing finished goods	(5,561)	(5,303)
	<b>(258)</b>	<b>(1,587)</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>777</b>	<b>751</b>

**31. Manufacturing expenses and erection charges**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Stores, tools and spares consumed	5,807	3,301
Sub-contracting charges	3,983	3,386
Power and fuel	2,696	2,210
Erection and other charges	803	894
Other manufacturing expenses	1,808	1,991
<b>Total manufacturing expense and erection charges</b>	<b>15,097</b>	<b>11,782</b>

**32. Employee benefits expenses**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	10,369	7,692
Contribution to provident fund and other funds (Refer Note - 41)	334	286
Employee welfare expenses	349	367
<b>Total employee benefit expenses</b>	<b>11,052</b>	<b>8,345</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**33. Finance costs**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expenses: #		
- Interest on term loans	-	56
- Interest on working capital	75	143
- Interest - others (including interest on leases)	287	383
Other borrowing costs (including guarantee charges)	232	548
<b>Total finance costs</b>	<b>594</b>	<b>1,130</b>

**Note:**

# Interest expenses are calculated under the Effective Interest Method and measured at amortized cost.

**34. Other expenses**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent (Refer Note 45.2)	1,249	1,612
Rates and taxes	N	172
Duties & Fees	224	113
Insurance expense	298	222
Repairs and maintenance :		
- Building	944	426
- Machinery	2,483	2,210
- Others	132	48
Computer software maintenance charges	1,331	1,089
Payment to auditors:		
- Statutory Audit Fee	20	18
- For other services (Limited review, certification etc.)	21	13
- Out of pocket expenses	2	1
Legal and professional fees	751	519
Directors sitting fees	14	15
Commission to non-executive directors	70	60
Travelling, communication and conveyance expenses	1,096	628
Bank charges	25	46
Packing, forwarding and distribution expenses (Net of recoveries)	2,779	2,578
Commission and brokerage	4,869	3,303
Advertisements and sales promotion expenses	218	343
Warranty claims (Refer Note 25)	881	682
Business Support Services	408	523
Bad debts written off	904	1,355
Allowance for Expected Credit loss recognised / (reversed) (Refer Note 13)	752	(606)
Loss on sale/discard of property, plant and equipments (Net)	-	159
Donations	8	-
Expenditure on corporate social responsibility (Refer Note - 35)	293	110
Miscellaneous expenses	1,404	1,042
<b>Total other expenses</b>	<b>21,344</b>	<b>16,681</b>

- (i) Research and development expenditure accounted through statement of profit and loss aggregates INR 375 lakhs (March 31, 2023: INR 303 lakhs).

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**35. Corporate social responsibility expenditure**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Amount of CSR required to be spent as per the limits of Section 135 of companies Act, 2013	288	108
(b) Amount spent during the year	293	110
(c) Shortfall at the end of the year.	-	-
(d) Total of Previous Year Shortfall	-	-
(e) Reason for shortfall	Not Applicable	Not Applicable
(f) Nature of CSR activity	#	#
(g) Details of Related party transaction##	291	110
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year	Not Applicable	Not Applicable

**Note:**

# Education, Healthcare, Environmental Sustainability and Benefit to Armed Forces Veterans.

## Contribution made to B.I. Patel Charitable Trust, a related party.

**36. Earnings per share**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Basic &amp; Diluted Earning Per Share (EPS)</b>		
a) Profit attributable to equity shareholders of the Company (₹ in Lakhs)	30,316	18,815
b) Weighted average number of equity shares outstanding during the year#	11,21,99,965	11,21,99,965
c) Earning per share (Basic and Diluted) (INR in ₹)	27.02	16.77
d) Face value per share (INR in ₹)	2.00	2.00

# Outstanding number of shares as at year ended March 31, 2024 and March 31, 2023 are same.

**37. Tax expenses****The major component of income tax expense for the years ended March 31, 2024 and March 31, 2023 are:** (₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Current Tax:</b>		
Current tax expense for current year	10,155	6,299
Current tax expense pertaining to prior years	176	(349)
(A)	<b>10,331</b>	<b>5,950</b>
<b>Deferred Tax:</b>		
Deferred tax expense for current year	153	(119)
Deferred tax benefit pertaining to prior years	(187)	-
(B)	<b>(34)</b>	<b>(119)</b>
<b>Income tax expense reported in the Statement of Profit and Loss (A+B)</b>	<b>10,297</b>	<b>5,831</b>
<b>Other comprehensive income:</b>		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans (C)	(46)	(21)
<b>Total tax expense (A+B+C)</b>	<b>10,251</b>	<b>5,810</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2024 and March 31, 2023:

**(A) Current tax**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Profit before tax</b>	40,613	24,646
Statutory income tax rate	25.17%	25.17%
<b>Tax using the Company's statutory tax rate</b>	<b>10,222</b>	<b>6,203</b>
<b>Tax effects of :</b>		
Income exempt from tax	(41)	(20)
Tax at special rate	-	(13)
Disallowable expenses	97	29
Reversal of deferred liability on indexation of land (Refer Note (i) below)	(20)	(38)
Tax pertaining to Prior years	(11)	(349)
Others	4	(2)
	<b>29</b>	<b>(393)</b>
<b>Tax expense</b>	<b>10,251</b>	<b>5,810</b>

**Notes:**

- (i) At the time of transition to Indian Accounting Standards (Ind AS) with effect from April 01, 2015, the Company had recognised the fair value of its land parcels in the books of account and had also recognised corresponding deferred tax liability considering the future tax obligation that would arise upon sale of land in the expected manner in future (sale of land parcels on a piecemeal basis, delinked from the business).

**(B) Deferred tax**

(₹ in Lakhs)

Particulars	Balance as at March 31, 2022	Accounted through Statement of Profit and loss and OCI	Balance as at March 31, 2023	Accounted through Statement of Profit and loss and OCI	Balance as at March 31, 2024
<b>Deferred tax assets:</b>					
Provision for Impairment loss recognised	416	31	447	68	515
Expenditure allowable on realised basis	24	(5)	19	(18)	1
Deferred tax on long term capital loss	19	(12)	7	2	9
Deferred tax on other financing arrangement	409	(298)	111	(109)	2
Expenditure allowable on payment basis	(69)	(18)	(87)	(54)	(141)
Deferred tax expense / (income) accounted through OCI	105	20	125	46	171
<b>Total Deferred tax assets</b>	<b>904</b>	<b>-</b>	<b>622</b>	<b>-</b>	<b>557</b>
<b>Deferred tax liabilities:</b>					
Depreciation for tax purposes	(2,883)	395	(2,488)	128	(2,360)
Impact of fair valuation of financial assets	(779)	38	(741)	20	(721)
Deferred tax on fair value of investments/ Derivatives	(2)	(11)	(13)	(3)	(16)
<b>Total Deferred tax liabilities</b>	<b>(3,664)</b>	<b>-</b>	<b>(3,242)</b>	<b>-</b>	<b>(3,097)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(2,760)</b>	<b>140</b>	<b>(2,620)</b>	<b>80</b>	<b>(2,540)</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**Reconciliation of deferred tax assets / (liabilities), net**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(2,620)	(2,760)
Tax income/(expense) during the period recognised in profit or loss	34	119
Tax income/(expense) during the period recognised in OCI	46	21
<b>Balance at the end of the year</b>	<b>(2,540)</b>	<b>(2,620)</b>

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.

**38. Financial instruments risk management objectives and policies**

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

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

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

**(a) Market risk**

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

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2024, approximately 100% of the Company's borrowings which consist of cash credits for working capital are at fixed rate (March 31, 2023 : 100%). 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)

Particulars	March 31, 2024	March 31, 2023
<b>Fixed-rate instruments</b>		
Financial Assets	29,952	16,535
Financial Liabilities	-	430
<b>Variable-rate instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-

**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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. Financial instruments risk management objectives and policies (Contd...)**

Particulars	Impact on Profit / (loss) after tax
<b>March 31, 2024</b>	
Increase in 100 basis points	-
Decrease in 100 basis points	-
<b>March 31, 2023</b>	
Increase in 100 basis points	-
Decrease in 100 basis points	-

**Foreign currency risk**

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

**Exposure to Currency Risk:-**

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

(₹ in Lakhs)

Particular	March 31, 2024				March 31, 2023			
	USD	GBP	EUR	Total	USD	GBP	EUR	Total
<b>Financial Assets</b>								
Trade receivables	2,452	273	620	3,345	878	514	193	1,585
Cash and cash equivalents	2	-	2	4	12	-	7	19
Other financial assets	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	889	-	889
<b>Total (A)</b>	<b>2,454</b>	<b>273</b>	<b>622</b>	<b>3,349</b>	<b>890</b>	<b>1,403</b>	<b>200</b>	<b>2,493</b>
<b>Financial Liabilities</b>								
Trade payables	123	-	252	375	159	-	732	891
Borrowings	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>123</b>	<b>-</b>	<b>252</b>	<b>375</b>	<b>159</b>	<b>-</b>	<b>732</b>	<b>891</b>
<b>Net exposure to foreign currency (A-B)</b>	<b>2,331</b>	<b>273</b>	<b>370</b>	<b>2,974</b>	<b>731</b>	<b>1,403</b>	<b>(532)</b>	<b>1,602</b>

The Company is exposed to foreign currency risk on account of its receivables and payables. The functional currency of the Company is Indian Rupee. The Company has exposure to GBP, USD, EUR and other currencies. The Company has not hedged this foreign currency exposure as the company has natural hedge for payables against receivables.

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

Rupees	Average rate		Year-end spot rate	
	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
USD 1	82.80	79.01	83.37	82.22
GBP 1	103.58	100.71	105.29	101.87
EUR 1	89.91	87.13	90.22	89.61

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 38. Financial instruments risk management objectives and policies (Contd...)

#### Foreign currency sensitivity

The following table 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		
	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
<b>March 31, 2024</b>									
Strengthening	1.00%	23	17	2.00%	5	4	1.00%	4	3
Weakening		(23)	(17)		(5)	(4)		(4)	(3)
<b>March 31, 2023</b>									
Strengthening	3.00%	22	16	3.00%	42	32	4.00%	(21)	(16)
Weakening		(22)	(16)		(42)	(32)		21	16

#### (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. Security deposits mainly includes rental deposits, earnest money deposits which are given as per contractual agreement. Unbilled revenue mainly pertains to contracts where there has been no delay or default in the past periods.

#### Other financial assets

This comprises mainly of deposits with banks, investments in mutual funds, market linked debentures, other quoted instruments and other group receivables. Credit risk arising from these financial assets is limited because the counterparties are group companies, banks and recognised financial institutions and other corporates with high ratings, assigned by recognised credit rating agencies. In case of mutual fund investments, since majority of the investments are in overnight or liquid funds, having limited risk.

#### 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 on 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:

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. Financial instruments risk management objectives and policies (Contd...)**

Bucket	March 31, 2024	March 31, 2023
Not due#	1.69%	2.89%
0-1 year	1.68%	1.81%
1-3 years	8.99%	7.50%
Greater than 3 years	4.38%	6.72%
<b>Expected Credit Losses rate</b>	<b>4.19%</b>	<b>4.73%</b>
<b>Amount of expected credit loss provided (INR in Lakhs)</b>	<b>(1,802)</b>	<b>(1,050)</b>

# Includes provision made for long outstanding retention money.

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.

The following significant change in the carrying amounts of trade receivables contributed to change in the impairment loss allowance during year ended March 31, 2024:

- increase in credit impaired balances is due to additional impairment is considered for specific customers due to lapse of time in realising the receivable due.

Movement in provision of expected credit loss has been provided in note no. 13.

**(c) Liquidity risk**

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

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

(₹ in Lakhs)

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
<b>Year ended March 31, 2024</b>						
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	16,083	16,083	-	-	-	16,083
Other financial liabilities	260	260	-	-	-	260
Lease liabilities	4,348	430	701	761	2,456	4,348
<b>Total</b>	<b>20,691</b>	<b>16,773</b>	<b>701</b>	<b>761</b>	<b>2,456</b>	<b>20,691</b>
<b>Year ended March 31, 2023</b>						
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	15,184	15,184	-	-	-	15,184
Other financial liabilities	600	600	-	-	-	600
Lease liabilities	2,024	446	7	-	1,571	2,024
<b>Total</b>	<b>17,808</b>	<b>16,230</b>	<b>7</b>	<b>-</b>	<b>1,571</b>	<b>17,808</b>

**(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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. Financial instruments risk management objectives and policies (Contd...)****(e) Capital management**

The Company's policy is to maintain 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 the level of dividends to ordinary shareholders.

The Company has adequate cash and bank balances and no interest bearing liabilities. The Company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Company.

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest-bearing loans and borrowings (Note 18 and 22)	-	430
Less: cash and cash equivalents (Note 14)	(2,770)	(2,447)
<b>Adjusted net debt</b>	<b>(2,770)</b>	<b>(2,017)</b>
Equity share capital (Note 16)	2,244	2,244
Other equity (Note 17)	1,32,507	1,05,692
<b>Total equity</b>	<b>1,34,751</b>	<b>1,07,936</b>
<b>Adjusted net debt to total equity ratio</b>	<b>(0.02)</b>	<b>(0.02)</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

**39. Fair Value Measurements****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**As at March 31, 2024:**

(₹ in Lakhs)

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 below)	22,351	-	-	22,351	22,351	-	0	22,351
Loans	-	-	-	-	-	-	-	-
Trade receivables	-	-	40,653	40,653	-	-	-	-
Cash and cash equivalents	-	-	2,770	2,770	-	-	-	-
Other bank balance	-	-	8,865	8,865	-	-	-	-
Other financial assets	-	-	6,189	6,189	-	-	-	-
<b>Total Financial assets</b>	<b>22,351</b>	<b>-</b>	<b>58,477</b>	<b>80,828</b>	<b>22,351</b>	<b>-</b>	<b>0</b>	<b>22,351</b>
Borrowings	-	-	-	-	-	-	-	-
Trade payable	-	-	16,083	16,083	-	-	-	-
Other financial liabilities	-	-	260	260	-	-	-	-
Lease liabilities	-	-	4,348	4,348	-	-	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,691</b>	<b>20,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**39. Fair Value Measurements (Contd...)**

As at March 31, 2023

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value			Total
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Investments (Note 1 below)	1,965	-	-	1,965	1,906	-	59	1,965
Loans	-	-	889	889	-	-	-	-
Trade receivables	-	-	29,944	29,944	-	-	-	-
Cash and cash equivalents	-	-	2,447	2,447	-	-	-	-
Other bank balance	-	-	11,121	11,121	-	-	-	-
Other financial assets	-	-	1,697	1,697	-	-	-	-
<b>Total Financial assets</b>	<b>1,965</b>	<b>-</b>	<b>46,098</b>	<b>48,063</b>	<b>1,906</b>	<b>-</b>	<b>59</b>	<b>1,965</b>
Borrowings	-	-	1	1	-	-	1	1
Trade payables	-	-	15,184	15,184	-	-	-	-
Other financial liabilities	-	-	599	599	-	-	-	-
Lease liabilities	-	-	2,024	2,024	-	-	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>17,808</b>	<b>17,808</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

**Note 1** Investments in associates 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 entities other than subsidiaries and associates have been designated as FVTPL. However, investments in equity shares other than those of Eimco Elecon Electricals Limited (EEL) on disposal will fetch only the principal amount invested and hence the company considers cost and fair value to be the same.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial assets and liabilities classified as current. Accordingly, the fair value has not been disclosed separately.

**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. Fair value of borrowing is computed using the market comparison technique where information for the interest rate at which a borrowing can be availed by company is used to arrive at fair value of borrowing. Further management measurement of fair value is not materially different from the amortised cost in these cases significant unobservable inputs and inter relationship between significant unobservable inputs and fair value measurement is not applicable.

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 for investments in equity shares of INR 0.15 lakhs (March 31, 2023: INR 0.15 lakhs).

**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 has 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**39. Fair Value Measurements (Contd...)****C. Fair value through profit and loss - in unquoted equity shares:**

Investments in equity shares of Eimco Elecon Electricals Limited (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2023. The said investment has been disposed off during the year.

**Significant unobservable inputs**

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

Particulars	March 31, 2024	March 31, 2023
Beta for WACC	-	1.00
Risk free rate of return	-	7.00%
Cost of equity	-	11.00%
Cost of debt	-	Nil
WACC	-	11.00%
Perpetual growth rate	-	4.50%

**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 year ended March 31, 2024 and March 31, 2023 is as below:

(₹ in Lakhs)

Particulars	Amount
<b>As at March 31, 2022</b>	<b>16</b>
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	43
<b>As at March 31, 2023</b>	<b>59</b>
Acquisitions/ (disposals)	(51)
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(8)
<b>As at March 31, 2024</b>	<b>-</b>

**Transfer out of Level 3**

There were no movement in level 3 in either directions during the year ended March 31, 2024 and March 31, 2023.

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

2023-24	Perpetual growth rate		
		-1%	0.00
<b>Cost of equity</b>	+1%	0.00	0.00
2022-23	Perpetual growth rate		
		-1%	5.62
<b>Cost of equity</b>	+1%	5.19	5.47

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 40. 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) **Ultimate Holding company** : Aakaish Investments Private Limited
- b) **Entity with control over the Company** : Lotus Trust
- c) **Wholly owned Subsidiary Companies**
  - (i) Radicon Transmission UK Limited, U.K.
  - (ii) Elecon Singapore Pte. Limited, Singapore
  - (iii) Elecon Middle East FZCO, Dubai
- d) **Wholly owned Step down Subsidiaries**
  - (i) Benzlers Systems AB, Sweden
  - (ii) AB Benzlers, Sweden
  - (iii) Radicon Drive Systems, Inc., USA
  - (iv) Benzlers Transmission A.S., Denmark
  - (v) Benzlers Antriebstechnik GmbH, Germany
  - (vi) Benzlers TBA B.V., Netherlands
  - (vii) OY Benzlers AB, Finland
  - (viii) Benzlers Italia s.r.l.. Italy
  - (ix) Elecon Radicon Africa (Pty) Ltd.
- e) **Associates**
  - (i) Eimco Elecon (India) Limited
  - (ii) Elecon Australia Pty. Limited, Australia
  - (iii) Elecon Africa Pty. Limited, Africa
  - (iv) Elecon Engineering (Suzhou) Co. Limited, China

**Note:**

The Company is in process of seeking RBI approval for liquidating its 3 associated namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited, China. There are no transactions in these 3 associate companies and there are no assets or liabilities pertaining to these associates.

**f) Key managerial personnel**

- (i) Mr. Prayasvin B. Patel - Chairman and Managing Director
- (ii) Mr. Prashant C. Amin - Non-Executive Director
- (iii) Mr. Aayush Shah - Non-Executive Director (w.e.f. April 25, 2023)
- (iv) Mr. Pradip M. Patel - Director
- (v) Mr. Jai S Diwanji - Independent Director (upto March 31, 2024)
- (vi) Dr. Sonal V Ambani - Independent Director
- (vii) Mr. Pranav C. Amin - Independent Director
- (viii) Mr. Ashutosh Pednekar - Independent Director
- (ix) Mr. Nirmal P. Bhogilal - Independent Director (w.e.f. April 1, 2024)
- (x) Mr. Narasimhan Raghunathan - Chief Financial Officer
- (xi) Mrs. Bharti L Isarani - Company Secretary

**g) Relatives of Key managerial personnel**

- (i) Mrs. Taruna Patel
- (ii) Ms. Akanksha Patel
- (iii) Ms. Aishwarya Patel
- (iv) B. I. Patel HUF
- (v) Mrs. Trupti Pradip Patel

**h) Entities forming part of the same group (with whom transaction undertaken during the year or previous year)**

- (i) Prayas Engineering Limited
- (ii) K. B. Investments Private Limited

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

- (iii) Elecon Information Technology Limited
- (iv) Tech Elecon Private Limited
- (v) Emtici Engineering Limited
- (vi) Speciality Wood Pack Private Limited
- (vii) Power Build Private Limited
- (viii) Elecon Hydraulics Private Limited
- (ix) Akaaish Mechatronics Limited
- (x) Wizard Fincap Limited
- (xi) Eimco Elecon Electricals Limited
- (xii) Elecon Peripherals Limited
- (xiii) Packme Industries Private Limited
- (xiv) Darshan Chemicals
- (xv) United Marketing Company
- (xvi) Radicon Transmission FZE, Dubai
- (xvii) Radicon Transmission (Thailand) Limited, Thailand
- (xviii) Radicon Transmission (Australia) Pty Limited, Australia
- (xix) Vijay M. Mistry Construction Private Limited
- (xx) Jamko Consultants Private Limited
- (xxi) Desmin Agencies
- (xxii) Emtici Marketing LLP
- (xxiii) Modsonic Instruments Manufacturing Company Private Limited
- (xxiv) B. I. Patel Charitable Trust
- (xxv) Bipra Investments And Trusts Private Limited
- (xxvi) Desai & Diwanji
- (xxvii) Naman Integrated Management Services Pvt. Ltd.

**i) 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****Transactions with key management personnel**

Compensation of key management personnel of the Company.

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remuneration		
- Mr. Prayasvin B. Patel	1,937	1,215
- Mr. Narasimhan Raghunathan	57	50
- Mrs. Bharti L. Isarani	23	20
Commission and sitting fees to Independent directors and non-executive directors	84	75
<b>Total compensation paid to key management personnel</b>	<b>2,101</b>	<b>1,360</b>

*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.*

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

Particulars	Holding Company		Associate		Subsidiaries		Key Managerial Personnel		Relatives of Key managerial Personnel		Entities forming part of the same group		Employment benefit plans		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Income:</b>																
Sale of goods and rendering of services	-	-	691	513	9,867	7,553	-	-	-	-	2,467	1,247	-	-	13,025	9,313
Sale of scrap	-	-	-	-	-	-	-	-	-	-	21	29	-	-	21	29
Sales of plant and equipment	-	-	-	-	22	-	-	-	-	-	10	-	-	-	32	-
Interest Income	-	-	-	-	9	26	-	-	-	-	-	-	-	-	9	26
Corporate Guarantee Commission	-	-	-	-	29	48	-	-	-	-	-	-	-	-	29	48
Dividend Income	-	-	48	24	-	-	-	-	-	-	34	56	-	-	82	80
Reimbursement of Expense	-	-	-	19	497	428	-	-	-	-	76	139	-	-	573	586
Rent Income	-	-	35	15	-	-	-	-	-	-	199	146	-	-	234	161
<b>Expense:</b>																
Purchase of goods and availment of services	-	-	115	75	814	-	-	-	-	-	7,561	5,585	-	-	8,490	5,660
Purchase of plant and equipment	-	-	-	-	-	-	-	-	-	-	1,908	402	-	-	1,908	402
Remuneration expense	-	-	-	-	-	-	2,101	1,360	-	-	-	-	-	-	2,101	1,360
Repairs & Maintenance Charges	-	-	-	1	-	-	-	-	-	-	1,828	1,769	-	-	1,828	1,770
Software Service Charges	-	-	-	-	-	-	-	-	-	-	1,243	764	-	-	1,243	764
Other Expense	-	-	-	1	174	50	-	-	-	-	1,305	1,159	-	-	1,479	1,210
Rent Expense	-	-	5	4	-	-	75	55	-	-	1,060	1,316	-	-	1,140	1,375
Commission expense on Sales	-	-	-	-	80	131	-	-	-	-	-	-	-	-	80	131
Dividend paid	1,569	-	-	-	-	-	47	28	91	35	293	867	-	-	2,000	930
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	-	-	-	-	141	156	141	156
Contribution made towards CSR activities	-	-	-	-	-	-	-	-	-	-	291	110	-	-	291	110
<b>Other Transactions:</b>																
Loans repaid by Related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation Paid	-	-	-	-	889	-	-	-	-	-	-	-	-	-	889	-
Deposit Refund Received	-	-	-	-	-	-	-	-	-	-	8	-	-	-	8	-
Rent Deposit Paid	-	-	-	-	-	-	-	-	-	-	21	-	-	-	21	-
<b>Outstanding balances:</b>																
<b>Assets:</b>																
Trade receivables	-	-	77	54	3,020	1,130	-	-	-	-	775	98	-	-	3,872	1,282
Loan receivable	-	-	-	-	-	889	-	-	-	-	-	-	-	-	-	889
<b>Liabilities:</b>																
Trade payables	-	-	20	13	125	110	-	-	-	-	1,277	1,032	-	-	1,422	1,155
Advance received	-	-	-	-	7	76	-	-	-	-	-	-	-	-	7	76
<b>Guarantees:</b>																
Guarantee taken	-	-	-	-	-	-	-	-	-	-	-	192,900	-	-	-	1,92,900
Guarantee given	-	-	-	-	1,564	2,375	-	-	-	-	-	-	-	-	1,564	2,375

**Note:-**

- All the above expenses reported here are Net of GST.
- The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to ₹ 1,071 lakhs.
- Separate disclosure u/s 186(4) of The Companies Act, 2013 and 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:

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**40. Related party disclosure (Contd...)**

(₹ in Lakhs)

Name of the Party	Relationship	Amount outstanding as at March 31,2024	Amount outstanding as at March 31,2023	Maximum balance outstanding during the year March 31,2024	Maximum balance outstanding during the year March 31,2023
Radicon Transmission UK Limited	Wholly owned subsidiary	-	889	889	889

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

Amount of INR 285.53 lakhs (March 31, 2022: INR 224.77 Lakhs) is recognised as expenses and included in Note No. 32 "Employee benefits expense".

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provident fund and Pension Scheme	328	283
Superannuation fund	6	3
	<b>334</b>	<b>286</b>

**B. Defined benefit plans:**

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

**(a) Gratuity**

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 41. Disclosure pursuant to employee benefits (Contd...)

#### March 31, 2024 : Changes in defined benefit obligation and plan assets

Particulars	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, 2024
	April 1, 2023	Net interest expense			Sub-total included in statement of Profit and Loss (Note 32)	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from financial assumptions		
Defined benefit obligation	1,271	96	187	3	(75)	-	87	44	131	1,517
Fair value of plan assets	(1,287)	(97)	(97)	-	74	50	-	-	50	(1,517)
<b>Benefit liability</b>	<b>(16)</b>	<b>(1)</b>	<b>90</b>	<b>3</b>	<b>(1)</b>	<b>50</b>	<b>87</b>	<b>44</b>	<b>181</b>	<b>(257)</b>
<b>Total benefit liability</b>	<b>(16)</b>	<b>(1)</b>	<b>90</b>	<b>3</b>	<b>(1)</b>	<b>50</b>	<b>87</b>	<b>44</b>	<b>181</b>	<b>0</b>

#### March 31, 2023 : Changes in defined benefit obligation and plan assets

Particulars	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, 2023
	April 1, 2022	Net interest expense			Sub-total included in statement of Profit and Loss (Note 32)	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from financial assumptions		
Defined benefit obligation	1,136	81	160	5	(105)	-	(18)	93	75	1,271
Fair value of plan assets	(1,069)	(74)	(74)	-	4	8	-	-	8	(1,287)
<b>Benefit liability</b>	<b>67</b>	<b>5</b>	<b>86</b>	<b>5</b>	<b>(101)</b>	<b>8</b>	<b>(18)</b>	<b>93</b>	<b>83</b>	<b>(16)</b>
<b>Total benefit liability</b>	<b>67</b>	<b>5</b>	<b>86</b>	<b>5</b>	<b>(101)</b>	<b>8</b>	<b>(18)</b>	<b>93</b>	<b>83</b>	<b>(16)</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**41. 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, 2024	Year ended March 31, 2023
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, 2024	Year ended March 31, 2023
Discount rate	7.20%	7.57%
<b>Future salary increase</b>		
For the next 1 <sup>st</sup> year	9.00%	8.50%
For the next 1 <sup>st</sup> year, starting from 2 <sup>nd</sup> year	9.00%	8.50%
Starting from 3 <sup>rd</sup> year	9.00%	8.50%
Expected rate of return on plan assets	7.20%	7.57%
Employee turnover rate	6.00%	6.00%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

Gratuity		(₹ in Lakhs)	
Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	1% increase	(102)	(81)
	1% decrease	117	93
Salary Increase	1% increase	105	87
	1% decrease	(97)	(78)
Employee Turnover	1% increase	(13)	(6)
	1% decrease	15	6

**(b) Leave obligations -Unfunded**

The actuarial liability towards leave obligations as at March 31, 2024 is INR 29 Lakhs (March 31, 2023 is INR 98 Lakhs). Current year charge is included in Employee benefit expense (Refer note 32).

**(c) Effect of Plan on Entity's Future Cash Flows****(i) Funding arrangements and Funding Policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**(ii) Expected Contribution during the next annual reporting period**

The Company's best estimate of contribution during the next year is INR 120 Lakhs (As at March 31, 2023 is INR 75 Lakhs).

**(iii) Expected cash flows over the next years (valued on undiscounted basis):**

Weighted average duration (based on discounted cash flows) (₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 year	187	171
2 to 5 years	516	462
6 to 10 years	571	491
More than 10 years	1,649	1,349



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**42. Contingent liabilities and commitments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>I Contingent liabilities:</b>		
<b>(a) Claims against the Holding Company not acknowledged as debt #</b>		
(i) Disputed with Excise and Service tax authority [FY 2023-24 : Amount deposited : INR 317 Lakhs, Net INR 4,688 Lakhs] [FY 2022-23 : Amount deposited : INR 249 Lakhs, Net INR 4,817 Lakhs]	5,005	5,066
(ii) Disputed with Sales tax authority [FY 2023-24 : Amount deposited : INR NIL Lakhs, Net INR 12 Lakhs] [FY 2022-23 : Amount deposited : INR 10 Lakhs, Net INR 337 Lakhs]	12	347
(iii) Disputed with GST tax Authority [FY 2023-24 : Amount deposited : INR 93 Lakhs, Net INR 952 Lakhs] [FY 2022-23 : Amount deposited : INR 93 Lakhs, Net INR 936 Lakhs]	1,045	1,029
(iv) Disputed with Income tax authority [FY 2023-24 : Amount deposited : INR 1,174 Lakhs, Net INR 2,959 Lakhs] [FY 2022-23 : Amount deposited : INR 1,174 Lakhs, Net INR 2,876 Lakhs]	4,133	4,050
(v) Appeal filed by Income Tax Authorities before High Court against the order of the Income Tax Appellate Tribunal in favour of the Company.	961	-
(vi) Sales bills discounted under letter of credit with Banks	-	244
<b>(b) Guarantees:</b>		
(i) Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 20 Million (March 31, 2023: SEK 30 Million) as a security for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Radicon Transmission UK Limited, UK, a Wholly-owned Subsidiary of the Company.	1,564	2,375
<b>II Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	15,764	4,335

# Future cash outflows are determinable only on receipt of judgements/ decisions pending with various forums/ authorities. It is not practical to disclose possibility of any reimbursement.

**43. Segment reporting**

The Company publishes these Standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

**44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-****a. Disaggregation of revenue**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from long-term construction contracts (A) (revenue recognised over time)	560	3,107
Revenue other than considered in (A) above (revenue recognised Point in time)	1,56,318	1,13,773
<b>Revenue from operations (excluding Other operating Revenues) (Refer Note 27)</b>	<b>1,56,878</b>	<b>1,16,880</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

The Company believes that the information provided under Note 27 and Note 44, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, Revenue from Contracts with Customers.

**b. Reconciliation of the amount of revenue recognised in the standalone statement of profit and loss with the contracted price:** (₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Revenue as per contracted price	1,57,365	1,20,853
<b>Adjustments</b>		
Variable consideration reduction on account of liquidated damages	(487)	(3,973)
<b>Revenue from contract with customers (excluding Other operating Revenues) (Refer Note 27)</b>	<b>1,56,878</b>	<b>1,16,880</b>

**c. Contract balances:**

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers. (₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Trade receivables</b>	40,653	29,944
<b>Contract assets</b>		
Unbilled revenue - Other financial assets	31	103
<b>Contract liabilities</b>		
Billing in excess of revenue	-	368
<b>Advance from customers</b>	<b>7,176</b>	<b>6,299</b>

**d. Unsatisfied performance obligations**

The Company applies the practical expedient in Paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. Accordingly, the Company recognises revenue by an amount to which the Company has a right to invoice.

### 45. Lease Transactions

The Company has elected below practical expedients while applying Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

The incremental borrowing rate applied to lease liabilities as at April 1, 2023 is 14.50%, 8.00% and 8.5% for Lease Arrangements of current year.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**45.1 As a Lessee - Movement in Lease liabilities**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Balance as at April 1, 2023</b>	<b>1,594</b>	<b>37</b>
New lease contracts entered during the year	2,931	1,524
Finance costs incurred during the year	130	107
Lease contracts terminated during the year	(13)	
Payments of lease liabilities	(294)	(73)
<b>Balance as at March 31, 2024 (Refer Note 22)</b>	<b>4,348</b>	<b>1,594</b>
<b>Maturity analysis - Undiscounted cash flows</b>		
Less than one year	724	89
1-2 years	944	79
2-5 years	2,004	269
More than five years	4,363	4,465

**45.2 Amounts recognised in profit or loss**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on lease liabilities	130	107
Expenses relating to short-term leases	1,193	1,612
Expenses relating to leases of low value assets	56	-

**45.3 As a Lessor**

Lease income from lease contracts in which the Company acts as a lessor is as below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Operating Lease	329	248
<b>Maturity analysis - Undiscounted cash flows</b>		
Less than one year	126	101

The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

**46. Disclosure as per Sec 186(4) 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 and Loans given are disclosed in Note Nos. 6 and 7.
- (ii) Corporate Guarantees given by the Company in respect of loans as at March 31, 2024 are as under:-

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	Year ended March 31, 2024	Year ended March 31, 2023
1.	AB Benzlers Sweden	Step-down subsidiary	1,564	2,375

The above Corporate Guarantee is given for business purpose.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**47. Other Disclosures with respect to Schedule III**

- (a) The company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- (b) The company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- (c) There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- (d) The company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)
- (e) The company have not traded or invested in Crypto currency or Virtual Currency during the year.
- (f) The company does not have any transactions with companies struck off except as mentioned below:

Sr. No.	Name of the Struck off company	Nature of Transaction	Balance Outstanding	Relationship with the struck off company, if any, to be disclosed
1.	Vaishak Shares Limited	Dividend payment	NIL	NA
2.	Dreams Broking Private Limited	Dividend payment	NIL	NA
3.	Adarsh Textile Industries Pvt. Ltd.	Dividend payment	NIL	NA

- (g) The company does not have any charges or satisfaction which is yet to be registered with Registrars of Companies beyond the statutory period.
- (h) The company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (i) The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

**48.** The Standalone financial statements were authorised for issue by Board of Directors at their meeting held on April 19, 2024.

As per our report of even date attached

For **C N K & Associates LLP**

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

For and on behalf of the Board of Directors,

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Himanshu Kishnadwala**

Partner

Membership No: 037391

**Prayasvin Patel**

Chairman &amp; Managing Director

DIN : 00037394

**Ashutosh Pednekar**

Director

DIN : 00026049

**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : April 19, 2024

Place : Vallabh Vidyanagar

Date : April 19, 2024

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

Ratios	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reason for variance
Current Ratio	Current Asset	Current Liabilities	2.92	2.31	26.6%	Increased primarily on account of increase in current assets and effective working capital management.
Debt equity ratio	Total Debt <sup>(1)</sup>	Shareholders Equity	0.03	0.02	-72.1%	Increased mainly on account of new lease agreement entered into by the company.
Debt Service Coverage Ratio	Earnings available for debt service <sup>(2)</sup>	Debt Service <sup>(3)</sup>	40.24	16.36	146.0%	Increased due to lower finance cost and increased profit.
Return on Equity Ratio	Net profit after Taxes-Preference dividend (if any)	Average Shareholders Equity	25.0%	18.9%	31.9%	Increased profit has resulted in an improvement in the ratio.
Inventory turnover ratio	Net Sales	Average Inventory	9.70	6.72	44.3%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Trade Receivables turnover ratio	Net Credit Sales	Average account Receivable	4.53	3.53	28.4%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.47	2.82	58.9%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Net capital turnover ratio	Net Sales	Working Capital	2.58	3.21	-19.8%	
Net profit ratio	Net Profit	Net Sales	18.95%	15.72%	20.6%	
Return on Capital employed	Earning before interest and taxes	Capital Employed <sup>(4)</sup>	30.01%	23.31%	28.7%	Increased Turnover and improvement in profitability has resulted in an improvement in the ratio.
Return on investment	Income generated from invested funds <sup>(5)</sup>	Average Invested funds in Treasury investments <sup>(6)</sup>	6.88%	3.87%	77.7%	Increase in amount of investment of surplus funds has resulted in improvement in the ratio.

<sup>(1)</sup> Total Debt represents Current Borrowings + Non Current Borrowings + Lease liabilities.

<sup>(2)</sup> Earnings available for debt service represents Profit Before Tax + Interest on Debt.

<sup>(3)</sup> Debt Service represents Interest on Debt + Scheduled principal repayment of non-current borrowings + Current maturity of lease liabilities.

<sup>(4)</sup> Capital Employed represents Total Equity + Borrowings + Deferred Tax liabilities.

<sup>(5)</sup> Income generated from invested funds represents Interest Income.

<sup>(6)</sup> Average Invested funds in Treasury investments represents Average Fixed deposits of two years.

# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024

To  
The Members of  
**Elecon Engineering Company Limited**

Report on the Audit of Consolidated Financial Statements

## Opinion

We have audited the accompanying Consolidated Financial Statements of Elecon Engineering Company Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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 and on the other financial information of the subsidiaries and associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2024, their consolidated profit and other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	The key audit matter	Auditor's Response
1.	<p><b>Allowance for Expected credit loss on trade receivables.</b></p> <p>Evaluation of trade receivables for impairment requires exercise of judgement and involves consideration of various factors. These factors include customer's ability and willingness to pay the outstanding amounts, past due receivables, financial and economic difficulties of customers; This assessment is done for each group of customers resulting from possible defaults over the expected life of the receivables. Based on this assessment, credit loss rate is determined in provision matrix. The credit loss rate is based on the experience of actual credit losses over past years adjusted to reflect the current economic conditions and forecasts of future economic conditions. Based on such credit loss rate, the Company records expected credit loss (ECL) allowance for trade receivables.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Evaluating the accounting policy for impairment of trade receivables in terms of the relevant Indian accounting standard;</li> <li>• Testing the design, implementation and operating effectiveness of the Company's key internal financial controls. These controls relate to measurement of ECL on trade receivables.</li> <li>• Evaluated monitoring mechanism by the company related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses;</li> <li>• For a sample of past due receivables, selected on the basis of risk, ageing and volume, we examined the ageing of receivables, impairment losses provided/ reversed during the year and compared them to historical experience;</li> <li>• Evaluating the Company's assessment regarding credit worthiness of such customers and identification of the credit impaired customers;</li> </ul>

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**Year Ended 31<sup>st</sup> March, 2024 (Contd...)**Key Audit Matters (Contd...)**

Sr. No.	The key audit matter	Auditor's Response
1.	In view of the above, we have considered measurement of ECL on trade receivables (including retention monies) as a key audit matter.	<ul style="list-style-type: none"> <li>• Balance confirmation requests were circulated to some of the customers, selected basis random sampling;</li> <li>• We evaluated the historical credit loss experience, current observable data and forward-looking outlook;</li> <li>• Assessing the adequacy of the related disclosures in the Standalone Financial Statements with reference to the relevant Indian accounting standards.</li> </ul>
2.	<p><b>Related party transactions</b></p> <p>The Company has undertaken several transactions with its related parties. These include sale of goods, purchase of goods and availing services from related parties. We identified related party transactions as a key audit matter due to significance of related party transactions, increased regulatory compliances and risk of such transactions remaining undisclosed in the financial statements.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions;</li> <li>• Read minutes of shareholder meetings, board meetings, audit committee meetings and reports of Internal Auditors regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length;</li> <li>• Tested, on a sample basis, related party transactions with the underlying contracts, confirmations and other supporting documents;</li> <li>• Verified the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.</li> </ul>
3.	<p><b>IT systems and controls over financial reporting.</b></p> <p>We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.</p>	<p>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit;</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations;</li> <li>• Performed inquiry procedures with the IT team of the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year;</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company;</li> <li>• Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.</li> </ul>

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to that Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include Financial Statements, and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024 (Contd...)

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding of the assets of the Group and of its associate 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Board of Directors of the Holding Company's, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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.

Those respective Management and Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management's and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statement 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 the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024 (Contd...)

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 the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph a) of the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- a) We did not audit the financial statements and other financial information, in respect of two subsidiaries whose Consolidated or Standalone Financial Statements and other financial information as applicable, include total assets (before consolidation adjustments) of ₹ 14,979 Lakhs as at March 31, 2024 and total revenues (before consolidation adjustments) of ₹ 9,421 Lakhs, total net profit after tax (before consolidation adjustments) of ₹ 1,779 Lakhs, total comprehensive income (before consolidation adjustments) of ₹ 1,779 Lakhs for the year ended March 31, 2024 and net cash inflow (before consolidation adjustments) of ₹ 967 Lakhs for the year ended March 31, 2024. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit after tax of ₹ 641 Lakhs and total comprehensive income of ₹ 637 Lakhs for the year ended March 31, 2024, as considered in the Consolidated Financial Statements, in respect of an associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub-sections (3) and (11) of section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.
- b) The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of Ten subsidiaries (including its wholly owned step-down subsidiaries) which have not been audited by us, whose Consolidated Financial Statements and other financial information reflect total assets (before consolidation adjustments) of ₹ 32,221 Lakhs as at March 31, 2024, total revenues (before consolidation adjustments) of ₹ 34,337 Lakhs, total net profit after tax (before consolidation adjustments) of ₹ 3,471 Lakhs, total comprehensive income (before consolidation adjustments) of ₹ 3,209 Lakhs for the year ended March 31, 2024 and net cash inflow (before consolidation adjustments) of ₹ 1,444 Lakhs for the year ended on that date. The statement also includes the Group's share of net profit after tax of ₹ Nil Lakhs and total comprehensive income of ₹ Nil Lakhs for the year ended March 31, 2024, as considered in the consolidated financial results, in respect of 3 associates based on their financial statements/ financial results/financial information which have not been audited. These unaudited financial statements and other unaudited financial information have been approved and furnished to us by the management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements and other unaudited financial information.

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024 (Contd...)

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters covered in paragraph a) and b) above with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### 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 the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors (Also refer our comments in para 1(h)(vi));
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and based on the considerations of the report of the statutory auditors of its associates, incorporated in India, none of the directors of the Holding Company and its associate incorporated in India are disqualified as on March 31, 2024 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 Consolidated Financial Statements of the Holding Company and its associate incorporated in India, 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 and its associate incorporated in India;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of auditors' reports of the Holding Company and its associate incorporated in India, the remuneration paid by the Holding Company and its associate incorporated in India to their directors during the year is in accordance with the provisions of section 197 of the Act;
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other Matters' paragraph:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its Consolidated Financial Statements – Refer note no. 42 to the Consolidated Financial Statements;
    - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts to the extent entered by the Group and its associate. Refer note no. 8 to the Consolidated Financial Statements in respect of such items as it relates to the Group and its associate;
    - 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 associate incorporated in India;
    - iv. a) The respective managements of the Holding Company and its associate which are the companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its associate to or in any other persons or entities, including foreign entities ("Intermediaries"),

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31<sup>st</sup> March, 2024 (Contd...)

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective managements of the Holding Company and its associate which are the companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or its associate from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the associate which is the company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause a) and b) contain any material mis-statement;
- v. The interim dividend declared and paid by the Holding Company during the year is in accordance with section 123 of the Companies Act, 2013.

The final dividend paid, by the Holding Company and its associate incorporated in India, during the year in respect of dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note no. 17.2 to the Consolidated Financial Statements, the respective Board of Directors of the Holding Company and its associate incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Based on our examination, which included test checks, that performed by us on the Holding Company and the respective auditors of the associates which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company and associates have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software except for the certain areas like Purchase invoice, Purchase Order, Sales Order, Price Master, Bill of Material and Purchase Requisition were enabled from August / September 2023. Further, during the course of our audit, we and respective auditors of the above referred associates did not come across any instance of audit trail feature being tampered with.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of section 143(11) of the Act, to be included in the Auditors' Report, according to the information and explanations given to us and based on the CARO report issued by us for the Holding Company and based on CARO report issued by other auditors in respect of an associate whose financial information has been considered in the Consolidated Financial Statements and to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **C N K & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 101961W/W-100036

**Himanshu Kishnadwala**

*Partner*

Membership No. 037391

ICAI UDIN : 24037391BKBOHH1583

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in paragraph 1 f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

### REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE “ACT”)

#### Opinion

We have audited the internal financial controls over financial reporting of Elecon Engineering Company Limited (“the Holding Company”) and its associate company wherein such audit of internal financial controls over financial reporting was carried out by other Auditors whose reports have been forwarded to us and have been appropriately dealt with by us in making this report as on March 31, 2024 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its associate company has, in all material respects, an internal financial controls with reference to financial statements of the Holding Company and such internal financial controls over financial reporting were operating effectively as at March 31, 2024 except for the matters stated in the para 1(h)(vi) of Report on other legal and regulatory requirements on reporting under Rule 11(g), based on the internal control over financial reporting criteria established by 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 (the “Guidance Note”).

#### Management’s Responsibility for Internal Financial Controls

The respective Management and Board of Directors of the Holding Company and its associate company, which is company incorporated in India are 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 internal financial controls with reference to financial statements of the Company 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 Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, 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, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements of the Company were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements of the company 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 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 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 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

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31<sup>st</sup> March, 2024 (Contd...)

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.

### **Other Matter**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and the operating effectiveness of the internal financial controls over financial reporting in so far as it relates to associate company, which is incorporated in India, are based on the corresponding reports of the auditors of such company incorporated in India.

Our Opinion is not modified in respect of above matter.

For **C N K & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 101961W/W-100036

**Himanshu Kishnadwala**

*Partner*

Membership No. 037391

ICAI UDIN : 24037391BKBOHH1583

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

**CONSOLIDATED BALANCE SHEET**as at 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	51,601	52,666
(b) Capital work-in-progress	3	91	12
(c) Investment property	4	2,512	2,523
(d) Right-of-use assets	3	10,570	8,173
(e) Goodwill	5	10,177	10,282
(f) Other intangible assets	5	1,995	1,755
(g) Investments accounted for using the equity method	6	6,290	5,702
(h) Financial assets			
(i) Investments	7	2,023	59
(ii) Other financial assets	8	553	845
(i) Deferred tax assets (net)	37	92	209
(j) Income tax assets (net)	9	1,046	1,040
(k) Other non-current assets	10	3,745	1,168
<b>Total non-current assets</b>		<b>90,695</b>	<b>84,434</b>
<b>II. Current assets</b>			
(a) Inventories	11	22,974	27,880
(b) Financial assets			
(i) Investments	12	20,328	1,906
(ii) Trade receivables	13	44,510	34,577
(iii) Cash and cash equivalents	14	10,969	8,235
(iv) Bank balances other than (iii) above	14	15,362	12,802
(v) Other financial assets	8	5,644	859
(c) Other current assets	15	1,918	2,504
<b>Total current assets</b>		<b>1,21,705</b>	<b>88,763</b>
<b>Total assets</b>		<b>2,12,400</b>	<b>1,73,197</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	16	2,244	2,244
(b) Other equity	17	1,58,159	1,25,667
<b>Total equity</b>		<b>1,60,403</b>	<b>1,27,911</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	-
(ii) Lease liabilities	19	5,941	4,039
(b) Non-current provisions	20	1,725	3,286
(c) Other non-current liabilities	21	1,845	1,076
(d) Deferred tax liabilities (net)	37	2,555	2,635
<b>Total non-current liabilities</b>		<b>12,066</b>	<b>11,036</b>

**CONSOLIDATED BALANCE SHEET (Contd...)**as at 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	March 31, 2024	March 31, 2023
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	-	-
(ii) Lease liabilities	19	1,105	1,119
(iii) Trade payables	22		
(A) Total outstanding dues of micro and small enterprises		5,759	4,984
(B) Total outstanding dues of creditors other than micro and small enterprises		13,645	14,599
(iv) Other financial liabilities	23	260	600
(b) Other current liabilities	24	16,638	11,082
(c) Current provisions	25	1,736	1,339
(d) Current tax liabilities (net)	26	788	527
<b>Total current liabilities</b>		<b>39,931</b>	<b>34,250</b>
<b>Total liabilities</b>		<b>51,997</b>	<b>45,286</b>
<b>Total equity and liabilities</b>		<b>2,12,400</b>	<b>1,73,197</b>

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

2-50

As per our report of even date attached

For **C N K & Associates LLP**

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

**Himanshu Kishnadwala**

Partner

Membership No: 037391

For and on behalf of the Board of Directors,

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Prayasvin Patel**

Chairman & Managing Director

DIN : 00037394

**Ashutosh Pednekar**

Director

DIN : 00026049

**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Income</b>			
Revenue from operations	27	1,93,742	1,52,968
Other income	28	4,406	2,006
<b>Total income (I)</b>		<b>1,98,148</b>	<b>1,54,974</b>
<b>Expenses</b>			
Cost of materials consumed	29	84,022	71,936
Changes in inventories of finished goods and work-in-progress	30	2,194	(501)
Manufacturing expenses and erection charges	31	15,611	12,137
Employee benefit expenses	32	18,848	14,973
Finance costs	33	864	1,331
Depreciation and amortisation expense	3,4 & 5	5,092	4,904
Other expenses	34	25,620	20,535
<b>Total expenses (II)</b>		<b>1,52,251</b>	<b>1,25,315</b>
<b>Profit before share of equity accounted investee and tax (I-II)</b>		<b>45,897</b>	<b>29,659</b>
Share of profit from associate (net of tax)		641	325
<b>Profit before tax</b>		<b>46,538</b>	<b>29,984</b>
<b>Tax expense</b>	37		
Current tax		11,014	6,349
Deferred tax		(34)	(116)
<b>Total tax expense</b>		<b>10,980</b>	<b>6,233</b>
<b>Profit for the year</b>		<b>35,558</b>	<b>23,751</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences in translating the financial statements of foreign operations	17	212	<b>633</b>
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)</b>		<b>212</b>	<b>633</b>
<b>B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans	17	41	53
Income tax related to items that will not be reclassified to profit or loss		47	22
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)</b>		<b>88</b>	<b>75</b>
<b>Total other comprehensive income for the year (net of tax) [A+B]</b>		<b>300</b>	<b>708</b>
<b>Total comprehensive income for the year</b>		<b>35,858</b>	<b>24,459</b>



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Profit attributable to:</b>			
Owners of the Company		35,558	23,751
Non-controlling interest		-	-
<b>Profit for the year</b>		<b>35,558</b>	<b>23,751</b>
<b>Other comprehensive income attributable to:</b>			
Owners of the Company		300	708
Non-controlling interest		-	-
<b>Other comprehensive income for the year</b>		<b>300</b>	<b>708</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		35,858	24,459
Non-controlling interest		-	-
<b>Total comprehensive income for the year</b>		<b>35,858</b>	<b>24,459</b>
<b>Earnings per equity share (in INR)</b>			
	36		
Equity share of face value INR 2.00 each			
Basic		31.69	21.17
Diluted		31.69	21.17

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

2-50

As per our report of even date attached

For **C N K & Associates LLP**

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

For and on behalf of the Board of Directors,

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Himanshu Kishnadwala**

Partner

Membership No: 037391

**Prayasvin Patel**

Chairman &amp; Managing Director

DIN : 00037394

**Ashutosh Pednekar**

Director

DIN : 00026049

**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**for the year ended 31<sup>st</sup> March, 2024**(1) Current reporting period**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024
Equity share capital	2,244	-	2,244	-	2,244

**(2) Previous reporting period**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
Equity share capital	2,244	-	2,244	-	2,244

(₹ in Lakhs)

Particulars	Other equity					Total equity attributable to the owners of the company
	Reserves & Surplus				Other Comprehensive Income	
	Capital reserve	Securities premium	General reserve	Retained earnings		
<b>Balance as at April 1, 2022</b>	<b>247</b>	<b>2,878</b>	<b>44,324</b>	<b>54,370</b>	<b>961</b>	<b>1,02,780</b>
<b>Total comprehensive income for the period</b>						
Profit for the year	-	-	-	23,749	-	23,749
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	75	-	75
Foreign currency translation	-	-	-	-	633	633
Dividend paid	-	-	-	(1,571)	-	(1,571)
Transfer to retained earnings	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,253</b>	<b>633</b>	<b>22,887</b>
<b>Balance as at March 31, 2023</b>	<b>247</b>	<b>2,878</b>	<b>44,324</b>	<b>76,623</b>	<b>1,594</b>	<b>1,25,667</b>
<b>Balance as at April 1, 2023</b>	<b>247</b>	<b>2,878</b>	<b>44,324</b>	<b>76,623</b>	<b>1,594</b>	<b>1,25,667</b>
<b>Total comprehensive income for the period</b>						
Profit for the year	-	-	-	35,558	-	35,558
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	88	-	88
Foreign currency translation	-	-	-	-	212	212
Dividend paid	-	-	-	(3,366)	-	(3,366)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,280</b>	<b>212</b>	<b>32,492</b>
<b>Balance as at March 31, 2024</b>	<b>247</b>	<b>2,878</b>	<b>44,324</b>	<b>1,08,903</b>	<b>1,806</b>	<b>1,58,159</b>

For description of reserves Refer Note 17

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

As per our report of even date attached

For CN K & Associates LLP  
Chartered Accountants  
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala  
Partner  
Membership No: 037391

Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

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

Prayasvin Patel  
Chairman & Managing Director  
DIN : 00037394

Ashutosh Pednekar  
Director  
DIN : 00026049

Narasimhan Raghunathan  
Chief Financial Officer

Bharti Isarani  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

**CONSOLIDATED STATEMENT OF CASH FLOWS**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>46,538</b>	<b>29,984</b>
<b>Adjustments for:</b>		
Share of profit of associates	(641)	(325)
Depreciation and amortisation expense	5,092	4,904
Finance costs	864	1,331
(Gain)/loss on sale of investment	(90)	-
(Gain)/loss on fair valuation of investment	(66)	(50)
(Gain)/loss on sale of/discarded property, plant and equipment (net)	(272)	159
Interest income	(1,870)	(431)
Dividend income	(39)	(56)
Allowances for Expected Credit Loss (including Bad debts and advanced written off)	1,676	771
Unrealised exchange (gain)/loss	(17)	90
Provision for other contractual liabilities, warranty and others	243	(882)
Increase/(reversal) of provision for onerous contract	(73)	(21)
Liabilities written back	(553)	(527)
Rent Income	(337)	(256)
Provision for Slow and non moving inventory as Non cash expenses	1,127	(856)
	<b>51,582</b>	<b>33,835</b>
<b>Working Capital Adjustments</b>		
(Increase)/decrease in trade receivables	(11,286)	6,184
(Increase)/decrease in inventories	3,779	(857)
(Increase)/decrease in financial assets	726	6,289
(Increase)/decrease in other current and non-current assets	(2,240)	784
(Decrease)/increase in trade payables	184	(5,307)
(Decrease)/increase in provisions, current and non-current liabilities	4,834	(3,235)
(Decrease)/Increase in other financial liabilities	(339)	(163)
<b>Cash generated from operations</b>	<b>47,240</b>	<b>37,530</b>
Taxes paid (net of refund)	(10,759)	(6,618)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>36,481</b>	<b>30,912</b>
<b>Cash flow from investing activities</b>		
Payments for purchase of property, plant and equipment	(3,149)	(4,706)
Proceeds from sale of property, plant and equipment	594	89
Payments for purchase of investments	(21,242)	(1,901)
(Increase)/Decrease in Bank Deposits	(7,113)	(10,705)
Proceeds from sale of Investments	1,012	3
Interest received	1,572	287
Dividend received	39	56
Dividend received from associate	53	27
Rent received	337	256
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(27,897)</b>	<b>(16,594)</b>
<b>Cash flow from financing activities</b>		
Repayment of non current borrowings	-	(1,966)
(Repayment)/proceeds of current borrowings (net)	-	(8,035)
Repayment against other financing arrangements	(430)	(1,193)
Finance cost paid	(864)	(1,371)
Dividend paid	(3,366)	(1,571)
Principal payment of lease liabilities	(1,191)	(383)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(5,851)</b>	<b>(14,519)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,734	(201)
Cash and cash equivalents at the beginning of the year (Refer note 14)	8,235	8,436
Cash and cash equivalents at the end of the period (Refer note 14)	10,969	8,235
<b>Components of cash and cash equivalents :-</b>		
Cash on hand	-	0
Balances with banks		
-In current accounts	8,233	6,234
Deposits with bank (with maturity up to 3 months)	2,736	2,001
	<b>10,969</b>	<b>8,235</b>

**Notes:**

- Cash and cash equivalents includes positive balances in cash credit accounts with banks and form an integral part of the Group's cash management.
- The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
- In accordance with para 22 of Ind AS 7 - Statement of Cash Flows, cash flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.
- Previous period figures have been regrouped / reclassified wherever necessary.
- Movement in liabilities arising from financing activities as at March 31 2024:

(₹ in Lakhs)

Particulars	Borrowings	Lease Liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	-	5,158	-	-
Proceeds from non-current borrowings	-	3,064	-	-
Repayment of borrowings (net)	-	(1,621)	-	-
Dividend paid (including taxes)	-	-	(3,366)	-
Interest paid	-	-	-	(864)
<b>Net cash outflows</b>	-	<b>6,601</b>	<b>(3,366)</b>	<b>(864)</b>
Interest accrued during the year	-	268	-	-
Remeasurement of lease liability	-	128	-	-
Charge to statement of profit and loss	-	-	-	864
Foreign exchange fluctuation	-	49	-	-
<b>Balance at the end of the year</b>	-	<b>7,046</b>	-	-

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

As per our report of even date attached

For **C N K & Associates LLP**

Chartered Accountants

Firm's Registration No : 101961 W/W - 100036

**Himanshu Kishnadwala**

Partner

Membership No: 037391

For and on behalf of the Board of Directors,

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Prayasvin Patel**

Chairman &amp; Managing Director

DIN : 00037394

**Ashutosh Pednekar**

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DIN : 00026049

**Narasimhan Raghunathan**

Chief Financial Officer

**Bharti Isarani**

Company Secretary

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**1. Reporting entity**

Elecon Engineering 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 involved in the design and manufacturing of Material Handling Equipment and Industrial Gears and also involved in providing erection and commissioning solutions for its products. The Group has manufacturing operations based out of India, Sweden, UK, USA and The Netherlands with sales offices at Dubai and Singapore.

**2. Basis of preparation****2.1 Statement of compliance**

These Consolidated financial statements of the Group comprises, the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "Consolidated financial statements"). These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013, (the 'Act') and guidelines issued by the Securities and Exchange Board of India (SEBI).

Details of the Group's material 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 under the historical cost convention on accrual basis except for the following:

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

**2.4 Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgments are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**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 and/or building as an investment property.
- **Note 6** – determining the amount of Impairment loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

- **Note 38** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 43** – identification of reportable operating segments; and
- **Note 2.5(l) and 27** – identification of performance obligation in revenue recognition

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment 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 37** – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 41** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 20, 25 and 41** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 38** – impairment of financial assets.
- **Note 27 and 44** – Revenue recognition based on percentage of completion and provision for onerous contracts
- **Note 3 and 19** - Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 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 categorized 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 categorized 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 38 and 39** – financial instruments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 2.6 Material accounting policies

#### a) Business combinations

##### (i) 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.

##### (iii) 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 and classification of current and non-current:

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.

All the assets and liabilities are classified as current and non current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Other Assets and Liabilities except as stated above are classified as non-current.

#### c) Foreign currency transactions

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees. Transactions in foreign currencies are translated into the functional currency of the 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 the statement of profit and loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 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.

#### **Financial assets - classification and subsequent measurement**

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

- amortised cost;
- 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.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL.

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 or 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 realizing 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

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 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*

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.
<b>Financial assets at amortised cost</b>	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 the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and 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 the statement of profit and 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 the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss. Presently, all the financial liabilities are measured at amortised cost.

### **Derecognition**

#### **Financial assets**

The Group derecognizes 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 derecognized.

#### **Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged, 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 realize the asset and settle the liability simultaneously.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### Derivative financial instruments:

The Group uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

### 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 the statement of profit and 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

Particulars	Depreciation Method	Useful life
Plant and Equipments	Straight line Basis	5 to 35 years
Buildings	Written Down Value Basis	10 to 60 years
All other Property, Plant and Equipment	Written Down Value Basis	As prescribed in Schedule II to the Companies Act, 2013

#### (ii) For Overseas Subsidiaries

Particulars	Depreciation Method	Useful life
Plant and Machineries	Straight line Basis	7 years
Buildings	Straight line Basis	20 years
All other Property, Plant and Equipment	Straight line Basis	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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**Capital Work in Progress (CWIP)**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as CWIP. CWIP is stated at cost, net of accumulated impairment loss, if any.

Advances given towards acquisition of assets (including CWIP) and 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) Goodwill and other Intangible assets****Goodwill**

For measurement of goodwill that arises on a business combination (see Note 2.6 (a) (i)). Subsequent measurement is at cost less any accumulated impairment losses.

In respect of business combinations that occurred prior to 1 April 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 the statement of profit and 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 the statement of profit and 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 that are acquired by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

**Subsequent expenditure**

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 amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and Amortisation in the statement of profit and loss.

Particulars	Depreciation Method	Useful life
Computer Software	Straight Line Basis	3 years
Licenses	Straight Line Basis	6 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**g) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model. Investment property includes freehold/leasehold land and building.

**Depreciation**

Based on technical evaluation and consequent advice, the management believes a period of 25-60 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and included in the statement of profit or loss in the period in which the property is derecognized.

### h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on 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.
- **Stores and spares** (consisting of engineering spares, which are used in operating machines or consumed as indirect materials in the manufacturing process): 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.
- **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 realizable 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.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

### 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 are 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.

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 Expected Credit Losses ("ECL") 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

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, deferred tax assets, investment properties and contract 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. Goodwill is tested annually for impairment

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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 assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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**

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which 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 the statement of profit and 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

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 the statement of profit and 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 the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Other long-term employee benefits

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

#### 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 weighing of all possible outcomes by their associated probabilities.

#### 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.

#### Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

#### Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### l) Revenue recognition

#### Sale of goods and services

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

Revenue from services towards erection, commissioning and other services is recognised when services are rendered and there is certainty of the realisation.

### Transaction Price

The Group is required to determine the transaction price in respect of each of its contracts with customers. Contract with customers for sale of goods or services are either on a fixed price or on variable price basis. For allocating the transaction price, the Group measures the revenue in respect of each performance obligation of contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In making judgment about the standalone selling price, the Group also assesses the impact of any variable consideration in the contract, due to discounts or rebates.

### Performance Obligations

If a contract contains more than one distinct goods and service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices.

### Dividend and Interest income

Dividend income from investments is recognised when the Group's right to receive payment is established.

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Insurance claim

Insurance claims are recognised on the basis of claims admitted / expected to be admitted, to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### Other Income

Other income is comprised primarily of gain / loss on investments, exchange gain/loss on foreign currency transactions.

#### m) Government Grants

The export incentives received by the Group such as duty draw back, Remission of Duties or Taxes on Export Products Scheme (RoDTEP) and Export Promotions on Capital Goods (EPCG) scheme are treated as government grants.

#### n) Leases

The Group at inception of a contract, assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

## o) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

### 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, if any.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences 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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

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

**p) Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense basis the Effective Interest Rate (EIR) method for non-current borrowings and for current borrowings the same are charged to the statement of profit and loss as and when 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 43.

**r) Cash and cash equivalents**

Cash and cash equivalents 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) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from the operating, investing and financing activities of the Company are segregated. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

**t) The Dividend Distribution to equity shareholders:**

The Holding Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Holding Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity along with any tax thereon.

**u) Earnings per share**

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### 2.7 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

### 2.8 Rounding off

Amounts in these Financial Statements are rounded off to the nearest lakhs except Earnings per share. The amount "0" (zero) represents value, which is less than INR 1 lakh.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at 31<sup>st</sup> March, 2024

Particulars	₹ in Lakhs)										
	Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment	Electrical installations & fittings	Other equipment	Total	Capital work in progress (CWIP)	
<b>3 (i) Property, plant and equipment</b>											
<b>Cost</b>											
As at April 1, 2022	27,432	7,563	44,253	504	300	1,269	679	1,107	83,107	51	
Additions	2	17	3,607	13	86	275	408	51	4,459	4,420	
Deductions	-	-	(998)	(120)	(3)	(768)	(385)	(1)	(2,275)	-	
Exchange difference	-	107	96	11	7	39	-	29	289	-	
Capitalised	-	-	-	-	-	-	-	-	-	(4,459)	
<b>As at March 31, 2023</b>	<b>27,434</b>	<b>7,687</b>	<b>46,958</b>	<b>408</b>	<b>390</b>	<b>815</b>	<b>702</b>	<b>1,186</b>	<b>85,580</b>	<b>12</b>	
Additions	336	1,277	771	1	291	13	230	12	2,931	3,010	
Deductions	-	-	(485)	-	(6)	(1)	-	-	(492)	-	
Recoupment/Adjustment	-	(59)	(803)	238	8	215	-	345	(56)	-	
Exchange difference	-	32	(28)	(0)	(9)	(18)	-	(37)	(60)	-	
Capitalised	-	-	-	-	-	-	-	-	-	(2,931)	
<b>As at March 31, 2024</b>	<b>27,770</b>	<b>8,937</b>	<b>46,413</b>	<b>647</b>	<b>674</b>	<b>1,024</b>	<b>932</b>	<b>1,506</b>	<b>87,903</b>	<b>91</b>	
<b>Accumulated depreciation</b>											
As at April 1, 2022	-	4,685	22,854	434	247	1,050	497	1,077	30,844	-	
Depreciation for the year	-	334	3,049	18	47	207	64	54	3,773	-	
Deductions	-	-	(684)	(110)	(2)	(712)	(354)	(1)	(1,863)	-	
Exchange difference	-	57	58	6	5	6	-	28	160	-	
<b>As at March 31, 2023</b>	<b>-</b>	<b>5,076</b>	<b>25,277</b>	<b>348</b>	<b>297</b>	<b>551</b>	<b>207</b>	<b>1,158</b>	<b>32,914</b>	<b>-</b>	
Depreciation for the year	-	382	3,121	24	54	132	218	36	3,967	-	
Deductions	-	-	(388)	-	(13)	(1)	-	-	(402)	-	
Recoupment/Adjustment	-	(50)	(775)	217	8	254	-	257	(89)	-	
Exchange difference	-	(0)	(22)	(5)	(13)	(20)	-	(27)	(88)	-	
<b>As at March 31, 2024</b>	<b>-</b>	<b>5,408</b>	<b>27,213</b>	<b>584</b>	<b>333</b>	<b>916</b>	<b>425</b>	<b>1,424</b>	<b>36,302</b>	<b>-</b>	
<b>Carrying value (net)</b>											
As at March 31, 2024	27,770	3,529	19,200	63	341	108	507	82	51,601	-	
As at March 31, 2023	27,434	2,611	21,681	60	93	264	495	28	52,666	-	

**Notes :**

- 1) Refer to Note 18.1 for information on property, plant and equipment pledged as security by the Group.
- 2) For commitments on capital account refer note 42 (b).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**3 (ii) The following is the movement in Right of use Assets (ROU) during the year ended March 31, 2024**

(₹ in Lakhs)

Particulars	Lease-hold Land	Building	Vehicles	Plant & Equipments	Total
<b>Cost</b>					
<b>As at April 1, 2022</b>	<b>3,936</b>	<b>4,208</b>	<b>443</b>	<b>78</b>	<b>8,666</b>
Additions	1,658	40	34	-	1,732
Remeasurement due to lease modification	-	236	-	-	236
Deductions	-	(71)	-	-	(71)
Recoupment/Adjustment	-	86	(72)	(5)	9
Exchange difference	0	165	51	(2)	214
<b>As at March 31, 2023</b>	<b>5,594</b>	<b>4,664</b>	<b>456</b>	<b>71</b>	<b>10,786</b>
Additions	29	43	119	2,930	3,121
Remeasurement due to lease modification	-	(39)	(9)	-	(48)
Deductions	-	(57)	(182)	(20)	(259)
Exchange difference	1	53	16	1	70
<b>As at March 31, 2024</b>	<b>5,624</b>	<b>4,664</b>	<b>400</b>	<b>2,982</b>	<b>13,670</b>
<b>Accumulated Depreciation</b>					
<b>As at April 1, 2022</b>	<b>214</b>	<b>1,236</b>	<b>154</b>	<b>38</b>	<b>1,642</b>
Depreciation for the year	124	575	77	12	788
Deductions	-	(41)	-	-	(41)
Recoupment/Adjustment	-	161	(12)	(11)	138
Exchange difference	0	86	1	(0)	87
<b>As at March 31, 2023</b>	<b>338</b>	<b>2,017</b>	<b>220</b>	<b>38</b>	<b>2,614</b>
Depreciation for the year	136	629	90	18	873
Deductions	-	(49)	(181)	(20)	(250)
Recoupment/Adjustment	-	(111)	4	-	(107)
Exchange difference	(0)	(22)	(6)	(1)	(30)
<b>As at March 31, 2024</b>	<b>474</b>	<b>2,464</b>	<b>127</b>	<b>35</b>	<b>3,100</b>
<b>Carrying value (net) as at March 31, 2024</b>	<b>5,150</b>	<b>2,200</b>	<b>273</b>	<b>2,947</b>	<b>10,570</b>
<b>Carrying value (net) as at March 31, 2023</b>	<b>5,256</b>	<b>2,647</b>	<b>237</b>	<b>33</b>	<b>8,173</b>

**3. (iii) CWIP Ageing Schedule**

(₹ in Lakhs)

CWIP	Amount in CWIP				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2023</b>					
Projects in progress	12	-	-	-	12
<b>As at March 31, 2024</b>					
Projects in progress	91	-	-	-	91

**Note:** There are no projects whose completion is overdue or has exceeded its cost.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**4. Investment property**

(₹ in Lakhs)

Particulars	Land	Office Building	Total
<b>Cost</b>			
As at April 1, 2022	2,300	336	2,636
Additions	-	-	-
As at March 31, 2023	2,300	336	2,636
Additions	-	-	-
As at March 31, 2024	2,300	336	2,636
<b>Depreciation and Impairment</b>			
As at April 1, 2022	-	101	101
Depreciation for the year	-	12	12
As at March 31, 2023	-	113	113
Depreciation for the year	-	11	11
As at March 31, 2024	-	124	124
<b>Carrying value (net)</b>			
As at March 31, 2024	2,300	212	2,512
As at March 31, 2023	2,300	223	2,523

**Information regarding income and expenditure of Investment property**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rental income derived from Investment property	14	13
Less : Direct operating expenses (including repairs and maintenance) generating rental income	2	1
<b>Profit arising from investment property before depreciation and indirect expenses</b>	<b>12</b>	<b>12</b>
Less : Depreciation	11	12
<b>Profit arising from investment property before indirect expenses</b>	<b>1</b>	<b>-</b>

**Note :**

- (1) The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

**Fair value of the Investment property is as under:**

(₹ in Lakhs)

Fair value	Land	Office Building
Balance as at April 1, 2022	2,822	654
Fair value increase for the year	66	9
<b>Balance as at March 31, 2023</b>	<b>2,888</b>	<b>663</b>
Fair value increase for the year	166	9
<b>Balance as at March 31, 2024</b>	<b>3,054</b>	<b>672</b>

**Estimation of fair value**

As at March 31, 2024 and March 31, 2023 the fair values of the property are based on valuations performed by Registered Valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules 2017.

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

The Group obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment property as at March 31, 2024 and March 31, 2023 is done based on market feedback on values of similar properties and hence considered under "Level 2" of fair value measurement.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**5. Other Intangible Assets**

(₹ in Lakhs)

Particulars	Intangible assets				Goodwill
	Computer Software	Technical Knowhow -Acquired	Licenses	Total	
<b>Cost</b>					
<b>As at April 1, 2022</b>	<b>639</b>	<b>2,204</b>	<b>40</b>	<b>2,884</b>	<b>10,566</b>
Additions	152	-	-	152	-
Deductions	(60)	-	-	(60)	-
Exchange rate movement	-	466	-	466	(284)
<b>As at March 31, 2023</b>	<b>731</b>	<b>2,670</b>	<b>40</b>	<b>3,442</b>	<b>10,282</b>
Additions	35	-	108	143	-
Exchange rate movement	-	247	-	247	(105)
<b>As at March 31, 2024</b>	<b>767</b>	<b>2,917</b>	<b>148</b>	<b>3,831</b>	<b>10,177</b>
<b>Accumulated amortisation</b>					
<b>As at April 1, 2022</b>	<b>467</b>	<b>861</b>	<b>25</b>	<b>1,353</b>	<b>-</b>
Amortisation for the year	177	148	6	331	-
Deductions	(57)	-	-	(57)	-
Exchange rate movement	-	60	-	60	-
<b>As at March 31, 2023</b>	<b>587</b>	<b>1,069</b>	<b>31</b>	<b>1,687</b>	<b>-</b>
Amortisation for the year	63	150	31	244	-
Exchange rate movement	-	(95)	-	(95)	-
<b>As at March 31, 2024</b>	<b>650</b>	<b>1,124</b>	<b>62</b>	<b>1,836</b>	<b>-</b>
<b>Carrying value (net)</b>					
<b>As at March 31, 2024</b>	<b>116</b>	<b>1,793</b>	<b>86</b>	<b>1,995</b>	<b>10,177</b>
As at March 31, 2023	144	1,601	9	1,755	10,282

**Notes :-**

The carrying value of goodwill predominantly relates to the goodwill that arose on the acquisition of Radicon Transmission Limited group (BR Group) and has been tested in both periods against the recoverable amount of BR Group cash generating unit (CGU), by the Group. This goodwill relates to expected synergies from combining BR Group's activities with those of the Group and to assets, which could not be recognised as separately identifiable intangible assets. The goodwill is tested annually for impairment or more frequently if there are any indications that the goodwill may be impaired.

The recoverable amount of BR Group CGU has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts and future projections taking the analysis out to 5 years. Key assumptions includes discount rate of 13.02% p.a. (March 31, 2023: 12.68% p.a.). Changes in selling prices and raw material costs are based on expectations of future changes in the market based on external market sources. Terminal growth rate of 0.50% p.a. (March 31, 2023: 0.50% p.a.) is used in the cash flow projections. The post-tax discount rate is mainly derived from the main entities operating out of the USA, UK and Sweden weighted average cost of capital (WACC). The outcome of the Group's goodwill impairment test as at March 31, 2024 for the BR Group CGU resulted in no impairment of goodwill (March 31, 2023: Nil).

The management believes that no reasonably possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

- Computer software consists of capitalised development costs of enterprise resource planning software being internally generated intangible assets.
- There are no Intangible Assets under development as on March 31, 2024 and March 31, 2023.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**6. Investments accounted for using the equity method**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(i) Investment in associates ( Fully paid-up) (equity method) (Refer Note 48)</b>		
Investment in Eimco Elecon (India) Limited#		
Cost of investments (958,426 equity shares (March 31, 2023 : 958,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited)	217	217
Add : Share of post acquisition profit (net of accumulated losses and dividends received)	6,073	5,485
<b>Total Investment in associate (equity method)</b>	<b>6,290</b>	<b>5,702</b>

# Nil equity shares (March 31, 2023 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.

**7. Financial assets - Investments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Investments carried at fair value through profit and loss:</b>		
<b>Investment in equity shares</b>		
<b>(i) Unquoted</b>		
(a) Nil equity Shares (March 31, 2023 : 200,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited	-	59
(b) 30 equity shares (March 31, 2023: 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #	-	0
<b>(A)</b>	<b>-</b>	<b>59</b>
<b>Investment in mutual fund</b>		
<b>(i) Quoted</b>		
36,500 units (March 31, 2023 : Nil) of SBI Magnum Ultra SD Fund ##	2,023	-
<b>(B)</b>	<b>2,023</b>	<b>-</b>
<b>Total Investments (A+B)</b>	<b>2,023</b>	<b>59</b>

# 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.

## Pledged with State Bank of India as margin for availing Non-Fund Based limits.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**8. Financial asset - Other financial assets**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
<b>Unsecured, considered good</b>				
Unbilled revenue - contract assets	31	-	103	-
Deposits with banks earmarked as margin money	-	456	-	845
Deposits with banks having original maturity of more than 12 months	4,845	97	-	-
Accrued Interest on fixed deposits	346	-	244	-
Accrued Interest on investments	195	-	-	-
Security deposit #	227	-	505	-
Asset on account of forex derivatives	-	-	7	-
<b>Total other financial assets</b>	<b>5,644</b>	<b>553</b>	<b>859</b>	<b>845</b>
Non-current			553	845
Current			5,644	859
<b>Total</b>			<b>6,197</b>	<b>1,704</b>

# Security deposits are primarily in relation to public utility services, tender deposits and rental properties.

**9. Income tax assets (net)**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Income tax assets (net)	1,046	1,040
<b>Total income tax assets (net)</b>	<b>1,046</b>	<b>1,040</b>

**10. Other non-current assets**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Unsecured, considered good</b>		
Capital advances	2,981	396
Prepaid expenses	148	122
Balances with government authorities (including amount paid under protest)	616	650
<b>Total other non-current assets</b>	<b>3,745</b>	<b>1,168</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**11. Inventories**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(At lower of cost and net realisable value)#</b>		
Raw materials	8,141	10,146
Work-in-progress	5,812	6,955
Finished goods	4,875	6,252
Goods in transit	3,989	3,377
Stores and spares	157	1,150
<b>Total inventories</b>	<b>22,974</b>	<b>27,880</b>
<b>Carrying amount of inventories pledged as security for liabilities</b>	<b>15,413</b>	<b>17,574</b>

# Net of inventory allowance aggregating to INR 3,140 lakhs (March 31, 2023: INR 2,013 lakhs).

**12. Current Financial assets - Investments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Investment at FVTPL</b>		
<b>Market Linked Debentures- Quoted</b>		
Exchange Traded Funds : Quoted	552	1,415
Infrastructure Investment Trust (InvITs): Quoted	830	284
Non Convertible Market Linked Debentures : Quoted	12,464	35
Mutual Funds : Quoted	8,505	172
Less: Amount pledged disclosed as Non current Investment	(2,023)	-
<b>Total Current Financial assets - Investments</b>	<b>20,328</b>	<b>1,906</b>

**13. Trade receivables**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	46,283	35,626
Unsecured which have significant increase in credit risk	68	32
	<b>46,351</b>	<b>35,658</b>
Less : Allowance for expected credit loss#	(1,841)	(1,081)
<b>Total Trade receivables</b>	<b>44,510</b>	<b>34,577</b>
Receivable from third parties (net of allowance)	43,518	34,303
Receivables from related parties (Refer note 40)	992	274
<b>Total</b>	<b>44,510</b>	<b>34,577</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**13. Trade receivables (Contd...)****Allowance for Expected Credit Loss (ECL)**

# Allowance for expected credit loss is calculated based on the ECL model as described under Ind AS 109. Refer Note 2.6 and Note 38(b) for the Group's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Balance at the beginning of the year</b>	1,081	1,801
Add : Allowance for the year	971	185
Less : Reversal of allowance	(211)	(905)
<b>Balance at the end of the year</b>	<b>1,841</b>	<b>1,081</b>

**(i) For the year ending March 31 2024.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	21,567	20,520	1,510	639	197	321	44,753
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	32	146	-	-	-	15	193
(iii) Undisputed Trade Receivables – credit impaired	-	-	3	-	-	-	3
(iv) Disputed Trade Receivables– considered good	18	106	56	67	115	1,029	1,391
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	11	-	-	11
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: ECL Provision	-	-	-	-	-	-	(1,841)
<b>Total</b>	<b>21,617</b>	<b>20,772</b>	<b>1,569</b>	<b>717</b>	<b>312</b>	<b>1,365</b>	<b>44,510</b>

Includes retention money receivable amounting to INR 3,706 lakhs.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**13. Trade receivables (Contd...)**

(ii) For the year ending March 31, 2023.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	15,547	14,199	1,079	626	219	1,292	32,962
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	4	-	-	-	13	17
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	32	32
(iv) Disputed Trade Receivables – considered good	-	6	196	21	19	2,399	2,641
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	6	-	-	-	6
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: ECL Provision	-	-	-	-	-	-	(1,081)
<b>Total</b>	<b>15,547</b>	<b>14,209</b>	<b>1,281</b>	<b>647</b>	<b>238</b>	<b>3,736</b>	<b>34,577</b>

Includes retention money receivable amounting to INR 6,048 lakhs.

**14. Cash and bank balances**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(a) Cash and cash equivalents</b>		
<u>Balances with bank</u>		
Current accounts and debit balance in cash credit accounts	8,233	6,234
Deposits with bank (with maturity up to 3 months)	2,736	2,001
Cash on hand	-	0
<b>Total cash and cash equivalents</b>	<b>10,969</b>	<b>8,235</b>
<b>(b) Bank balances other than above</b>		
Deposits with bank earmarked as margin money#	3,633	20
Deposits with original maturity of more than 3 months but less than 12 months	11,669	12,727
Unpaid dividend accounts	60	55
<b>Total other bank balances</b>	<b>15,362</b>	<b>12,802</b>
<b>Total cash and bank balances</b>	<b>26,331</b>	<b>21,037</b>

# includes advance bank guarantee given to customer for INR 98 Lakhs (March 31, 2023 : Nil) which will be released by the bank upon delivery of the goods.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**15. Other current assets**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Advance to suppliers		281		144
Receivable from government authorities	364			1,123
Less : Provision for doubtful balances	(246)			(728)
		118		395
Expenses paid in advance		1,262		1,672
Other claims receivable		257		277
Gratuity paid in advance		-		16
<b>Total other current assets</b>		<b>1,918</b>		<b>2,504</b>

**16. Share capital**

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
<b>Authorised share capital</b>				
Equity shares of INR 2 each	22,75,00,000	4,550	22,75,00,000	4,550
Cumulative Redeemable Preference Shares of INR 2 each	2,50,00,000	500	2,50,00,000	500
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	1,27,50,000	12,750	1,27,50,000	12,750
	<b>26,52,50,000</b>	<b>17,800</b>	<b>26,52,50,000</b>	<b>17,800</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of INR 2 each	11,21,99,965	2,244	11,21,99,965	2,244
<b>Total equity share capital</b>	<b>11,21,99,965</b>	<b>2,244</b>	<b>11,21,99,965</b>	<b>2,244</b>

**16.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
<b>At the beginning and at the end of the year</b>	<b>11,21,99,965</b>	<b>2,244</b>	<b>11,21,99,965</b>	<b>2,244</b>

**16.2 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 which is approved by the Board of Directors.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**16.3 Number of shares held by each shareholder holding more than 5% Shares in the Holding Company**

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Equity shares of INR 2 each fully paid held by:				
Aakaish Investments Private Limited	5,23,02,237	46.62	5,23,02,237	46.62
K. B. Investments Private. Limited	97,23,774	8.67	97,40,418	8.68

**16.4 Number of shares held by Promoters**

Sr. No.	Name of the Promoters/Promoter Group	No. of Shares held at the end of the year [As on March 31 2024]		No. of Shares held at the end of the year [As on 31-March-2023]		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1.	Prayasvin Bhanubhai Patel	19,62,932	1.75%	19,62,932	1.75%	0.00%
2.	Trupti Pradip Patel	14,31,058	1.28%	14,31,058	1.28%	0.00%
3.	B. I. Patel-HUF (Bhanubhai Patel-Karta)	2,27,490	0.20%	2,27,490	0.20%	0.00%
4.	Taruna Patel	2,18,917	0.20%	2,18,917	0.20%	0.00%
5.	Aishwarya P. Patel	5,220	0.00%	5,220	0.00%	0.00%
6.	Akansha P. Patel	6,18,470	0.55%	6,18,470	0.55%	0.00%
7.	Aakaish Investments Private Limited	5,23,02,237	46.62%	5,23,02,237	46.62%	0.00%
8.	K. B. Investments Private Limited	97,23,774	8.67%	97,40,418	8.68%	-0.01%
9.	Power Build Private Limited	15,960	0.01%	15,960	0.01%	0.00%
10.	Emtici Engineering Limited	-	0.00%	-	0.00%	0.00%
11.	Prayas Engineering Limited	-	0.00%	-	0.00%	0.00%
12.	Bipra Investments & Trusts Private Limited	-	0.00%	-	0.00%	0.00%
13.	Elecon Information Technology Limited	-	0.00%	-	0.00%	0.00%
14.	Akaaish Mechatronics Limited	-	0.00%	-	0.00%	0.00%
15.	Devkishan Investments Private Limited	-	0.00%	-	0.00%	0.00%
16.	Speciality Woodpack Private Limited	-	0.00%	-	0.00%	0.00%
17.	Wizard Fincap Limited	-	0.00%	-	0.00%	0.00%
18.	Lotus Trust	-	0.00%	-	0.00%	0.00%
	<b>TOTAL holding of Promoters and Promoter Group</b>	<b>6,65,06,058</b>	<b>59.27%</b>	<b>6,65,22,702</b>	<b>59.29%</b>	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**17. Other Equity****17.1 Other reserves**

(₹ in Lakhs)

Balance	Other reserves				Component of other comprehensive income	Total
	General reserve	Securities premium	Capital reserve	Retained earnings	Exchange difference on translating the financial statement	
<b>As at April 1, 2022</b>	<b>44,324</b>	<b>2,878</b>	<b>247</b>	<b>54,370</b>	<b>961</b>	<b>1,02,780</b>
Profit for the year	-	-	-	23,749	-	23,749
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	75	-	75
Foreign currency translation	-	-	-	-	633	633
<b>Balance available for appropriation</b>	<b>44,324</b>	<b>2,878</b>	<b>247</b>	<b>78,194</b>	<b>1,594</b>	<b>1,27,238</b>
<b>Less : Appropriations</b>						
Dividend paid	-	-	-	(1,571)	-	(1,571)
<b>As at March 31, 2023</b>	<b>44,324</b>	<b>2,878</b>	<b>247</b>	<b>76,623</b>	<b>1,594</b>	<b>1,25,667</b>
Profit for the year	-	-	-	35,558	-	35,558
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	88	-	88
Foreign currency translation	-	-	-	-	212	212
<b>Balance available for appropriation</b>	<b>44,324</b>	<b>2,878</b>	<b>247</b>	<b>1,12,269</b>	<b>1,806</b>	<b>1,61,524</b>
<b>Appropriations</b>						
Issue of shares	-	-	-	-	-	-
Dividend paid	-	-	-	(3,366)	-	(3,366)
<b>As at March 31, 2024</b>	<b>44,324</b>	<b>2,878</b>	<b>247</b>	<b>1,08,903</b>	<b>1,806</b>	<b>1,58,158</b>

**17.2 Dividend distribution made and proposed**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Dividend on equity shares declared and paid</b>		
Final dividend for year ended March 31, 2023: INR 2.00 per share (March 31, 2022: INR 1.40 per share)	2,244	1,571
Interim dividend for the FY 2023-24: INR 1.00 per share	1,122	-
	<b>3,366</b>	<b>1,571</b>
<b>Proposed dividend on Equity shares</b>		
Final dividend proposed for the year ended March 31, 2024: INR 2.00 per share (March 31, 2023: INR 2.00 per share)	2,244	2,244
	<b>2,244</b>	<b>2,244</b>

Proposed dividend on equity shares is subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2024.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at 31<sup>st</sup> March, 2024

### 17.3 Description of Reserves

#### General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

#### 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 is recorded in bargain purchase transaction of business combination in which the fair value of acquired net assets exceeded the purchase consideration. Capital reserve is not available for dividend distribution.

#### Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

#### Exchange difference on translation

Exchange differences arising on translation of assets, liabilities, income and expenses of the Group's foreign subsidiaries and associates are recognised in other comprehensive income and accumulated separately in foreign currency translation reserve. The amounts recognised are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries and associates.

### 18. Borrowings

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Working capital loan		
From bank (Refer note 18.1)	-	1
	-	1
Less : Accrued interest	-	1
<b>Total current borrowings</b>		
<b>Total borrowings</b>	-	-

#### 18.1 Nature of Securities {Loans repayable on demand}

- (i) Working Capital Loans from banks granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Axis Bank, IDBI Bank & HDFC Bank (Including guarantees issued by them in favour of various clients of the Company) are secured by:-
- First pari passu hypothecation charge over all the current assets of the Company, present and future.
  - Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable and immovable) present and future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions.
  - Undertaking for non disposal of various land parcels of the company as per loan sanction letter.
  - Securities released by consortium of banks during the current year:**
    - Registered mortgage, on first pari passu basis, of land bearing Survey No.365 & 366 in the name of and corporate guarantee of INR 96,450 lakhs by Prayas Engineering Limited, a related party.
    - Pledge of 200,000 shares of Eimco Elecon (India) Limited, an associate company held by the company.
  - e) Rate of Interest for Loan from banks during the year ended:

Name of the Bank	Interest Rate %	
	March 31, 2024	March 31, 2023
State Bank of India	8.60% to 8.70%	7.80% to 9.50%
Bank of Baroda	#	7.85% to 9.65%
IDBI Bank Ltd.	8.00% to 8.90%	8.00% to 8.75%
Axis Bank Ltd.	5.45% to 9.10%	1.47% to 9.75%
HDFC Bank Ltd.	6.75% to 9.20%	6.75% to 7.50%

# Ceased to be a lender under Consortium w.e.f. November 1, 2023

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**19. Lease Liabilities**

(₹ in Lakhs)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Lease liabilities (Refer note 45)	1,105	5,941	689	4,039
Other financing arrangements	-	-	430	-
<b>Total lease liabilities</b>	<b>1,105</b>	<b>5,941</b>	<b>1,119</b>	<b>4,039</b>

**20. Non-current provisions**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Provision for employee benefits (Refer note 41)</b>		
- Provision for gratuity and pension #	1,150	2,415
- Provision for compensated absences	1	36
<b>Other Provisions</b>		
- Provision for warranty	574	835
<b>Total non-current provisions</b>	<b>1,725</b>	<b>3,286</b>

# Corporate Guarantee by Intermediate Holding Company, is provided against a pension liability of INR 1,058 lakhs (March 31, 2023 - INR 2,375 lakhs), issued to Swedish Pension Authority

**21. Other non-current liabilities**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Deferred revenue</b>		
- EPCG Obligation	-	76
Amount received under protest #	1,845	1,000
<b>Total non-current provisions</b>	<b>1,845</b>	<b>1,076</b>

# Amount received under protest against arbitration award, deposited by customer for appeal with higher court.

**22. Trade payables**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Total outstanding dues of micro and small enterprises	5,759	4,984
Total outstanding dues of creditors other than micro and small enterprises	13,645	14,599
<b>Total trade payables</b>	<b>19,404</b>	<b>19,583</b>
Dues to related parties (Refer note 40)	1,613	2,127
Dues to third parties	17,791	17,456
<b>Total trade payables</b>	<b>19,404</b>	<b>19,583</b>

Includes retention money payable to creditors amounting to INR 3 lakhs (March 31, 2023 - INR 308 lakhs).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd..)**as at 31<sup>st</sup> March, 2024**22. Trade payables (Contd..)****(i) For the year ending March 31 2024.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,916	843	-	-	-	5,759
(ii) Others	11,798	1,627	13	-	207	13,645
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
<b>Total</b>	<b>16,714</b>	<b>2,470</b>	<b>13</b>	<b>-</b>	<b>207</b>	<b>19,404</b>

**(ii) For the year ending March 31 2023.**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3,527	1,332	18	34	73	4,984
(ii) Others	12,067	2,407	30	28	67	14,599
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	0	-	-	0	0
<b>Total</b>	<b>15,594</b>	<b>3,739</b>	<b>48</b>	<b>62</b>	<b>140</b>	<b>19,583</b>

**23. Other financial liabilities - Current**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Interest accrued but not due on borrowings	-	1
Security deposits	200	176
Unpaid dividends#	60	55
Billing in excess of revenue - Contract liability	-	368
<b>Total other financial liabilities</b>	<b>260</b>	<b>600</b>

# 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.

**24. Other current liabilities**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Advance from customers#	10,478	7,756
Managerial Remuneration payable	1,500	900
Other Employee payable	2,133	865
Statutory dues	2,527	1,561
<b>Total other current liabilities</b>	<b>16,638</b>	<b>11,082</b>

# includes advance received from customer INR 98 Lakhs (March 31,2023 : Nil) which is secured by bank guarantees



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**as at 31<sup>st</sup> March, 2024**25. Current provisions**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Provision for employee benefits (Refer note 41)</b>		
- Provision for compensated absences	28	62
<b>Other Provisions</b>		
- Provision for contract liabilities	-	142
- Provision for warranty	1,708	1,062
- Provision for onerous contracts	-	73
<b>Total provisions</b>	<b>1,736</b>	<b>1,339</b>

**Movement in Provisions**

Particulars	Provision for contract liabilities	Provision for warranty	Provision for onerous contracts
<b>Carrying amount as at April 1 2022</b>	1,337	1,578	93
Provision made / increase in provision	-	1,897	-
Provision amount used during the year	(1,195)	(1,578)	(21)
<b>Carrying amount as at March 31 2023</b>	<b>142</b>	<b>1,897</b>	<b>72</b>
Provision made / increase in provision	-	2,282	-
Provision amount used during the year	(142)	(1,897)	(72)
<b>Carrying amount as at March 31 2024</b>	<b>-</b>	<b>2,282</b>	<b>-</b>

Refer 2.6 of material accounting policies.

**Provision for contract liabilities** - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Group on account of potential delays in meeting the contractual obligations of the Group with regard to agreed deliveries/commissioning.

**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. The timing of the outflows is expected to be within a period of one year from the date of balance sheet.

**Provision for onerous contracts** - The Group has entered into various contracts primarily into material handling. Provision for 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. The movement of provision for onerous contracts is recognised in cost of material consumed (Refer note 29).

**26. Current tax liabilities (net)**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Provision for tax (net of taxes paid in advance)	788	527
<b>Total current tax liabilities (net)</b>	<b>788</b>	<b>527</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**27. Revenue from operations**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Sale of products (Refer note 44)</b>		
<u>Transmission equipment sales</u>		
Local	1,37,553	1,09,454
Export sales	20,432	17,490
<u>Material handling equipment</u>		
Local	27,754	20,139
Export sales	2	48
	<b>1,85,741</b>	<b>1,47,131</b>
<b>Sale of services</b>		
Erection, commissioning and service charges	2,653	3,007
	<b>2,653</b>	<b>3,007</b>
Sale - others	2,259	-
<b>Other operating revenue</b>		
Sale of scrap	1,249	1,388
Income from generation of electricity from renewable sources	1,426	1,108
Export incentives	414	322
Others	-	12
	<b>3,089</b>	<b>2,830</b>
<b>Total revenue from operations</b>	<b>1,93,742</b>	<b>1,52,968</b>

**28. Other income**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Interest income</b>		
- on deposits	1,176	367
- on income tax	-	177
Interest Income on loan given	424	-
- on others	270	64
Dividend income	39	56
Gain on sale of Property, plant and equipment (net)	272	-
Foreign exchange gain (net)	445	433
Gain on sale of Investments (net)	90	-
Gain on fair valuation of Investments at FVTPL (net)	66	56
Rent income	337	256
Liabilities no longer payable written-back	553	527
Bad debts previously written off, now recovered / advance written back	327	-
Insurance claims	372	11
Miscellaneous income	35	59
<b>Total other income</b>	<b>4,406</b>	<b>2,006</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**29. Cost of materials consumed**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Inventory at the beginning of the year	10,146	9,150
Add : Purchases during the year (See Notes)	82,017	72,932
	92,163	82,082
Less : Inventory at the end of the year	8,141	10,146
Cost of material consumed	84,022	71,936
<b>Total cost of material consumed</b>	<b>84,022</b>	<b>71,936</b>

**Note :**

- (i) includes INR 482 lakhs towards reversal of provision for doubtful GST Input Tax Credit Reversal during the current year (against the said provision made in previous year for INR 728 lakhs.)
- (ii) includes INR 2,259 lakhs of items Traded during the current year (March 31, 2023: NIL)

**30. Changes in inventories of finished goods and work-in-progress**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>(Increase) / decrease in inventories</b>		
Opening work-in-progress	6,955	9,213
Closing work-in-progress	(5,812)	(6,955)
Exchange difference	4	(2)
	<b>1,147</b>	<b>2,256</b>
Opening finished goods (including goods in transit)	9,630	6,961
Closing finished goods (including goods in transit)	(8,864)	(9,629)
Exchange difference	281	(89)
	<b>1,047</b>	<b>(2,757)</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>2,194</b>	<b>(501)</b>

**31. Manufacturing expense and erection charges**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Stores, tools and spares consumed	5,167	3,318
Sub-contracting charges	3,983	3,386
Power and fuel	2,696	2,210
Erection and other charges	<b>1,651</b>	894
Other manufacturing expenses	2,114	2,329
<b>Total manufacturing expense and erection charges</b>	<b>15,611</b>	<b>12,137</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**32. Employee benefits expense**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Salaries, wages and bonus	15,954	12,486
Contribution to provident fund and other funds (Refer note 41)	586	400
Employee welfare expenses	2,308	2,087
<b>Total employee benefits expense</b>	<b>18,848</b>	<b>14,973</b>

**33. Finance costs**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<u>Interest expenses #</u>		
Interest on term loans	-	56
Interest on working capital	207	204
Interest - others (including interest on leases)	425	524
Other borrowing costs (including guarantee charges)	232	547
<b>Total finance costs</b>	<b>864</b>	<b>1,331</b>

# Interest expenses are calculated under the Effective Interest Method and measured at amortized cost.

**34. Other expenses**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Rent (Refer note 45)	1,640	1,991
Rates and taxes	504	341
Duties & Fees	224	113
Insurance expense	487	389
<u>Repairs and maintenance :</u>		
- Building	948	438
- Machinery	2,576	2,344
- Others	132	48
Computer software maintenance charges	1,818	1,506
Payment to auditors (Refer Note 35)	116	91
Legal and professional fees	1,070	915
Directors sitting fees	14	15
Commission to non-executive directors	70	60
Travelling, conveyance and communication expenses	1,642	993
Bank charges	25	46
Packing, forwarding and distribution expenses (net of recoveries)	3,414	3,256
Commission and brokerage	5,571	3,843

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**34. Other expenses (Contd...)**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Advertisements and business promotion expenses	338	444
Warranty claims (Refer Note 25)	901	682
Business support services	408	523
Bad debt written off	867	1,377
Allowance for Expected Credit loss recognised/(reversed) (Refer Note 13)	809	(606)
Loss on sale/discard of property, plant and equipments (Net)	-	159
Loss on derivative financial instruments (Net)	-	184
Loss on fair valuation of investments (Net)	-	0
Donations	8	-
Expenditure on corporate social responsibility	292	110
Miscellaneous expenses	1,746	1,273
<b>Total</b>	<b>25,620</b>	<b>20,535</b>

- (i) Research and development expenditure accounted through Consolidated Statement of Profit and Loss aggregates INR 375 lakhs (March 31, 2023: INR 303 lakhs).

**35. Payment to auditors**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
(a) As auditors-audit fees	94	76
(b) For other services (limited review, certification etc.)	20	13
(c) Out of pocket expenses	2	1
<b>Total payment to auditors</b>	<b>116</b>	<b>90</b>

**36. Earnings per share**

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
a) Profit attributable to equity shareholders of the Group (INR in Lakhs)	35,558	23,751
b) Weighted average number of equity shares outstanding during the year #	11,21,99,965	11,21,99,965
c) Earning per share (Basic and Diluted) (INR in ₹)	31.69	21.17
d) Face value per share (INR in ₹)	2.00	2.00

# Outstanding number of shares as at year ended March 31,2024 and March 31,2023 are same.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**37. Tax expenses**

The major components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are : (₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current tax	10,838	6,692
Current tax expense pertaining to prior years	176	(343)
(A)	<b>11,014</b>	<b>6,349</b>
<b>Deferred tax</b>		
Deferred tax	153	(116)
Deferred tax benefit pertaining to prior years	(187)	-
(B)	<b>(34)</b>	<b>(116)</b>
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>10,980</b>	<b>6,233</b>
(A+B)		
<b>Other comprehensive income</b>		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans	(47)	(22)
(C)		
<b>Total tax expense</b>	<b>10,933</b>	<b>6,211</b>
(A+B+C)		

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2024 and March 31, 2023.

**A) Current tax** (₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Profit before tax</b>	46,538	29,984
Statutory income tax rate	25.168%	25.168%
Tax using the Company's statutory tax rate	<b>11,713</b>	<b>7,546</b>
<b>Tax effects of :</b>		
Income exempt from tax	(477)	(26)
Tax at special rate	-	(13)
Share of profit from associate	(161)	(82)
Disallowable expenses	97	29
Adjustment of tax expense relating to earlier periods	(11)	(343)
Different tax rates of foreign subsidiaries	(110)	(565)
Tax pertaining to prior years	133	18
Reversal of deferred liability on indexation of land (Refer note (i) below)	(20)	(38)
Past losses utilised	(337)	(462)
Goodwill amortization allowable under UK GAAP. GBP 222,639 @ 25%	(59)	(42)
Group intercompany eliminations (profit in inventory)	163	172
Current year tax losses on which no deferred tax was recognised	-	13
Others	2	4
	<b>(780)</b>	<b>(1,335)</b>
<b>Income tax expense</b>	<b>10,933</b>	<b>6,211</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**37. Tax expenses (Contd...)**

- (i) At the time of transition to Indian Accounting Standards (Ind AS) with effect from April 01, 2015, the Holding Company had recognised the fair value of its land parcels in the books of account and had also recognised corresponding deferred tax liability considering the future tax obligation that would arise upon sale of land in the expected manner in future (sale of land parcels on a piecemeal basis, delinked from the business).

**B) Deferred tax**

(₹ in Lakhs)

Particulars	Balance as at April 1, 2022	Accounted through Statement of Profit and loss and OCI	Balance as at March 31, 2023	Accounted through Statement of Profit and loss and OCI	Balance as at March 31, 2024
Depreciation for tax purposes	(2,871)	368	(2,503)	127	(2,376)
Impact of fair valuation of financial assets	(779)	38	(741)	20	(721)
Deferred tax on fair value of investments/derivatives	(2)	(11)	(13)	(3)	(16)
Provision for Impairment loss recognised	277	170	447	68	515
Provision for pension liability	146	63	209	(117)	92
Expenditure allowable on payment basis	(58)	4	(54)	(87)	(141)
Expenditure allowable on realised basis	24	(5)	19	(18)	1
Deferred tax on unabsorbed depreciation	(0)	-	(0)	0	-
Deferred tax on long term capital loss	19	(12)	7	2	9
Deferred tax on other financing arrangement	616	(506)	110	(107)	3
Deferred tax expense/(income) accounted through OCI	314	30	344	9	353
Exchange difference directly recognised in equity	(74)	(177)	(251)	69	(182)
<b>Total deferred tax (expense) / income</b>	<b>-</b>	<b>(38)</b>	<b>-</b>	<b>(37)</b>	<b>-</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(2,388)</b>	<b>-</b>	<b>(2,426)</b>	<b>-</b>	<b>(2,463)</b>

**Reflected in the balance sheet are as follows:**

Deferred tax assets	384	209	92
Deferred tax liabilities	(2,772)	(2,635)	(2,555)
<b>Deferred tax liabilities (net)</b>	<b>(2,388)</b>	<b>(2,426)</b>	<b>(2,463)</b>

(₹ in Lakhs)

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(2,426)	(2,388)
Tax income/(expense) during the period recognised in profit or loss	(153)	116
Tax income/(expense) during the period recognised in OCI	47	22
Exchange difference directly recognised in equity	69	(176)
<b>Balance at the end of the year</b>	<b>(2,463)</b>	<b>(2,426)</b>

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.

**Unused tax losses on which no deferred tax asset is recognised**

The subsidiaries 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 recognized in the balance sheet. The losses can be carried forward for a period of 20 years.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**37. Tax expenses (Contd...)**

(₹ in Lakhs)

Financial year	March 31, 2024
2010-11	861
2011-12	335
2012-13	1,237
2013-14	1,201
2014-15	-
2015-16	-
2016-17	771
2017-18	682
2018-19	-
2019-20	-
2020-21	53
2021-22	-
2022-23	-

**38. Financial instruments risk management objectives and policies**

The Group's financial liabilities comprise mainly of borrowings, trade and other payables. The Group's 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 the Group has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Group. The said Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. It also covers policies on specific risk areas such as currency risk, interest rate risk, credit risk and investment of surplus funds.

The following disclosures summarize the Group'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 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 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 Group seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2024, approximately 100% of the Group's borrowings which consist of cash credits for working capital are at fixed rate (March 31, 2023 : 100%). Summary of financial assets and financial liabilities has been provided below:

**Exposure to interest rate risk**

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

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>Fixed-rate instruments</b>		
Financial Assets	43,764	17,327
Financial Liabilities	-	430
<b>Variable-rate instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. 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.

(₹ in Lakhs)

<u>Particulars</u>	<u>Impact on Profit / (loss) after tax</u>
<b>March 31, 2024</b>	
Increase in 100 basis points	-
Decrease in 100 basis points	-
<b>March 31, 2023</b>	
Increase in 100 basis points	-
Decrease in 100 basis points	-

**Foreign currency risk**

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

**Exposure to Currency Risk:-**

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

(₹ in Lakhs)

Particulars	March 31, 2024			March 31, 2023		
	USD	GBP	EUR	USD	GBP	EUR
<b>Financial Assets</b>						
Trade receivables	2,463	2,793	2,644	2,297	579	2,547
Cash and cash equivalents	145	1,349	1,454	680	51	1,453
<b>Total (A)</b>	<b>2,608</b>	<b>4,142</b>	<b>4,098</b>	<b>2,977</b>	<b>630</b>	<b>4,000</b>
<b>Financial Liabilities</b>						
Trade payables	134	784	1,619	675	47	2,326
<b>Total (B)</b>	<b>134</b>	<b>784</b>	<b>1,619</b>	<b>675</b>	<b>47</b>	<b>2,326</b>
<b>Total (A - B)</b>	<b>2,474</b>	<b>3,358</b>	<b>2,479</b>	<b>2,302</b>	<b>583</b>	<b>1,674</b>

The Group is exposed to foreign currency risk on account of its receivables and payables. The functional currency of the Group is Indian Rupee. The Group has exposure to GBP, USD, EUR and other currencies. The Group has not hedged this foreign currency exposure as the Group has natural hedge for payables against receivables.

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

Rupees	Average rate		Year-end spot rate	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
USD 1	82.80	79.01	83.37	82.22
GBP 1	103.58	100.71	105.29	101.87
EUR 1	89.91	87.13	90.22	89.61

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 38. Financial instruments risk management objectives and policies (Contd...)

#### 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 Group's exposure to foreign currency changes for all other currencies is not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particular	USD			GBP		
	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax
<b>March 31, 2024</b>						
Strengthening	1.00%	25	19	2.00%	67	50
Weakening		(25)	(19)		(67)	(50)
<b>March 31, 2023</b>						
Strengthening	3.00%	69	52	3.00%	17	13
Weakening		(69)	(52)		(17)	(13)

#### (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 Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Security deposits mainly includes rental deposits, earnest money deposits which are given as per contractual agreement. Unbilled revenue mainly pertains to contracts where there has been no delay or default in the past periods.

#### Other financial assets

This comprises mainly of deposits with banks, investments in mutual funds, market linked debentures, other quoted instruments and other group receivables. Credit risk arising from these financial assets is limited because the counterparties are group companies, banks and recognised financial institutions and other corporates with high ratings, assigned by recognised credit rating agencies. In case of mutual fund investments, since majority of the investments are in overnight or liquid funds, having limited risk.

#### Trade receivables

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

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the receivables are categorised into 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 on 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, 2024	March 31, 2023
Not due#	1.69%	2.89%
0-1 year	1.68%	1.81%
1-3 years	8.99%	7.50%
Greater than 3 years	4.38%	6.72%
<b>Expected Credit Losses rate</b>	<b>4.19%</b>	<b>4.73%</b>
<b>Amount of Expected credit loss provided for</b>	<b>(1,841)</b>	<b>(1,081)</b>

# Includes provision made for long outstanding retention money.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. Financial instruments risk management objectives and policies (Contd...)**

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

The following significant change in the carrying amounts of trade receivables contributed to change in the impairment loss allowance during year ended March 31, 2024:

Increase in credit impaired balances is due to additional impairment is considered for specific customers due to lapse of time in realising the receivable due.

Movement in provision of expected credit loss has been provided in note no. 13.

**(c) Liquidity risk**

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

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

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
<b>Year ended March 31, 2024</b>						
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	19,404	19,404	-	-	-	19,404
Other financial liabilities	260	260	-	-	-	260
Lease liabilities	7,046	1,104	1,188	1,791	2,963	7,046
<b>Total</b>	<b>26,710</b>	<b>20,768</b>	<b>1,188</b>	<b>1,791</b>	<b>2,963</b>	<b>26,710</b>
<b>Year ended March 31, 2023</b>						
<b>Financial liabilities</b>						
Borrowings	-	1	-	-	-	1
Trade payables	19,583	19,583	-	-	-	19,583
Other financial liabilities	600	600	-	-	-	600
Lease liabilities	5,158	1,118	632	1,168	2,240	5,158
<b>Total</b>	<b>25,341</b>	<b>21,302</b>	<b>632</b>	<b>1,168</b>	<b>2,240</b>	<b>25,341</b>

**(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**

The Group's policy is to maintain 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 the level of dividends to ordinary shareholders.

The Group has adequate cash and bank balances and no interest bearing liabilities. The Group monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Group

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**38. Financial instruments risk management objectives and policies (Contd...)**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest-bearing loans and borrowings (Note 18 and 19)	-	430
Less: cash and cash equivalents (Note 14)	(10,969)	(8,235)
<b>Adjusted net debt</b>	<b>(10,969)</b>	<b>(7,805)</b>
Equity share capital (Note 16)	2,244	2,244
Other equity (Note 17)	1,58,159	1,25,667
<b>Total equity</b>	<b>1,60,403</b>	<b>1,27,911</b>
<b>Adjusted net debt to total equity ratio</b>	<b>(0.07)</b>	<b>(0.06)</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

**39. Fair Value Measurements****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2024

(₹ in Lakhs)

Particulars	Carrying amount					Fair Value			
	Cost	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Footnote 1)	-	22,351	-	-	22,351	22,351	-	0	22,351
Trade receivables	-	-	-	44,510	44,510	-	-	-	-
Cash and cash equivalents	-	-	-	10,969	10,969	-	-	-	-
Other bank balance	-	-	-	15,362	15,362	-	-	-	-
Other financial assets	-	-	-	6,197	6,197	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>22,351</b>	<b>-</b>	<b>77,038</b>	<b>99,389</b>	<b>22,351</b>	<b>-</b>	<b>0</b>	<b>22,351</b>
Borrowings	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	19,404	19,404	-	-	-	-
Other financial liabilities	-	-	-	260	260	-	-	-	-
Lease liabilities	-	-	-	7,046	7,046	-	-	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,710</b>	<b>26,710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**39. Fair Value Measurements (Contd...)**

As at March 31, 2023

(₹ in Lakhs)

Particulars	Carrying amount					Fair Value			Total
	Cost	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Investments (Footnote 1)	-	1,966	-	-	1,966	1,906	-	60	1,966
Trade receivables	-	-	-	34,577	34,577	-	-	-	-
Cash and cash equivalents	-	-	-	8,235	8,235	-	-	-	-
Other bank balance	-	-	-	12,802	12,802	-	-	-	-
Other financial assets	-	-	-	1,704	1,704	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>1,966</b>	<b>-</b>	<b>57,318</b>	<b>59,284</b>	<b>1,906</b>	<b>-</b>	<b>60</b>	<b>1,966</b>
Borrowings	-	-	-	1	1	-	-	1	1
Trade payables	-	-	-	21,348	21,348	-	-	-	-
Other financial liabilities	-	-	-	600	600	-	-	-	-
Lease liabilities	-	-	-	5,158	5,158	-	-	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,107</b>	<b>27,107</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

Investments in associate 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 entities other than associates have been designated as FVTPL. However, investments in equity shares other than those of Eimco Elecon Electricals Limited (EEEL) on disposal will fetch only the principal amount invested and hence the Group considers cost and fair value to be the same.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial classified as current. Accordingly, the fair value has not been disclosed separately.

**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.

Fair value of borrowings is computed using the market comparison technique where information for the interest rate at which a borrowing can be availed by Company is used to arrive at fair value of borrowing. Further, management measurement of fair value is not materially different from the amortised cost. In these cases significant unobservable inputs and interrelationship between significant unobservable inputs and fair value measurement is not applicable.

The Group's investments on disposal will fetch only the principal amount invested and hence the company considers cost and fair value to be the same for investments in equity shares of INR 0.15 lakhs (March 31, 2023: INR 0.15 lakhs).

**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 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 (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2023. The said investment has been disposed off during the year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**39. Fair Value Measurements (Contd...)****Significant unobservable inputs**

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

Particulars	March 31, 2024	March 31, 2023
Beta for WACC	-	1.00
Risk free rate of return	-	7.00%
Cost of equity	-	11.00%
Cost of debt	-	Nil
WACC	-	11.00%
Perpetual growth rate	-	4.50%

**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 year ended March 31, 2024 and March 31, 2023 is as below:

(₹ in Lakhs)

Particulars	Amount
<b>As at March 31, 2022</b>	<b>16</b>
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	43
<b>As at March 31, 2023</b>	<b>59</b>
Acquisitions/ (disposals)	(51)
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(8)
<b>As at March 31, 2024</b>	<b>-</b>

**Transfer out of Level 3**

There were no movement in level 3 in either directions during the year ended March 31, 2024 and March 31, 2023.

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

2023-24	Perpetual growth rate			
		-1%	0.00	0.00
Cost of equity	+1%	0.00	0.00	
2022-23	Perpetual growth rate			
		-1%	5.62	6.18
Cost of equity	+1%	5.19	5.47	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 40. Related party disclosure

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

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

- a) **Ultimate Holding company** : Aakaish Investments Private Limited
- b) **Entity with control over the group** : Lotus Trust
- c) **Associates**
  - (i) Eimco Elecon (India) Limited
  - (ii) Elecon Australia Pty. Limited (Refer note below)
  - (iii) Elecon Africa Pty. Limited (Refer note below)
  - (iv) Elecon Engineering (Suzhou) Co. Limited, China (Refer note below)

**Note:-**

The Holding Company is in process of seeking RBI approval for liquidating its 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited, China. There are no transactions in these 3 associate companies and there are no assets or liabilities pertaining to these associates.

**d) Key managerial personnel**

- (i) Mr. Prayasvin B. Patel - Chairman and Managing Director
- (ii) Mr. Prashant C. Amin - Non-Executive Director
- (iii) Mr. Aayush Shah - Non-Executive Director (w.e.f. April 25,2023)
- (iv) Mr. Pradip M. Patel - Director
- (v) Mr. Jai S. Diwanji - Independent Director (upto March 31, 2024)
- (vi) Dr. Sonal V. Ambani - Independent Director
- (vii) Mr. Pranav C. Amin - Independent Director
- (viii) Mr. Ashutosh Pednekar - Independent Director
- (ix) Mr. Narasimhan Raghunathan - Chief Financial Officer
- (x) Mr. Nirmal P. Bhogilal - Independent Director(w.e.f. April 01, 2024)
- (xi) Mrs. Bharti L. Isarani - Company Secretary
- (xii) Mr. Rajen F. Kavani - Director of Elecon Middle East FZCO
- (xiii) Mr. Vipul B. Shah - Director of Elecon Singapore Pte. Ltd.

**e) Relatives of Key managerial personnel**

- (i) Mrs. Taruna Patel
- (ii) Ms. Akanksha Patel
- (iii) Ms. Aishwarya Patel
- (iv) B. I. Patel HUF
- (v) Mrs. Trupti Pradip Patel

**f) Entities forming part of the same group (with whom transaction undertaken during the current year or previous year)**

- (i) Prayas Engineering Limited
- (ii) K. B. Investments Private Limited
- (iii) Elecon Information Technology Limited
- (iv) Tech Elecon Private Limited
- (v) Emtici Engineering Limited
- (vi) Speciality Wood Pack Private Limited
- (vii) Power Build Private Limited
- (viii) Elecon Hydraulics Private Limited
- (ix) Akaaish Mechatronics Limited
- (x) Wizard Fincap Limited
- (xi) Eimco Elecon Electricals Limited
- (xii) Elecon Peripherals Limited
- (xiii) Packme Industries Private Limited

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

- (xiv) Darshan Chemicals
- (xv) United Marketing Company
- (xvi) Radicon Transmission FZE, Dubai
- (xvii) Radicon Transmission (Thailand) Limited, Thailand
- (xviii) Radicon Transmission (Australia) Pty Limited, Australia
- (xix) Vijay M. Mistry Construction Private Limited
- (xx) Jamko consultants Private Limited
- (xxi) Desmin agencies
- (xxii) Emtici Marketing LLP
- (xxiii) Modsonic Instruments Manufacturing Company Private Limited
- (xxiv) B. I. Patel Charitable Trust
- (xxv) Bipra Investments And Trusts Private Limited
- (xxvi) Desai & Diwanji
- (xxvii) Naman Integrated Management Services Pvt. Ltd.

**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**

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.

**Transactions with key management personnel**

Compensation of key management personnel of the Company.

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2024	Year ended March 31, 2023
Remuneration		
- Mr. Prayasvin B. Patel	1,937	1,215
- Mr. Narasimhan Raghunathan	57	50
- Mrs. Bharti Isarani	23	20
Commission and sitting fees to Independent directors and non-executive directors	84	75
Remuneration to directors #		
- Mr. Rajen F. Kavani	102	83
- Mr. Vipul B. Shah	126	124
<b>Total compensation paid to key management personnel</b>	<b>2,329</b>	<b>1,567</b>

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.

# Key Managerial Personnel who are under the employment of the overseas subsidiaries are entitled to post employment benefits and other long term employee benefits recognised as per the laws of the respective countries and hence the same are not included above.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

Particulars	Holding Company		Associate		Key Managerial Personnel		Relatives of Key managerial personnel		Entities forming part of the same group		Employment/benefit plans		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
	(₹ in Lakhs)													
<b>Income:</b>														
Sale of goods and rendering of services	-	-	691	513	-	-	-	-	2,920	1,598	-	-	3,611	2,111
Sale of scrap	-	-	-	-	-	-	-	-	21	29	-	-	21	29
Sales of plant and equipment	-	-	-	-	-	-	-	-	10	-	-	-	10	-
Commission income	-	-	-	-	-	-	-	-	-	12	-	-	-	12
Dividend income	-	-	-	-	-	-	-	-	34	56	-	-	34	56
Reimbursement of Expenses	-	-	-	19	-	-	-	-	96	143	-	-	96	162
Rent Income	-	-	35	15	-	-	-	-	199	146	-	-	234	161
<b>Expense:</b>														
Purchase of goods and availment of services	-	-	115	75	-	-	-	-	12,220	14,919	-	-	12,335	14,994
Purchase of plant and equipment	-	-	-	-	-	-	-	-	1,908	402	-	-	1,908	402
Remuneration Expenses	-	-	-	-	2,329	1,567	-	-	-	-	-	-	2,329	1,567
Repairs & Maintenance Charges	-	-	-	1	-	-	-	-	1,828	1,781	-	-	1,828	1,782
Software Service Charges	-	-	-	-	-	-	-	-	1,243	764	-	-	1,243	764
Other Expenses	-	-	-	1	-	-	-	-	1,305	1,159	-	-	1,305	1,160
Rent Expenses	-	-	5	4	75	55	-	-	1,060	1,316	-	-	1,140	1,375
Dividend paid	1,569	-	-	-	47	28	91	35	293	867	-	-	2,000	930
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	-	-	404	314	404	314
Contribution made towards CSR activities	-	-	-	-	-	-	-	-	291	110	-	-	291	110
<b>Other Transactions:</b>														
Donation Paid	-	-	-	-	-	-	-	-	8	-	-	-	8	-
Deposit refund received	-	-	-	-	-	-	-	-	21	-	-	-	21	-
Rent deposit paid	-	-	-	-	-	-	-	-	50	-	-	-	50	-
<b>Outstanding balances:</b>														
<b>Assets:</b>														
Trade receivables	-	-	77	54	-	-	-	-	915	219	-	-	992	273
Advance given	-	-	-	-	-	-	-	-	165	123	-	-	165	123
<b>Liabilities:</b>														
Trade payables	-	-	20	13	-	-	-	-	1,593	2,114	-	-	1,613	2,127
<b>Guarantees:</b>														
Guarantee taken	-	-	-	-	-	-	-	-	-	1,92,900	-	-	-	1,92,900
<b>Note:-</b>														
All the above expenses reported here are net off GST.														
The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to INR 1,071 lakhs.														

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**41. Disclosure pursuant to employee benefits****A. Defined contribution plans:**

Amount of INR 586 lakhs (March 31, 2023: INR 400 Lakhs) is recognised as expenses and included in note no. 32 "Employee benefits expense

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provident Fund and Pension scheme	580	397
Superannuation Fund	6	3
	<b>586</b>	<b>400</b>

**B. Defined benefit plans:**

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

**(a) Gratuity and Pension**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**  
for the year ended 31<sup>st</sup> March, 2024

**41. Disclosure pursuant to employee benefits (Contd...)**

**March 31, 2024: Changes in defined benefit obligation and plan assets**

	Gratuity and pension cost charged to statement of profit and loss				Transfer in/ Transfer Out liability/ asset and Increase (decrease)	Benefit paid	Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	March 31, 2024
	April 1, 2023	Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 32)			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		
<b>Gratuity</b>												
Defined benefit obligation	1,271	91	96	187	3	(75)	-	87	44	131	-	1,517
Fair value of plan assets	(1,287)	-	(97)	(97)	-	74	50	-	-	50	(257)	(1,517)
<b>Benefit liability/(asset)</b>	<b>(16)</b>	<b>91</b>	<b>(1)</b>	<b>90</b>	<b>3</b>	<b>(1)</b>	<b>50</b>	<b>87</b>	<b>44</b>	<b>181</b>	<b>(257)</b>	<b>-</b>
<b>Pension, gratuity and medical plan</b>												
Defined benefit obligation	2,414	-	63	63	(252)	(784)	-	(282)	(8)	(290)	-	1,151
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>2,414</b>	<b>-</b>	<b>63</b>	<b>63</b>	<b>(252)</b>	<b>(784)</b>	<b>-</b>	<b>(282)</b>	<b>(8)</b>	<b>(290)</b>	<b>-</b>	<b>1,151</b>
<b>Total benefit liability</b>	<b>2,398</b>	<b>91</b>	<b>62</b>	<b>153</b>	<b>(249)</b>	<b>(785)</b>	<b>50</b>	<b>(195)</b>	<b>36</b>	<b>(109)</b>	<b>(257)</b>	<b>1,151</b>

(₹ in Lakhs)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 41. Disclosure pursuant to employee benefits (Contd...)

#### March 31, 2023 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	Gratuity and pension cost charged to statement of profit and loss				Transfer in/ Transfer Out liability/ asset and Increase (decrease) in obliga- tion due to fluctuation in exchange rate	Benefit paid	Remeasurement gains/(losses) in other comprehensive income				Contribu- tions by employer	March 31, 2023	
	Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 32)	Sub-total included in statement of Profit and Loss (Note 32)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demo- graphic assump- tions	Actuarial changes arising from changes in financial assumptions	Experience adjust- ments			Sub-total included in OCI
<b>Gratuity</b>													
Defined benefit obligation	1,136	81	79	160	5	(105)	-	(18)	93	75	-	1,271	
Fair value of plan assets	(1,069)	-	(74)	(74)	-	4	8	-	-	8	(156)	(1,287)	
<b>Benefit liability/(asset)</b>	<b>67</b>	<b>81</b>	<b>5</b>	<b>86</b>	<b>5</b>	<b>(101)</b>	<b>8</b>	<b>(18)</b>	<b>93</b>	<b>83</b>	<b>(156)</b>	<b>(16)</b>	
<b>Pension, gratuity and medical plan</b>													
Defined benefit obligation	3,977	-	73	73	133	(1,113)	-	(463)	(204)	(667)	11	2,414	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Benefit liability</b>	<b>3,977</b>	<b>-</b>	<b>73</b>	<b>73</b>	<b>133</b>	<b>(1,113)</b>	<b>-</b>	<b>(463)</b>	<b>(204)</b>	<b>(667)</b>	<b>11</b>	<b>2,414</b>	
<b>Total benefit liability</b>	<b>4,044</b>	<b>81</b>	<b>78</b>	<b>159</b>	<b>138</b>	<b>(1,214)</b>	<b>8</b>	<b>(481)</b>	<b>(111)</b>	<b>(584)</b>	<b>(145)</b>	<b>2,398</b>	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**41. 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, 2024	Year ended March 31, 2023
Insurance Fund for gratuity (%) of total plan assets	100%	100%

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, 2024	Year ended March 31, 2023
Discount rate	7.20%	7.57%
<b>Future salary increase</b>		
For the next 1 <sup>st</sup> year	9.00%	8.50%
For the next 1 <sup>st</sup> year, starting from 2 <sup>nd</sup> year	9.00%	8.50%
Starting from 3 <sup>rd</sup> year	9.00%	8.50%
Expected rate of return on plan assets	7.20%	7.57%
Employee turnover rate	6.00%	6.00%
Mortality rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

**b) For Pension (for overseas entities)**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	3.80%	4.20%
Future salary increase		0.00%
Expected rate of return on plan assets		7.00%

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

**a) For Gratuity (for Indian entities)**

(₹ in Lakhs)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	1% increase	(102)	(81)
	1% decrease	117	93
Salary Increase	1% increase	105	87
	1% decrease	(97)	(78)
Employee Turnover	1% increase	(13)	(6)
	1% decrease	15	6

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**41. Disclosure pursuant to employee benefits (Contd...)****b) For Pension (for overseas entities)**

(₹ in Lakhs)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	0.50% increase	(81)	(138)
	0.50% decrease	92	156
Inflation rate	0.50% increase	95	158
	0.50% decrease	(83)	(140)

**(b) Leave obligations -Unfunded**

The actuarial Liability towards leave obligations as at March 31, 2024 is INR 29 Lakhs (March 31, 2023 is INR 98 Lakhs). Current year charge is included in Employee benefit expense (Refer Note 32).

**(c) Effect of Plan on Entity's Future Cash Flows****(i) Funding arrangements and Funding Policy**

The Holding Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**(ii) Expected Contribution during the next annual reporting period for Gratuity (for Indian entities):**

The Company's best estimate of contribution during the next year is INR 120 Lakhs (March 31 2023 : INR 75 Lakhs).

**(iii) Maturity profile of Defined Benefit Obligations for Gratuity (for Indian entities):**

Weighted average duration (based on discounted cash flows) - 8 years.

**(a) Expected cash flows over the next (valued on undiscounted basis) for Gratuity (for Indian entities):**

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2024	Year ended March 31, 2023
1 year	187	171
2 to 5 years	516	462
6 to 10 years	571	491
More than 10 years	1,649	1,349

**(iv) Expected Contribution during the next annual reporting period for Pension (for overseas entities):**

The Company's best estimate of contribution during the next year is INR 29 Lakhs (March 31 2023 : INR 63 Lakhs).

**(v) Maturity profile of Defined Benefit Obligations for Pension (for overseas entities):**

Weighted average duration (based on discounted cash flows) - 23 years

**(a) Expected cash flows over the next (valued on undiscounted basis) for Pension (for overseas entities):**

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2024	Year ended March 31, 2023
1 year	-	-
2 to 5 years	-	6
6 to 10 years	64	271
More than 10 years	1,879	3,517

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**42. Contingent liabilities and commitments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
<b>(a) Contingent liabilities:</b>		
<u>Claims against the Holding Company not acknowledged as debt #</u>		
(i) Disputed with Excise and Service tax authority [FY 23-24 : Amount deposited : 317 Lakhs , Net 4,688 Lakhs] [FY 22-23 : Amount deposited : 249 Lakhs , Net 4,817 Lakhs]	5,005	5,066
(ii) Disputed with Sales tax authority [FY 23-24 : Amount deposited : NIL Lakhs , Net 12 Lakhs] [FY 22-23 : Amount deposited : 10 Lakhs , Net 337 Lakhs]	12	347
(iii) Disputed with GST tax Authority [FY 23-24 : Amount deposited : 93 Lakhs , Net 952 Lakhs] [FY 22-23 : Amount deposited : 93 Lakhs , Net 936 Lakhs]	1,045	1,029
(iv) Disputed with Income Tax Authority [FY 23-24 : Amount deposited : 1,174 Lakhs , Net 2,959 Lakhs] [FY 22-23 : Amount deposited : 1,174 Lakhs , Net 2,876 Lakhs]	4,133	4,050
(v) Appeal filed by Income Tax Authorities before High Court against the order of the Income Tax Apellate Tribunal in favour of the Company.	961	-
(vi) Sales bills discounted under letter of credit with Banks	-	244
<b>Guarantees</b>		
(i) Guarantee with customs for import of goods for AB Benzlers ( Sweden) SEK 400,000 (March 31, 2023 : SEK 400,000)  # Future cash outflows are determinable only on receipt of judgements/ decisions pending with various forums/ authorities. It is not practicable to disclose possibility of any reimbursement.	31	32
<b>(b) Commitments:</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	15,764	4,335

**43. 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 and 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 Group management reports periodically. The CMD is designated as the Chief Operating Decision Maker (CODM).

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**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 Group management reports that are reviewed by the CODM. Segment profit is used to measure performance as Group 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.

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Segment revenue from operations:</b>		
(a) Transmission equipment	1,64,443	1,31,343
(b) Material handling equipment	29,299	21,625
<b>Total segment revenue from operations</b>	<b>1,93,742</b>	<b>1,52,968</b>
<b>Segment profit/(loss) before tax &amp; interest</b>		
(a) Transmission equipment	42,043	28,841
(b) Material handling equipment	6,837	3,260
<b>Net segment profit before tax &amp; interest</b>	<b>48,880</b>	<b>32,101</b>
<b>Reconciliation of segment profit with profit before tax</b>		
i) Finance cost	864	1,331
ii) Other unallocated corporate expenses net off	2,574	1,650
iii) Unallocable income	(1,096)	(864)
<b>Profit before tax as per statement of profit and loss</b>	<b>46,538</b>	<b>29,984</b>

**Other information**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Segment assets</b>		
(a) Transmission Equipment	1,85,886	1,47,782
(b) Material Handling Equipment	18,659	18,975
<b>Total segment assets</b>	<b>2,04,545</b>	<b>1,66,757</b>
(c) Unallocable	7,855	6,440
<b>Total assets</b>	<b>2,12,400</b>	<b>1,73,197</b>
<b>Segment liabilities</b>		
(a) Transmission Equipment	36,073	34,281
(b) Material Handling Equipment	10,350	6,448
<b>Total segment liabilities</b>	<b>46,423</b>	<b>40,729</b>
(c) Unallocable	5,574	4,557
<b>Total liabilities</b>	<b>51,997</b>	<b>45,286</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**Geographical information**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Segment revenue from external customers</b>		
India	1,47,929	1,08,811
<u>Outside India</u>		
- USA	9,213	9,403
- Europe	22,640	21,393
- Asia Pacific	2,875	2,878
- United Arab Emirates	7,492	6,188
- Others	3,593	4,295
	<b>45,813</b>	<b>44,157</b>
<b>Total segment revenue</b>	<b>1,93,742</b>	<b>1,52,968</b>

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Non-current assets</b>		
India	74,172	69,557
Outside India	16,523	14,877
<b>Total non-current assets</b>	<b>90,695</b>	<b>84,434</b>

There is no single external customer which exceeds 10% of the Group's revenue.

**44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-****a) Disaggregation of revenue**

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Revenue from long-term construction contracts (A) (revenue recognised over time)	560	3,107
Revenue other than considered in (A) above (revenue recognised Point in time)	1,90,093	1,47,030
<b>Revenue from operations (excluding other Operating Revenue) (Refer note 27)</b>	<b>1,90,653</b>	<b>1,50,137</b>

The Group believes that the information provided under Note 27 and Note 44, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, *Revenue from Contracts with Customers*.

**b) Reconciliation of the amount of revenue recognised in the consolidated statement of profit and loss with the contracted price:**

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Revenue as per contracted price	1,91,140	1,54,110
<b>Adjustments</b>		
Variable consideration reduction on account of liquidated damages	(487)	(3,973)
<b>Revenue from contract with customers (excluding other Operating Revenue) (Refer Note 27).</b>	<b>1,90,653</b>	<b>1,50,137</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**44. Disclosures pursuant to Indian Accounting Standard (Ind AS) (Contd...)****c. Contract balances:**

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Trade receivables</b>	44,510	34,577
<b>Contract assets</b>		
Unbilled revenue - Other financial assets	31	103
<b>Contract liabilities</b>		
Billing in excess of revenue	-	368
Advance from customers	10,478	7,756

**d. Unsatisfied performance obligations**

The Group applies the practical expedient in Paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. Accordingly, the Group recognises revenue by an amount to which the Group has a right to invoice.

**45. Lease Transactions**

The Group has elected below practical expedients on transition to Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

The Group has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

The incremental borrowing rate of 4.32% p.a to 14.50% p.a and 8.00% for Lease Arrangements of current year, has been applied to lease liabilities recognised in consolidated financial statements.

**45.1 As a Lessee - Movement in Lease liabilities**

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Balance as at April 1, 2023</b>	<b>4,727</b>	<b>3,495</b>
New lease contracts entered during the year	3,077	1,558
Remeasurement due to lease modification	-	233
Recoupment / Adjustment	128	(101)
Finance costs incurred during the year	268	248
Lease contracts terminated during the year	(13)	-
Payments of Lease Liabilities	(1,191)	(810)
Exchange differences	50	104
<b>Balance as at March 31, 2024 (Refer Note 19)</b>	<b>7,046</b>	<b>4,727</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Maturity analysis - Undiscounted cash flows		
Less than one year	1,512	839
1-2 years	1,517	786
2-5 years	3,175	1,578
More than five years	4,907	5,349

### 45.2 Amounts recognised in profit or loss

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest on lease liabilities	268	248
Expenses relating to short-term leases	1,640	1,991
Expenses relating to leases of low-value assets	56	-

### 45.3 As a Lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Operating Lease	329	248
<b>Maturity analysis - Undiscounted cash flows</b>		
Less than one year	126	101

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**46. 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 for the year ended March 31, 2024.**

(₹ in Lakhs)

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
<b>Parent</b>								
1. Elecon Engineering Company Limited	83.87%	1,34,535	85.26%	30,317	25.67%	77	84.76%	30,394
<b>Subsidiaries</b>								
<b>Foreign</b>								
1. Radicon Transmission UK Limited, United Kingdom.	12.03%	19,298	9.75%	3,467	75.67%	227	10.30%	3,694
2. Elecon Middle East FZCO, Middle East	5.29%	8,492	4.70%	1,670	-	-	4.66%	1,670
3. Elecon Singapore Pte. Limited, Singapore	0.62%	998	0.31%	112	-	-	0.31%	112
<b>Associates (Investment as per equity method)</b>								
<b>Indian</b>								
1. Eimco Elecon (India) Limited	3.92%	6,290	1.80%	641	-1.25%	(4)	1.78%	637
Adjustments arising out of consolidation	-5.74%	(9,209)	-1.82%	(647)	-	-	-1.80%	(647)
<b>Total</b>	<b>100.00%</b>	<b>1,60,404</b>	<b>100.00%</b>	<b>35,560</b>	<b>100.00%</b>	<b>300</b>	<b>100.00%</b>	<b>35,860</b>

for the year ended March 31, 2023

(₹ in Lakhs)

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
<b>Parent</b>								
1. Elecon Engineering Company Limited	84.21%	1,07,719	79.22%	18,815	80.50%	570	79.26%	19,385
<b>Subsidiaries</b>								
<b>Foreign</b>								
1. Radicon Transmission UK Limited, United Kingdom.	12.14%	15,535	13.81%	3,281	19.95%	141	13.99%	3,422
2. Elecon Middle East FZCO, Middle East	5.25%	6,714	6.35%	1,508	-	-	6.17%	1,508
3. Elecon Singapore Pte. Limited, Singapore	0.68%	872	0.42%	100	-	-	0.41%	100
<b>Associates (Investment as per equity method)</b>								
<b>Indian</b>								
1. Eimco Elecon (India) Limited	4.46%	5,702	1.37%	325	-0.45%	(3)	1.31%	322
Adjustments arising out of consolidation	-6.74%	(8,631)	-1.17%	(279)	0.00%	-	-1.14%	(279)
<b>Total</b>	<b>100.00%</b>	<b>1,27,911</b>	<b>100.00%</b>	<b>23,750</b>	<b>100.00%</b>	<b>708</b>	<b>100.00%</b>	<b>24,458</b>

**Note:**

The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) and net assets of INR Nil for the year ended 31 March 2024 in respect of 3 associates.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**47. Description of the Group**

The Consolidated financial statements comprise the financial statements of the Holding Company, its subsidiaries, step-down subsidiaries and associates :

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary	
		March 31, 2024	March 31, 2023
<b>(a) Subsidiary</b>			
Radicon Transmission UK Limited	United Kingdom	100.00	100.00
Elecon Singapore Pte. Limited	Singapore	100.00	100.00
Elecon Middle East FZCO	UAE	100.00	100.00
<b>(b) Step Down Subsidiary</b>			
Benzlers Systems AB	Sweden	100.00	100.00
AB Benzlers	Sweden	100.00	100.00
Radicon Drive Systems Inc.	USA	100.00	100.00
Benzlers Transmission A.S.	Denmark	100.00	100.00
Benzlers Antriebstechnik G.m.b.h	Germany	100.00	100.00
Benzlers TBA B.V.	Netherlands	100.00	100.00
OY Benzlers AB	Finland	100.00	100.00
Benzlers Italia s.r.l.	Italy	100.00	100.00
Elecon Radicon Africa Pty. Limited	South Africa	100.00	0.00
<b>(c) Associate Companies</b>			
Eimco Elecon (India) Limited	India	16.62	16.62
Elecon Engineering (Suzhou) Co. Limited#	China	50.00	50.00
Elecon Africa Pty. Limited#	South Africa	50.00	50.00
Elecon Australia Pty. Limited#	Australia	50.00	50.00

**Note :**

All the above entities followed accounting period of April 23 to March 24.

#These companies are in the process of obtaining approval from Reserve Bank of India for their liquidation.

**48. 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 shows the summarised financial information of the Group's investment in Eimco Elecon (India) Limited.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024**48. Equity accounted investees (Contd...)**

(₹ in Lakhs)

Percentage ownership interest	March 31, 2024	March 31, 2023
Non-current assets	24,812	24,464
Current assets	20,225	14,413
Non-current liabilities	(549)	(545)
Current liabilities	(5,871)	(3,259)
<b>Net assets</b>	<b>38,617</b>	<b>35,073</b>
Group's share of net assets (16.62%)	6,418	5,829
Less: Elimination of proportionate share in profit on sale of fixed assets by Holding Company (net of deferred tax)	(127)	(127)
<b>Carrying amount of interest in associates</b>	<b>6,291</b>	<b>5,702</b>

Particulars	March 31, 2024	March 31, 2023
Revenue	22,750	17,271
Profit after tax	3,855	1,952
Other comprehensive income	(22)	(19)
Total comprehensive income	3,833	1,933
Group's share of Profit (16.62%)	641	324
Group's share of OCI (16.62%)	(4)	(3)
<b>Group's share of the total comprehensive income (16.62%)</b>	<b>637</b>	<b>321</b>

**The associate had the following contingent liabilities and capital commitments**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
a. Income tax demands disputed	26	202
b. Excise & Service tax demands disputed	560	702
Note: All the above figures are excluding unquantified interest payable wherever applicable and outflow of funds, if any, would depend upon the outcome of the dispute / contingency.		
c. Capital Commitments	239	372

**Note :**

Previous period figures have been regrouped / reclassified wherever necessary.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### 49. Other disclosures with respect to Schedule III

- (a) There is no scheme of arrangements approved by the competent authority in terms of sections 230 to 237 of the Companies' Act, 2013.
- (b) The Group has no such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (such as search or survey or any other relevant provision of the Income Tax Act, 1961)
- (c) The Group have not traded or invested in crypto currency or virtual currency during the year.

**50.** The Consolidated financial statements were authorised for issue by the Holding Company's Board of Directors at their meetings held on April 19, 2024.

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As per our report of even date attached

**For C N K & Associates LLP**

*Chartered Accountants*

Firm's Registration No : 101961 W/W - 100036

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

**Elecon Engineering Company Limited**

CIN: L29100GJ1960PLC001082

**Himanshu Kishnadwala**

*Partner*

Membership No: 037391

**Prayasvin Patel**

*Chairman & Managing Director*

DIN : 00037394

**Ashutosh Pednekar**

*Director*

DIN : 00026049

**Narasimhan Raghunathan**

*Chief Financial Officer*

**Bharti Isarani**

*Company Secretary*

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31<sup>st</sup> March, 2024

### Annexure - A

Salient features of the financial statements of subsidiaries as per Companies Act, 2013 - Part A

#### Part A: Subsidiaries

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	(Currencies in Lakhs)	
1.	Radicon Transmission UK Limited	INR	12,720	12,042	28,086	2,897	-	11,426	1,415	297	1,118	-	100.00		
		GBP	125	114	267	28	-	110	14	3	11	-			
2.	Elecon Singapore Pte. Limited	INR	528	462	1,740	742	-	2,216	124	11	113	-	100.00		
		USD	6	6	21	9	-	27	1	0	1	-			
3.	Elecon Middle East FZCO	INR	134	8,352	13,237	4,749	-	7,205	1,666	-	1,666	-	100.00		
		AED	6	368	583	209	-	320	74	-	74	-			
4.	Elecon Radicon Africa Pty. Limited	INR	0	4	33	29	-	24	5	1	4	-	100.00		
		ZAR	0	1	8	7	-	6	1	0	1	-			
5.	Benzlers Systems AB	INR	8	4,017	4,024	-	-	-	31	0	31	-	100.00		
		SEK	1	513	514	-	-	-	4	0	4	-			
6.	AB Benzlers	INR	1,029	4,773	7,776	1,986	-	10,642	396	10	386	-	100.00		
		SEK	130	610	994	254	-	1,362	51	1	49	-			
7.	Radicon Drive Systems Inc.	INR	655	(364)	6,625	6,326	-	8,767	1,850	257	1,594	-	100.00		
		USD	8	(4)	79	76	-	106	22	3	19	-			
8.	Benzlers Transmission A.S.	INR	170	33	497	283	-	1,057	37	8	29	-	100.00		
		DKK	15	3	41	24	-	90	3	1	2	-			
9.	Benzlers Antriebstechnik G.m.b.h	INR	92	492	1,226	642	-	1,682	79	20	59	-	100.00		
		EUR	1	5	14	7	-	19	1	0	1	-			
10.	Benzlers TBA B.V.	INR	183	989	5,513	4,340	-	3,824	209	39	170	-	100.00		
		EUR	2	11	61	48	-	43	2	0	2	-			
11.	OY Benzlers AB	INR	136	33	615	446	-	980	35	7	28	-	100.00		
		EUR	2	0	7	5	-	11	0	0	0	-			
12.	Benzlers Italia s.r.l.	INR	9	178	390	204	-	1,054	91	38	53	-	100.00		
		EUR	0	2	4	2	-	12	1	0	1	-			

As on 31.03.24: 1 GBP = 105.29 INR, 1 USD = 83.37 INR, 1 EURO = 90.22 INR, 1 DKK = 12.06 INR, 1 AED = 22.69 INR, 1 SEK = 7.82 INR, 1 ZAR = 4.42 INR



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**for the year ended 31<sup>st</sup> March, 2024

Disclosure in compliance of Part A of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; following are the Related Party Transactions made between respective Promoter Group entities and the Company during the financial year 2023-24 on consolidated basis:-

(₹ in Lakhs)

Sr. No.	Particulars	Entities forming part of the same group	
		Akaaish Investments Private Limited*	
		2023-24	2022-23
1.	Dividend paid	1,569.07	-

**Note:-** \*The Composite Scheme of Merger and Arrangement ("Scheme") consisting Demerger of Demerged Undertakings of Emtici Engineering Limited, Akaaish Mechatronics Limited, Wizard Fincap Limited, Speciality Wood Pack Private Limited, Prayas Engineering Limited, Elecon Information Technology Limited and Elecon Peripherals Limited (collectively referred to as "Demerged Companies"); and Merger of Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited (collectively referred to as "Transferor Companies") into/with Akaaish Investments Private Limited (collectively referred to as "Resulting Company" or "Transferee Company") is approved by the National Company Law Tribunal, Ahmedabad Bench vide by an order dated 2nd November, 2022 (certified copy of said Order dated 4th November, 2022) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The same had been intimated to the Stock Exchanges on 9th November, 2022. Hence, abovesaid transactions are for the period from 1.04.2022 to 9.11.2022. Further, there is no transaction with Akaaish Investments Private Limited during the period from 10.11.2022 to 31.03.2023.

## NOTICE

NOTICE IS HEREBY GIVEN THAT the 64<sup>th</sup> Annual General Meeting of Members of Elecon Engineering Company Limited ("the Company") will be convened on Tuesday, the 25<sup>th</sup> day of June, 2024 at 3:00 p.m. **through Video Conferencing (VC)/Other Audio Visual Means (OAVM)**, to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at Anand – Sojitra Road, Vallabh Vidyanagar – 388 120, Gujarat, India.

### ORDINARY BUSINESS

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March, 2024 and the Reports of Auditors and the Board of Directors ("the Board") thereon.
2. To declare a final dividend of ₹ 2.00 per equity share for the financial year ended on 31<sup>st</sup> March, 2024.
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.

### SPECIAL BUSINESS

4. To approve the Sub-Division of Equity Shares of the Company from the face value of ₹ 2/- (Rupees Two only) per Equity Share to ₹ 1/- (Rupee One only) per Equity Share.

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

**"RESOLVED THAT** pursuant to the provisions of Section 61(1)(d) of the Companies Act, 2013 ('Act') read with Section 64 and all other applicable provisions of the Act, and the Companies (Share Capital and Debentures) Rules, 2014 and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the Articles of Association of the Company and subject to receipt of such other approvals, consent, permissions and sanctions, as may be required, from concerned statutory authorities or bodies or third parties and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, and on recommendation of the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for Sub-Division of each existing Equity Share of the Company having face value of ₹ 2/- (Rupees Two only) each fully paid-up into Two (2) Equity Shares having face value of ₹ 1/- (Rupee One only) each fully paid-up, ranking pari-passu in all aspects and without altering the aggregate amount of paid-up share capital.

**RESOLVED FURTHER THAT** pursuant to the Sub-Division of the Equity Shares of the Company, the Authorised, Issued, Subscribed and Paid-up Equity Share Capital of One (1) Equity Share having face value of ₹ 2/- (Rupees Two only) each shall stand sub-divided into Two (2) Equity Shares having face value of ₹ 1/- (Rupee One only) each from the record date as may be determined by the Board of Directors of the Company (hereinafter referred to as 'the Board', which expression shall include any Committee constituted/to be constituted by the Board thereof or any other person(s) as may be authorized by the Board in that behalf) and shall rank pari-passu in all respects with the existing fully paid equity share of ₹ 2/- each of the Company.

**RESOLVED FURTHER THAT** upon Sub-Division of Equity Shares as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares having face value of ₹ 2/- (Rupees Two only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the "Record Date" and the Company may without requiring the surrender of existing share certificate(s), directly issue and dispatch the new share certificate(s) of the Company, in lieu of such existing issued share certificate(s) subject to the provisions of the Companies (Share Capital and Debentures) Rules, 2014 and shall comply with the prevailing laws/guidelines in this regard and in the case of members who hold the Equity Shares in dematerialized form/ opt to receive the Sub-Divided Equity Shares in dematerialized form, the Sub-Divided Equity Shares of face value of ₹ 1/- (Rupee One only) each shall be credited proportionately into the respective beneficiary demat account(s) of the members with their respective depository participant(s) and the Company shall undertake such Corporate Action(s) as may be necessary in relation to the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board of Directors, any Director and the Key Managerial Personnel of the Company be and are hereby severally authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to the above and to settle all matters arising out of sub-division and incidental thereto including execution and filing of all applications, deeds, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give such directions as may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution. "

5. To approve alteration of Capital Clause of the Memorandum of Association of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with relevant rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the Articles of Association of the Company and on recommendation of the Board of Directors of the Company and subject to such other applicable approval(s) and/ or sanction(s) of the statutory or regulatory authorities, as may be required in this regard, consent of the members of the

Company be and is hereby accorded to substitute the existing Clause V of the Memorandum of Association of the Company with the following:

- V. *The Authorized Share Capital of the Company is ₹ 1,78,00,00,000 (Rupees One Hundred Seventy Eight Crores only) divided into 45,50,00,000 (Forty Five Crores Fifty Lakhs) Equity Shares of ₹ 1/- each, 2,50,00,000 (Two Crores Fifty Lakhs) Cumulative Redeemable Preference Shares of ₹ 2/- each and 1,27,50,000 (One Crore Twenty Seven Lakhs Fifty Thousand) Non-Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each with power to increase or reduce the capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify and abrogate any such rights, privileges or conditions in such manner as may be for the time being approved by the regulations of the Company and the Statutory provisions of the Company, if any."*

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

6. To approve Re-classification of entities forming part of the "Promoter Group Category" into "Public Category".

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to Regulation 31A and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the approval of BSE Limited, National Stock Exchange of India Limited and such other authorities, as may be necessary and/or required, consent of the members be and is hereby accorded for re-classification of Wizard Fincap Limited ("WFL") from "Promoter Group" category to "Public" category in the shareholding of the Company.

**RESOLVED FURTHER THAT** any of the Director of the Company or the Key Managerial Personnel of the Company, be and are hereby severally authorised to intimate the Stock Exchanges, make the necessary application(s) to the Stock Exchanges and SEBI (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, queries, whatsoever that may arise in respect thereof, amend such details and to represent before such authorities as may be required, to otherwise do and/or cause to be done all such acts, deeds, matters and things as may be necessary or expedient for the purposes of obtaining requisite approvals for re-classification of promoters/promoter group as aforesaid, in accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other statutes as may be applicable."

7. To ratify the remuneration payable to the Cost Auditors i.e. M/s. Ketki D. Visariya & Co., Cost & Management Accountants of the Company for the financial year 2024-25.

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Ketki D. Visariya & Co., Cost & Management Accountants having Firm Registration No. 000362, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2024-25, amounting to ₹ 1,70,000/- Plus Govt. Levies/Taxes as applicable and out-of-pocket expenses incurred by them in connection with the aforesaid audit at actual, be and is hereby ratified and confirmed.

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

**Registered Office:**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.  
Gujarat.  
Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

**By Order of Board of Directors,**

**Bharti L. Isarani**  
Company Secretary  
(M. No.: A21412)

**NOTES:-**

1. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business(es) to be transacted at the Annual General Meeting (AGM) is annexed hereto and forms part of this notice.
2. The Ministry of Corporate Affairs (MCA), vide its General Circular ('GC') No. 14/2020 dated 8<sup>th</sup> April, 2020, GC No. 17/2020 dated 13<sup>th</sup> April, 2020 GC No. 20/2020 dated 5<sup>th</sup> May, 2020 and GC No. 9/2023 dated 25<sup>th</sup> September, 2023 (collectively referred as 'MCA Circulars'), has allowed the Companies to conduct their AGMs through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In accordance with the said MCA Circulars and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the 64<sup>th</sup> AGM of the Company shall be conducted through VC/OAVM.
3. In compliance with the aforesaid MCA Circulars and SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11<sup>th</sup> July, 2023 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7<sup>th</sup> October, 2023, Notice of the AGM alongwith the Annual Report is being sent online through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice of 64<sup>th</sup> AGM and Annual Report will also be available on the Company's website [www.elecon.com](http://www.elecon.com), website of Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).
4. The details required under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM forms part as **Annexure-A** of the Notice.
5. Since this AGM is being held through VC/OAVM, pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**
6. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
7. Facility of joining the AGM through VC/OAVM shall open 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
8. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM. Corporate members intending to authorize their representatives to participate and vote at the meeting, are requested to send a certified copy of the Board Resolution/ authorization letter to the Company or upload on the VC/OAVM portal/e-voting portal.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.
10. All documents referred to in the Notice and Explanatory Statement will also be available for electronic inspection, during business hours, without any fee by the members from the date of circulation of this Notice upto the date of AGM. Members seeking to inspect such documents can send an email to [investor.relations@elecon.com](mailto:investor.relations@elecon.com). Members seeking any information with regard to the accounts or any matter to be considered at the AGM, are requested to write to the Company on or before Monday, 17<sup>th</sup> June, 2024 by sending e-mail on [investor.relations@elecon.com](mailto:investor.relations@elecon.com). The same will be replied by the Company suitably.
11. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 15<sup>th</sup> June, 2024 to Tuesday, 25<sup>th</sup> June, 2024 (both days inclusive).
12. Members holding shares in demat form are hereby informed to ensure that updated bank particulars be registered with their respective Depository Participants, with whom they maintain their demat accounts. The Company or its Registrar and Transfer Agent (RTA) cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their Depository Participants.
13. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to Link Intime India Private Limited, Registrar and Transfer Agent of the Company or Investor Relations Department of the Company immediately by sending a request on email at [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in) or [investor.relations@elecon.com](mailto:investor.relations@elecon.com), respectively.
14. Process for registration of Email Id for obtaining Annual Report, User ID and password for e-voting:
  - i. In case shares are held in physical mode, members are requested to visit on the website of Company's Registrar & Transfer Agent namely Link Intime India Private Limited at [https://liiplweb.linkintime.co.in/EmailReg/Email\\_Register.html](https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html) and upload the documents required therein.

- ii. In case shares are held in demat mode, members are requested to update Email Id and bank account details with their respective Depository Participants.
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](mailto: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 7<sup>th</sup> September, 2016, the Company has transferred, on due dates, the unclaimed final dividend for the Financial Year 2015-16 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 shares 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](http://www.elecon.com). Shareholders may claim the same by making an application to the IEPF Authority in E-Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to Corporate Governance Report which is a part of this Annual Report.

17. Final Dividend Related Information:

Subject to approval of the Members at the said AGM, the dividend will be paid on/after 28<sup>th</sup> June, 2024 to the Members whose names appear on the Company's Register of Members as on the Record Date i.e. closure of business hours on Friday, 14<sup>th</sup> June, 2024 (Record date for dividend payment) and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details.

Members are requested to register / update their complete bank details:

- (a) with their Depository Participant(s) with which they maintain their demat accounts, if shares are held in dematerialized mode, by submitting forms and documents as may be required by the Depository Participant(s); and
- (b) with the Company / Link Intime India Private Limited by clicking on [https://liiplweb.linkintime.co.in/EmailReg/Email\\_Register.html](https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html) or by emailing at [investor.relations@elecon.com](mailto:investor.relations@elecon.com) or [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in), if shares are held in physical mode, by submitting:

(i) Scanned copy of the signed request letter which shall contain Member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details),

(ii) Self-attested copy of the PAN card, and

(iii) Cancelled cheque leaf.

- Tax Deductible at Source / Withholding tax:
- Pursuant to the requirement of Income Tax Act, 1961, the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company/Link Intime India Private Limited/ Depository Participant.

18. Other information relating to Remote E-Voting are as under:

- (i) In compliance with Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide a facility to its members to exercise their votes electronically through the electronic voting ("remote e-voting") facility of Link Intime India Private Limited. Shareholders who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by shareholders holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
- (ii) The e-voting period begins on Saturday, 22<sup>nd</sup> June, 2024 at 9:00 a.m. and ends on Monday, 24<sup>th</sup> June, 2024 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 of Tuesday, 18<sup>th</sup> June, 2024 ("cut-off date for e-voting"), may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited ("LIIP") for voting thereafter.
- (iii) The facility for e-voting shall also be made available during the AGM. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
- (iv) Any person who acquires shares of the Company and becomes a shareholder of the Company after sending of the AGM Notice and holding shares as of the cut-off date of e-voting, may obtain the

login ID and password by sending a request at [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in). However, if he/she is already registered with LIPL for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.

- (v) Shri S. Samdani (FCS: 3677) Partner of M/s. Samdani Shah and Kabra, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the remote e-voting prior to the date of AGM and during the meeting in a fair and transparent manner.
- (vi) The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorised by the Chairman, after the completion of the scrutiny of the remote e-voting (votes casted prior to the date of AGM and during the AGM through remote e-voting), not later than two working days from the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be communicated to the stock exchanges, LIPL and will also be displayed on the Company's website.
- (vii) The Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. 1<sup>st</sup> April, 2019. Accordingly, the Company / LIPL has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail the facility of dematerialisation.
- (viii) Members holding shares in physical mode are required to submit their Permanent Account Number (PAN) and bank account details to the Company/ LIPL, if not registered with the Company/LIPL, as mandated by SEBI by writing to the Company at [investor.relations@elecon.com](mailto:investor.relations@elecon.com) or to LIPL at [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in) alongwith the details of folio no., self-attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
- (ix) Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file their nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent i.e. LIPL. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.
- (x) Non-Resident Indian members are requested to inform LIPL / respective DPs, immediately of: a) Change in their residential status on return to India for permanent settlement b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

Members are requested to send all their documents and communications pertaining to shares to the Registrar and Transfer Agent (RTA) of the Company – Link Intime

India Private Limited, at their address at Geetakunj, 1, Bhakti Nagar Society, Behind ABS Tower, Old Padra Road, Vadodara – 390015, Gujarat, India, Telephone No. +91 265 3566768, 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 3566768 Email ID [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in) Website [www.linkintime.co.in](http://www.linkintime.co.in).

19. The Instructions of Remote E-Voting for Shareholders are as under:

As per the SEBI circular dated 9<sup>th</sup> December, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

**Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:**

1. **Individual Shareholders holding securities in demat mode with NSDL:**

**METHOD 1 - If registered with NSDL IDeAS facility:**  
**Users who have registered for NSDL IDeAS facility:**

- a) Visit URL: <https://eservices.nsdl.com> and click on "Beneficial Owner" icon under "Login".
- b) Enter user id and password. Post successful authentication, click on "Access to e-voting".
- c) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**OR**

**User not registered for IDeAS facility:**

- a) To register, visit URL: <https://eservices.nsdl.com> and select "Register Online for IDeAS Portal" or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided with Login ID and password.
- d) After successful login, click on "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**METHOD 2 - By directly visiting the e-voting website of NSDL:**

- a) Visit URL: <https://www.evoting.nsdl.com/>
- b) Click on the "Login" tab available under 'Shareholder/Member' section.
- c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/

- OTP and a Verification Code as shown on the screen.
- d) Post successful authentication, you will be re-directed to NSDL depository website wherein you can see "Access to e-voting".
  - e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.
- 2. Individual Shareholders holding securities in demat mode with CDSL:**
- METHOD 1 – From Easi/Easiest:**
- Users who have registered/ opted for Easi/Easiest:**
- a) Visit URL: <https://web.cdslindia.com/myeasinew/home/login> or [www.cdslindia.com](http://www.cdslindia.com).
  - b) Click on New System Myeasi
  - c) Login with user id and password
  - d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.
  - e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**OR**

**Users not registered for Easi/Easiest:**

- a) To register, visit URL: <https://web.cdslindia.com/myeasinew/Registration/EasiRegistration>.
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided Login ID and password.
- d) After successful login, user will be able to see e-voting menu.
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**METHOD 2 - By directly visiting the e-voting website of CDSL:**

- a) Visit URL: <https://www.cdslindia.com/>
- b) Go to e-voting tab.
- c) Enter Demat Account Number (BO ID) and PAN No. and click on "Submit".
- d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account  
After successful authentication, click on

"LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**3. Individual Shareholders holding securities in demat mode with depository participants**

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/ CDSL for e-voting facility.

- a) Login to DP website
- b) After Successful login, members shall navigate through "e-voting" tab under Stocks option.
- c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.
- d) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the Company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details:-
  - A. **User ID:** Shareholders holding shares in physical form shall provide Event No. + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

*\*Shareholders holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above.*

*\*Shareholders holding shares in **NSDL form**, shall provide 'D' above.*

- ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
  - ▶ Click “confirm” (Your password is now generated).
3. Click on 'Login' under 'SHARE HOLDER' tab.
  4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

#### Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
4. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

#### Guidelines for Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund"):

##### STEP 1 – Registration

- a) Visit URL: <https://instavote.linkintime.co.in>
- b) Click on Sign up under "Corporate Body/ Custodian/Mutual Fund"
- c) Fill up your entity details and submit the form.
- d) A declaration form and organization ID is generated and sent to the Primary contact person email ID. The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to [insta.vote@linkintime.co.in](mailto:insta.vote@linkintime.co.in).
- e) Thereafter, Login credentials (User ID; Organisation ID; Password) will be sent to Primary contact person's email ID.
- f) While first login, entity will be directed to change the password and login process is completed.

##### STEP 2 –Investor Mapping

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on "Investor Mapping" tab under the Menu Section
- c) Map the Investor with the following details:
  - a. 'Investor ID'
    - i. Members holding shares in NSDL demat account shall provide 8

Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678

- ii. Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
- b. 'Investor's Name - Enter full name of the entity.
  - c. 'Investor PAN' - Enter your 10-digit PAN issued by Income Tax Department.
  - d. 'Power of Attorney' - Attach Board resolution or Power of Attorney. File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID. Further, Custodians and Mutual Funds shall also upload specimen signature card.
- d) Click on Submit button and investor will be mapped now.
  - e) The same can be viewed under the "Report Section".

#### STEP 3 – Voting through remote e-voting.

The corporate shareholder can vote by two methods, once remote e-voting is activated:

##### METHOD 1 - VOTES ENTRY

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on 'Votes Entry' tab under the Menu section.
- c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of Instavote before the start of remote evoting.
- d) Enter '16-digit Demat Account No.' for which you want to cast vote.
- e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
- f) After selecting the desired option i.e., Favour / Against, click on 'Submit'.
- g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

##### OR

##### VOTES UPLOAD:

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) You will be able to see the notification for e-voting in inbox.
- c) Select 'View' icon for 'Company's Name / Event number'. E-voting page will appear.
- d) Download sample vote file from 'Download Sample Vote File' option.
- e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.



- f) Click on 'Submit'. 'Data uploaded successfully' message will be displayed. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

**Helpdesk:**

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders holding securities in demat mode:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**Forgot Password:**

**Individual Shareholders holding securities in Physical form has forgotten the password:**

If an Individual Shareholders holding securities in Physical form has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>.

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholder is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No. + Folio Number registered with the Company.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No. + Folio Number registered with the Company

User ID for Shareholders holding shares in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Shareholders holding shares in CDSL demat account is 16 Digit Beneficiary ID.

**Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund") has forgotten the password:**

If a Non-Individual Shareholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>.

- Click on 'Login' under 'Corporate Body/ Custodian/Mutual Fund' tab and further Click 'forgot password?'
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholder is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.*

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Shareholders who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at abovementioned depository/depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:**

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on “Login”

- Select the “Company” and ‘Event Date’ and register with your following details: -
- A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No.
    - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID.**
    - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.**
    - Shareholders/ members holding shares in **physical form shall provide Folio Number** registered with the Company.
  - B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.
  - C. Mobile No.:** Enter your mobile number.
  - D. Email ID:** Enter your email id, as recorded with your DP/Company.
- Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

**Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

**Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:**

Shareholders/Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.

Shareholders/Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

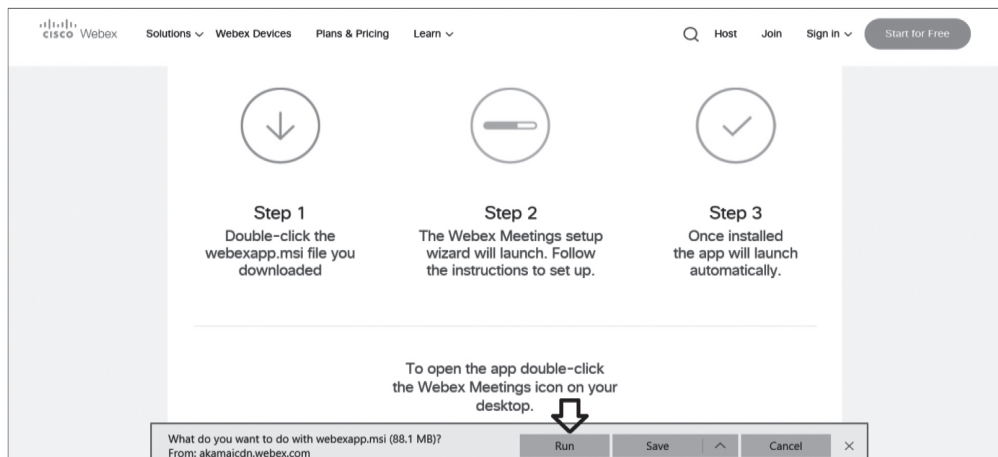
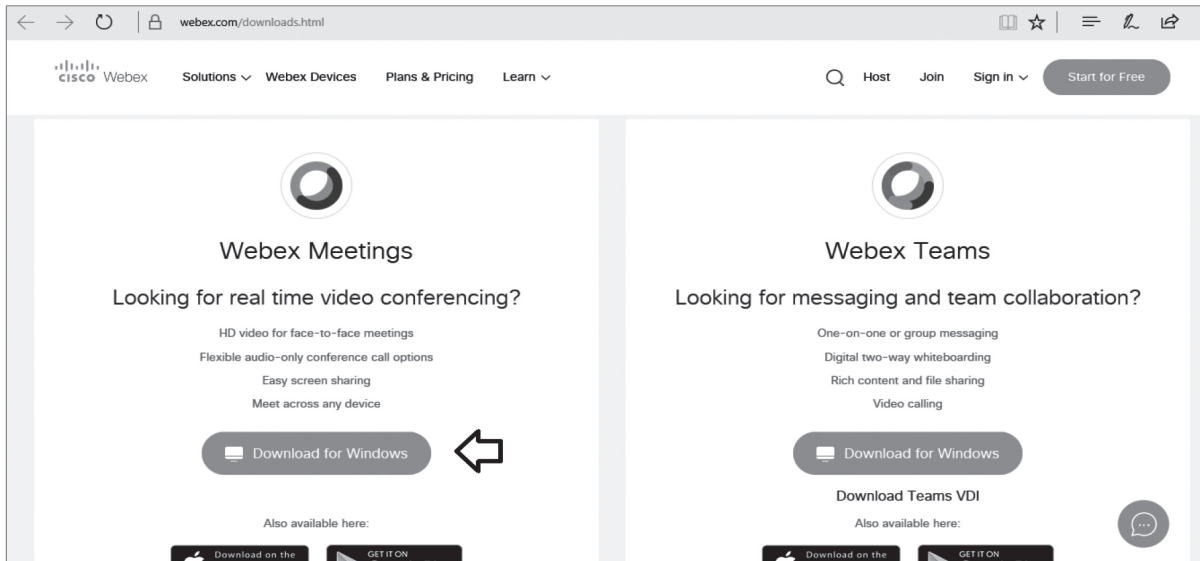
Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

**Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET**

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>



Step 1  
Double-click the webexapp.msi file downloaded

Step 3  
Once installed app will launch automatically.

To open the app double-click the Webex Meetings icon on your

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Double-click the webexapp.msi file downloaded

Step 3  
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Double-click the webexapp.msi file downloaded

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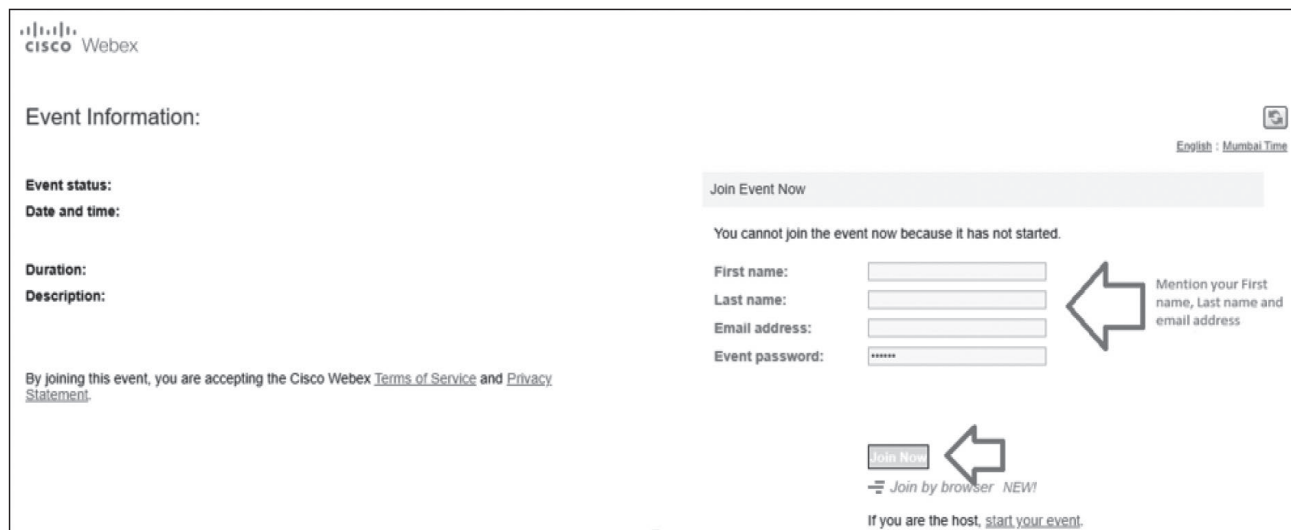
OR

- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

**Step 1 : Enter your First Name, Last Name and Email ID and click on Join Now.**

- 1 (A) If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
- 1 (B) If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or **Run a temporary application.**

Click on **Run a temporary application**, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now.



**Registered Office:**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.  
Gujarat.  
Place : Vallabh Vidyanagar  
Date : 19<sup>th</sup> April, 2024

**By Order of Board of Directors,**

**Bharti L. Isarani**  
Company Secretary  
(M. No.: A21412)

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

### Item Nos. 4 & 5

The Equity Shares of the Company are listed and traded on the National Stock Exchange of India Limited and BSE Limited. In order to provide enhanced liquidity in the capital market through widening shareholder base and to make it more affordable for small investors, the Board of Directors of the Company in its meeting held on 19<sup>th</sup> April, 2024 considered and approved the sub-division/splitting of the existing Equity Shares of the Company, such that each Equity Share having face value of ₹ 2/- (Rupees Two only) fully paid-up, be sub-divided into Two (2) Equity Shares having face value of ₹ 1/- (Rupee One only) each, fully paid-up, ranking pari-passu with each other in all respects, with effect from such date as may be fixed by the Board as the Record Date ("Record Date"), subject to approval of members of the Company.

Advantage of Sub-division/Split:

1. Improvement in the liquidity of script of the Company;
2. More participation by the small/retail investors;
3. Affordable to the public at large; and
4. Intact market capitalization.

The sub-division of Equity Shares of the Company as aforesaid would require consequential alteration to the existing Capital Clause i.e. Clause V of the Memorandum of Association of the Company. There will not be any change in the amount of authorized, subscribed, issued and paid-up share capital of the Company on account of sub-division of Equity Shares. Additionally, such sub-division shall not be construed as reduction in share capital of the Company.

In terms of the provisions of Sections 13 and 61 of the Companies Act, 2013, approval of the members of the Company is sought by way of ordinary resolutions for sub-division of Equity Shares and consequential alteration to Capital Clause (Clause V) of the Memorandum of Association of the Company.

A draft copy of the altered Memorandum of Association is available for inspection by the members of the Company. They may follow the process for inspection of document as mentioned in 'Notes' section forming part of this Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolutions mentioned at Item Nos. 4 & 5 except to the extent of their shareholding in the Company.

The Board recommends passing of the resolutions as set out at Item Nos. 4 & 5 as an Ordinary Resolution(s).

### Item No. 6

The Company had received the request letter dated 12<sup>th</sup> April, 2024 from the Wizard Fincap Limited ("WFL") falling under the category of Promoters/ Promoter Group of the Company requesting to be reclassified from the Category of "Promoters/Promoters Group" to "Public Category".

WFL, promoter group of the Company; previously held 1,84,332 Equity Shares representing 0.16% of the paid-up share capital of the Company.

Pursuant to the Composite Scheme of Merger and Arrangement approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench at Gujarat dated 2<sup>nd</sup> November, 2022, all the investments of WFL ("Demerged Company") had been transferred/directed to Aakaish Investments Private Limited ("Transferee Company/Resulting Company") Promoter Group of the Company.

Subsequently, on 30<sup>th</sup> March, 2023, Aakaish Investments Private Limited ("AIPL") and Ms. Jayshree Mahendrabhai Purohit entered into a share purchase agreement ("SPA") in terms of which AIPL has transferred its entire investment of WFL to Ms. Jayshree Mahendrabhai Purohit. Moreover, in terms of the aforesaid SPA, the business of WFL was completely transferred to Ms. Jayshree Mahendrabhai Purohit.

Further, in compliance of the provisions of Regulation 31A(3)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the WFL had confirmed that:

1. They, together with persons related to them (as defined under sub-clauses (ii), (iii) and (iv) of clause (pp) of Regulation 2(1)(pp) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018) do not hold more than 10% of the total voting rights of the Company. And WFL's present shareholding in the Company is nil;
2. They do not/shall not exercise control over the affairs of the Company, directly or indirectly;
3. They are not being/shall not be represented on the Board of Directors (including not having a nominee director) of the Company;
4. They are not being/shall not be represented/ act as a Key Managerial Personnel in the Company;
5. They do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
6. They are not 'wilful defaulter(s)' as per the Reserve Bank of India Guidelines;
7. They are not fugitive economic offender;
8. There is no pending regulatory action against them.

Furthermore, WFL has also confirmed that they shall continue to comply with the conditions, as may be applicable, in accordance

with the provisions of the Regulation 31A of Listing Regulations.

The members are also informed, that the Company: -

- i. is compliant with the requirement of minimum public shareholding as required under Regulation 38 of the Listing Regulations.
- ii. equity Shares were not suspended by the Stock Exchanges from trading.
- iii. does not have any outstanding dues to the Board, the Stock Exchanges or to the Depositories.

The Board had analyzed the request of WFL in detail. On the basis of rationale and confirmation provided by the WFL in accordance with the provisions of Regulation 31A(3A) of the Listing Regulations, the Board was of the view that above mentioned request for re-classification from "Promoter Group" category to "Public" category be accepted and accordingly the same has already been approved by the Board of Directors in their Meeting held on 19<sup>th</sup> April, 2024 and further recommend the passing of the Resolution as set out at Item No. 6 of this Notice for the approval of the Members of the Company as an Ordinary Resolution.

Further in terms of Sub-regulation 3(a)(iii) of Regulation 31A of Listing Regulations, the person related to WFL shall not vote on the Resolutions set out at Item No. 6 of this Notice.

None of the Directors /Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of this Notice.

#### Item No. 7

In accordance with the provisions of Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited from a qualified Cost Accountant.

The Board at its meeting held on 19<sup>th</sup> April, 2024, 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 2024-25 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees (₹)
1.	M/s. Ketki D. Visariya & Co.	Engineering	1,70,000/- 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, the members are requested to ratify the remuneration payable to the Cost Auditors of the Company for the financial year 2024-25 as set out in the resolution for aforesaid services to be rendered by them.

Accordingly, the Board of Directors recommends the resolution set forth at Item No. 7 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the resolution set out at Item No. 7.

#### Registered Office:

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

Place : Vallabh Vidyanagar

Date : 19<sup>th</sup> April, 2024

By Order of Board of Directors,

**Bharti L. Isarani**  
Company Secretary  
(M. No.: A21412)

**Annexure-A****Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36 of Listing Regulations and Secretarial Standard on General Meetings (SS-2).**

Name of Director	Shri Prashant C. Amin
Date of Birth	09-08-1956
Date of First Appointment of the Board	29-07-2008
DIN	01056652
Qualifications	M.B.A. (Finance) (U.S.A.) & Master Degree in Engineering & Management, BITS, Pilani
Brief Resume & Expertise in specific Functional areas	Shri Prashant C. Amin has approximately 43 years of experience in operating enterprises with strong leadership, strategy building and operational direction; successfully acquiring, integrating & managing foreign companies, with varied ownership structures and operating cultures. He has also served as an Executive Director of Elecon Engineering Company Limited from June, 2011 to May, 2020. He is also actively involved in the local business developments as Trustee at the Vithal Udyog Nagar Industries Association and Charutar Arogya Mandal at Anand, Gujarat. He is a Board Member of the Sardar Patel Renewable Energy Research Institute. He also served CII, Gujarat as its Chairman.
Skills and Capabilities required for the Role and the manner in which he meets such requirements	He has strong operational, personal and social networking, deep understanding of multicultural business challenges, strong financial acumen, detailing, analytical and common sense approach. He is a strong believer in technology and continuous improvements, customer engagement and innovations.
Terms and conditions of Appointment / Re-appointment	Not applicable
Details of remuneration sought to be paid	Sitting Fees, reimbursement of expenses for participation in the Board and its Committee meetings and Commission, if any, will be paid as approved by the Board of Directors of the Company or Members of the Company, as the case may be.
Details of remuneration last drawn	₹ 11.44 Lakhs (towards sitting fees and commission)
No. of Board meetings attended	4 out of 4 Meetings held
Directorship held in other Companies (alongwith listed entities from which the person has resigned in the past three years)	- Eimco Elecon (India) Limited - Darshan Manufacturing Private Limited - Maruti Rubber Products Private Limited
Chairman / Membership of Committees in other Companies (alongwith listed entities from which the person has resigned in the past three years)	<b>Eimco Elecon (India) Limited</b> - Stakeholders' Relationship Committee – Chairman - Corporate Social Responsibility Committee - Member
No. of Shares held in the Company (including shares held as a beneficial owner)	40,675
Relationship with any Director, Manager and Key Managerial Personnel (KMP) of the Company	Not related to any Director or KMP.



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Bird's-eye view of Elecon Engineering Company Ltd. ( Gear Division )



**ELECON ENGINEERING COMPANY LIMITED**

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

Tel: +91 2692 238 701/702

Website: [www.elecon.com](http://www.elecon.com) | CIN L29100GJ1960PLC001082