



Eim/Sec/SE

**Date: 29<sup>th</sup> June, 2019**

To,  
BSE Ltd.  
Phiroze Jeejeebhoy Towers  
25th Floor, Dalal Street  
Mumbai - 400 001

Company Code 523708

To,  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051  
Symbol EIMCOELECO - Series EQ

**Sub.: Annual Report for the financial year 2018-19 and Notice convening the 45<sup>th</sup> Annual General Meeting of Eimco Elecon (India) Limited - reg**

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2018-19 along with the Notice convening the 45<sup>th</sup> Annual General Meeting will be held on 25<sup>th</sup> July, 2019 at 2: 30 p.m. at the Registered Office of the Company at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar – 388 120, Dist. Anand, Gujarat.

Please take the same on your record.

Thanking you,

Yours faithfully,

**For Eimco Elecon (India) Limited***Rs dalwadi*  
**Rikenkumar Dalwadi****Company Secretary & Compliance Officer**

Enclosure: As above

**Regd. Office & Works :****EIMCO ELECON (INDIA) LTD.**, Anand Sojitra Road, Vallabh Vidyanagar - 388 120. Gujarat, India.

Tel. : (02692) 230502, 230602, 230902, Telefax : (02692) 236506

Website : [www.eimcoelecon.in](http://www.eimcoelecon.in) | CIN : L29199GJ1974PLC002574

**EIMCO ELECON (INDIA) LIMITED**

**ANNUAL REPORT  
2018-2019**



**BOARD OF DIRECTORS**

Shri Pradip M. Patel	-	Chairman
Shri M. G. Rao	-	Whole-time Director
Shri Prayasvin B. Patel	-	Executive Director
Shri Prashant C. Amin	}	- Directors
Shri Nirmal P. Bhogilal		
Shri Nalin M. Shah		
Smt. Manjuladevi P. Shroff		
Ms. Reena P. Bhagwati		

**CHIEF FINANCIAL OFFICER**

Shri Nilesh D. Shelat

**COMPANY SECRETARY**

Shri Rikenkumar Dalwadi

**CORPORATE IDENTITY NUMBER (CIN)**

L29199GJ1974PLC002574

**REGD. OFFICE & WORKS**

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

**AUDITORS**

Messrs Thacker Butala Desai  
Chartered Accountants  
Navsari

**BANKERS**

State Bank of India  
Anand

**REGISTRAR & SHARE TRANSFER AGENT****Mumbai Office**

Link Intime India Private Limited  
C-101, 247 Park,  
LBS Marg, Vikhroli (West)  
Mumbai - 400 083.

**Vadodara Office**

Link Intime India Private Limited  
B-102 &103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Crossing, Akota,  
Vadodara - 390 020.

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**EIMCO ELECON (INDIA) LIMITED**

(CIN : L29199GJ1974PLC002574)

Registered Office : Anand-Sojitra Road,

Vallabh Vidyanagar - 388 120, Dist. Anand, Gujarat.

E-mail : investor@eimcoelecon.in

Website : www.eimcoelecon.in

Phone : 02692 - 230502 / 230602,

Fax : 02692 - 236506

**NOTICE OF THE 45<sup>TH</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 45<sup>th</sup> Annual General Meeting of members of EIMCO ELECON (INDIA) LIMITED will be held on Thursday, 25<sup>th</sup> day of July, 2019 at 02:30 p.m. at Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Financial Statements (Both Standalone and Consolidated) of the Company for the financial year ended on 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors & Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended on 31<sup>st</sup> March, 2019.
3. To appoint a Director in place of Shri Pradip M. Patel (DIN: 00012138), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

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

**“RESOLVED THAT** pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members be and are hereby accorded to pay such remuneration by way of commission for a period of five (5) years

commencing from April 1, 2019, not exceeding in aggregate 1% (one percent) of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, with authority to the Board to determine the manner and proportion in which the amount be distributed among to all the Non-Executive Directors of the Company.

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

5. To consider and if thought fit, to pass following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, 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 payment of remuneration of ₹ 40,000/- (Rupees Forty Thousand only) per annum plus taxes as applicable and out of pocket expenses incurred in connection with the audit to Messrs Y. S. Thakar & Co., Cost Accountants (Registration No.000318) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2020, be and is hereby ratified.

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

By Order of the Board of Directors,

Registered Office:

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

**Rikenkumar Dalwadi**  
Company Secretary

Date : 7<sup>th</sup> May, 2019

**NOTES :**

1. The Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of the special business under Item No. 4 and Item No. 5 of the accompanying Notice are annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY/PROXIES FORM/S IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his/her identity at the time of attending the Meeting.

3. The Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company, a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.

In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

4. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the attendance slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No. Duplicate attendance slip or copy of the Annual Report will not be made available at the AGM Venue.

5. As required by Regulation 36 of the SEBI (LODR) Regulations, 2015 (Listing Regulations) and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India, the relevant details of Director retiring by rotation and seeking re-appointment at the ensuing AGM are given in the Annexure to the Notice of the

AGM.

6. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Registered Office of the Company on all working days (except Saturday, Sunday & Public Holidays) between 10:00 a.m. to 12:00 noon up to the date of this AGM.

7. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the RTA of the Company/ Company.

8. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

9. The Register of Members & Share Transfer Books of the Company will be closed from Friday, 19<sup>th</sup> July, 2019 to Thursday, 25<sup>th</sup> July, 2019 (both days inclusive).

10. The payment of dividend on equity shares as recommended by the Board of Directors for the Financial Year ended on 31<sup>st</sup> March, 2019 when declared at the meeting will be paid:

i. To those members whose names appear in the Register of Members of the Company on Friday, 19<sup>th</sup> July, 2019.

ii. In respect of shares held in electronics form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited, (CDSL) at the end of business hours on Thursday, 18<sup>th</sup> July, 2019.

11. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched on/after Monday, 29<sup>th</sup> July, 2019.

12. The Members desiring to have any information on accounts are requested to write to the Company Secretary at least one week in advance of the meeting to enable the Company to keep the information ready.
13. A route map showing the direction to reach the venue of the Annual General Meeting is enclosed in this Report.
14. In compliance with the requirements laid down in Section 124(6) of the Companies Act, 2013 read with the “Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred all equity shares in respect of which dividends had remained unclaimed by the shareholders for seven consecutive years or more i.e. for Financial Year 2010-11, to the IEPF Suspense Account.

Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and Rules made thereunder. The details of the shareholders whose equity shares/dividend had been transferred to the IEPF Suspense Account are available on the website of the Company i.e. [www.eimcoelecon.in](http://www.eimcoelecon.in).

To know necessary guidelines and procedures for claiming the dividend and shares from IEPF, please login in to <http://www.iepf.gov.in/IEPFA/refund.html>.

15. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the R&T Agent of the Company.  
In case the shares are held in dematerialized form, then information should be furnished directly to their respective Depository Participant (DP) only.
16. Members are requested to send all their documents and communications pertaining to shares to the Registrar & Transfer (R & T) Agent of the Company – Link Intime India Private Limited at their address

at B-102 &103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank, Nr. Radhakrishna Crossing, Akota, Vadodara - 390 020, Tel. No. +91 265 2356573/2356794, for both physical and demat segments of Equity Shares.

Please quote on all such correspondence – “Unit – Eimco Elecon (India) Limited.” For Shareholders queries – Tel. No. +91 265 2356573, 2356794, Email ID [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in) Website [www.linkintime.co.in](http://www.linkintime.co.in).

17. The instructions and other information relating to Remote E-Voting are as under:
  - (i) The voting period begins on Monday, 22<sup>nd</sup> July, 2019 at 09.00 a.m. and ends on Wednesday, 24<sup>th</sup> July, 2019 at 5.00 p.m. During this period, Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 18<sup>th</sup> July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN Number</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on the Address Stickers, which is affixed on the Annual Report.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the Depository or Company, please enter the Member ID / Folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>





- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant EIMCO ELECON (INDIA) LIMITED on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also use Mobile app – “m-Voting” for e-voting. m-Voting app is available on Apple-IOS, Android & Windows based Mobiles. Shareholders may log into m-voting using their e-voting credentials to vote for the Company resolution(s).
- (xix) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

1. The e-voting period commences on Monday, 22<sup>nd</sup> July, 2019 (09.00 a.m.) and ends on Wednesday, 24<sup>th</sup> July, 2019 (5.00 p.m.). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is casted by the Shareholder, the Shareholder shall not be allowed to change it subsequently.

The scrutinizer shall, on conclusion of the e-voting, unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, and forward to the Chairman of the Company.

The Results shall be declared on or after the Annual General Meeting of the Company. The results declared alongwith the Scrutinizer’s Report

- shall be placed on the Company's website [www.eimcoelecon.in](http://www.eimcoelecon.in) and the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
2. The voting rights of Shareholders shall be in proportion to their shares of the paid up Equity Share Capital of the Company.
  3. Shri Dineshkumar G. Bhimani, Practicing Company Secretary (Membership No. FCS: 8064; CP No: 6628) has been appointed as the Scrutinizer to scrutinize the e-voting process.
  4. Facility for voting through polling paper shall also be made available at the meeting and members attending the meeting who have not already casted their vote by remote e-voting shall be able to exercise their right at the meeting.
  5. Members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
  6. Voting rights be reckoned on the paid up value of shares registered in the name of the member /beneficial owner (in case of electronic shareholding)as on the cut-off date i.e. Thursday, 18<sup>th</sup> July, 2019.

By Order of the Board of Directors,

Registered Office:

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

Date : 7<sup>th</sup> May, 2019

**Rikenkumar Dalwadi**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES Act, 2013****Item No. 4**

The members of the Company at its 40<sup>th</sup> Annual General Meeting held on 5<sup>th</sup> August, 2014 had approved payment of remuneration by way of commission to the Non-Executive Directors of the Company, not exceeding 1% (one percent) per annum of the net profits of the Company computed in the manner referred to Section 198 of the Companies Act, 2013. The approval was valid for a period of five (5) years commencing from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2019.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors of the Company (other than the Managing Director/the Whole-time Director/ the Executive Director), it is proposed that remuneration by way of commission for a period of five (5) years commencing from April 1, 2019, not exceeding in aggregate 1% (one percent) of the net profits of the Company for each financial year, calculated in accordance with Section 198 of the Companies Act, 2013, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee of the Board and approval of the Board of Directors of the Company.

The said remuneration to the Non-Executive Directors of the Company shall be in addition to the sitting fee payable to them for attending the meetings of the Board and Committee thereof.

All the Directors of the Company except Shri M. G. Rao, Whole-time Director are interested in the Resolution set out at Item No. 4 of the accompanying Notice, since it relates to their respective remuneration. Shri Prayasvin B. Patel, Executive Director of the Company is a relative of Shri Pradip M. Patel. None of the Key Managerial Personnel of the Company and their relatives is in any

way, concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the special resolution set out at Item No. 4 of the Notice for approval by the members.

**Item No.5**

The Board of Directors at its meeting held on 7<sup>th</sup> May, 2019, upon the recommendation of the Audit Committee, approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2020 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees
1.	Y. S. Thakar & Co.	Engineering	₹ 40,000/- 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, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2020, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

**Details of the Director seeking appointment / re-appointment at the forthcoming Annual General Meeting**

[Pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 on General Meetings]

<b>Name of Director</b>	<b>Shri Pradip M. Patel</b>
Date of Birth	5 <sup>th</sup> November, 1947
Date of first appointment on the Board	11 <sup>th</sup> January, 1996
DIN	00012138
Nationality	British
Qualifications	MBA (USA)
Brief Resume and Expertise in specific Functional areas	He had engaged in the field of Bearing Industry for over 4 decades. He has expertise in the areas of strategy and business development, corporate management and leadership.
Terms and Conditions of Appointment / Re-appointment	As per the Resolution at Item No. 3 of the 45 <sup>th</sup> Annual General Meeting
Details of remuneration sought to be paid	As per the Nomination and Remuneration Policy of the Company.
Details of remuneration last drawn	For the Financial Year 2018-19, Sitting Fees of ₹ 2,47,500/- for attending Board and Committee meetings; and For the Financial Year 2017-18, Commission of ₹ 2,50,000 was paid.
No. of Board Meetings attended	4 out of 4
List of Directorships held in other Companies.	Elecon Engineering Company Limited Emtici Engineering Limited Power Build Private Limited Manoway Investments Private Limited Mipco Investments Private Limited Emsons Leasing Company Private Limited Taveta Properties Private Limited Elecon Hydraulics Private Limited Tech Elecon Private Limited Aakaaish Investments Private Limited Vijay M. Mistry Construction Private Limited Maple Properties And Commodities Private limited
Chairman / Membership of the Committees of the Boards of other Companies in which he is Director	<b><u>Elecon Engineering Company Limited</u></b> Member – Audit Committee Member – Stakeholders' Relationship Committee Member – Nomination & Remuneration Committee <b><u>Power Build Private Limited</u></b> Member – Audit Committee
No. of Shares held	NIL
Relationship with any Director of the Company	Sister of Shri Prayasvin B. Patel, Executive Director has married to Shri Pradip M. Patel.

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

By Order of the Board of Directors,

 Date : 7<sup>th</sup> May, 2019

**Rikenkumar Dalwadi**  
 Company Secretary

## BOARD'S REPORT

To,  
The Members of EIMCO ELECON (INDIA) LIMITED

The Directors take pleasure in presenting the 45<sup>th</sup> Annual Report together with the audited financial statements for the financial year ended on 31<sup>st</sup> March, 2019.

### 1. HIGHLIGHTS OF PERFORMANCE

Total Revenue for the year increased to ₹ 19,543.00 Lakh as compared to ₹ 15,176.93 Lakh in the previous year. Profit Before Tax for the year was ₹ 3,041.79 Lakh as compared to ₹ 1,943.64 Lakh in the previous year. Profit After Tax for the year was ₹ 2321.62 Lakh as compared to ₹ 1,644.44 Lakh in the previous year.

### 2. FINANCIAL RESULTS

(₹ in Lakh)

Particulars	31-03-2019 Standalone	31-03-2018 Standalone	31-03-2019 Consolidated	31-03-2018 Consolidated
Revenue from Operations	18,473.48	14,216.55	18,473.48	14,216.55
Other Income	1,069.52	960.38	1,069.52	960.38
Total Income from Operations	19,543.00	15,176.93	19,543.00	15,176.93
<b>Profit Before Tax</b>	<b>3,041.79</b>	<b>1,943.64</b>	<b>3,037.38</b>	<b>1,926.27</b>
Tax Expenses	720.17	299.20	720.17	299.20
Share in Profit of Associates	-	-	(4.41)	(17.37)
<b>Profit for the Year</b>	<b>2,321.62</b>	<b>1,644.44</b>	<b>2,317.21</b>	<b>1,627.07</b>
Other Comprehensive Income	3.27	16.49	3.27	16.49
<b>Total Comprehensive Income for the year</b>	<b>2,324.89</b>	<b>1,660.93</b>	<b>2320.48</b>	<b>1,643.56</b>
Equity Reserves	30,560.44	28,583.27	30,855.24	28,882.48

### 3. DIVIDEND

Your directors recommend for your consideration a dividend of 70% i.e. ₹ 7/- per share on 5768385 equity shares of ₹ 10/- each for the year ended on 31<sup>st</sup> March, 2019 (Previous Year ₹ 5/- per share on 5768385 equity shares of ₹ 10/- each).

During the year, the unclaimed dividend pertaining to the financial year 2010-11 has been transferred to the Investor Education & Protection Fund.

### 4. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has neither subsidiary nor Joint Venture Company.

#### Associate Company :

Eimco Elecon Electricals Limited

Your Company holds 47.62% of the Equity Shares of Eimco Elecon Electricals Limited The Loss for the financial year ended on 31<sup>st</sup> March, 2019 was

₹ 9.26 Lakh as against ₹ 36.46 Lakh for the financial year ended on 31<sup>st</sup> March, 2018.

### Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Report. Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/ Associate Companies/Joint Ventures is given in Form AOC-1 which forms an integral part of this Report.

### 5. SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2019 was ₹ 576.84 Lakh. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity. Director's shareholding in the Company, as on 31<sup>st</sup> March, 2019, is given in extract of Annual Return.

### 6. FINANCE

The Company continues to focus on judicious management of its working capital. Receivables, Inventories and other working capital parameters were kept under strict check through continuous monitoring. The whole of the properties of the Company have been suitably insured.

### 7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the financial statements provided in this Annual Report.

### 8. FIXED DEPOSITS

The Company has not accepted any deposit from public falling within the ambit of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unpaid / unclaimed deposits as on 31<sup>st</sup> March, 2019.

### 9. DIRECTORS

#### Re-appointment of Independent Directors

Pursuant to the provisions of Section 149(10) of the Companies, Act, 2013, Shri Nalin M. Shah and Shri Nirmal P. Bhogilal have been re-appointed as Independent Directors for the second term of five (5) years effective April 1, 2019 by the members of the Company at the 1/2018-19 Extraordinary General Meeting held on 30<sup>th</sup> March, 2019. The detailed performance evaluation of Independent Directors was

carried by the Board before recommending their re-appointment to the members.

Director Retire by Rotation

Shri Pradip M. Patel retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment. The Board recommends his appointment for your approval.

Independent Directors:-

The Independent Directors met on 29<sup>th</sup> January, 2019 without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Statutory Declarations / Disclosures by Directors:-

All Independent Directors of the Company have given declarations to the Company under Section 149 (7) of the Companies Act, 2013 that, they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Director of your Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the frame work of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory, cost and secretarial auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year ended on 31<sup>st</sup> March, 2019. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, based on the above and the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material

departures therefrom;

2. They have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations 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 as at 31<sup>st</sup> March, 2019 and of the profit of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis;
5. They have laid internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended on 31<sup>st</sup> March, 2019; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended on 31<sup>st</sup> March, 2019.

**11. KEY MANAGERIAL PERSONNEL (KMP)**

During the year under review, Smt. Bharti Isarani resigned as Company Secretary & Compliance Officer and KMP of the Company w.e.f. 10<sup>th</sup> July, 2018. Shri Devanand Mojindra was appointed as Company Secretary & Compliance Officer and KMP of the Company w.e.f. 31<sup>st</sup> July, 2018 and he resigned as Company Secretary & Compliance Officer and KMP of the Company w.e.f. 28<sup>th</sup> November, 2018. Shri Rikenkumar Dalwadi has been appointed as Company Secretary & Compliance Officer and KMP of the Company w.e.f. 29<sup>th</sup> January, 2019.

As on 31<sup>st</sup> March, 2019 Shri M. G. Rao, Whole-time Director; Shri N. D. Shelat, CFO; Shri Rikenkumar Dalwadi, CS are designated as KMP.

**12.1 COMMITTEES OF THE BOARD**

The Board of Directors have the following Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders' Relationship Committee



- d. Corporate Social Responsibility Committee.
- e. Risk Management Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

## 12.2 BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and notifications / circulars of SEBI, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## 12.3 REMUNERATION POLICY

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

## 12.4 NUMBER OF MEETINGS OF THE BOARD

During the year under review, the Board met 4 times. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Companies Act, 2013.

## 13. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of the Company's business.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Prior approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature and in the ordinary course of the Company's business. Transactions with related parties are disclosed in the notes to accounts to the financial statements.

The Form No. AOC-2 envisages disclosure of material contracts or arrangement or transactions at arm's length basis is annexed herewith as **Annexure 'I'** to this Report.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. The weblink of the policy is <https://eimcoelecon.in/wp-content/uploads/2012/11/Related-Party-Policy-EIMCO.pdf>

## 14. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

As part of its initiatives under the Corporate Social Responsibility (CSR), the Company has undertaken projects in the area of education and health care. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy.

The Annual Report on CSR activities is annexed herewith as **Annexure 'B'**.

## 15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

## 16. MANAGEMENT'S DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company is given in the Management's Discussion and Analysis appearing as **Annexure 'C'** to this Report.

## 17. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control stem is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to Messrs C. F. Patel & Co., Chartered Accountants. 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, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings

and corrective actions taken. 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 Chairman of the Audit Committee.

#### 18. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established Vigil Mechanism system and framed Whistle Blower Policy. Whistle Blower Policy is disclosed on the website of the Company at following web-link- <https://eimcoelecon.in/wp-content/uploads/2012/11/Whistle-Blower-Policy-EIMCO.pdf>

#### 19. CORPORATE GOVERNANCE

Your Company has always striven to incorporate appropriate standards for good Corporate Governance. It has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 are complied with.

A detailed report on Corporate Governance is appearing as **Annexure 'D'** to this Report along with the Auditors' Certificate on its compliance by the Company.

#### 20. PARTICULARS OF EMPLOYEES

The informations required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company are set out in the **Annexure 'E'** to the Board's Report.

#### 21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information on conservation of energy, technology of absorption and foreign exchange earning and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in **Annexure 'F'** forming part of this report.

#### 22. STATUTORY AUDITORS

Messrs Thacker Butala Desai, Chartered Accountants, Navsari were appointed as Statutory Auditors of the Company for a period of 5 (five) consecutive years at the 43<sup>rd</sup> Annual General Meeting of the Company subject to ratification of their appointment every year. Pursuant to the amendments made to Section 139

of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effect from 7<sup>th</sup> May, 2018, the requirement of seeking ratification of the members for the appointment of the statutory auditors has been withdrawn from the status. Hence, the resolution seeking ratification of the members for continuance of their appointment at this AGM is not being sought.

There is no audit qualification, reservation or adverse remark for the year under review.

#### 23. COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its activity are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Messrs Y. S. Thakar & Co. to audit the cost accounts of the Company for the financial year ending 31<sup>st</sup> March, 2020 on a remuneration of ₹ 40,000/- plus taxes as applicable and out of pocket expenses. 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 Members' ratification for the remuneration payable to Messrs Y. S. Thakar & Co., the Cost Auditors is included at Item No. 5 of the Notice convening the Annual General Meeting.

#### 24. 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 Messrs D. G. Bhimani & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit carried out during the year 2018-19 is annexed herewith as **Annexure 'G'**. There is no secretarial audit qualification for the year under review.

#### 25. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are annexed herewith as **Annexure 'H'** which forms an integral part of this report and is also available on the Company's website i.e. [www.eimcoelecon.in](http://www.eimcoelecon.in).

#### 26. INSURANCE

The Company takes a very pragmatic approach towards insurance. Adequate insurance cover has been taken for all movable and immovable assets for various types of risks.



**27. REPORTING OF FRAUDS**

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

**28. RISK MANAGEMENT**

Although it is not mandatory for the Company, the Board of Directors of your Company has constituted a Risk Management Committee to assist the Board in overseeing and approving the Company's enterprise wide risk management framework. The Company monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

**29. DISCLOSURE UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainee) are covered under the policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2018-19:

No. of complaints received	:	Nil
No. of complaints disposed off	:	N.A.
No. of complaints pending	:	Nil

The policy on Sexual Harassment at workplace is placed on the Company's website at <https://eimcoelecon.in/wp-content/uploads/2019/04/Sexual-Harassment-Policy.pdf>

**30. 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.

**31. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. During the first Board Meeting attended, each newly appointed Independent

Director is taken through a formal induction program, including the presentation from the Whole-time Director on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The Familiarization Programme for Independent Directors includes a detailed presentation by Business and Functional Heads, visit to the manufacturing site, etc. Weblink for the Policy for the Familiarisation Programme for Independent Directors - <https://eimcoelecon.in/wp-content/uploads/2019/04/FamiliarizationProgrammeIndependentDirectors 1819.pdf>.

**32. TRANSFER TO RESERVES**

The Board of Directors has decided to retain the entire amount of profit for the financial year 2018-19 in the statement of profit & loss account.

**33. MATERIAL CHANGES AND COMMITMENTS**

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

**34. COMPLIANCE OF SECRETARIAL STANDARDS**

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

**35. ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board of Directors,

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## ANNEXURE - “A” TO BOARD’S REPORT - ITEM NO.12.3 NOMINATION, REMUNERATION AND EVALUATION POLICY

### Introduction

In accordance with terms of Section 178 of the Companies Act, 2013 and the Listing Agreement entered into by the Company with Stock Exchanges, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company.

### Definitions

In this Policy unless the context otherwise requires:

- (1) **“Act”** means Companies Act, 2013 and rules thereunder.
- (2) **“Company”** means “Eimco Elecon(India) Ltd”.
- (3) **“Board of Directors”** or **“Board”**, in relation to the Company, means the collective body of the directors of the Company.
- (4) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- (5) **“Key Managerial Personnel”** (KMP) means
  - i) Chief Executive Officer or the Managing Director or the Manager,
  - ii) Company Secretary,
  - iii) Whole-time Director,
  - iv) Chief Financial Officer and
  - v) Such other officer as may be prescribed.
- (6) **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement
- (7) **“Policy”** means, “Nomination and Remuneration Policy.”
- (8) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (9) **“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.
- (10) **“Ministry”** means the Ministry of Corporate Affairs.
- (11) **“Regulations”** refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy.
- (12) **“Employees’ Stock Option”** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees,



the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

**Objective**

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

**Membership / Composition**

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

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

**CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**QUORUM**

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

**COMMITTEE MEMBERS' INTERESTS**

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

**VOTING**

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

**TERM**

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

**APPLICABILITY**

This Policy is applicable to:

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

**Role / Duties**

The Nomination and Remuneration Committee is responsible for:

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- Recommending to the Board on the selection of individuals nominated for directorship;
- Making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed/reappointed;
- Assessing the independence of independent directors;
- Such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.
- To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To devise a policy on Board diversity;
- To develop a succession plan for the Board and to regularly review the plan;

**EVALUATION**

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

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

- Leadership & stewardship abilities
- Contributing to clearly define corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- Obtain adequate, relevant & timely information from external sources.
- Review & approval achievement of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Assess policies, structures & procedures
- Direct, monitor & evaluate KMPs, senior officials
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees
- Review of corporation's ethical conduct

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



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

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

- Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:
  - assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
  - the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
  - the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
  - the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- Personal specifications for Directors
  1. Qualification
    - Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
    - Recognised specialist
  2. Experience
    - Experience of management in a diverse organisation
    - Experience in accounting and finance, administration, corporate and strategic planning or fund management
    - Demonstrable ability to work effectively with a Board of Directors
  3. Skills
    - Excellent interpersonal, communication and representational skills
    - Demonstrable leadership skills
    - Extensive team building and management skills
    - Strong influencing and negotiating skills
    - Having continuous professional development to refresh knowledge and skills
  4. Abilities and Attributes
    - Commitment to high standards of ethics, personal integrity and probity
    - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace
  5. Political inclinations and opinions.
  6. Other Specifications are as under:
    - Degree holder in relevant disciplines;
    - Experience of management in a diverse organization;
    - Excellent interpersonal, communication and representational skills;

- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

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

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

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

#### (i) Remuneration:

##### a) Base Compensation (fixed salaries)

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

##### b) Variable Salary :

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

#### (ii) Statutory Requirements:

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



- The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.
- The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
- The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

#### **REMOVAL**

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

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

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

#### **OTHER GENERAL MATTERS**

The Committee shall ensure that –

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

## ANNEXURE - 'B' TO BOARD'S REPORT - ITEM NO.14

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

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below:

Weblink:- <https://eimcoelecon.in/wp-content/uploads/2012/11/CSR-POLICY-EIMCO2.pdf>

2. Composition of the CSR Committee:

Shri Pradip M. Patel	-	Chairman
Shri Prashant C. Amin	-	Member
Smt. Manjuladevi P. Shroff	-	Member

3. Average Net Profit of the Company for last three Financial Years: ₹ 2067.94 Lakh
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 41.36 Lakh
5. Details of CSR spent during the financial year:
- a. Total amount spent for the financial year: ₹ 42.00 Lakh
- b. Amount unspent, if any: NIL
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project/ Activity identified	Sector	Location	Amt. Outlay (Budget) Project or Program-wise (₹ in Lakh)	Amt. Spent on projects or programmes (₹ in Lakh)	Cumulative Expenditure upto the reporting period (₹ in Lakh)	Amount spent: Direct or through implementing agency
			Districts (State)				
1.	Educational Scholarship, providing educational aid to needy students and Scholarship to meritorious students	Education	District-Anand State-Gujarat	40.50	40.50	40.50	Through implementing Agency*
2.	Health Care	Health	District-Anand State-Gujarat	1.50	1.50	1.50	

\* Details of implementing Agencies:- (1) B. I. Patel Charitable Trust (2) I. B. Patel Charitable Trust

6. Reason for not spending the amount specified in Item 4 above: Not Applicable.
7. Responsibility statement by the CSR Committee :

We hereby declare that the implemented and the monitoring of the CSR projects/activities, is in compliance with CSR objectives and policy of the Company.

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

**Pradip M. Patel**  
Chairman of  
CSR Committee  
DIN : 00012138

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019





## Management's Discussion and Analysis

### ANNEXURE - "C" TO BOARD'S REPORT - ITEM NO. 16

#### INDUSTRY STRUCTURE AND DEVELOPMENT

##### **COAL INDUSTRY**

Coal India Limited, the largest coal producer in India has enhanced the production by 7% and SCCL by 3.9%. However this could not satiate the ever growing demand of the coal for the Indian industries and the import of the coal also increased by 4.9%. Coal mining industry needs to enhance its capacity rapidly but due to important political activities this year the decision on the private participation in the commercial mining could not be taken. In fact the captive coal blocks already allocated were also taken at the unreasonably high price and therefore they are either not working or working at the lowest possible capacities. Few of the coal blocks allocated to the private sector has progressed well and may see the production to its capacity within a year or two.

The renewable energy uses and alternate fuels are growing in India but the demand increase in power sector is much higher to be compensated by them only. The use of electrical automotive may further accelerate the demand. Our steel sector also have more growth potentials and the coal demand for them also will be in the rising trend.

Our equipment demand totally depends on the underground coal mining expansion. The underground mines were stagnant due to higher cost of mining, however now the technology upgradation due to the same reason will open up new avenues for us.

##### **CONSTRUCTION EQUIPMENT INDUSTRY**

The economy of India is a developing mixed economy. It is the world's seventh-largest economy by nominal GDP and the third-largest by purchasing power parity. Infrastructure is the key to economic growth. Infrastructure development directly impact & helps in improving gross domestic product (GDP) of a nation. The virtuous cycle of growth in infrastructure through various projects & GDP leads to higher spending including in Infrastructure equipment. Reflection of the Government Policies & plans and implementation program has been actively directed towards infrastructure improvement goal with necessary funding. Since, good infrastructure acts as a catalyst in industrial & overall growth of the nation, the sector has always been on priority agenda of the current government at all the times. With the Government's constant impetus on infrastructure spending, the construction equipment industry has shown an upward trend for last two years. The Government has a clear focus and agenda on vibrant infrastructure to stimulate the GDP growth rate and acting upon by increasing the spending through various measures. Further, with the sustainability, environmental protection regulation and the

norms coming to the fore infrastructure space is becoming beehive activity getting the utmost attention. This augurs well for construction domain horses i.e. construction equipment and the sector is all set to play a key role in the emerging scenario.

Construction sector in India is considered to be the second largest employer and contributor to economic activity, after agriculture sector. It also accounts for most inflow of Foreign Direct Investment (FDI) after service sector. 50% of the demand for construction activities comes from infrastructure sector while the rest comes from industrial activities, residential & commercial development etc. There has been macro-economic stability on economic front through fiscal consolidation and check on inflation. The economic reforms in form of Bankruptcy Law, Bank Re-capitalisation, the Goods and Service Tax (GST), Disinvestment have brought a lot of changes in the way the works were getting executed and have paved the way to development of infrastructure. NITI Aayog, is trying to give a meaningful direction to allocation of funds by improving the share of development revenue expenditure & reduction in non-development revenue expenditure as a proportion of total budget expenditure. This has helped higher allocation to sectors like Railways & Roads, Smart Cities, Affordable Housing, Irrigation, Water Harnessing & Rural Development. Further, the major growth drivers for construction equipment industry will be, focus on timely execution of projects through improved governance & easy availability of finance. Awareness & emphasis on qualitative approach will lead to focus on high quality & technology driven equipment. Growing urbanization & Increasing affordability is expected to further spur up the demand for construction equipment in near future. Based on the recent projections, the ICE (Indian Construction Equipment) market is expected to grow by around 7 to 10 percent over the next few years.

##### **FUTURE SCENARIO**

With India aiming to become a \$5 trillion economy by 2024, the government will pushing to eliminate logjams to growth and is responding to voters' frustration with the problems such as inadequate number of expressways, crowded travelling and congested airports. Major global manufacturers have put their stake by investing in the Indian construction equipment industry over last few years. With the PRAGATI initiative from PM to fast track the allocated projects & immediately working by the cabinet committee on Infrastructure shows the commitment of the newly formed government towards expedition of implementation of projects. Increased spending on Highways & Railways, Aviation, Water revitalization will

create an opportunity for construction equipment companies. A number of domestic players, who have expanded their capabilities or diversified their product portfolios, through collaboration & tie-up arrangements, have also started taking aggressive approach under the new economic scenario.

The Government of India has made infrastructure creation a major pillar for sustainable growth. The initiatives of present Government in promoting domestic players through 'make in India' & 'start up India' initiatives had started showing inflow of funds in Infra Industry very recently. Further, priority in allocation of funds to Government's recent initiatives, like Bharat Mala - Road Network across Border & Coastal Areas, UDAN – Development of Airports, Swatch Bharat Abhiyan - Solid Waste Disposal, Nirmal Ganga Sehbhagyta - Clean Ganga, Smart Cities & Interlinking of rivers & development of waterways for transportation, port development have started showing growth results for primary construction equipment (earth-moving) which will further continue for secondary equipment (material handling) on the mid and long term basis.

#### OPPORTUNITIES & THREATS

With improved off take of various infrastructure project, the improved version of AL-120, a mid-sized Compact Wheel Loader with 2.3T pay load capacity, with superior features, will carve its product placement among similar equipment presently in vogue and used by construction companies. A higher capacity Loader AL-520, with pay load of 3.5T has also been introduced in the market place against heavy competition from national & global players, considering the higher demand from this segment. Continuous focus on improvement in current distribution network has helped spread this product in certain pockets of the nation, which will be further improved upon in the days to come.

Skid Steer Loader, a highly versatile machine having a growth potential & primarily use in Industry material handling as well as Infra projects, has also been launched and the same will be seen joining the league of earlier introduced products. Your company is planning to launch first 'Make-in India' Piling Rig, which will find its market in foundation building equipment. Additional product lines in Construction Equipment Segment, as proposed by reputed market survey agency, will also help your Company realize its growth objectives in years to follow.

Further on, your company is also exploring export potential of construction equipment in market of South East Asia & Africa.

#### RISKS AND CONCERNS

The main risk and concern of the company remains that it will continue to depend more on Government clients for some more time.

#### INTERNAL CONTROL SYSTEM

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory /statutory requirements.

#### DEVELOPMENTS ON HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT

The Company attaches utmost priority to human resource development with focus on regular upgradation of the knowledge and skills of all employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully. The company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Industrial relations of the company continue to be cordial. As on 31<sup>st</sup> March, 2019 there were 148 permanent employees on role of the Company.

#### KEY FINANCIAL RATIOS

Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Key Financial Ratios along with detailed explanations are as follows:

No.	Ratio	2017-18	2018-19
i	Debtors Turnover	2.53	2.95
ii	Inventory Turnover Ratio	2.02	2.51
iii	Interest Coverage Ratio	511.14	583.72
iv	Current Ratio	5.18	4.33
v	Debt Equity Ratio	0.0021	0.0052
vi	Operating Margin	7.30%	10.98%
vii	Net Profit Margin	11.57%	12.57%

- Debt Equity Ratio has been increased due to the Company borrowed secured loan from State Bank of India during the financial year 2018-19.
- Operating margin ratio has been changed due to increase in sales and change in product mix.

#### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND OUTLOOK.

Sales & Other income for the year ended 31<sup>st</sup> March, 2019 were ₹ 19,543.00 Lakh as compared to ₹ 15,176.93 Lakh on 31<sup>st</sup> March, 2018. The net profit stood at ₹ 2,321.62 Lakh (previous year ₹ 1644.44 Lakh).

#### CAUTIONARY STATEMENT

Statements in this report on describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied.

The Company assumes no responsibility in respect of forward-looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## Corporate Governance Report

### ANNEXURE 'D' TO THE BOARD'S REPORT - ITEM NO.19

#### A. MANDATORY REQUIREMENTS

##### Company's philosophy

Pursuant to the practice of the Good Corporate Governance, your Company is committed to meet the aspirations of all our stakeholders and believes in adopting the best corporate practices for ethical conduct of business.

Your Company continues to maintain its industry leadership, by pursuing excellence in everything it does including standards of business conduct. The Company's philosophy on Corporate Governance emanates from the principles of ethical governance and is aimed at conducting of business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders. This objective is achieved by adopting corporate practices based on principles of transparency, accountability, fairness and integrity to create long term sustainable value for all its stakeholders.

The Company is committed to good Corporate Governance. The mandatory requirements of SEBI (LODR) Regulations, 2015 have been fully implemented by your Company. The Company firmly believes in the rights of its stakeholders for information regarding the Company's business and financial performance.

##### Board of Directors (the Board)

The Board of Directors of the Company is the highest governance authority within the management structure of the Company. Further, the Board of Directors of the Company is totally committed to the best practices for effective Corporate Governance.

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholders' value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. The Board composition is in accordance with the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Composition of the Board as on 31<sup>st</sup> March, 2019

Category	No. of Directors
Independent Directors	4
Executive Directors	2
Non-Executive Director	1
#Nominee Director	1
<b>Total</b>	<b>8</b>

# Elecon Engineering Company Limited being the equity investor has nominated Shri Prashant C. Amin on the Board of the Company.

The brief profile of the Company's Board of Directors is as under:

##### Shri Pradip M. Patel, Chairman

Shri Pradip M. Patel was appointed as Director from 11<sup>th</sup> January, 1996. He is MBA (USA). He was associated with Bearing Industry. He is a member of the Audit, Nomination and Remuneration, Risk, Stakeholders' Relationship and Corporate Social Responsibility

Committees of the Board. He is a relative of Shri Prayasvin B. Patel.

##### Shri Prayasvin B. Patel, Executive Director

Shri Prayasvin B. Patel is one of the promoters of the Company and was appointed as Executive Director of the Company with effect from 9<sup>th</sup> November, 2016. He is MBA (USA) and the Chairman and Managing Director of Elecon Engineering Co. Limited He has more than 43 years of experience in top management. He is a relative of Shri Pradip M. Patel.

##### Shri Nalin M. Shah, Independent Director

Shri Nalin M. Shah was appointed as director from 8<sup>th</sup> May, 2012. He is a Chartered Accountant from England & Wales. Before joining the Board, he was a partner in Deloitte Haskins & Sells. Shri Nalin M. Shah is the Chairman of the Audit and Nomination & Remuneration Committees and Member of the Stakeholders' Relationship Committee of the Board.

##### Shri Nirmal B. Bhogilal, Independent Director

Shri Nirmal B. Bhogilal was appointed as Director with effect from 23<sup>rd</sup> September, 2011. He is B.Sc.(Engg.) Chemical Engg. (London University) A.C.G.I. He is the Chairman and Managing Director of Batliboi Limited since 1973. He is a Member of the Audit and Nomination & Remuneration Committees of the Board.

##### Smt. Manjuladevi P. Shroff, Independent Director

Smt. Manjuladevi P. Shroff was appointed as Director with effect from 2<sup>nd</sup> February, 2015. She is postgraduate from York University and executive alumni from London School of Economics. She is post-graduate from Utkal University and is a Graduate of Management Education Programme IIM, Ahmedabad. She is a Member of the Audit and Corporate Social Responsibility Committees of the Board.

##### Ms. Reena P. Bhagwati, Independent Director

Ms. Reena P. Bhagwati was appointed as Independent Director from 2<sup>nd</sup> August, 2017 for five consecutive years. She is the Managing Director of Bhagwati Autocast Limited and has very vast experience in management field. She is MBA from USA.

##### Shri Prashant C. Amin, Non-Independent - Nominee Director

Shri Prashant C. Amin was appointed as Director from 25<sup>th</sup> October, 2007. He was appointed as a Nominee Director of Elecon Engineering Company Limited w.e.f. 9<sup>th</sup> November, 2016. He holds Master Degree in Engineering and Management from Birla Institute of Technology & Science, Pilani. He is the Chairman of Stakeholders' Relationship and Member in the CSR and Risk Management Committees of the Board.

##### Shri M. G. Rao, Whole-time Director

Shri M. G. Rao was appointed as Whole-time Director from 8<sup>th</sup> September, 2011 and who was further re-appointed for further period of three years w.e.f. 8<sup>th</sup> September, 2016. Shri M. G. Rao is M.E. (Welding). He has more than 39 years of experience in various industries.

Sr. No.	Name of Directors	Category of Directorship	No. of other Directorships in other companies*	No of Committee positions held in other public companies*		Directorship in other listed entities	
				Member	Chairman	Name of the Listed entities	Category of Directorship
1.	Shri Pradip M. Patel	NED(P)	2	2	-	Elecon Engineering Co. Ltd.	NED(NI)
2.	Shri Prayasvin B. Patel	ED(P)	9	-	-	Elecon Engineering Co. Ltd.	ED(CMD)
3.	Shri Nalin M. Shah	NED(I)	4	1	2	Artson Engineering Limited	NED(I)
4.	Shri Nirmal P. Bhogilal	NED(I)	2	2	1	Batliloi Limited Solara Active Pharma Sciences Ltd.	WTD(Chairman) NED(I)
5.	Shri Prashant C. Amin	NED(P)	8	-	-	Elecon Engineering Co. Ltd.	ED
6.	Smt. Manjuladevi P. Shroff	NED(I)	4	2	-	Gujarat Gas Limited	NED(I)
7.	Ms. Reena P. Bhagwati	NED(I)	4	4	-	Bhagwati Autocast Limited The Anup Engineering Limited Symphony Limited	ED(MD) NED(I) NED(I)
8.	Shri M. G. Rao	WTD	2	-	-	-	-

**Notes :**

- \* The Directorship held by the Directors, as mentioned above, excludes directorship in the Company, directorships in foreign companies, companies under Section 8 of the Companies Act, 2013 and private companies which are not the subsidiaries of Public Limited Companies.
- In above table, Membership / Chairmanship of two Committees only viz. Audit Committee and Stakeholders' Relationship Committee of Indian public companies have been considered for committee positions.
- As on March 31, 2019, 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.

NED(NI) - Non-Executive Director (Non-Independent)

NED(P) - Non-Executive Director (Promoter)

ED (P) - Executive Director (Promoter)

NED(I) - Non-Executive Director (Independent)

WTD - Whole-time Director

ED - Executive Director

MD - Managing Director

CMD - Chairman & Managing Director

- As on March 31, 2019, the Non-Executive Directors holds equity shares of the Company are as follows :

Shri Pradip M. Patel	Nil	Shri Nirmal P. Bhogilal	Nil
Shri Prashant C. Amin	1275	Smt. Manjuladevi P. Shroff	Nil
Shri Nalin M. Shah	Nil	Ms. Reena P. Bhagwati	Nil

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

- The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass resolution by circulation for all such matters, which are of utmost urgent nature.
- Where it is not practicable to attach any document or an agenda is of price sensitive in nature, the same is placed on the table with the approval of Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written materials being circulated.

- iii. The agenda papers are prepared by the Company Secretary and submitted to the Chairman for his approval. Duly approved agenda papers are circulated amongst the Board Members by the Company Secretary.
- iv. As per convenience of the Members of the Board, the Board Meetings are usually held at the Company's registered office at Vallabh Vidyanagar, Dist. Anand, Gujarat or at Mumbai.

The Members of the Board have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior Management Officials are called to provide inputs to the items discussed by the Board as and when required.

**(B) Recording minutes of proceedings at the Board / Committee Meetings**

Minutes of the proceedings of each Board/ Committee Meeting is recorded and the same is approved in the next Board/ Committee Meeting. The minutes of the proceedings of the meetings are entered in the minutes book and the same are signed by the Chairman as prescribed in the Companies Act, 2013, Rules made thereunder and per the Secretarial Standards issued by the Institute of Company Secretaries of India.

**(C) Compliance**

The Compliance Officer while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 2013, SEBI Guidelines, Listing Regulations and other statutory requirements pertaining to capital market. The Board of Directors reviews quarterly Compliance Report confirming adherence to all applicable laws, rules, regulations and guidelines.

**BOARD MEETINGS**

During the year 2018-19, four (4) Board Meetings were held i.e. on 3<sup>rd</sup> May, 2018; 31<sup>st</sup> July, 2018; 30<sup>th</sup> October, 2018 and 29<sup>th</sup> January, 2019. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Companies Act, 2013 and Regulation 17(2) of the SEBI (LODR) Regulations, 2015. The necessary quorum was present in all the meetings. Leave of absence was granted to concerned Directors who could not attend the respective Meetings.

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

Name of Directors	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at Last AGM
Shri Pradip M. Patel	4	4	Yes
Shri Prayasvin B. Patel	4	4	Yes
Shri Nalin M. Shah	4	4	Yes
Shri Nirmal P. Bhogilal	4	3	Yes
Shri Prashant C. Amin	4	4	No
Smt. Manjuladevi P. Shroff	4	4	Yes
Ms. Reena P. Bhagwati	4	3	Yes
Shri M. G. Rao	4	3	No

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

Shri Pradip M. Patel, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

**RE-APPOINTMENT OF INDEPENDENT DIRECTORS**

Pursuant to the provisions of Section 149(10) of the Companies, Act, 2013, Shri Nalin M. Shah and Shri Nirmal P. Bhogilal have been re-appointed as Independent Directors for the second term of five (5) years effective April 1, 2019 by the members of the Company at the 1/2018-19 Extraordinary General Meeting held on 30<sup>th</sup> March, 2019. The detailed performance evaluation of Independent Directors was carried by the Board before recommending their re-appointment to the members.

**DECLARATION FROM THE INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given declarations to the Company under Section 149(7) of the Companies

Act, 2013 that, they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015.

#### **Skills, Expertise and Competencies of the Board**

The Board has identified the following core skills/expertise/competencies of the Directors as required in the context of Business and Industry of the Company for its effective functioning:

1. Leadership experience in managing the Company's business.
2. Experience and knowledge of Industry.
3. Expertise in Strategic Business Planning and Corporate Management.
4. Organisational Capacity Building.
5. Entrepreneurship qualities.
6. Academic knowledge
7. Expertise in the field of technology and Research & Development.
8. Experience and Knowledge in finance, tax, risk management, compliance and corporate governance.
9. Legal or Regulatory knowledge in the field of business of the Company.

#### **CIRCULAR RESOLUTION:**

During the year under review, there is one circular resolution was passed by the Board of Directors dated 29<sup>th</sup> March, 2019.

#### **COMMITTEES OF THE BOARD**

The Board has constituted five Board Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee and Risk Management Committee.

#### **AUDIT COMMITTEE**

The Audit Committee is governed by and is in line with the regulatory requirements mandated by Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

The terms of reference of the Audit Committee are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
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.

In addition to the above, the following information of the Company will be reviewed by the Audit Committee:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions, (as defined by the Audit Committee) submitted by the Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the Chief Internal Auditor.
6. Statement of deviations:
  - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulations.
  - ii) annual statement of funds utilized for purposes other than those stated in the offer document prospectus/notice in terms of Listing Regulations.

The composition of the Audit Committee is as under:

<b>Name of Members</b>	<b>Designation</b>	<b>Category</b>
Shri Nalin M. Shah	Chairman	NED(I)
Shri Pradip M. Patel	Member	NED(P)
Shri Nirmal P. Bhogilal	Member	NED(I)
Smt. Manjuladevi P. Shroff	Member	NED(I)

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on			
	3 <sup>rd</sup> May, 2018	31 <sup>st</sup> July, 2018	30 <sup>th</sup> October, 2018	29 <sup>th</sup> January, 2019
Shri Nalin M. Shah	Yes	Yes	Yes	Yes
Shri Pradip M. Patel	Yes	Yes	Yes	Yes
Shri Nirmal P. Bhogilal	Yes	Yes	No	Yes
Smt. Manjuladevi P. Shroff	Yes	Yes	Yes	Yes

The meetings of the Audit Committee are usually attended by the Whole-time Director, the Executive Director, the Chief Financial Officer, the Business Heads of the Company. The representatives of the Statutory Auditors and the Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary of the Committee. Shri Nalin M. Shah Chairman of the Committee, was present at the AGM of the Company held on 31<sup>st</sup> July, 2018.

### NOMINATION AND REMUNERATION COMMITTEE

In compliance with the Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015; the Board of Directors has constituted the "Nomination and Remuneration Committee" in its meeting. The Company has formulated the Nomination and Remuneration Policy, which was approved by the Nomination and Remuneration Committee followed by the approval of the Board of Directors.

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

The terms of reference of Nomination and Remuneration Committee are as under:-

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

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

Name of Members	Designation	Category
Shri Nalin M. Shah	Chairman	NED(I)
Shri Pradip M. Patel	Member	NED(P)
Shri Nirmal P. Bhogilal	Member	NED(I)

Meetings and attendance during the year:

Members	Attendance at Committee Meeting held on		
	3 <sup>rd</sup> May, 2018	31 <sup>st</sup> July, 2018	29 <sup>th</sup> January, 2019
Shri Nalin M. Shah	Yes	Yes	Yes
Shri Pradip M. Patel	Yes	Yes	Yes
Shri Nirmal P. Bhogilal	Yes	Yes	Yes

The Company Secretary acts as the Secretary of the Committee. Shri Nalin M. Shah Chairman of the Committee, was present at the AGM of the Company held on 31<sup>st</sup> July, 2018.



## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is attached as **Annexure "A"** in Board's Report and is also available at the Company's web site [www.eimcoelecon.in](http://www.eimcoelecon.in).

The details of remuneration paid to the **Executive Directors** are as under : (Amount in ₹)

Name	Salary (₹)	Perquisites & Retirement benefits	Commission Payable	Total (₹)	Period of contract
Shri M. G. Rao Whole-time Director	80,00,000	Perquisites & Retirement benefits as per terms of appointment and subject to overall ceiling of the Companies Act, 2013.	-	94,38,186	3 years from 8 <sup>th</sup> September, 2016
Shri Prayasvin B. Patel, Executive Director	60,00,000		27,00,000	89,88,456	5 years from 9 <sup>th</sup> November, 2016

There is no payment towards Bonus, Stock Options, Pension or any other to above said Executive Directors.

Commission to Shri Prayasvin B. Patel, Executive Director of the Company will be paid after the financial statements are approved by the members at the Annual General Meeting held on 25<sup>th</sup> July, 2019.

The details of remuneration paid to **Non-Executive Directors** are as under : (Amount in ₹)

Name	Sitting Fees		Commission	Total (₹)
	Board Meeting	Committee Meeting		
Shri Pradip M. Patel	1,00,000	1,47,500	2,50,000	4,97,500
Shri Prashant C. Amin	1,00,000	25,000	2,50,000	3,75,000
Shri Nalin M. Shah	1,00,000	1,27,500	2,50,000	4,77,500
Shri Nirmal P. Bhogilal	75,000	97,500	2,50,000	4,22,500
Smt. Manjuladevi P. Shroff	1,00,000	1,05,000	2,50,000	4,55,000
Ms. Reena P. Bhagwati	75,000	Nil	2,50,000	3,25,000

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has constituted the Stakeholders' Relationship Committee in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

The terms of reference of Stakeholders' Relationship Committee are as under:-

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- 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.
- 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.

The composition of the Stakeholders' Relationship Committee is as under :

Name of Members	Designation	Category
Shri Prashant C. Amin	Chairman	NED(P)
Shri Pradip M. Patel	Member	NED(P)
Shri Nalin M. Shah	Member	NED (I)
Shri N. D. Shelat	Member	CFO

Meetings and attendance during the year:

Members	Attendance at Committee Meeting held on			
	3 <sup>rd</sup> May, 2018	31 <sup>st</sup> July, 2018	30 <sup>th</sup> October, 2018	29 <sup>th</sup> January, 2019
Shri Prashant C. Amin	Yes	Yes	Yes	Yes
Shri Pradip M. Patel	Yes	Yes	Yes	Yes
Shri Nalin M. Shah*	-	-	Yes	Yes
Shri N. D. Shelat	Yes	Yes	Yes	Yes

\* Appointed as member w.e.f. 31<sup>st</sup> July, 2018.

The Company Secretary acts as a Secretary of the Committee.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted as per Section 135 of the Companies Act, 2013 and rules made thereunder.

The composition of the Corporate Social Responsibility Committee is as under:

Name of Members	Designation	Category
Shri Pradip M. Patel	Chairman	NED(P)
Shri Prashant C. Amin	Member	NED(P)
Smt. Manjuladevi P. Shroff	Member	NED(I)

Meetings and attendance during the year:

Members	Attendance at Committee Meeting held on
	3 <sup>rd</sup> May, 2018
Shri Pradip M. Patel	Yes
Shri Prashant C. Amin	Yes
Smt. Manjuladevi P. Shroff	Yes

The Company Secretary acts as a Secretary of the Committee.

### RISK MANAGEMENT COMMITTEE

Pursuant to Regulation 21 of the SEBI (LODR), Regulations, 2015, the constitution of Risk Management Committee is applicable only to the top 100 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year. Hence, this provision is not applicable to the Company.

However, Business Risk Evaluation and Management is an ongoing process within the Company. As a prudent step, following is the constitution of the Risk Committee:

Name of the Members	Designation	Category
Shri Pradip M. Patel	Chairman	NED (P)
Shri Prashant C. Amin	Member	NED (P)
Shri M. G. Rao	Member	Whole-time Director
Shri N. D. Shelat	Member	CFO

The Company Secretary acts as a Secretary of the Meeting.

During the year under review, no meeting of the Risk Management was held.

### INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 29<sup>th</sup> January, 2019, inter alia, to discuss: Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.



Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **PERFORMANCE EVALUATION**

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

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

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. During the first Board Meeting attended, each newly appointed Independent Director is taken through a formal induction program, including the presentation from the Whole-time Director on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The Familiarization Programme for Independent Directors includes a detailed presentation by Business and Functional Heads, visit to the manufacturing site, etc. Weblink for the Policy for the Familiarisation Programme for Independent Directors - <https://eimcoelecon.in/wp-content/uploads/2019/04/FamiliarizationProgrammeIndependentDirectors1819.pdf>.

### **RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interests of the Company. Transactions with related parties are disclosed in the notes to accounts to the financial statements.

The Form No. AOC-2 envisages disclosure of material contracts or arrangement or transactions at arm's length basis is annexed herewith as **Annexure 'I'** to this Report.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at following link- <https://eimcoelecon.in/wp-content/uploads/2012/11/Related-Party-Policy-EIMCO.pdf>.

### **DISCLOSURES**

During last three years, there was neither non-compliance made by the Company nor any penalty or strictures imposed on the Company by any stock exchange(s) or the SEBI or any other statutory authority, on any matter related to capital markets.

### **Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards as notified by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### **Internal Controls**

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory/regulatory compliances. The Company's business processes are on Oracle-ERP and has a strong monitoring and reporting process resulting in financial discipline and accountability.

**CODE OF CONDUCT**

## i) For prevention of Insider Trading

The Company has a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. The Company Secretary has been appointed as a Compliance Officer and is responsible for adherence to “Code for Prevention of Insider Trading”.

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

The Board of Directors of the Company has laid down a “Code of Conduct” for all Board Members including Independent Directors and Members of Senior Management of the Company. The code of conduct is posted on the website of the Company <http://www.eimcoelecon.in>. The Board Members (including Independent Directors) and Senior Management Personnel have affirmed compliance with the “Code of Conduct” for the year ended on 31<sup>st</sup> March, 2019.

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirement of the Schedule V of SEBI (LODR) Regulations, 2015, this is to confirm that all the members of the Board and Senior Management Personnel have affirmed Compliance with the code of Conduct for the year ended on 31<sup>st</sup> March, 2019.

**VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a Whistle Blower Policy. The Company takes cognizance of complaints made and suggestions given, if any, by the employees and others. No employee of the Company has been denied access to the Audit Committee.

The Weblink for the Whistle Blower is <https://eimcoelecon.in/wp-content/uploads/2012/11/Whistle-Blower-Policy-EIMCO.pdf>

**General Body Meetings****A. Annual General Meetings**

The location, date and time of the last three Annual General Meetings held are as under:

Year	Venue	AGM	Date	Day	Time	No. of Special Resolution Passed
2017-18	Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar – 388 120, Gujarat	AGM	31.07.2018	Tuesday	3:00 p.m.	1
2016-17	Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar – 388 120, Gujarat	AGM	02.08.2017	Wednesday	2:30 p.m.	-
2015-16	Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar – 388 120, Gujarat	AGM	25.07.2016	Monday	4:00 p.m.	-

**B. Extraordinary General Meeting**

Year	Venue	EGM	Date	Day	Time	No. of Special Resolution Passed
2018-19	Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road, Vallabh Vidyanagar – 388 120, Gujarat	EGM	30.03.2019	Saturday	11:30 p.m.	2

## POSTAL BALLOT

The Company has not passed any resolution through postal ballot during the year 2018-19.

## PROCEDURE FOR POSTAL BALLOT

The procedure for Postal Ballot shall be as per the provisions contained in this behalf in the Companies Act, 2013 and Rules made there under, viz., Companies (Management and Administration) Rules, 2014 and any amendments thereof from time to time. Electronic voting facility be provided to all members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members had the option to vote either electronically or by physical ballot.

## CEO/CFO CERTIFICATION

The Whole-time Director/CEO and the Chief Financial Officer of the Company have certified to the Board in accordance with Regulation 17(8) read with Part B of Schedule II to the SEBI (LODR) Regulations, 2015 pertaining to CEO/ CFO certification for the financial year ended on 31st March, 2019.

## Means of Communication

i.	Half yearly report sent to each shareholders residence.	No
ii.	In which newspapers quarterly, half-yearly and annual financial results were normally published.	Economic Times (English & Gujarati), Business Standard (English), Jaihind (Gujarati)
iii.	Any website where results or official news are displayed.	<a href="http://www.eimcoelecon.in">www.eimcoelecon.in</a>
iv.	The presentation made to institutional investors or to the analysts.	No.
v.	Whether Management Discussion and Analysis is part of Annual Report or not	Yes, contained in the Board's Report

## GENERAL SHAREHOLDER INFORMATION

- i. **AGM – date, time and venue** Thursday, 25<sup>th</sup> July, 2019 at 2:30 p.m.  
Audio Visual Hall, Eimco Elecon Building, Anand-Sojitra Road,  
Vallabh Vidyanagar - 388120, Dist. Anand, Gujarat.
- ii. **Financial Year** 2018-19 (year ending on 31<sup>st</sup> March, 2019)
- iii. **Book Closure Date** Friday, 19<sup>th</sup> July, 2019 to Thursday, 25<sup>th</sup> July, 2019 (both days inclusive)
- iv. **Dividend Payment Date** Credit / Dispatch of dividend warrants on/after Monday, 29<sup>th</sup> July, 2019 but within 30 days of AGM.
- v. **Unclaimed Dividend :**

Section 125 of the Companies Act, 2013, mandates that Company shall transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF.

Financial Year	Date of Declaration	Date of Payment	Unclaimed Amount (₹)	Date on which dividend will become part of IEPF
2011-2012	30 <sup>th</sup> July, 2012	2 <sup>nd</sup> August, 2012	2,07,092.00	29 <sup>th</sup> July, 2019
2012-2013	1 <sup>st</sup> August, 2013	3 <sup>rd</sup> August, 2013	2,00,372.00	6 <sup>th</sup> September, 2020
2013-2014	5 <sup>th</sup> August, 2014	7 <sup>th</sup> August, 2014	2,07,156.00	10 <sup>th</sup> September, 2021
2014-2015	13 <sup>th</sup> August, 2015	17 <sup>th</sup> August, 2015	2,96,590.00	18 <sup>th</sup> September, 2022
2015-2016	25 <sup>th</sup> July, 2016	28 <sup>th</sup> July, 2016	2,97,870.00	31 <sup>st</sup> August, 2023
2016-2017	2 <sup>nd</sup> August, 2017	4 <sup>th</sup> August, 2017	3,21,225.25	7 <sup>th</sup> September, 2024
2017-2018	31 <sup>st</sup> July, 2018	3 <sup>rd</sup> August, 2018	1,99,395.27	5 <sup>th</sup> September, 2025

**vi. Unclaimed Shares**

Information as per Regulation 39(4) read with Schedule VI of the Listing Regulations regarding Eimco Elecon (India) Ltd. - Unclaimed Suspense Account of Equity Shares:-

	Number of Shareholders	Number of Equity Shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April, 2018	1	50
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	NIL	NIL
Number of shareholders to whom shares were transferred from the suspense account during the year.	NIL	NIL
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2019	1	50
That the voting rights on this shares shall remain frozen till the rightful owner of such shares claims the shares	1	50

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof, the shares on which dividend has not been claimed for seven consecutive years or more, then such shares are required to be transferred to Investor Education and Protection Fund (IEPF), a fund constituted by the Government of India under Section 125 of the Companies Act, 2013.

During the financial year 2018-19, 26 number of share holders holding 2540 shares have been transferred to IEPF Authority. The Company in compliance with the aforesaid provisions and rules made thereunder, transferred total 24,764 number of equity shares of 236 folios of which dividend had remained unpaid or unclaimed for a period of seven consecutive years or more, to the demat account of IEPF Authority.

To know necessary guidelines and procedures for claiming the dividend and shares from IEPF Authority, please login into <http://www.iepf.gov.in/IEPFA/refund.html>.

**vii. Listing on Stock Exchanges**

The Company's shares are listed on the following stock exchanges :

**BSE Limited**

P. J. Towers, 25<sup>th</sup> Floor, Dalal Street,  
Mumbai - 400 001.

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block  
Bandra - Kurla Complex Bandra (E)  
Mumbai - 400 051.

The listing fees for the year 2018-19 for the above Stock Exchanges have been paid in time and the shares of the Company have been neither de-listed nor suspended from trading during the year under review.

**viii. Stock Code**

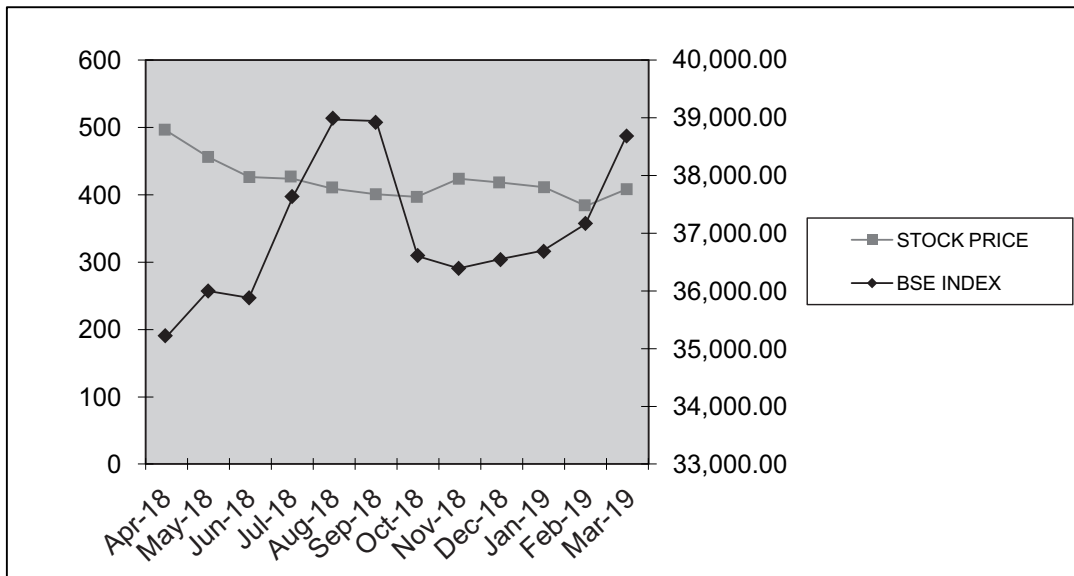
The Stock Code of Company's shares is as follows :

Name of the Stock Exchange	Code No.
BSE Limited	523708
National Stock Exchange of India Limited	EIMCOELECO EQ
ISIN No. for Shares in Demat mode	INE 158B01016

**ix. Stock Market Price Data**

Months 2018-19	BSE Limited (BSE)			BSE Index		National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume (Nos.)	High	Low	High (₹)	Low (₹)	Volume (Nos.)
Apr 2018	497.00	415.00	22994	35,213.30	32,972.56	490.00	420.05	34539
May 2018	456.75	390.00	17471	35,993.53	34,302.89	454.00	360.00	38496
Jun 2018	427.00	350.00	5546	35,877.41	34,784.68	410.00	342.10	20777
Jul 2018	426.00	338.00	45172	37,644.59	35,106.57	425.00	331.15	79700
Aug 2018	410.00	362.40	108208	38,989.65	37,128.99	415.05	373.00	199146
Sep 2018	400.95	320.00	11182	38,934.35	35,985.63	400.00	325.00	37008
Oct 2018	398.00	308.00	22446	36,616.64	33,291.58	399.50	305.05	52333
Nov 2018	424.70	370.00	5709	36,389.22	34,303.38	407.00	370.25	40572
Dec 2018	420.00	394.00	6980	36,554.99	34,426.29	420.00	384.20	62479
Jan 2019	412.00	354.05	8521	36,701.03	35,375.51	414.45	350.00	15286
Feb 2019	385.20	342.00	5547	37,172.18	35,287.16	394.90	349.20	22585
Mar 2019	410.00	365.00	6122	38,748.54	35,926.94	401.00	365.95	32855

**x. Index graph**



**xi. Share Transfer System**

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a stipulated period from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

**xii. DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, SOLVED AND PENDING**

The below complaints received from SEBI SCORE by the Company during the Financial Year 2018-19.

Complaints pending as on 1 <sup>st</sup> April, 2018	0
Complaints received during the year	2
Complaints resolved during the year	1
Complaints pending as on 31 <sup>st</sup> March, 2019	1

**xiii. Distribution of Shareholding as on 31<sup>st</sup> March, 2019:**

Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	5567	94.2441	549162	9.52
501-1000	158	2.6748	123342	2.14
1001-2000	87	1.4728	125631	2.18
2001-3000	36	0.6094	93603	1.62
3001-4000	14	0.2370	49214	0.85
4001-5000	13	0.2201	61421	1.06
5001-10000	12	0.2031	90604	1.57
10001 & above	20	0.3386	4675408	81.05
<b>Total</b>	<b>5907</b>	<b>100.0000</b>	<b>5768385</b>	<b>100.00</b>

**xiv. Shareholding Pattern as on 31<sup>st</sup> March, 2019**

	Category	No. of Shares held	% of Shareholding
A	Promoters' holding		
1.	- Indian Promoters	2817645	48.8463
	- Foreign Promoters	1447875	25.1002
2.	Persons acting in concert	6275	0.1088
	<b>Sub-total</b>	<b>4271795</b>	<b>74.0553</b>
B.	Non-Promoters' Holding		
3.	Institutions		
a.	Mutual Funds / UTI	0	0.0000
b.	Financial Institutions/ Banks	105	0.0018
	<b>Sub-total</b>	<b>105</b>	<b>0.0018</b>
4.	Non-Institutions		
a.	Bodies Corporate	201934	3.5007
b.	Indian Public	1135465	19.6843
c.	Non-Resident Indians	35411	0.6139
d.	HUF	93950	1.6287
e.	IEPF Authority	24764	0.4293
f.	Any Other	4961	0.0860
	<b>Sub-total</b>	<b>1491524</b>	<b>25.9429</b>
	<b>GRAND TOTAL</b>	<b>5768385</b>	<b>100.0000</b>



**xv. Dematerialization of shares and liquidity.**

As on 31<sup>st</sup> March, 2019, 56,86,329 shares have been dematerialized from representing 98.58% of total shares. The Company's shares are traded on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

**Electronic Clearing Service**

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the Bank account details furnished by the Depositories for depositing dividends. Dividend will be credited to the Members' bank account through ECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement.

**Service of documents through electronic mode**

As a part of Green Initiative, the members who wish to receive the notices/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited and to the Company Secretary.

**xvi. Outstanding GDR/ADR/Warrants or convertible instruments : Nil**

- xvii. Plant location :** Eimco Elecon (India) Limited  
Anand-Sojitra Road  
Vallabh Vidyanagar - 388 120  
Dist. Anand, Gujarat

**xviii. Address for correspondence:** As above**xix. CREDIT RATING :**

CRISIL has given the credit rating of CRISILA/Stable for long term and CRISILA1 for short term financial instruments of the Company.

**xx Certificate from Company Secretary in Practice**

Shri Dineshkumar G. Bhimani, D. G. Bhimani & Associates, Company Secretary in Practice, has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The Certificate is annexed herewith as a part of the Report.

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

The details of number of complaints filed and disposed of during the year and pending as on 31<sup>st</sup> March, 2019 is given in the Boards' report.

**xxii** The Company has not raised any funds through preferential allotment or qualified institutions placement.**xxiii** During the year under review, the Board of Directors confirms that it has accepted all recommendations received from all its Committees.**xxiv Fees paid to Statutory Auditor:**

A total fee of ₹ 5.48 Lakh was paid by the Company, on a consolidated basis, for all services to Thacker Butala Desai, Statutory Auditors and all entities in the network firm/ network entity of which they are part and also ₹ 1.37 Lakh was paid by the Company as out of pocket expenses.

**xxv** The Non-Executive Directors/Independent Directors do not have any material pecuniary relationship or transactions with the Company.

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

**xxvii. Name and Designation of the Compliance Officer:-**

The shareholders may address their communications/suggestions/grievances to:-

**Shri Rikenkumar Dalwadi**  
**Company Secretary & Compliance Officer**

**Eimco Elecon (India) Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120, Dist. Anand, Gujarat  
Tel. No.:- +91 2692 230602 / 230502  
Fax No.:- +91 2692 236506  
Email Address:- investor@eimcoelecon.in

**Registrar & Share Transfer Agent**

Mumbai Office :  
Link Intime India Private Limited  
C-101, 247 Park,  
LBS Marg, Vikhroli (W),  
Mumbai - 400 083.

Vadodara Office :  
Link Intime India Private Limited  
B-102 &103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Crossing, Akota.  
Vadodara - 390 020.  
E-mail :- [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)  
Tel. No.:- +91 265 2356573  
+91 265 2356794

**B. NON-MANDATORY REQUIREMENTS**

**1) AUDIT QUALIFICATIONS**

The Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March, 2019 are with unmodified audit opinion.

**2) REPORTING OF INTERNAL AUDITOR**

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

For and on behalf of the Board of Directors,

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirement of the Schedule V of SEBI (LODR) Regulations, 2015, this is to confirm that all the members of the Board and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended on 31<sup>st</sup> March, 2019.

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Prayasvin B. Patel**  
Executive Director  
DIN: 00037394

**INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH MANDATORY REQUIREMENTS OF CORPORATE GOVERNANCE TO THE MEMBERS OF EIMCO ELECON (INDIA) LIMITED**

To,  
The Members of  
**Eimco Elecon (India) Limited,**  
Vallabh Vidyanagar - 388120.

We have examined the compliance of the conditions of Corporate Governance by Eimco Elecon (India) Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2019, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information, and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the said Listing Regulations for the year ended on 31<sup>st</sup> March, 2019.

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

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

**Yatin N. Patel**  
Partner  
Membership No. 122676

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**ANNEXURE – ‘E’ TO BOARD’S REPORT- ITEM NO. 20**

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

- i. Name of the top 10 employees in terms of remuneration drawn and names of every employee who employed throughout the financial year ended on March 31, 2019 and in receipt of remuneration in aggregate of ₹ 1.02 Crore or above.

Sr. No.	Name	Age (Yrs.)	Qualification	Date of Joining	Designation	Nature of Duty	Remuneration (₹ in Lakh)	Experience (Yrs.)	Last Employment
1.	Shri M. G. Rao*	60	ME (Welding Engg.)	08.09.2011	WTD	Contractual	94.38	39	McNally Bharat
2.	Shri Dinesh M. Patel	66	BE (Mech.)	01.09.2012	GTD (Production In-charge)	Permanent	93.79	41	Power Build Private Limited
3.	Shri Prayasvin B. Patel*	61	B.E. (Mech.), M.B.A., (USA)	09.11.2016	ED	Contractual	89.88	43	Elecon Engg. Co. Limited (on going)
4.	Shri Mukul Dwivedi	52	BE (Mech.)	30.08.2016	VP Marketing	Permanent	34.37	31	McNally Sayaji Engg. Limited
5.	Shri Manoj Gupta	51	BE (Mech)	10.02.2012	GM, Material Management	Permanent	31.65	27	IAC International Automotiv Components Private Limited
6.	Shri Nilesh Shelat	62	CS, ICWA	18.04.1995	CFO	Permanent	31.51	32	-
7.	Shri Neeraj Bhatia	50	BE (Mech); MBA (Mkg.)	09.01.2012	GM, Construction	Permanent	31.47	28	Quippo Construction Equip. Limited
8.	Shri Hitendra Shukla	52	BE (Mech.)	07.04.1990	GM Marketing	Permanent	29.84	31	Power Build Private Limited
9.	Shri Vilas S. Badgujar	61	BE	01.04.2016	General Manager	Permanent	23.86	41	-
10.	Shri Deepak Sharma	41	BE (Mech.)	05.04.2012	Dy. General Manager	Permanent	21.65	22	Mahindra Engineering Services Limited

**Notes:**

- The remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company's contribution to Provident Fund, Superannuation and Gratuity Funds, Retirement Benefits, Monetary Value of perquisites in accordance with the provisions of the Income Tax Act, 1961.
  - Experience includes number of years' service elsewhere, wherever applicable.
  - \*The appointment is contractual.
  - In above mentioned, no employee held the equity share of the Company within the meaning of Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
  - Shri Prayasvin B. Patel, Executive Director of the Company is a relative of Shri Pradip Patel, Director of the Company. No other employee is a relative of any director of the Company.
- ii. There was no employee for part of the year and was in receipt of Remuneration at the rate of not less than ₹ 8.50 Lakh per month.

The percentage increase in remuneration of each Director, CFO & Company Secretary during the financial year 2018-19 and ratio of the remuneration of each Director/KMP to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

**Details of Remuneration of KMPs:-**

Sr. No.	Name	Designation	Remuneration p.a. (₹ in Lakh)	Increase in Remuneration in F.Y. 2018-19 over the F.Y. 2017-18 (₹ in Lakh)	Ratio (Remuneration of KMP to Median Remuneration)
1.	Shri M. G. Rao	WTD	94.38	0.009	17.05
2.	Shri N. D. Shelat	CFO	31.50	3.375	5.69
3.	Smt. Bharti Isarani	CS	4.00	#	#
4.	Shri Devanand Mojidra	CS	7.19	#	#
5.	Shri Rikenkumar Dalwadi	CS	1.57	#	#

# Details not given as Smt. Bharti Isarani resigned as Company Secretary of the Company w.e.f. 10<sup>th</sup> July, 2018. Shri Devanand appointed as Company Secretary of the Company w.e.f. 31<sup>st</sup> July, 2018 and resigned as Company Secretary of the Company w.e.f. 28<sup>th</sup> November, 2018 of the Company. Shri Rikenkumar Dalwadi appointed as Company Secretary of the Company w.e.f. 29<sup>th</sup> January, 2019. Hence, the increase in the remuneration in F. Y. 2018-19 over the F.Y. 2017-18 is not comparable.

**Details of Remuneration of other Directors:-**

Sr. No.	Name of the Other Directors	Designation	Details of Remuneration	Remuneration p.a. for the year 2018-19	Remuneration p.a. for the year 2017-18	% Increase in Remuneration (in F.Y. 2018-19)	Ratio of Rem. of each Director to Median Rem. of Employee
1	Shri Pradip M. Patel	Non-Independent	Sitting Fees	2,47,500	2,32,500	3.11	0.90
		NED	Commission	2,50,000	2,50,000		
2	Shri Prashant C. Amin	Non-Independent	Sitting Fees	1,25,000	1,25,000	-	0.68
		NED	Commission	2,50,000	2,50,000		
3	Shri Nalin M. Shah	Independent	Sitting Fees	2,27,500	2,07,500	4.37	0.86
		NED	Commission	2,50,000	2,50,000		
4	Shri Nirmal P. Bhogilal	Independent	Sitting Fees	1,72,500	1,50,000	5.63	0.76
		NED	Commission	2,50,000	2,50,000		
5	Smt. Manjuladevi P. Shroff	Independent	Sitting Fees	2,05,000	105,000	28.17	0.82
		NED	Commission	2,50,000	2,50,000		
6	Ms. Reena P. Bhagwati	Independent	Sitting Fees	75,000	50,000	8.33	0.59
		NED	Commission	2,50,000	2,50,000		
7	Shri Prayasvin B. Patel	Non-Independent	Remuneration	62,88,456	62,88,456	42.94	16.24
		ED	Commission	27,00,000	-		

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 5.54 Lakh.
- (iii) In the financial year, there was increase of 6.95 % in the median remuneration of employees. (No. of employees have been decreased from 152 to 148 as on 31<sup>st</sup> March, 2019).
- (iv) There were 148 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2019.
- (v) There was a decrease of 9.47% in average percentage salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 whereas the increase in the key managerial personnel remuneration for the same financial year was 17.17%.
- (vi) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees of the Company.

**Designations at the Company:-**

- GTD :- Group Technical Director
- WTD :- Whole-time Director
- NED :- Non- Executive Director
- ED :- Executive Director
- VP :- Vice President
- GM :- General Manager
- DGM :- Deputy General Manager
- CFO :- Chief Financial Officer
- CS :- Company Secretary

For and on behalf of the Board of Directors,

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## ANNEXURE – ‘F’ TO BOARD’S REPORT - ITEM NO. 21

Particulars required to be disclosed in the report of Board of Directors pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.

### [A] Conservation of energy :

Energy conservation and efficiency measures were taken into various areas in the plant as under.

1. VFD panel replaced in GL2 & GL7 cranes.
2. Kept vigil/watch to ensure switching off electrical fittings in lunch time to avoid idle usage of AC, computer and light.
3. Manual AC plant on /off control in R & D office.
4. Wash rooms in all offices and workshop provided with light control with mason sensor.
5. Replaced 36V bulbs with 10V LED in main office.

### [B] Technology absorption :

Form B (rule 2)

Research & Development (R & D)

The Company has a Government recognized R & D Department which is manned with well qualified personnel and equipped with Computer Aided Design System.

1. **Benefit derived as a result of the above R & D:**  
R&D efforts have helped to bring out improvements in processes, product design and operating efficiencies. Indigenous development & supply of the underground mining machinery saved the country a sizable amount of foreign exchange, besides availability of machines at shorter notice.
2. **Future plan of action:**  
Continuous measures are being taken to achieve indigenisation of existing machines and efforts are put to introduce new models suitable to Indian mining conditions.
3. **Expenditure:**

Capital	-	Nil
Recurring	-	₹ 270.51 Lakh
Total R & D expenditure	-	₹ 270.51 Lakh
Percentage of total turnover	-	1.38 %

### Technology absorption, adaptation &

### innovation:

1. Efforts, in brief, made towards technology absorption, adaptation & innovation:  
The technologies so far imported by the Company have been absorbed and adapted/ innovated to make them suitable to the Indian mining conditions by the active involvement of the R & D Department.
2. Benefits derived as a result of above efforts:  
Absorption, adaptation & innovation of imported technology have lead to less dependence on imports of these products. This has saved a considerable amount of foreign exchange and cost of production.
3. Technology imported:  
The company had signed Two Collaboration Agreements in 2006 and 2008 which had been fully absorbed: Technology for the Front End Loader and 520G Wheel Loader is absorbed

### [C] Foreign exchange earning & outgo:

1. During the year, the Company has exported goods worth ₹ 172.96 Lakh and continues to make efforts to push up exports.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
₹ 2,644.57 Lakh	₹ 521.58 Lakh

For and on behalf of the Board of Directors,

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## ANNEXURE - 'G' TO THE BOARD'S REPORT - ITEM NO. 24

## Form No. MR - 3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

To,  
The Members of  
**Eimco Elecon (India) Limited**  
Vallabh Vidyanagar - 388 120.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **EIMCO ELECON (INDIA) LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Notes issued by the Institute of Company Secretaries of India and 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, minutes, 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, 2019 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 the other records maintained by **EIMCO ELECON (INDIA) LIMITED** for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **As informed to us, there were no FDI transaction in the Company during the year under review.**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Company has appointed SEBI registered Category-I Registrar and Share Transfer Agent.

**We further report that** there were no actions/events in pursuance of the following regulations requiring compliance thereof by the Company during the period of this report:

- (a) The Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

**(vi) OTHER APPLICABLE ACTS**

As informed to us, there are no laws which have specific applicability to the Company other than general laws applicable to industry generally.

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

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

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

**We further report that**

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

Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent



at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However, there was no any dissenting views.

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

For **D. G. BHIMANI & ASSOCIATES**

**DINESHKUMAR G. BHIMANI**  
Company Secretary  
C P No.: 6628

Place : Anand  
Date : 1<sup>st</sup> May, 2019

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

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### **ANNEXURE - A**

To,  
The Members of  
**Eimco Elecon (India) Limited**  
Vallabh Vidyanagar - 388 120.

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

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

For **D. G. BHIMANI & ASSOCIATES**

**DINESHKUMAR G. BHIMANI**  
Company Secretary  
C P No.: 6628

Place : Anand  
Date : 1<sup>st</sup> May, 2019

## ANNEXURE - 'H' TO BOARD'S REPORT - ITEM NO. 25

## EXTRACT OF ANNUAL RETURN

as on the financial year ended 31-03-2019

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

## FORM NO. MGT – 9

## 1. REGISTRATION AND OTHER DETAILS

1.	CIN	L29199GJ1974PLC002574
2.	Registration Date	31 <sup>st</sup> July, 1974
3.	Name of Company	Eimco Elecon (India) Limited
4.	Category /Sub-Category of the Company	Public Company
5.	Address of the Registered Office and contact details	Anand-Sojitra Road, Vallabh Vidyanagar - 388 120. Dist. Anand, Gujarat. Tel. No. 02692-230502 Website : www.eimcoelecon.in
6.	Whether Listed Company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent.	Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (W), Mumbai - 400 083.

## 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company

Sr.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Underground Coal Mining Machinery & its Spares & Components	2824	96.69%

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

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	Applicable Section
1	Eimco Elecon Electricals Ltd.	U31900GJ2005PLC046661	ASSOCIATE	47.62	2(6)

**4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year (As on 01-04-2018)				No. of shares held at the end of the year (As on 31-03-2019)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
	(a) Individuals / Hindu Undivided Family	17796	-	17796	0.3085	17796	-	17796	0.3085	-
	(b) Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
	(c) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
	(d) Person Acting in Concert	6275	-	6275	0.1088	6275	-	6275	0.1088	-
	(e) Bodies Corporate	2799849	-	2799849	48.5378	2799849	-	2799849	48.5378	-
	<b>Sub-Total (A)(1) :</b>	<b>2823920</b>	<b>-</b>	<b>2823920</b>	<b>48.9551</b>	<b>2823920</b>	<b>-</b>	<b>2823920</b>	<b>48.9551</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>									
	(a) Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
	(b) Government	-	-	-	-	-	-	-	-	-
	(c) Institutions	-	-	-	-	-	-	-	-	-
	(d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
	(e) Bodies Corporate	1447875	-	1447875	25.1002	1447875	-	1447875	25.1002	-
	(f) Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2) :-</b>	<b>1447875</b>	<b>-</b>	<b>1447875</b>	<b>25.1002</b>	<b>1447875</b>	<b>-</b>	<b>1447875</b>	<b>25.1002</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4271795</b>	<b>-</b>	<b>4271795</b>	<b>74.0553</b>	<b>4271795</b>	<b>-</b>	<b>4271795</b>	<b>74.0553</b>	<b>-</b>
<b>B.</b>	<b>Public</b>									
1.	Institutions									
	(a) Mutual Funds/UTI	276428	-	276428	4.7921	-	-	-	-	4.7921
	(b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(c) Alternate Investment Funds	-	-	-	-	-	-	-	-	-
	(d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
	(e) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
	(f) Financial Institutions / Banks	105	100	205	0.0036	105	-	105	0.0017	0.0019
	(g) Insurance Companies	-	-	-	-	-	-	-	-	-
	(h) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
	(i) Any Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1) :</b>	<b>276533</b>	<b>100</b>	<b>276633</b>	<b>4.7957</b>	<b>105</b>	<b>-</b>	<b>105</b>	<b>0.0018</b>	<b>4.7939</b>

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

## i) Category-wise Share Holding

2.	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(2)</b>		-	-	-	-	-	-	-	-	-
3.	<b>Non-Institutions</b>									
	<b>a) Individuals</b>									
	(i) Individual shareholders holding nominal share capital upto ₹1 Lakh	789587	92156	881743	15.2858	805743	81356	887099	15.3786	0.0928
	(ii) Individual share holders holding nominal share capital in excess of ₹1 Lakh	75733	-	75733	1.3129	248366	-	248366	4.3056	2.9927
	b) NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
	c) Employee Trusts	-	-	-	-	-	-	-	-	-
	d) Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
	e) Any Other (Specify)									
	IEPF	22224	-	22224	0.3853	24764	-	24764	0.4293	0.4293
	Trusts	-	-	-	0.0000	205	-	205	0.0036	0.0036
	Hindu Undivided Family	57642	-	57642	0.9993	93950	-	93950	1.6287	0.6294
	Non Resident Indians (Non Repat)	14541	-	14541	0.2521	11794	150	11944	0.2071	0.0450
	Non Resident Indians (Repat)	25319	-	25319	0.4389	23467	-	23467	0.4068	0.0321
	Clearing Member	17339	-	17339	0.3006	4756	-	4756	0.0824	0.2182
	Bodies Corporate	124516	900	125416	2.1742	201384	550	201934	3.5007	1.3265
	<b>Sub-total (B)(3):</b>	<b>1104677</b>	<b>93056</b>	<b>1197733</b>	<b>20.7637</b>	<b>1414429</b>	<b>82056</b>	<b>1496485</b>	<b>25.9429</b>	<b>5.1792</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B) (2)+(B)(3)</b>	<b>1403434</b>	<b>93156</b>	<b>1496590</b>	<b>25.9447</b>	<b>1414534</b>	<b>82056</b>	<b>1496590</b>	<b>25.9447</b>	<b>0.0000</b>
	<b>Total (A)+(B)</b>	<b>5675229</b>	<b>93156</b>	<b>5768385</b>	<b>100.0000</b>	<b>5686329</b>	<b>82056</b>	<b>5768385</b>	<b>100.0000</b>	<b>-</b>
C.	<b>Non Promoter - Non Public</b>									
	(1) Custodian/DR Holder	-	-	-	-	-	-	-	-	-
	(2) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>5675229</b>	<b>93156</b>	<b>5768385</b>	<b>100.0000</b>	<b>5686329</b>	<b>82056</b>	<b>5768385</b>	<b>100.0000</b>	<b>-</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Elecon Engineering Co. Ltd.	958426	16.62	9.99	958426	16.62	9.99	-
2	Prayas Engineering Ltd.	37500	0.65	-	37500	0.65	-	-
3	Emtici Engineering Ltd.	818303	14.19	-	818303	14.19	-	-
4	Power Build Private Ltd.	16050	0.28	-	16050	0.28	-	-
5	Bipra Invt. & Trusts Private Ltd.	188205	3.26	-	188205	3.26	-	-
6	Devkishan Invt. Private Ltd.	120900	2.10	-	120900	2.10	-	-
7	Elecon Information Tech. Ltd.	147550	2.56	-	147550	2.56	-	-
8	K. B. Investments Private Ltd.	487015	8.44	-	487015	8.44	-	-
9	Akaaish Mechatronics Ltd.	25900	0.45	-	25900	0.45	-	-
10	Prayasvin B. Patel	17796	0.31	-	17796	0.31	-	-
11	Tarunaben P. Patel	5000	0.09	-	5000	0.09	-	-
12	Prashant C. Amin	1275	0.02	-	1275	0.02	-	-
13	Tamrock Great Britain Holdings Ltd.	1447875	25.10	-	1447875	25.10	-	-
<b>Total</b>		<b>4271795</b>	<b>74.06</b>	<b>9.99</b>	<b>4271795</b>	<b>74.06</b>	<b>9.99</b>	<b>-</b>

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

Sr. No.	Shareholder's	Shareholding at the beginning of the year (As on 01-04-2018)		Cumulative shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	4271795	74.0553	4271795	74.0553
	Date wise increase/ decrease in promoters' shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	No Change	No Change	No Change	No Change
	At the end of the year	4271795	74.0553	4271795	74.0553

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
1	DHEERAJ KUMAR LOHIA	7035	0.1220			7035	0.1220
	Transfer			11 May 2018	842	7877	0.1366
	Transfer			10 Aug 2018	15351	23228	0.4027
	Transfer			17 Aug 2018	55969	79197	1.3729
	Transfer			05 Oct 2018	200	79397	1.3764
	Transfer			02 Nov 2018	132	79529	1.3787
	AT THE END OF THE YEAR					79529	1.3787
2	SHARAD KANIYALAL SHAH	64250	1.1138			64250	1.1138
	Transfer			08 Jun 2018	1300	65550	1.1364
	Transfer			06 Jul 2018	250	65800	1.1407
	Transfer			03 Aug 2018	2000	67800	1.1754
	Transfer			24 Aug 2018	5000	72800	1.2621
	Transfer			30 Nov 2018	500	73300	1.2707
	Transfer			07 Dec 2018	2025	75325	1.3058
	Transfer			08 Feb 2019	500	75825	1.3145
	Transfer			15 Feb 2019	359	76184	1.3207
	AT THE END OF THE YEAR					76184	1.3207
3	VARSHA SHARAD SHAH	3860	0.0669			3860	0.0669
	Transfer			27 Jul 2018	2812	6672	0.1157
	Transfer			03 Aug 2018	55882	62554	1.0844
	AT THE END OF THE YEAR					62554	1.0844
4	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	0	0.0000			0	0.0000
	Transfer			17 Aug 2018	1480	1480	0.0257
	Transfer			24 Aug 2018	28325	29805	0.5167
	Transfer			31 Aug 2018	25966	55771	0.9668
	Transfer			07 Sep 2018	45	55816	0.9676
	AT THE END OF THE YEAR					55816	0.9676
5	SHIVASARAN ENTERPRISES AND ADVISORY LLP	0	0.0000			0	0.0000
	Transfer			09 Nov 2018	4118	4118	0.0714
	Transfer			07 Dec 2018	12899	17017	0.2950
	Transfer			14 Dec 2018	19702	36719	0.6366
	Transfer			21 Dec 2018	1750	38469	0.6669
	Transfer			18 Jan 2019	625	39094	0.6777
	AT THE END OF THE YEAR					39094	0.6777
6	KOUSHIK SEKHAR	0	0.0000			0	0.0000
	Transfer			19 Oct 2018	2183	2183	0.0378
	Transfer			26 Oct 2018	10535	12718	0.2205
	Transfer			30 Nov 2018	2445	15163	0.2629
	Transfer			14 Dec 2018	3189	18352	0.3181
	Transfer			21 Dec 2018	805	19157	0.3321
	Transfer			28 Dec 2018	6045	25202	0.4369



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
	Transfer			04 Jan 2019	65	25267	0.4380
	Transfer			08 Feb 2019	10	25277	0.4382
	Transfer			22 Feb 2019	5750	31027	0.5379
	Transfer			01 Mar 2019	600	31627	0.5483
	Transfer			08 Mar 2019	832	32459	0.5627
	Transfer			29 Mar 2019	1500	33959	0.5887
	AT THE END OF THE YEAR					33959	0.5887
7	CHAMANLAL DESAI (HUF)	1350	0.0234			1350	0.0234
	Transfer			06 Apr 2018	575	1925	0.0334
	Transfer			20 Apr 2018	80	2005	0.0348
	Transfer			27 Apr 2018	175	2180	0.0378
	Transfer			04 May 2018	584	2764	0.0479
	Transfer			11 May 2018	1400	4164	0.0722
	Transfer			25 May 2018	50	4214	0.0731
	Transfer			15 Jun 2018	70	4284	0.0743
	Transfer			06 Jul 2018	50	4334	0.0751
	Transfer			20 Jul 2018	25049	29383	0.5094
	Transfer			27 Jul 2018	220	29603	0.5132
	Transfer			10 Aug 2018	2364	31967	0.5542
	AT THE END OF THE YEAR					31967	0.5542
8	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	22224	0.3853			22224	0.3853
	Transfer			30 Nov 2018	2540	24764	0.4293
	AT THE END OF THE YEAR					24764	0.4293
9	APARNA SAREES PRIVATE LIMITED	19945	0.3458			19945	0.3458
	Transfer			07 Sep 2018	3585	23530	0.4079
	Transfer			02 Nov 2018	(832)	22698	0.3935
	Transfer			16 Nov 2018	(478)	22220	0.3852
	Transfer			30 Nov 2018	(460)	21760	0.3772
	Transfer			07 Dec 2018	(3843)	17917	0.3106
	Transfer			14 Dec 2018	(2219)	15698	0.2721
	Transfer			21 Dec 2018	1180	16878	0.2926
	Transfer			11 Jan 2019	170	17048	0.2955
	Transfer			18 Jan 2019	130	17178	0.2978
	Transfer			22 Feb 2019	202	17380	0.3013
	Transfer			08 Mar 2019	(1505)	15875	0.2752
	AT THE END OF THE YEAR					15875	0.2752
10	NITIN TANDON	15600	0.2704			15600	0.2704
	AT THE END OF THE YEAR					15600	0.2704
11	LAUREL SECURITIES Private Limited	10747	0.1863			10747	0.1863
	Transfer			15 Jun 2018	1632	12379	0.2146
	Transfer			22 Jun 2018	(1632)	10747	0.1863
	Transfer			27 Jul 2018	(50)	10697	0.1854

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
	Transfer			02 Nov 2018	1000	11697	0.2028
	Transfer			16 Nov 2018	(250)	11447	0.1984
	Transfer			01 Feb 2019	500	11947	0.2071
	Transfer			08 Mar 2019	355	12302	0.2133
	AT THE END OF THE YEAR					12302	0.2133
12	BALVANT D MEHTALIA .	9150	0.1586			9150	0.1586
	AT THE END OF THE YEAR					9150	0.1586
13	ALKA AGRAWAL	11483	0.1991			11483	0.1991
	Transfer			06 Apr 2018	1	11484	0.1991
	Transfer			01 Jun 2018	2322	13806	0.2393
	Transfer			02 Nov 2018	(1806)	12000	0.2080
	Transfer			21 Dec 2018	(7000)	5000	0.0867
	Transfer			28 Dec 2018	(500)	4500	0.0780
	Transfer			04 Jan 2019	(300)	4200	0.0728
	AT THE END OF THE YEAR					4200	0.0728
14	HDFC TRUSTEE COMPANY LIMITED A/C HDFC GROWTH FUND	276428	4.7921			276428	4.7921
	Transfer			22 Jun 2018	(881)	275547	4.7768
	Transfer			06 Jul 2018	(4000)	271547	4.7075
	Transfer			20 Jul 2018	(335)	271212	4.7017
	Transfer			27 Jul 2018	(8712)	262500	4.5507
	Transfer			03 Aug 2018	(44000)	218500	3.7879
	Transfer			10 Aug 2018	(105395)	113105	1.9608
	Transfer			24 Aug 2018	(103105)	10000	0.1734
	Transfer			07 Sep 2018	(9600)	400	0.0069
	Transfer			14 Sep 2018	(400)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
15	CD EQUIFINANCE PRIVATE LIMITED	25049	0.4342			25049	0.4342
	Transfer			20 Jul 2018	(25049)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
16	INDIANIVESH SECURITIES LIMITED	7250	0.1257			7250	0.1257
	Transfer			25 May 2018	(6350)	900	0.0156
	Transfer			01 Jun 2018	(900)	0	0.0000
	Transfer			31 Aug 2018	3	3	0.0001
	Transfer			07 Sep 2018	6	9	0.0002
	Transfer			14 Sep 2018	3	12	0.0002
	Transfer			29 Sep 2018	(12)	0	0.0000
	Transfer			16 Nov 2018	15	15	0.0003
	Transfer			01 Feb 2019	(2)	13	0.0002
	Transfer			22 Mar 2019	1	14	0.0002
	Transfer			29 Mar 2019	(14)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000



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

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 01-04-2018)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Shri Prayasvin B. Patel (Executive Director) At the beginning of the year	17796	0.31	17796	0.31
	Date wise increase/ decrease in promoters' shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	17796	0.31	17796	0.31
2.	Shri Prashant C. Amin (Director) At the beginning of the year	1275	0.02	1275	0.02
	Date wise increase/ decrease in promoters' shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year	1275	0.02	1275	0.02
The following Director / KMP did not hold any shares of the Company in the FY 2018-19.					
3.	Shri Pradip M. Patel (Director) Shri M. G. Rao (Whole-time Director) Shri Nalin M. Shah (Director) Shri Nirmal P. Bhogilal (Director) Smt. Manjuladevi P. Shroff (Director) Ms. Reena P. Bhagwati (Director) Shri N. D. Shelat, CFO Smt. Bharti L. Isarani, CS (resigned w.e.f. 10th July, 2018) Shri Devanand Mojindra, CS (appointed w.e.f. 31st July, 2018 and resigned w.e.f 28th November, 2018) Shri Rikenkumar Dalwadi, CS (appointed w.e.f. 29th January, 2019)				

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

(₹ in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	61.78	Nil	Nil	61.78
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>61.78</b>	<b>Nil</b>	<b>Nil</b>	<b>61.78</b>
Change in Indebtedness during the financial year				
• Addition	142.00	Nil	Nil	142.00
• Reduction	40.75	Nil	Nil	40.75
<b>Net Change</b>	<b>101.25</b>	<b>Nil</b>	<b>Nil</b>	<b>101.25</b>
Indebtedness at the end of the financial year				
i) Principal Amount	163.03	Nil	Nil	163.03
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>163.03</b>	<b>Nil</b>	<b>Nil</b>	<b>163.03</b>

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :****A. Remuneration to Executive Directors :**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Shri M. G. Rao	Shri Prayasvin B. Patel
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	80,00,000	60,00,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	9,33,958	
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		27,00,000
	- As % of Profit		
	- Other (Specify)		
5.	Others, please specify		
	<b>Total</b>	<b>89,33,958</b>	<b>87,00,000</b>
	<b>Total Remuneration to Executive Directors (A)</b>	<b>1,76,33,958</b>	
	<b>Ceiling as per the Act (@ 10% of Net Profit calculated under Section 198 of the Companies Act, 2013)</b>	<b>2,36,01,501</b>	

**B. Remuneration to Other Directors**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Nalin M. Shah	Shri Nirmal P. Bhogilal	Smt. Manjuladevi P. Shroff	Ms. Reena P. Bhagwati	
1.	<b>Independent Directors</b>					
	- Fee for attending board/ committee meetings (I)	2,27,500	1,72,500	2,05,000	75,000	6,80,000
	- Commission	2,50,000	2,50,000	2,50,000	2,50,000	10,00,000
	- Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>4,77,500</b>	<b>4,22,500</b>	<b>4,55,000</b>	<b>3,25,000</b>	<b>16,80,000</b>
2.	<b>Other Non-Executive Directors</b>					
		<b>Shri Pradip M. Patel</b>	<b>Shri Prashant C. Amin</b>	-	-	-
	- Fee for attending board/ committee meetings (II)	2,47,500	1,25,000	-	-	3,72,500
	- Commission	2,50,000	2,50,000	-	-	5,00,000
	- Others, please specify	Nil	Nil	-	-	Nil
	<b>Total (2)</b>	<b>4,97,500</b>	<b>3,75,000</b>	<b>-</b>	<b>-</b>	<b>8,72,500</b>
	<b>Total B = (1+2-I-II)</b>	<b>5,00,000</b>	<b>5,00,000</b>	<b>2,50,000</b>	<b>2,50,000</b>	<b>15,00,000</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>1,91,33,958</b>				
	<b>Ceiling as per the Act (@ 11% of Net Profit calculated under Section 198 of the Companies Act, 2013)</b>	<b>2,59,61,651</b>				

Notes : Overall ceiling as per Companies Act, 2013 is not applicable to Sitting Fees paid to Non-Executive Directors.

\*Total remuneration to Executive Directors and Other Directors (being total of A &amp; B).

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN DIRECTORS**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Shri N. D. Shelat	Smt. Bharti Isarani	Shri Devanand Mojindra	Shri Rikenkumar Dalwadi
		CFO	CS	CS	CS
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,62,392	3,27,379	6,79,903	1,46,953
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,88,400	57,600	9,000	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 191	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- As % of profit	Nil	Nil	Nil	Nil
	- Others, specify				
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>31,50,792</b>	<b>3,84,979</b>	<b>6,88,903</b>	<b>1,46,953</b>

**7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

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

## ANNEXURE – 'I' TO BOARD'S REPORT - ITEM NO. 13

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

### Form No. AOC-2: Material Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

#### Details of contracts or arrangements or transactions not at arm's length basis during the year ended on 31<sup>st</sup> March, 2019:

Not Applicable.

#### Details of material contracts or arrangement or transactions at arm's length basis during the year ended on 31<sup>st</sup> March, 2019:

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts / arrangements entered into by the Company with related parties referred to in subsection (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC - 2. The Form AOC - 2 envisages disclosure of material contracts or arrangements or transactions at arm's length basis. The details herein are as per the policy on dealing with related party transactions adopted by the Company.

Name of related party & Nature of Contract	Nature of relationship	Duration of contract	Salient terms	(₹ in Lakh)
Emtici Engineering Limited Sales Commission	Related party of the Company u/s 2(76) read with Section 188 of the Companies Act, 2013	5 years from 1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2023.	Dealership Agreement for Marketing and Servicing of Eimco's all products.	2021.05
Emtici Engineering Limited Expenses Charged	Related party of the Company u/s 2(76) read with Section 188 of the Companies Act, 2013	On going	On arm's length basis and in the ordinary course of business.	69.04

Note:

1. Amount paid as advances, if any: Nil
2. The contracts/arrangements to be entered with EMTICI Engineering Limited by the Company were approved by Board of Directors on 6<sup>th</sup> February, 2018 and by the members of the Company at its 44<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> July, 2018.
3. The amount is inclusive of tax.

For and on behalf of the Board of Directors,

<b>Prayasvin B. Patel</b> Executive Director DIN : 00037394	<b>Prashant C. Amin</b> Director DIN : 01056652
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Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Eimco Elecon (India) Limited**  
Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Eimco Elecon (India) Limited having CIN L29199GJ1974PLC002574 and having Registered Office at Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Pradip Manubhai Patel	00012138	11/01/1996
2	Prayasvin Patel	00037394	09/11/2016
3	Reena Bhagwati Pravin	00096280	09/11/2016
4	Nirmal Pratap Bhogilal	00173168	23/09/2011
5	Manjula Devi Shroff	00297159	02/02/2015
6	Nalin Mansukhlal Shah	00882723	08/05/2012
7	Prashant Chandrakant Amin	01056652	25/10/2007
8	Gangadhararao Madeti	03608489	08/09/2011

Ensuring the eligibility of 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.

For **D. G. Bhimani & Associates**

**Dineshkumar G. Bhimani**  
Company Secretaries  
Membership No.: 8064  
CP No.:6628

Place: Anand  
Date : 1<sup>st</sup> May, 2019

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of **Eimco Elecon (India) Limited**

### **Report on Audit of the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Standalone Ind AS financial statements of **Eimco Elecon (India) Limited** ('the Company'), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2019**; the Statement of Profit and Loss (including other comprehensive income), the Cash Flows Statement and the Statement of Changes in Equity for the year then ended and a summary of the Significant Accounting Policies and other Explanatory Information (herein after referred to as "Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at **31<sup>st</sup> March, 2019**;
- (ii) in the case of the Statement of Profit and Loss (comprising of Other Comprehensive Income), of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date and
- (iv) the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit 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 Ind AS 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, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>KEY AUDIT MATTER</b>	<b>HOW OUR AUDIT ADDRESSED THE MATTER</b>
<p><b><u>Existence and valuation of investments</u></b> <b>Note 2.2 c. &amp; Note 6(a) to the standalone balance sheet in the financial statements</b></p> <p>Total investments of ₹ 14927 Lakh represent 43% of total assets of the company. These investments mainly consist of current and non-current investments in mutual funds. Valuation of the investments is done at fair market value at each balance sheet date. Thus, being very high proportion of total assets of the company as well as high amount of gain or loss credited / debited to statement of profit and loss account, made us conclude that existence and valuation of investments are a key audit matter of our audit.</p>	<p>Our audit procedures to test the existence of the investments mainly consist of verifying quantity / unit balances and market values with demat statement / statements of respective assets management companies as well as verifying the relevant recording of gain or loss in value of respective investments at each balance sheet date.</p> <p>Based on the procedures described we consider the disclosure of investments value as current as well as non-current and recording of gain or loss on the same as acceptable.</p>

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
<p><b><u>Existence and valuation of inventories</u></b>  <b>Note 2.2 k. &amp; Note 8 to the standalone balance sheet in the financial statements</b></p> <p>Total inventories of ₹ 4016 Lakh represent 11% of total assets of the company. These inventories mainly consist of inventories of raw material, stores, work in progress, traded goods and finished goods. Valuation of the inventories is at lower of cost and net realizable value. Cost of raw material and traded goods comprises cost of purchases, cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory is determined after deducting rebate and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.</p> <p>These inventories being significant share of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.</p> <p>Furthermore, inventories are an important factor to consider in our procedures because of its impact on the revenues.</p>	<p>Our audit procedures to test the existence of the inventories mainly consist of testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and internal auditors. We have also performed physical verification of inventories lying in stock as at the date of the balance sheet at stores, to validate counts performed by the company. We compared our count results with the results of the counts by the company representatives.</p> <p>To validate the valuation of inventories, we performed test check of valuation done by the company including value of slow-moving and obsolete inventories. Furthermore we analyzed the inventory turnaround and compared that to management's estimates.</p> <p>Based on the procedures described we consider management's estimates of the inventory valuation as well as its existence, as acceptable.</p>

### **Responsibilities of the Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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

In preparing the Standalone Ind AS financial statements, the Board of Directors of the company are responsible for assessing the ability of the company 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 of the company are also responsible for overseeing the financial reporting process of the company.



## **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS 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 Ind AS 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Standalone Ind AS 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies ( Indian Accounting Standards) Rules, 2015 as amended;
  - e. On the basis of written representations received from the directors as on **31<sup>st</sup> March, 2019** taken on record by the Board of Directors, none of the directors is disqualified as on **31<sup>st</sup> March, 2019** from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g. With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- Refer Note 29 to the Standalone Ind AS financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investors Education and Protection Fund by the Company.

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Yatin N. Patel**  
Partner  
Membership No. 122676

## 'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Standalone Ind AS financial statements of the **Eimco Elecon (India) Limited** for the year ended **31<sup>st</sup> March, 2019**:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and investment properties.
- (b) Majority of the assets have been physically verified by the management in a phased manner at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties held are in the name of the Company, except in respect of one immovable property, which the Company is in process of registering the title deeds in its name ( carrying value: ₹ 755.29 Lakh included in Land and ₹ 225.35 Lakh included in Buildings).
- (ii) According to the information and explanations given to us, physical verification of inventories has been conducted at reasonable intervals by the management. The discrepancies noticed on physical verification of inventories as compared to the book records, which in our opinion were not material, have been properly dealt with.
- (iii) According to information and explanations given to us, the company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Hence, clauses (iii) (a), (b) & (c) of paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of Statutory dues:
  - (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at **31<sup>st</sup> March, 2019** for a period of more than six months from the date they became payable.
  - (b) The disputed statutory dues aggregating to ₹ 1,400.33 Lakh that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount* (₹ In Lakh)	Period to which the amount Relates	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise Duty & Service Tax	1,315.00	Various years from 2006-07 to 2013-14	CESTAT, Ahmedabad
2.	Gujarat VAT Act, 2003	VAT	85.33	Various years from 2008-09 to 2013-14	JCCT (Appeal), Vadodara

\*Net of amounts paid under protest & excluding unquantified Interest payable wherever applicable.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company does not have any dues outstanding to debenture holder or financial institution or government in the nature of loan or borrowing.
- (ix) In our opinion, and to the best of our information and according to the explanations provided by the management, the Company has not raised any monies by way of Initial Public Offer or Further Public Offer during the year. In our opinion, and to the best of our information and according to the explanations provided by the management, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (x) Based on the audit procedures performed and representation obtained from the management we report that, no case of fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, and to the best of our information and according to the explanations provided by the management, the company is not a nidhi company. Hence, in our opinion, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.
- (xiii) The Company has complied with Sections 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards (Ind AS).
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

**Yatin N. Patel**  
Partner  
Membership No. 122676

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## **‘ANNEXURE - B’ TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF EIMCO ELECON (INDIA) LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of **Eimco Elecon (India) Limited** (“the Company”) as of **31<sup>st</sup> March, 2019** in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included in 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 Standalone Ind AS financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31<sup>st</sup> March, 2019**, 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.

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Yatin N. Patel**  
Partner  
Membership No. 122676

**STANDALONE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	7,067.00	7,250.24
(b) Capital work-in-progress	3	921.86	73.33
(c) Investment property	4	348.60	368.74
(d) Intangible assets	5	33.29	39.40
(e) Financial assets			
(i) Investments	6	14,226.18	7,961.42
(ii) Other financial assets	6	210.05	330.76
(f) Non-current tax assets (net)	9	326.70	162.41
(g) Other non-current assets	7	30.09	12.00
<b>Total Non-current Assets</b>		<b>23,163.77</b>	<b>16,198.30</b>
<b>II. Current assets</b>			
(a) Inventories	8	4,016.08	3,925.12
(b) Financial assets			
(i) Investments	6	701.31	6,288.79
(ii) Trade receivables	6	6,069.82	6,012.87
(iii) Cash and cash equivalents	6	355.58	401.65
(iv) Bank balances other than (iii) above	6	17.30	16.36
(v) Others financial assets	6	10.70	10.70
(c) Current tax assets (net)		-	88.01
(d) Other current assets	7	671.07	557.89
<b>Total Current Assets</b>		<b>11,841.86</b>	<b>17,301.39</b>
<b>Total Assets</b>		<b>35,005.63</b>	<b>33,499.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	10	576.84	576.84
(b) Other equity	11	30,560.44	28,583.27
<b>Total Equity</b>		<b>31,137.28</b>	<b>29,160.11</b>

STANDALONE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019 (Conti.)

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>LIABILITIES</b>			
<b>(I) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12	163.03	61.78
(b) Long-term provisions	13	18.83	85.70
(c) Deferred tax liabilities (net)	24	952.17	854.26
<b>Total Non-Current Liabilities</b>		<b>1,134.03</b>	<b>1,001.74</b>
<b>(II) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
Micro and small enterprise	12	394.30	367.85
Other than micro and small enterprise	12	1,593.65	2,074.06
(ii) Other financial liabilities	12	79.07	73.15
(b) Other current liabilities	14	287.27	649.21
(c) Short-term provisions	13	222.79	173.57
(d) Current tax liabilities (net)		157.24	-
<b>Total Current Liabilities</b>		<b>2,734.32</b>	<b>3,337.84</b>
<b>Total Equity and Liabilities</b>		<b>35,005.63</b>	<b>33,499.69</b>

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

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
Partner  
Membership No. 122676

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019



**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

		(₹ in Lakh)	
	Note No.	31-March-2019	31-March-2018
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of products	15	18,426.57	14,161.26
Sale of services	15	0.30	13.50
Other operating income	15	46.61	41.79
<b>Total revenue from operations</b>		<u>18,473.48</u>	<u>14,216.55</u>
Other income	16	1,069.52	960.38
<b>Total income (I)</b>		<u><b>19,543.00</b></u>	<u><b>15,176.93</b></u>
<b>Expenses</b>			
Cost of raw materials and components consumed	17	6,284.90	5,589.64
Purchase of traded goods	18	2,981.04	2,142.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	708.58	(531.33)
Excise duty expenses		-	208.53
Manufacturing expense	20	215.96	218.55
Employee benefits expenses	21	1,550.13	1,536.54
Finance costs	22	56.85	53.99
Depreciation and amortisation expense		497.37	499.13
Other expenses	23	4,206.38	3,515.47
<b>Total Expenses (II)</b>		<u><b>16,501.21</b></u>	<u><b>13,233.29</b></u>
<b>Profit before tax (III) = (I-II)</b>		<u><b>3,041.79</b></u>	<u><b>1,943.64</b></u>
<b>Tax Expense</b>			
Current tax	24	630.00	375.16
Adjustment of tax relating to earlier periods	24	(6.39)	(9.13)
Deferred tax	24	96.56	(66.83)
<b>Total tax expense (IV)</b>		<u><b>720.17</b></u>	<u><b>299.20</b></u>
<b>Profit for the year (V) = (III-IV)</b>		<u><b>2,321.62</b></u>	<u><b>1,644.44</b></u>

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>Other Comprehensive Income</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		4.62	25.22
Income tax effect of above		(1.35)	(8.73)
		<b>3.27</b>	<b>16.49</b>
<b>Other comprehensive income to be reclassified to Profit or Loss in subsequent periods</b>			
		-	-
		<b>3.27</b>	<b>16.49</b>
<b>Total other comprehensive income for the year, net of tax (VI)</b>		<b>3.27</b>	<b>16.49</b>
<b>Total comprehensive income for the year, net of tax attributable to equity share holders VII = (V + VI)</b>		<b>2,324.89</b>	<b>1,660.93</b>
Earning per equity share [nominal value per share ₹ 10/- (31-March-2018: ₹10/-)]			
Basic		40.25	28.51
Diluted		40.25	28.51

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

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
Partner  
Membership No. 122676

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**Prashant C. Amin**  
Director  
DIN : 01056652

**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

Particulars	31-March-2019	31-March-2018
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before Tax	<b>3,041.79</b>	<b>1,943.64</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
1) Depreciation and Amortisation	497.37	499.13
2) Finance Cost	5.22	3.81
3) Gain on sale / fair valuation of Investment	(856.80)	(459.91)
4) Gain on Sale of Fixed Assets (Net)	(1.67)	(60.47)
5) Interest Income	(43.99)	(44.06)
6) Dividend Income	(105.83)	(304.68)
7) Remeasurements of Employee benefit expense	4.62	25.22
<b>Operating Profit before working capital changes</b>	<b>2,540.71</b>	<b>1,602.68</b>
Working Capital Adjustments		
1) Trade and other receivables	(56.95)	(1,123.21)
2) Inventories	(90.96)	(506.42)
3) Other financial assets	120.71	(39.37)
4) Other current and non-current assets	(131.27)	405.40
5) Trade payables	(453.96)	1,057.42
6) Other payables	(379.59)	318.92
7) Other financial liabilities	4.98	(225.15)
<b>Cash Generated from Operations</b>	<b>1,553.67</b>	<b>1,490.27</b>
<b>Less :</b>		
1) Direct taxes paid	542.65	493.22
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,011.02</b>	<b>997.05</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Add :		
1) Sale of fixed assets	34.10	154.09
2) Interest received	43.99	44.06
3) Dividend received	105.83	304.68
4) Sale of investments (net)	179.52	532.50
Less :		
1) Purchase of investments (net)	-	-
2) Purchase of fixed assets	(1,168.84)	(1,569.36)
3) Unpaid Dividend Account	(0.94)	(1.37)
<b>NET CASH GENERATED (USED) FROM INVESTING ACTIVITIES (B)</b>	<b>(806.34)</b>	<b>(535.40)</b>

**CASH FLOW STATEMENT (Contd...)**

(₹ in Lakh)

Particulars	31-March-2019	31-March-2018
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
1) Interest paid	(5.22)	(3.81)
2) Dividend Paid	(287.48)	(287.05)
3) Tax on Dividend	(59.30)	(58.72)
4) Proceeds from Non Current Borrowings (Net)	101.25	61.78
<b>NET CASH GENERATED (USED) IN FINANCING ACTIVITY (C)</b>	<b>(250.75)</b>	<b>(287.80)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(46.07)</b>	<b>173.85</b>
<b>Opening Cash and Cash equivalents</b>	<b>401.65</b>	<b>227.80</b>
<b>Closing Cash and Cash equivalents (Refer Note 6(d))</b>	<b>355.58</b>	<b>401.65</b>

**Components of Cash & Cash Equivalents :-**

Cash on hand	0.05	0.05
<b>Balances with banks</b>		
In Current Accounts	355.53	401.60
	<b>355.58</b>	<b>401.65</b>

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
Partner  
Membership No. 122676

**Prayasvin B. Patel**  
Executive Director  
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Director  
DIN : 01056652

**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

Particulars	Attributable to the Equity Holders					(₹ in Lakh)
	Equity Share Capital	Other Equity			Retained Earnings	Total Equity
		Capital Reserve	General Reserve	Security Premium		
	Note 10	Note 11	Note 11	Note 11	Note 11	
<b>Balance as at 1-April- 2017</b>	<b>576.84</b>	<b>2.91</b>	<b>21,543.45</b>	<b>753.83</b>	<b>4,969.29</b>	<b>27,846.32</b>
Profit for the year	-	-	-	-	1,644.44	1,644.44
Other comprehensive income for the year	-	-	-	-	16.49	16.49
Total Comprehensive income for the year	-	-	-	-	1,660.93	1,660.93
Dividend	-	-	-	-	(288.42)	(288.42)
Dividend distribution tax	-	-	-	-	(58.72)	(58.72)
Transfer from Retained earnings	-	-	900.00	-	(900.00)	-
<b>Balance as at 31-March-2018</b>	<b>576.84</b>	<b>2.91</b>	<b>22,443.45</b>	<b>753.83</b>	<b>5,383.08</b>	<b>29,160.11</b>
Profit for the year	-	-	-	-	2,321.62	2,321.62
Other Comprehensive income for the year	-	-	-	-	3.27	3.27
Total Comprehensive income for the year	-	-	-	-	2,324.89	2,324.89
Dividend	-	-	-	-	(288.42)	(288.42)
Dividend distribution tax	-	-	-	-	(59.30)	(59.30)
Transfer from Retained earnings	-	-	-	-	-	-
<b>Balance as at 31-March-2019</b>	<b>576.84</b>	<b>2.91</b>	<b>22,443.45</b>	<b>753.83</b>	<b>7,360.25</b>	<b>31,137.28</b>

The accompanying notes are an integral part of the Standalone financial statements.

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
Partner  
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**Prayasvin B. Patel**  
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**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### 1. CORPORATE INFORMATION

Eimco Elecon (India) Limited is a public company domiciled in India and is incorporated in 1974 under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Vallabh Vidyanagar, Gujarat. The Company is principally engaged in the business of Manufacturing of Equipment for Mining and Construction sector.

The financial statements were authorised for issue in accordance with a resolution of the directors on 7<sup>th</sup> May 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments),
- Net defined benefit (asset) / liability - measured at fair value of plan assets less present value of defined benefit obligations.

The standalone financial statements are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Current Versus Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 current when:

- It is expected to be settled in the 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### Operating Cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

##### b. Foreign Currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

##### Transactions and balances

Transactions in foreign currencies are initially recorded by the company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### c. Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Management determines the policies and procedures for both recurring fair value measurement and non recurring fair value measurement.

External values are involved for valuation of significant assets, such as properties and involvement of external valuers is decided upon the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgments, estimates and assumptions (note no. 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note no. 26)
- Investment properties (note no. 2.2(g) and note no. 4)
- Financial instruments (note no. 2.2(o))

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**d. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

**Sale of goods**

Sales are stated net of rebate and trade discount and exclude Central Sales Tax, State Value Added tax, and Goods and Service Tax. With regard to sale of product, income is reported when significant risks and rewards connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined. The Company provides normal warranty provisions for general repairs for 12-18 months on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold – see Note 15 for more information. The Company does not provide any extended warranties or maintenance contracts to its customers.

**Interest income**

For all debt instruments measured either at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

**Rental Income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms except the case where incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

**Dividend Income**

Income from dividend on investments is accrued in the year in which it is declared, whereby right to receive is established.

**e. Taxes****Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in co-relation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

**f. Property, Plant and Equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with



## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress comprises cost of Property, Plant and Equipment that are not yet installed and ready for their intended use at the balance sheet date.

Cash Credit, Working capital demand loan and Term loan are secured by first charge on the whole of stock of Raw materials, receivables and book debts and a second charge on whole of immovable properties and plant and machinery.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### **Depreciation**

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for the assets mentioned below for which useful lives estimated by the management. The Identified component of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Plant and Machinery & Road has been depreciated on straight line basis over the useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### **g. Investment Properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on Investment property is provided on the written down value basis over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act 2013

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

An investment property is derecognised on disposal or on permanently withdrawal from use or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### **h. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### **Amortisation**

Intangible assets are amortized on straight line basis over their individual respective useful life. The management estimates the useful life of assets as under:

<b>Assets</b>	<b>Year</b>
Technical Knowhow	7 years
Software	7 years

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**i. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**j. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a Lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**k. Inventories**

Raw Material and stores, work in progress, traded and finished goods are stated at lower of cost and net realizable value. Cost of raw material and traded goods comprises cost of purchases. cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebate and discounts.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

**l. Impairment of Non-Financial Assets**

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### m. Provisions

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Warranty provisions

Product warranty expenses are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty cost in the period of recognition of revenue.

### n. Employee benefits

#### a) Short Term Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employee to the company.

#### b) Post-Employment Benefits

##### (i) Defined contribution plan

These are plans in which the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprises of contribution to Employee Provident Fund and Superannuation Fund. The Company payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

##### (ii) Defined benefit plan

Expenses for defined gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term i.e. almost equivalent to the average balance working period of the employees.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of;

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs;
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss;
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**Other long term employment benefits:**

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

**o. Financial Instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets****Initial recognition and measurement**

All financial assets, except investment in Associates and Tax Free Bonds, are recognised initially at fair value, through profit & loss account. In the case of financial assets not recorded at fair value through profit or loss, are recognised at transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost
- (b) Financial assets at fair value through other comprehensive income (FVTOCI)
- (c) Financial assets at fair value through profit or loss (FVTPL)
- (d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Financial assets at amortised cost**

A financial assets is measured at the amortised cost if:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has other investments at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

### Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### Derecognition of financial assets

A financial asset is derecognised when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### p. Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- ▶ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment,

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

- ▶ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Fair Value Hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

**(ii) Cash Flow Hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**r. Dividend Distribution**

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**s. Earnings Per Share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

#### Finance lease commitments – Company as lessee

The Company has entered into leases whereby it has taken land on lease. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans (gratuity benefits)

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 31.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

#### Warranty Provision

The company generally offers 12-18 months warranties for the products sold. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior periods. Factors that could impact the estimated claim information include the success of the company's productivity and quality initiatives.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)****Intangible Assets**

Refer Note 2.2 (h) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 5.

**Property, Plant and Equipment**

Refer Note 2.2 (f) for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 3.

**2.4 Standard issued but not yet effective:**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on 30<sup>th</sup> March, 2019) which are effective for annual period beginning after 1<sup>st</sup> April, 2019. The Company intends to adopt these standards or amendments from the effective date.

**Ind AS 116 – Leases:**

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting largely unchanged from the existing standard – i.e. lessors continue to classify leases as finance or operating leases.

Based on the preliminary assessment, the Company does not expect any significant impacts on transition to Ind AS 116. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalised based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

**Amendments to existing Ind AS:**

The following amendments to existing standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

1. Amendment to Ind AS 12 Income Taxes
2. Amendment to Ind AS 19 Employee Benefits
3. Amendment to Ind AS 23 Borrowing Costs
4. Amendment to Ind AS 28 Investments in Associate and Joint Ventures
5. Amendment to Ind AS 103 Business Combinations
6. Amendment to Ind AS 109 Financial Instruments
7. Amendment to Ind AS 111 Joint Arrangements





## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

**Note 3 : Property, Plant and Equipment**

Particulars	Land Freehold	Land Leasehold	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Electrical Fittings	Jigs	Total	CWIP
<b>Cost</b>											
As at 1-April-2017	2,294.30	878.73	1,635.40	2,918.23	266.43	186.05	1,011.67	126.51	174.32	9,491.64	-
Additions	755.29	-	314.92	86.36	9.82	88.29	201.85	0.23	-	1,456.76	835.09
Deductions	-	-	-	146.42	-	-	0.26	-	-	146.68	761.76
As at 31-March-2018	3,049.59	878.73	1,950.32	2,858.17	276.25	274.34	1,213.26	126.74	174.32	10,801.72	73.33
Additions	-	-	2.85	121.60	1.62	155.20	36.10	2.94	-	320.31	1552.35
Deductions	-	-	-	24.97	-	30.73	-	-	-	55.70	703.82
As at 31-March-2019	3,049.59	878.73	1,953.17	2,954.80	277.87	398.81	1,249.36	129.68	174.32	11,066.33	921.86
<b>Depreciation and Impairment</b>											
As at 1-April-2017	-	-	337.09	1,447.91	249.28	163.10	691.56	108.89	135.51	3,133.34	-
Depreciation for the year	-	-	167.55	177.42	5.19	25.74	91.29	1.99	2.02	471.20	-
Deductions	-	-	-	52.80	-	-	0.26	-	-	53.06	-
As at 31-March-2018	-	-	504.64	1,572.53	254.47	188.84	782.59	110.88	137.53	3,551.48	-
Depreciation for the year	-	-	161.94	167.18	5.48	23.64	111.05	1.83	-	471.12	-
Deductions	-	-	-	1.56	-	21.71	-	-	-	23.27	-
As at 31-March-2019	-	-	666.58	1,738.15	259.95	190.77	893.64	112.71	137.53	3,999.33	-
<b>Net Block</b>											
As at 31-March-2019	3,049.59	878.73	1,286.59	1,216.65	17.92	208.04	355.72	16.97	36.79	7,067.00	-
As at 31-March-2018	3,049.59	878.73	1,445.68	1,285.64	21.78	85.50	430.67	15.86	36.79	7,250.24	-

Notes: Some of cars purchased during the F. Y. 2017-18 and F. Y. 2018-19 are hypothecated against borrowing from HDFC Bank Limited and State Bank of India respectively.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

## Note 4 : Investment Properties (Buildings)

Particulars	(₹ in Lakh)
<b>Gross Block</b>	
<b>As at 1-April-2017</b>	<b>524.12</b>
Additions	-
Deductions	-
<b>As at 31-March-2018</b>	<b>524.12</b>
Additions	-
Deductions	-
<b>As at 31-March-2019</b>	<b>524.12</b>
<b>Depreciation and Impairment</b>	
<b>As at 1-April-2017</b>	<b>134.00</b>
Depreciation for the year	21.38
Deductions	-
<b>As at 31-March-2018</b>	<b>155.38</b>
Depreciation for the year	20.14
Deductions	-
<b>As at 31-March-2019</b>	<b>175.52</b>
<b>Net Block</b>	
<b>As at 31-March-2019</b>	<b>348.60</b>
As at 31-March-2018	368.74

## Information regarding income and expenditure of Investment Properties

(₹ in Lakh)

Particulars (For the year ended on)	31-March-2019	31-March-2018
Rental income derived from Investment Properties	47.44	42.30
Direct operating expenses (including repairs and maintenance) generating rental income	3.74	3.71
Direct operating expenses (including repairs and maintenance) that did not generate rental income	2.38	11.96
<b>Profit arising from investment properties before depreciation and Indirect Expenses</b>	<b>41.32</b>	<b>26.63</b>
<b>Less : Depreciation</b>	<b>20.14</b>	<b>22.69</b>
<b>Profit arising from investment properties before Indirect Expenses</b>	<b>21.18</b>	<b>3.94</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

As at 31-March-2019 and 31-March-2018 the fair values of the properties are based on Market valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

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

Fair value hierarchy disclosures for investment properties are in Note 26.

### Fair Value of the Investment Properties are as under (Buildings)

Fair Value	(₹ in Lakh)
<b>Balance as at 1-April-2017</b>	<b>917.57</b>
Fair value difference for the year	86.10
Purchases	-
<b>Balance as at 31-March-2018</b>	<b>1,003.67</b>
Fair value difference for the year	17.37
Purchases	-
<b>Balance as at 31-March-2019</b>	<b>1,021.04</b>

### Note 5 : Intangible Assets (Acquired)

Particulars	Software License	Technical Knowhow	Total
<b>Cost</b>			
<b>As at 1-April-2017</b>	<b>349.19</b>	<b>301.40</b>	<b>650.59</b>
Additions	39.27	-	39.27
Deductions	-	-	-
<b>As at 31-March-2018</b>	<b>388.46</b>	<b>301.40</b>	<b>689.86</b>
Additions	-	-	-
Deductions	-	-	-
<b>As at 31-March-2019</b>	<b>388.46</b>	<b>301.40</b>	<b>689.86</b>
<b>Amortisation and Impairment</b>			
<b>As at 1-April-2017</b>	<b>342.51</b>	<b>301.40</b>	<b>643.91</b>
Amortisation for The Year	6.55	-	6.55
Deductions	-	-	-
<b>As at 31-March-2018</b>	<b>349.06</b>	<b>301.40</b>	<b>650.46</b>
Amortisation for The Year	6.11	-	6.11
Deductions	-	-	-
<b>As at 31-March-2019</b>	<b>355.17</b>	<b>301.40</b>	<b>656.57</b>
<b>Net Block</b>			
<b>As at 31-March-2019</b>	<b>33.29</b>	<b>-</b>	<b>33.29</b>
As at 31-March-2018	39.40	-	39.40

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

## Note 6 : Financial Assets

(₹ in Lakh)

Particulars as at	31-March-2019			31-March-2018	
	Face Value	No of Share	Amount	No of Share	Amount
<b>6(a) Investments</b>					
<b>Non-current investments</b>					
<b>Investment in Equity Shares of Associate at Cost</b>					
Eimco Elecon Electricals Limited	10	510,000.00	51.00	510,000.00	51.00
<b>Investment at cost</b>			<b>51.00</b>		<b>51.00</b>
<b>Investment in Equity Shares of others at Fair Value through Profit or Loss</b>					
<b>Quoted</b>					
GOL Offshore Limited	10	238.00	0.02	238.00	0.02
Aditya Birla Capital Limited	10	7,000.00	6.80	7,000.00	10.22
<b>Fair value of Quoted Equity Shares</b>			<b>6.82</b>		<b>10.24</b>
<b>Investment in equity shares of others at fair value through profit or loss</b>					
<b>Unquoted</b>					
Charotar Gas Sahakari Mandali	500	5.00	0.03	500.00	0.03
<b>Investment at Cost</b>			<b>0.03</b>		<b>0.03</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No of Units	Amount	No of Units	Amount
<b>Investment in Mutual funds at fair value through profit or loss</b>				
Investment in Mutual funds (Unquoted):				
Reliance Money Manager Fund	-	-	31,056.39	757.37
Tata Short Term Bond Fund - Growth	2,828,251.04	931.90	2,828,251.04	924.93
Aditya Birla Sun Life Short Term Opportunities Fund Growth	249,432.26	79.98	249,432.26	74.13
SBI Debt Fund Series A 14 380 Days - Growth	-	-	515,507.35	70.27
Reliance Short Term Fund- Growth Plan	6,871,425.69	2,478.78	4,640,137.97	1563.03
ICICI FMP Series 80-1248 Days Plan D Cumulative	1,000,000.00	119.68	1,000,000.00	110.76
Reliance Fixed Horizon XXXII Series 1 Growth	3,000,000.00	360.99	3,000,000.00	337.03
ICICI Prudential FMP Series 80 1170 Days	3,000,000.00	354.07	3,000,000.00	328.85
SBI Credit Risk Fund Regular - Growth	1,933,358.28	577.17	1,933,358.28	540.02
Reliance Fixed Horizon Fund XXXIII Series 2 Growth	3,000,000.00	355.10	3,000,000.00	329.75
Reliance Fixed Horizon Fund XXXIII Series 5 Growth	5,000,000.00	589.97	5,000,000.00	547.19
Reliance Strategic Debt Fund - Growth	1,511,910.07	222.40	1,511,910.07	211.87
Invesco India Dynamic Equity Fund - Growth	1,095,290.25	315.66	1,095,290.25	305.26
Reliance Strategic Debt Fund - Growth	3,496,601.57	536.90	1,419,255.03	205.50
DHFL Pramerica Credit Risk Fund.- Regular Growth	2,253,474.54	326.32	2,253,474.54	310.12
Aditya Birla Sun Life Fixed Term Plan-Series PF (1148 days)	3,421,196.00	370.60	3,421,196.00	345.63
HDFC Short Term Debt Fund - Regular Plan Growth	737,535.12	152.22	737,535.12	141.42
ICICI FMP Series 82-1157 days Plan J Cumulative	2,098,674.00	225.16	2,098,674.00	212.23
Aditya Birla Sun Life Credit Risk Fund - Growth	7,519,362.35	1,068.16	-	-
ICICI Prudential FMP Series 83-1412 Days Plan B Cumulative	5,000,000.00	546.76	-	-
HDFC FMP 1134 days May 2018(1) Direct Growth Series 40	5,000,000.00	543.81	-	-
ICICI Prudential Medium Term Bond Fund - Growth	1,429,420.779	428.72	-	-
SBI Debt Fund Series C16 1100 Days Growth	5,000,000.00	541.34	-	-
SBI Debt Fund Series C19 1100 Days Growth	3,000,000.00	322.24	-	-
ICICI Prudential FMP-Series 83-1100 Days Plan O Cumulative	3,000,000.00	322.81	-	-
HDFC FMP 1124 D JUNE 2018(1) Direct-Growth Series 41	5,000,000.00	523.76	-	-
Reliance Fixed Horizon Fund XXXVII Series 12 Growth	4,000,000.000	433.44	-	-
Reliance Fixed Horizon Fund-XXXVIII Series -3 Growth	5,000,000.000	535.87	-	-
Reliance Fixed Horizon Fund-XXXVIII Series -6 Growth	3,000,000.000	319.73	-	-
<b>Fair Value of Non Current Investment in Mutual Fund</b>		<b>13,583.54</b>	<b>7,315.36</b>	

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No of Units	Amount	No of Units	Amount
<b>Investment at amortised cost</b>				
Investment in Bond Non Trade (Quoted) :				
8.20% Power Finance Corporation Limited	28,479.00	284.79	28,479.00	284.79
6.88% Power Finance Corporation Limited	30,000.00	300.00	30,000.00	300.00
<b>Investment at cost (Fair value in 2018-19 ₹ 615.07 Lakh and in 2017-18 ₹ 619.31 Lakh)</b>		<b>584.79</b>		<b>584.79</b>
<b>Total Non-current Investments</b>		<b>14,226.18</b>		<b>7,961.42</b>
Aggregate fair value of quoted investments		<b>621.89</b>		<b>629.63</b>
Aggregate value of unquoted investments		<b>13,634.57</b>		<b>7,366.39</b>
<b>Current Investments</b>				
<b>Investment in Mutual funds at fair Value through Profit or Loss Account</b>				
HDFC Money Market Fund Regular Plan Daily Dividend	20,828.590	221.54	84,648.59	900.34
Reliance Medium Term Fund	-	-	7,358,034.44	1258.65
Reliance Short Term Fund- Dividend	-	-	6,728,155.61	752.07
BSL Short Term Fund	-	-	2,391,260.08	277.39
BSL Cash Plus	-	-	805,647.53	807.26
Tata Short Term Bond Fund Dividend	-	-	1,059,673.76	166.88
ICICI Short Term Fund - Dividend	-	-	3,287,515.75	405.23
BSL-Short Term Fund Monthly dividend regular plan	-	-	6,589,992.36	763.23
BNP Paribas Arbitrage Fund Regular Monthly Dividend	998,103.603	100.20	998,103.60	100.42
Axis Corporate Debt Fund- Daily Dividend	562,663.299	56.71	528,962.32	53.32
HDFC Arbitrage Fund-Wp-Monthly dividend fund	-	-	4,760,997.91	501.05
UTI Short Term Income Fund	1,434,288.09	322.86	1,434,288.09	302.95
<b>Fair value of Current Investment in Mutual Fund</b>		<b>701.31</b>		<b>6,288.79</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Aggregate value of unquoted investments	701.31	6,288.79
Aggregate amount of impairment in value of investments	-	-
<b>Total Investments</b>	<b>14,927.49</b>	<b>14,250.21</b>

**6(b) Other Financial Assets**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Unsecured, Considered good		
<b>Non-current</b>		
Security Deposits	210.05	330.76
	<b>210.05</b>	<b>330.76</b>
<b>Current</b>		
Receivable other than trade	10.70	10.70
	<b>10.70</b>	<b>10.70</b>
<b>Total other Financial Assets</b>	<b>220.75</b>	<b>341.46</b>

**6(c) Trade Receivables**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Secured, considered good	-	-
Unsecured, considered good	6,069.82	6,012.87
<b>Total Trade and Other Receivables</b>	<b>6,069.82</b>	<b>6,012.87</b>
Receivable from related parties	30.33	48.90
Receivable from Others	6,039.49	5,963.97
<b>Total</b>	<b>6,069.82</b>	<b>6,012.87</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**6(d) Cash and Cash Equivalents** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Cash and Cash Equivalents</b>		
Balance with Bank		
Current accounts and debite balance in cash credit accounts	355.53	401.60
Cash on hand	0.05	0.05
<b>Total Cash and Cash Equivalents</b>	<b>355.58</b>	<b>401.65</b>

**6(e) Other Bank Balance** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Other bank balances</b>		
Unpaid dividend accounts	17.30	16.36
<b>Total</b>	<b>17.30</b>	<b>16.36</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)****6(f) Financial Assets By Category**

(₹ in Lakh)

Particulars as at	Cost	FVTPL	Amortised cost
<b>31-March-2019</b>			
<b>Financial Assets by Category</b>			
Investments [Note 6(a)]			
- Equity Share in Associate at cost	51.00	-	-
- Equity Share in Others at FVTPL	-	6.82	-
- Equity Share in Others non trade - unquoted	-	0.03	-
- Investment in bond at cost	-	-	584.79
- Investment in mutual fund - Non current	-	13,583.54	-
- Investment in mutual fund -Current	-	701.31	-
Trade receivables [Note 6(c)]	-	-	6,069.82
Cash and cash equivalents [Note 6(d)]	-	-	355.58
Other bank balance [Note 6(e)]	-	-	17.30
Other financial assets [Note 6(b)]	-	-	220.75
<b>Total Financial Assets</b>	<b>51.00</b>	<b>14,291.70</b>	<b>7,248.24</b>
<b>31-March-2018</b>			
<b>Financial Assets by Category</b>			
Investments [Note 6(a)]			
- Equity Share in Associate at cost	51.00	-	-
- Equity Share in Others at FVTPL	-	10.24	-
- Equity Share in Others non trade - unquoted	-	0.03	-
- Investment in bond at cost	-	-	584.79
- Investment in mutual fund - Non current	-	7315.36	-
- Investment in mutual fund -Current	-	6288.79	-
Trade receivables [Note 6(c)]	-	-	6,012.87
Cash and cash equivalents [Note 6(d)]	-	-	401.65
Other bank balance [Note 6(e)]	-	-	16.36
Other financial assets [Note 6(b)]	-	-	341.46
<b>Total Financial Assets</b>	<b>51.00</b>	<b>13,614.42</b>	<b>7,357.13</b>

For financial instruments risk management objectives and policies, refer Note 27

For Fair value disclosures for financial assets and liabilities refer Note 25 and for fair value hierarchy disclosures for investment refer Note 26.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**Note 7 : Other Non-Current / Current Assets** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Unsecured, Considered Good		
<b>Non-Current</b>		
Capital advances	30.09	12.00
	30.09	12.00
<b>Current</b>		
Advance to suppliers	93.91	104.43
Balance with Collector of Custom, Port Trust, Excise, GST, etc.	140.71	105.76
Claims Receivable from Government. Authorities	308.59	307.94
Other Advances	127.86	39.76
	671.07	557.89
<b>Total</b>	<b>701.16</b>	<b>569.89</b>

**Note 8 : Inventories (At Lower of Cost and Net Realisable Value)** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Raw materials and components	3,329.71	2,530.17
Work-in-progress	488.40	775.43
Finished goods	181.81	159.90
Finished goods in transit	16.16	459.62
<b>Total</b>	<b>4,016.08</b>	<b>3,925.12</b>

**Note 9 : Non-Current Tax Assets (Net)** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Non-Current</b>		
Tax Paid in Advance	2,249.22	1,658.70
Less:		
Provision for income tax	1,922.52	1,496.29
<b>Total</b>	<b>326.70</b>	<b>162.41</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

### Note 10 : Share Capital

(₹ in Lakh)

Particulars as at	31-March-2019	31-March- 2018
<b>Authorised Share Capital</b>		
10,000,000 Equity Shares of ₹10/- each	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and fully paid up</b>		
Issued 57,68,386 Equity shares of ₹10/- each	576.84	576.84
Subscribed and Paid up 57,68,385 Equity Shares of ₹10/- each	576.84	576.84
Issued but not subscribed 1 Equity Share of ₹10/-	-	-
<b>Total</b>	<b>576.84</b>	<b>576.84</b>

### Note 10.1 : Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
At the beginning of the year	57.68	576.84	57.68	576.84
Issued/Reduction, if any during the year	-		-	
<b>Outstanding at the end of the year</b>	<b>57.68</b>	<b>576.84</b>	<b>57.68</b>	<b>576.84</b>

### 10.2 : Rights, preferences and restrictions attached to Equity Shares:

The Company has only one class of Equity Shares having at par value of ₹ 10/- per share.

Each shareholder is eligible for one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

## Note 10.3 : Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars as at	31-March-2019		31-March-2018	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
<b>a) Equity Shares of ₹ 10/- each fully paid up (Previous year ₹ 10/- Each fully paid up)</b>				
Elecon Engineering Company Limited	958,426	16.62	958,426	16.62
EMTICI Engineering Limited	818,303	14.19	818,303	14.19
K B Investments Private Limited	487,015	8.44	487,015	8.44
Tamrock Great Britain Holding Limited	1,447,875	25.10	1,447,875	25.10

## Note 11 : Other Equity

Particulars as at	31-March-2019	31-March-2018
<b>Note 11.1 Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	2.91	2.91
Add/Less: Adjustment for the year	-	-
Balance at the end of the year	<b>2.91</b>	<b>2.91</b>
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	753.83	753.83
Add: addition during the year	-	-
Add: utilized during the year	-	-
Balance at the end of the year	<b>753.83</b>	<b>753.83</b>
<b>General Reserve</b>		
Balance as per last Balance Sheet	22,443.45	21,543.45
Add : Transfer from Profit & Loss account	-	900.00
	<b>22,443.45</b>	<b>22,443.45</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	5,383.08	4,969.29
Add: Profit for the year	2,321.62	1,644.44
Add / (Less): OCI for the year	3.27	16.49
	<b>7,707.97</b>	<b>6,630.22</b>
<b>Less: Appropriations :</b>		
Dividend on equity shares	288.42	288.42
Dividend distribution tax on dividend	59.30	58.72
Transfer to General Reserve	-	900.00
<b>Balance carried forward</b>	<b>7,360.25</b>	<b>5,383.08</b>
<b>Total</b>	<b>30,560.44</b>	<b>28,583.27</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**
**Note 11.2 Dividend distribution made and proposed**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Cash dividends on Equity Shares declared and paid</b>		
Final dividend for year ended 31-March-2018: ₹ 5/- per share (31-March-2017: ₹ 5/- per share)	288.42	288.42
Dividend distribution tax on final dividend	59.29	58.72
	<b>347.71</b>	<b>347.14</b>
<b>Proposed dividends on Equity Shares</b>		
Final dividend for year ended 31-March-2019: ₹ 7/- per share (31-March-2018 : ₹ 5/- per share)	403.79	288.42
Dividend distribution tax on final proposed dividend	83.02	59.30
	<b>486.81</b>	<b>347.72</b>

Proposed dividend on equity shares is subject to approval at the Annual General Meeting and are not recognised as a liability as at 31<sup>st</sup> March, 2019.

**Note 12(a) : Trade Payables**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Current</b>		
Trade payables		
Due to micro and small enterprise	394.30	367.85
Due to other than micro and small enterprise	1,593.65	2,074.06
<b>Total</b>	<b>1,987.95</b>	<b>2,441.91</b>

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

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Principal amount remaining unpaid to any supplier as at the period end	394.30	367.85
Interest due thereon	-	-
Amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period for the purpose of disallowance as a deductible expenditure.	-	-
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 Act 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
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.	-	-

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of Micro, Small and Midium enterprises, as defined under Micro, Small and Midium Enterprises Development Act, 2006 has been made in the Financial statement as at 31-March-2019 based on the information received and available with the Company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Company.

## Note 12(b) : Other Financial Liabilities

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Non-current interest bearing borrowing</b>		
<b>Secured</b>		
<b>Term Loan</b>		
From bank	163.03	61.78
(Secured by hypothication of vehicles)		
<b>Total non-current borrowings</b>	<b>163.03</b>	<b>61.78</b>
<b>Current</b>		
Security Deposits	36.68	36.23
Unpaid dividend	17.30	16.36
Payable in respect of capital goods	25.09	20.56
<b>Total current borrowings</b>	<b>79.07</b>	<b>73.15</b>
<b>Total</b>	<b>242.10</b>	<b>134.93</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

### 12(c) Financial Liabilities By Category

(₹ in Lakh)

Particulars	FVTPL	Amortised cost
<b>31-March-2019</b>		
Borrowings	-	163.03
Trade payable	-	1,987.95
Other financial liabilities	-	79.07
<b>Total Financial liabilities</b>	<b>-</b>	<b>2,230.05</b>
<b>31-March-2018</b>		
Borrowings	-	61.78
Trade payable	-	2,441.91
Other financial liabilities	-	73.15
<b>Total Financial liabilities</b>	<b>-</b>	<b>2,576.84</b>

### 12 (d) Borrowings

Lender	31-March-19	31-March-18	Interest Rate
HDFC Bank	21.03	61.78	11%
State Bnk of India	142.00	-	9.30%

#### Terms of Repayment

Loan of HDFC bank repayable on monthly instalment of ₹ 3.56 Lakh starting from October 2017.

Loan of State Bank of India is repayable on monthly instalments of ₹ 2.30 Lakh starting from April 2019.

For financial instruments risk management objectives and policies, refer Note 27.

For fair value disclosures for financial assets and liabilities, refer Note 25 and fair value hierarchy disclosures for investments, refer Note 26.

### Note 13 : Provisions

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Long-Term</b>		
Provision for employee benefits (Refer Note 21)		
Provision for Compensated Absences	18.83	85.70
	<b>18.83</b>	<b>85.70</b>
<b>Short-Term</b>		
Provision for employee benefits (Refer Note 21)		
Provision for Compensated Absences	39.24	34.21
Provision for warranty	183.55	139.36
	<b>222.79</b>	<b>173.57</b>
<b>Total</b>	<b>241.62</b>	<b>259.27</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

A provision of ₹ 183.55 Lakh (F. Y. 2017-18 ₹ 139.36 Lakh) has been recognized for expected warranty claims at 1% on products sold during the current financial year. The warranty claims are for period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next financial year.

Particulars as at	31-March-2019	31-March-2018
As on 01 <sup>st</sup> April	139.36	169.94
Addition during the year	183.55	139.36
Utilization during the year	127.51	67.35
Short / (Excess) during the year	(11.85)	(102.59)
AS on 31 <sup>st</sup> March	<b>183.55</b>	<b>139.36</b>

## Note 14 : Other Current / Non-Current Liabilities

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Current</b>		
Advance from Customers	14.56	146.29
Statutory & Other Liabilities	272.71	502.92
<b>Total</b>	<b>287.27</b>	<b>649.21</b>

## Note 15 : Revenue from Operations

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Sale of Products</b>		
Domestic Sales	17,904.99	13,988.30
Export Sales	521.58	172.96
	<b>18,426.57</b>	<b>14,161.26</b>
<b>Sale of Services</b>		
Sale of services	0.30	13.50
	<b>0.30</b>	<b>13.50</b>
<b>Other operating revenue</b>		
Sale of Scrap	36.38	33.92
Windmill Electricity Income	10.23	7.87
	<b>46.61</b>	<b>41.79</b>
<b>Total</b>	<b>18,473.48</b>	<b>14,216.55</b>



**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)**
**Note 16 : Other income**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Other Income</b>		
Interest Income	43.99	44.06
Dividend Income	105.83	304.68
Profit on Sales of Assets (Net)	1.67	60.47
Rent Income	52.76	54.10
Gain on sale of investments	-	0.01
Gain on Fair valuation /Sale of Investment at FVTPL	858.08	459.90
Duty Draw Back Claim	7.19	2.53
Miscellaneous Income	-	34.63
<b>Total</b>	<b>1,069.52</b>	<b>960.38</b>

**Note 17 : Cost of raw materials and components consumed**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Inventory at the beginning of the year	2,530.17	2,555.08
Add : Purchases	7,084.44	5,564.73
	<b>9,614.61</b>	<b>8,119.81</b>
Less : Inventory at the end of the year	3,329.71	2,530.17
Cost of Raw material	6,284.90	5,589.64
<b>Total</b>	<b>6,284.90</b>	<b>5,589.64</b>

**Note 18 : Purchases of stock-in-trade**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Purchase of traded goods	2,981.04	2,142.77
<b>Total</b>	<b>2,981.04</b>	<b>2,142.77</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

**Note 19 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade** (₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Inventory at the beginning of the year</b>		
Stock-in-trade	-	-
Work-in-progress	775.43	633.32
Finished Goods	159.90	225.84
Finished goods in transit	459.62	4.46
	<b>1,394.95</b>	<b>863.62</b>
<b>Inventory at the End of the Year</b>		
Stock-in-trade	-	-
Work-in-progress	488.40	775.43
Finished Goods	181.81	159.90
Finished goods in transit	16.16	459.62
	<b>686.37</b>	<b>1,394.95</b>
<b>Total</b>	<b>708.58</b>	<b>(531.33)</b>

**Note 20 : Manufacturing Expense and Erection Charges** (₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Stores, Tools and Spares Consumed	206.68	202.63
Power and Fuel	9.28	15.92
<b>Total</b>	<b>215.96</b>	<b>218.55</b>

**Note 21 : Employee Benefits Expense** (₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Salaries, Wages and Bonus	1,444.98	1,412.08
Contribution to Provident and other Funds	57.48	61.01
Employees' Welfare Expenses	23.42	35.18
Employees' Retirement Benefits	24.25	28.27
<b>Total</b>	<b>1,550.13</b>	<b>1,536.54</b>

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)****Note 22 : Finance Costs**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March 2019	31-March-2018
Interest Expense	5.22	3.81
Other Borrowing Costs	51.63	50.18
<b>Total</b>	<b>56.85</b>	<b>53.99</b>

**Note 23 : Other Expenses**

Particulars (For the Year Ended)	31-March 2019	31-March-2018
Lease Rentals	45.01	77.81
Computer Software Charges	51.81	48.35
Rates & Taxes	60.04	94.56
Excise Duty (excluding Duty recovered from Customers)	-	(30.52)
Repairs and Maintenance :		
- Building	109.03	118.72
- Machinery	173.12	184.31
- Others	154.68	152.34
Insurance (Net of recoveries)	43.89	32.16
Travelling Expense	127.78	156.69
Directors' Fees	10.53	8.70
Commission to Non-Executive Directos	15.00	15.00
Packing, Forwarding & Distribution Expenses (Net of Recoveries)	250.34	144.28
Commission & Brokerage	2,165.20	1,655.91
Warranty Claim Replacement (Refer Note No.13)	183.55	139.36
Bad Debts Written Off	50.26	63.24
Provision for Doubtful Debt / (Written Back)	(24.11)	(38.74)
Advertisements & Sales Promotion Expenses	4.64	9.79
Payment to Auditors (Refer Note Below)	6.85	7.72
Expendinture on Corporate Social Responsibility (Refer Note No.34)	42.00	51.72
Donations	35.75	4.00
Other Professional Consultancy Fees	122.89	136.50
General Administrative Charges	553.20	470.99
Loss on Sales of Investment (Net)	1.28	-
Loss on Account of Exchange Variation (Net)	23.64	12.58
<b>Total</b>	<b>4,206.38</b>	<b>3,515.47</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

Payment to Auditors (Net of Service Tax) (₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Statutory Auditors</b>		
<b>As Auditors</b>		
Audit fees	3.60	3.60
Taxation matters	0.45	0.45
Limited review fees	0.90	0.71
Certification fees	0.53	1.13
Reimbursement of expenses	1.37	1.83
<b>Total</b>	<b>6.85</b>	<b>7.72</b>

Research and Development Expenses (₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Cost of material consumed	9.05	66.68
Salaries, Wages and Bonus	210.71	192.53
Contribution to Provident and other Funds	16.91	16.78
Travelling, conveyance and other expenses	33.85	36.27
<b>Total</b>	<b>270.52</b>	<b>312.26</b>

**Note 24 : Income Tax**

The major component of income tax expense for the years ended 31-March-2019 and 31-March-2018 are :

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Statement of Profit and Loss		
<b>Current tax</b>		
Current income tax	630.00	375.16
Adjustment in respect of current tax of previous years	(6.39)	(9.13)
	<b>623.61</b>	<b>366.03</b>
<b>Deferred Tax</b>		
Relating to Origination and reversal or temporary difference and MAT Credit	96.56	(66.83)
<b>Income Tax Expense Reported in the Statement of Profit and Loss</b>	<b>720.17</b>	<b>299.20</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

### OCI Section

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Statement to Other comprehensive income (OCI)</b>		
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	1.35	8.73
<b>Deferred Tax Charged to OCI</b>	<b>1.35</b>	<b>8.73</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended 31-March- 2019 and 31-March-2018.

### A) Current tax

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Accounting profit before tax from continuing operations	3,041.79	1,943.64
Tax @ 29.12% (31-March-2018: 34.608%)	885.77	672.65
<b>Adjustment</b>		
In respect of additional allowance for R & D expense	(39.31)	(54.03)
In respect of Exempted income	(43.63)	(283.17)
In respect of Expense disallowed/(Allowed)	54.16	5.15
In respect of standard deduction on rent income	(3.97)	(4.57)
In respect of profit on sale of assets	0.49	(20.93)
In respect of tax rate difference on profit on sale of investment	(133.34)	(15.90)
At the effective income tax rate of 23.67% (31-March, 2018 : 15.78%)	720.17	299.20

### B) Deferred tax

(₹ in Lakh)

Particulars (For the Year Ended)	Balance Sheet		Statement of Profit and Loss	
	31-March-2019	31-March-2018	31-March-2019	31-March-2018
Depreciation difference	729.48	838.04	(108.56)	(42.45)
Disallowances u/s 43 B of Income Tax Act	(50.77)	(129.76)	78.99	15.62
Provision for Doubtful debts & advances	(0.80)	(36.12)	35.32	(13.41)
On Unrealised gain on fairvaluation of investment at FVTPL	274.48	180.97	93.51	(9.13)
Deferred tax expense/(income) accounted through other comprehensive income	(0.22)	1.13	(1.35)	(8.73)
<b>Deferred tax expense/(Income)</b>	<b>-</b>	<b>-</b>	<b>97.91</b>	<b>(58.10)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>952.17</b>	<b>854.26</b>	<b>-</b>	<b>-</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

Particulars (For the Year Ended)	Balance Sheet		Statement of Profit and Loss	
	31-March-2019	31-March-2018	31-March-2019	31-March-2018
Reflected in the balance sheet as follows				
Deferred tax assets	(51.57)	(165.88)	-	-
Deferred tax liabilities	1,003.74	1,020.14	-	-
<b>Deferred tax liabilities (net)</b>	<b>952.17</b>	<b>854.26</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 related to income taxes levied by the same tax authority.

During the year ended 31-March-2019 and 31-March-2018, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

**Note 25 : Fair value disclosures for financial assets and financial liabilities**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lakh)

Particulars as at	Carrying Amount		Fair Value	
	31-March-2019	31-March-2018	31-March-2019	31-March-2018
<b>Financial assets</b>				
Investments measured at fair value through profit or loss	14,291.70	13,614.42	14,291.70	13,614.42
Investments measured at amortised cost	635.79	635.79	666.07	670.39
<b>Total</b>	<b>14,927.49</b>	<b>14,250.21</b>	<b>14,957.77</b>	<b>14,284.81</b>

The management assessed that the fair values of cash and cash equivalents, other bank balance, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

**NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)****Note 26 : Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

**Quantitative disclosures of fair value measurement hierarchy for financial assets as at 31-March-2019, 31-March-2018.**

(₹ in Lakh)

Particulars as at	Date of valuation	Total	Fair value measurement using		
			"Quoted prices in active markets (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"
<b>As at 31-March-2019</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Profit and Loss</b>					
Investment in Equity shares, quoted	31-March-2019	6.82	6.82	-	-
Investment in Mutual fund -unquoted	31-March-2019	14,284.85	-	14,284.85	-
<b>Assets for which fair values are disclosed</b>					
Investment in Bonds, quoted	31-March-2019	584.79	584.79	-	-
Investment property	31-March-2019	1,021.04	-	-	1,021.04

Particulars as at	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>As at 31-March- 2018</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Profit and Loss</b>					
Investment in Equity shares, quoted	31-March-2018	10.24	10.24	-	-
Investment in Mutual fund -unquoted	31-March-2018	13,604.15	-	13,604.15	-
<b>Assets for which fair values are disclosed</b>					
Investment in Bonds, quoted	31-March-2018	584.79	584.79	-	-
Investment property	31-March-2018	1,003.67	-	-	1,003.67

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)****Note 27 : Financial instruments risk management objectives and policies**

The Company's principal financial liabilities comprise trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

For risk management, management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables.

Within the various methodologies to analyse and manage risk, the Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the Company. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

- The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31-March-2019 and 31-March-2018 including the effect of hedge accounting.

**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 does not have any borrowings with floating interest rate. Hence, the Company does not have any interest rate risk at present.

**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 local currency and in foreign currency, primarily in USD/EUR. The Company has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. However, exposure to foreign currency is not material and hence, foreign currency risk is assessed by the Company is low.

**Equity price risk**

The Company's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Company and are not hedged.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)

### (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 from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, and other financial instruments.

#### Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 90 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. 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 on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(₹ in Lakh)

The ageing analysis of trade receivables as of the reporting date is as follow:

Trade receivables as at	Neither past due nor impaired (including unbilled)	Past due but not impaired				Total
		Less than 90 days	90 to 180 days	180 to 365 days	Above 365 days	
31-March-2019	4,640.04	914.24	62.16	295.87	157.51	6,069.82
31-March-2018	4,376.23	1,231.90	154.12	48.50	202.12	6,012.87

The requirement of impairment is analysed as each reporting date.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet as on 31-March-2019 and 31-March-2018 is the carrying amount as disclosed in Note 25.

### (c) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. 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 domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	On Demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Year ended 31-March-2019</b>						
Trade payables	-	181.10	1,806.85	-	-	-
Other financial liabilities	53.98	-	-	-	-	-
Payable for capital goods	-	-	25.09	-	-	-
Term Loan from Bank	-	5.95	17.60	25.53	138.00	27.60
	<b>53.98</b>	<b>187.05</b>	<b>1,849.54</b>	<b>25.53</b>	<b>138.00</b>	<b>-</b>
<b>Year ended 31-March-2018</b>						
Trade payables	-	1,203.71	1,238.20	-	-	-
Other financial liabilities	52.59	-	-	-	-	-
Payable for capital goods	-	-	20.56	-	-	-
Term Loan from Bank	-	3.02	9.24	25.92	23.60	-
	<b>52.59</b>	<b>1,206.73</b>	<b>1,268.00</b>	<b>25.92</b>	<b>23.60</b>	<b>-</b>

**Note 28 : Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

(₹ in Lakh)

Particulars	Year ended 31-March-2019	Year ended 31-March-2018
Trade and other payables (Note 12 & 14)	2,517.32	3,226.05
Less: cash and cash equivalent \ (including other bank balance) (Note 6)	(372.88)	(418.01)
<b>Net Debt</b>	<b>2,144.44</b>	<b>2,808.04</b>
Equity share capital (Note 10)	576.84	576.84
Other equity (Note 11)	30,560.44	28,583.27
<b>Total Capital</b>	<b>31,137.28</b>	<b>29,160.11</b>
<b>Capital and Net Debt</b>	<b>33,281.72</b>	<b>31,968.15</b>
<b>Gearing Ratio</b>	<b>6%</b>	<b>9%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31-March-2019 and 31-March-2018.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)****Note 29 : Contingent Liabilities**

(₹ in Lakh)

Particulars (As on)	31-March-2019	31-March-2018
<b>Contingent liabilities not provided for</b>		
a. Guarantees issued by Banks	2,541.94	1,969.57
b. Income tax demands disputed by the Company	3.17	3.17
c. Sales tax demands disputed by the Company	154.97	154.97
d. Excise & Service tax demands disputed by the Company	1,379.64	1,379.64
e. With reference to the judgment of Hon'ble Supreme Court of India, the Management is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. Management is of the view that any incremental outflow in this regard can only be determined once the position being taken by the regulatory authorities in this regard is known and the Management is able to evaluate all possible courses of action available accordingly, in view of management, any additional financial liability for the period from date of the SC order (28 February, 2019) to 31 March, 2019 is not significant. In addition, pending the outcome of directions from the EPFO, the impact for past periods, if any, is not ascertainable and consequently no financial effect has been provided for in the accounts.	Amount not ascertained	-

Note: Above all figures are excluding unquantified interest payable wherever applicable and outflow of funds, if any, would depend upon the outcome of the dispute / contingency.

**Note 30 : Capital commitment and other commitments**

(₹ in Lakh)

Particulars (As on)	31-March-2019	31-March-2018
<b>Capital commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advance)	92.08	100.47
<b>Other commitments</b>	-	-

**Note 31 : Disclosure pursuant to Employee benefits****A. Defined contribution plans:**

Amount of ₹ 68.14 Lakh. (March 31, 2018: ₹ 72.32 Lakh) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Provident Fund	57.48	61.01
Superannuation Fund	10.66	11.31
	<b>68.14</b>	<b>72.32</b>

**B. Defined benefit plan:**

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 THE STANDALONE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

31-March-2019 : Changes in defined benefit obligation and plan assets

	Remeasurement gains/(losses) in other comprehensive income												
	Gratuity cost charged to statement of profit and loss			Return on plan assets (excluding amounts included in net interest expense)				Actuarial changes arising from changes in demographic assumptions		Experience adjustments	Sub-total included in OCI	Asset Transfer In/ Transfer Out	Contributions by employer
	01-April-2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Asset Transfer In/ Transfer Out	Contributions by employer	31-March-2019
<b>Gratuity</b>													
Defined benefit obligation	368.16	15.85	29.01	44.86	(52.95)	-	-	2.97	(12.18)	(9.21)	(1.26)	-	349.60
Fair value of plan assets	380.94	-	30.02	30.02	(52.95)	(4.58)	-	-	-	0.00	0.00	1.15	354.58
Benefit liability/(Asset)	(12.78)	15.85	(1.01)	14.84	-	4.58	-	2.97	(12.18)	(9.21)	(1.26)	(1.15)	(4.98)
<b>Total benefit liability/(asset)</b>	<b>(12.78)</b>	<b>15.85</b>	<b>(1.01)</b>	<b>14.84</b>	<b>-</b>	<b>4.58</b>	<b>-</b>	<b>2.97</b>	<b>(12.18)</b>	<b>(9.21)</b>	<b>(1.26)</b>	<b>(1.15)</b>	<b>(4.98)</b>

(₹ in Lakh)

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

	Remeasurement gains/(losses) in other comprehensive income												
	Gratuity cost charged to statement of profit and loss			Return on plan assets (excluding amounts included in net interest expense)				Actuarial changes arising from changes in demographic assumptions		Experience adjustments	Sub-total included in OCI	Asset Transfer In/ Transfer Out	Contributions by employer
	01-April-2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Asset Transfer In/ Transfer Out	Contributions by employer	31-March-2018
<b>Gratuity</b>													
Defined benefit obligation	376.10	17.24	27.34	44.58	(25.68)	-	-	(10.94)	(15.35)	(26.29)	(0.55)	-	368.16
Fair value of plan assets	372.27	-	27.07	27.07	(25.68)	(1.08)	-	-	-	(1.08)	0.00	8.36	380.94
Benefit liability / (assets)	3.83	17.24	0.27	17.51	0.00	1.08	0.00	(10.94)	(15.35)	(25.21)	(0.55)	(8.36)	(12.78)
<b>Total benefit liability/(assets)</b>	<b>3.83</b>	<b>17.24</b>	<b>0.27</b>	<b>17.51</b>	<b>-</b>	<b>1.08</b>	<b>-</b>	<b>(10.94)</b>	<b>(15.35)</b>	<b>(25.21)</b>	<b>(0.55)</b>	<b>(8.36)</b>	<b>(12.78)</b>

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

Particulars	Year ended 31-March-2019 (%) of total plan assets	Year ended 31-March-2018 (%) of total plan assets
Insured fund	100%	100%
<b>(%) of total plan assets</b>	<b>100%</b>	<b>100%</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

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

Particulars	Year ended 31-March-2019	Year ended 31-March-2018
Discount rate	7.69%	7.88%
Future salary increase	7.69%	7.00%
Expected rate of return on plan assets	7.00%	7.88%
Attrition rate	2.00%	2.00%
Mortality rate during employment	Indian assured lives Mortality (2006-08)	Indian assured lives Mortality (2006-08)

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

Particulars	(increase) / decrease in defined benefit obligation (Impact)		
	Sensitivity Level	Year Ended 31-March-2019	Year Ended 31-March-2018
<b>Gratuity</b>			
Discount rate	1% increase	(14.90)	(16.20)
	1% decrease	16.91	18.41
Salary increase	1% increase	16.86	18.39
	1% decrease	(15.13)	(16.47)
Attrition rate	1% increase	0.65	9.07
	1% decrease	(0.74)	(1.03)

The followings are the expected future benefit payments for the defined benefit plan :

(₹ in Lakh)

Particulars	Year Ended 31-March-2019	Year Ended 31-March-2018
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	120.38	119.30
Between 2 and 5 years	112.50	102.66
Between 6 and and 10 years	140.93	172.49
Beyond 11 years	202.53	233.03
	<b>576.34</b>	<b>627.48</b>
<b>Total Expected Payments</b>	<b>576.34</b>	<b>627.48</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)

Weighted average duration of defined plan obligation (based on discounted cash flows) (₹ in Lakh)

Particulars	Year ended 31-March-2019	Year ended 31-March-2018
Gratuity (Years)	12	12

The followings are the expected contributions to planned assets for the next year: (₹ in Lakh)

Particulars	Year ended 31-March-2019	Year ended 31-March-2018
Gratuity	9.04	3.07

**C. Other Long Term Employee Benefit Plans****Leave encashment / Compensated absences**

Salaries, Wages and Bonus include ₹ -43.08 Lakh (Previous Year ₹ 16.74 Lakh) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

**Note 32 : Related Party Transactions**

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

**A. Name of Related Parties and Nature of Relationship :****a. Associate**

Eimco Elecon Electricals Limited

**b. Individual/Enterprise having control/significant influence**

Shri Prayasvin B. Patel  
Elecon Engineering Company Limited

**c. Key Management Personnel****Directors**

Shri Pradip M. Patel, Non-Executive Director and Chairman  
Shri M. G. Rao, Whole-time Director  
Shri Prayasvin B. Patel, Executive Director  
Shri Prashant C. Amin, Non-Executive Director - Nominee Director  
Shri Nalin M. Shah, Non-Executive Director - Independent Director  
Shri Nirmal P. Bhogilal, Non-Executive Director - Independent Director  
Smt. Manjuladevi Shroff, Non-Executive Director - Independent Director  
Ms. Reena Bhagwati, Non-Executive Director - Independent Director

**Executive Officers**

Shri N. D. Shelat, Chief Financial Officer  
Smt. Bharti Isarani, Company Secretary (up to 10<sup>th</sup> July, 2018)  
Shri Devanand Mojindra, Company Secretary (appointed w.e.f. 31<sup>st</sup> July, 2018 and up to 28<sup>th</sup> November, 2018)  
Shri Rikenkumar Dalwadi, Company Secretary (appointed w.e.f. 29<sup>th</sup> January, 2019)

**d. Enterprises over which (b) or (c) above have significant influence**

EMTICI Engineering Limited  
Prayas Engineering Limited

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)**

Power Build Private Limited  
Elecon Information Technology Limited  
Madhubhan Prayas Resorts Limited  
Akkaish Mechatronics Limited  
Speciality Woodpack Private Limited  
Elecon Peripherals Limited  
Bipra Investment & Trusts Private Limited  
Devkishan Investments Private Limited  
K. B. Investment Private Limited  
Aishpra Properties Private Limited  
Akaaishpra Infracon Private Limited  
BIP Buildcon Private Limited  
Jamco Consultants Private Limited  
Kirloskar Power Build Gears Limited  
Madhuban Heights Private Limited  
MTC Buildcon Private Limited  
Akaaish Investments Private Limited  
Wizard Fincap Limited  
Tech Elecon Private Limited  
Elecon Hydraulics Private Limited  
Vijay M. Mistry Construction Private Limited  
Elecon Australia Pty. Limited  
Elecon Africa Pty. Limited  
Elecon Singapore Pte. Limited  
Elecon Middle East FZE, UAE  
Elecon Engineering (Suzhou) Co Limited  
Elecon Transmission International Limited  
Power Build Transmission International Limited  
Radicon Transmission UK Limited  
Radicon Drive Systems Inc. (Formerly known as Elecon USA Transmission Limited)  
Benzlers Systems AB  
AB Benzlers  
Benzlers Italia s.r.l , Italy  
Banzler Transmission A.S (Denmark)  
Benzler Andtriebstechnik GmbH, Germany  
OY Benzler AB (Finland)  
Radicon Transmission FZE, UAE  
Radicon Transmission (Thailand) Limited  
Radicon Transmission System (Thailand) Limited  
Radicon Transmission (Australia) Pty. Limited  
Desmin Agencies  
United Marketing

**e. Collaborators**

Sandvik AB Sweden  
Tamrock Great Britain Holding Limited

**f. Post employment benefit plan**

Eimco Employees Gratuity S.  
Eimco Emp Super Annuity SH

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

## NOTES TO THE FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
<b>Purchase of Material</b>		
Elecon Engineering Company Limited	631.90	441.69
Power Build Private Limited	0.18	0.89
Speciality Woodpack Private Limited	23.03	22.05
Eimco Elecon Electrical Limited	201.52	141.86
Elecon Peripherals Limited	4.68	11.19
Elecon Hydraulics Private Limited	41.31	39.78
<b>Job work Income</b>		
Elecon Engineering Company Limited	1.65	14.23
Power Build Private Limited	1.06	0.71
<b>Job work Expenses</b>		
Elecon Engineering Company Limited	13.97	10.55
<b>Sale of Finished Goods, Consumables &amp; Scrap</b>		
Elecon Engineering Company Limited	20.36	19.57
Speciality Woodpack Private Limited	1.88	1.55
Eimco Elecon Electricals Limited	-	0.18
Elecon Hydraulics Private Limited	4.35	5.07
Vijay M. Mistry Construction Private Limited	0.04	23.34
<b>Purchase of Fixed Assets</b>		
Elecon Engineering Company Limited	-	1,012.32
Power Build Private Limited	0.18	-
Tech Elecon Private Limited	11.23	249.51
Devkishan Investment Private Limited	-	88.82
Elecon Peripherals Limited	6.77	-
<b>Sale of Fixed Assets</b>		
Elecon Engineering Company Limited	-	17.96
<b>Expenses Charged to</b>		
Elecon Engineering Company Limited	2.60	5.54
Jamko Consultants Private Limited	0.02	-
<b>Expenses Charged by</b>		
Elecon Engineering Company Limited	-	15.09
Speciality Woodpack Private Limited	16.04	14.55
Elecon Information Technology Limited	14.66	11.70
Akaaish Mechatronics Limited	151.79	158.56
EMTICI Engineering Limited	69.04	68.65
Wizard Fincap Limited	14.31	15.32
Tech Elecon Private Limited	222.34	101.62



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
Devkishan Investment Private Limited	-	25.43
Jamko Consultants Private Limited	4.20	-
<b>Sales Commission</b>		
EMTICI Engineering Limited	2021.05	1,483.99
<b>Reimbursement of Expense paid / payable</b>		
Elecon Engineering Company Limited	9.11	15.78
<b>Reimbursement of Expense Received / Receivable</b>		
Elecon Engineering Company Limited	0.94	0.92
Power Build Private Limited	0.94	1.03
<b>Remuneration to Key Management Personnel</b>	249.09	222.56
<b>Dividend Paid</b>		
Tamrock Great Britain Holding Limited	72.39	72.39
Elecon Engineering Company Limited	47.92	47.92
EMTICI Engineering Company Limited	40.92	40.92
K. B. Investments Private Limited	24.35	24.35
BIPRA Investments and Trusts Private Limited	9.41	9.41
Elecon Information Technology Limited	7.38	7.38
Devikishan Investments Private Limited	6.05	6.05
Prayas Engineering Limited	1.88	1.87
Akaaish Mechatronics Limited	1.30	1.30
Power Build Private Limited	0.80	0.80
<b>Guarantees and Collaterals given</b>		
Elecon Engineering Company Limited (Up to 30.11.2017)	-	2,604.00

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)

## B. Balance as at year end :

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
<b>Outstanding Payables :</b>		
<b>(a) Associate</b>		
Eimco Elecon Electricals Limited	20.73	37.49
<b>(b) Individual/Enterprise having control/significant influence</b>		
Elecon Engineering Company Limited	70.06	41.24
<b>(c) Key Management Personnel</b>	47.00	20.00
<b>(d) Enterprises over which (b) or (c) above have significant influence</b>		
Elecon Peripherals Limited	2.36	0.18
EMTICI Engineering Limited	403.52	537.88
Akaaish Mechatronics Limited	-	1.37
Speciality Woodpack Private Limited	5.79	6.14
Power Build Private Limited	-	0.89
Wizard Fincap Limited	1.32	1.18
Devikishan Investment Private Limited	-	1.85
Tech Elecon Private Limited	1.15	52.79
Elecon Hydraulics Private Limited	23.06	0.35
<b>Outstanding Receivables :</b>		
<b>(a) Associate</b>		
Eimco Elecon Electricals Limited	-	-
<b>(b) Individual/Enterprise having control significant influence</b>		
Elecon Engineering Company Limited	7.17	29.21
<b>(c) Enterprises over which (b) or (c) above have significant influence</b>		
Power Build Private Limited	0.39	0.86
Elecon Hydraulics Private Limited	22.73	18.38
Speciality Woodpack Private Limited	-	0.35
EMTICI Engineering Limited	-	0.10
Vijay M. Mistry Construction Private Limited	0.04	-
<b>(d) Collaborators:</b>		
Sandvik Asia Private Limited	-	-
<b>Investment:</b>		
<b>(a) Associates</b>		
Eimco Elecon Electricals Limited	51.00	51.00

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)****C. 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.

**D. Commitments with related parties**

The Company has not provided any commitment to the related parties as at 31-March-2019, (31-March-2018: ₹ Nil)

**E. Transactions with key management personnel**

Compensation of key management personnel of the Company

(₹ in Lakh)

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Short-term employee benefits	214.74	198.85
Post employment benefits	19.17	11.32
<b>Total compensation paid to key management personnel</b>	<b>233.91</b>	<b>210.17</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd...)

## Note 33 : Earning per share

(₹ in Lakh except EPS)

Particulars	2018-19	2017-18
<b>Earing per Share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	2,321.62	1,644.44
Total No. of equity shares at the end of the year (No. in Lakh)	57.68	57.68
<b>Weighted average number of equity shares</b>		
For basic EPS	57.68	57.68
For diluted EPS	57.68	57.68
Nominal value of equity shares	10.00	10.00
Basic earning per share	40.25	28.51
Diluted earning per share	40.25	28.51

## Note 34 : Corporate Social Responsibility (CSR) Activities:

- a. As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The funds were primarily allocated to a corpus and utilized throughout the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

- b. Amount spent during the year on:

(₹ in Lakh)

		Year Ended					
		31-March-2019			31-March-2018		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	Contribution to various Trusts / NGOs / Societies / Agencies and utilization thereon	42.00	-	42.00	51.72	-	51.72
(iii)	Expenditure on Administrative Overheads for CSR	-	-	-	-	-	-

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of **Eimco Elecon (India) Limited**

### **Report on Audit of the Consolidated Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Consolidated Ind AS financial statements of Eimco Elecon (India) Limited ('the Company') and its Associate (the Company and its Associate together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019; the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flows Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the Significant Accounting Policies and other Explanatory Information (herein after referred to as "Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs (financial position) of the Group as at March 31, 2019, of consolidated profit (financial performance including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit 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 Ind AS financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>KEY AUDIT MATTER</b>	<b>HOW OUR AUDIT ADDRESSED THE MATTER</b>
<p><b><u>Existence and valuation of investments</u></b> <b>Note 2.2 c. &amp; Note 6(a) to the consolidated balance sheet in the financial statements</b></p> <p>Total investments of ₹ 14,927 Lakh represent 43% of total assets of the Group. These investments mainly consist of current and non-current investments in mutual funds. Valuation of the investments is done at fair market value at each balance sheet date. Thus, being very high proportion of total assets of the Group as well as high amount of gain or loss credited / debited to statement of profit and loss account, made us conclude that existence and valuation of investments are a key audit matter of our audit.</p>	<p>Our audit procedures to test the existence of the investments mainly consist of verifying quantity / unit balances and market values with demat statement / statements of respective assets management companies as well as verifying the relevant recording of gain or loss in value of respective investments at each balance sheet date.</p> <p>Based on the procedures described we consider the disclosure of investments value as current as well as non-current and recording of gain or loss on the same as acceptable.</p>

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
<p><b><u>Existence and valuation of inventories</u></b>  <b>Note 2.2 k. &amp; Note 8 to the consolidated balance sheet in the financial statements</b></p> <p>Total inventories of ₹ 4,016 Lakh represent 11% of total assets of the Group. These inventories mainly consist of inventories of raw material, stores, work in progress, traded goods and finished goods. Valuation of the inventories is at lower of cost and net realizable value. Cost of raw material and traded goods comprises cost of purchases, cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory is determined after deducting rebate and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.</p> <p>These inventories being significant share of total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.</p> <p>Furthermore, inventories are an important factor to consider in our procedures because of its impact on the revenues.</p>	<p>Our audit procedures to test the existence of the inventories mainly consist of testing the relevant internal control procedures, specifically by testing the inventory cycle counts that are periodically performed by management and internal auditors. We have also performed physical verification of inventories lying in stock as at the date of the balance sheet at stores, to validate counts performed by the company. We compared our count results with the results of the counts by the company representatives.</p> <p>To validate the valuation of inventories, we performed test check of valuation done by the company including value of slow-moving and obsolete inventories. Furthermore we analyzed the inventory turnaround and compared that to management's estimates.</p> <p>Based on the procedures described we consider management's estimates of the inventory valuation as well as its existence, as acceptable.</p>

### Responsibilities of the Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS 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 Consolidated Ind AS 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, but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financial controls system over financial reporting 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS 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 to express an opinion on the Consolidated Ind AS 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 Ind AS financial statements.

We communicate with those charged with governance of respective companies included in the Group 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 Ind AS 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**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies ( Indian Accounting Standards) Rules, 2015 as amended;
- e. On the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Company, none of the directors of the Group is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.
- g. With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Group has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 29 to the Consolidated Ind AS financial statements;
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investors Education and Protection Fund by the Group.

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Yatin N. Patel**  
Partner  
Membership No. 122676





## **“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF EIMCO ELECON (INDIA) LIMITED**

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

In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended, **31<sup>st</sup> March, 2019**, We have audited the internal financial controls over financial reporting of **Eimco Elecon (India) Limited** (hereinafter referred to as “the Company”) and its Associate which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its Associate, which are companies 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 and its Associate 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. 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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 Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind

AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company and Its Associate, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31<sup>st</sup> March, 2019**, based on the internal control over financial reporting criteria established by the Company and its Associate 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.

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

**Yatin N. Patel**  
Partner  
Membership No. 122676

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	7,067.00	7,250.24
(b) Capital work-in-progress	3	921.86	73.33
(c) Investment property	4	348.60	368.74
(d) Intangible assets	5	33.29	39.40
(e) Financial assets			
(i) Investments	6	14,520.98	8,260.63
(ii) Other financial assets	6	210.05	330.76
(f) Non-current tax assets (net)	9	326.70	162.41
(g) Other non-current assets	7	30.09	12.00
<b>Total Non-current Assets</b>		<b>23,458.57</b>	<b>16,497.51</b>
<b>II. Current assets</b>			
(a) Inventories	8	4,016.08	3,925.12
(b) Financial assets			
(i) Investments	6	701.31	6,288.79
(ii) Trade receivables	6	6,069.82	6,012.87
(iii) Cash and cash equivalents	6	355.58	401.65
(iv) Bank balances other than (iii) above	6	17.30	16.36
(v) Others financial assets	6	10.70	10.70
(c) Current tax assets (net)		-	88.01
(d) Other current assets	7	671.07	557.89
<b>Total Current Assets</b>		<b>11,841.86</b>	<b>17,301.39</b>
<b>Total Assets</b>		<b>35,300.43</b>	<b>33,798.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	10	576.84	576.84
(b) Other equity	11	30,855.24	28,882.48
<b>Total Equity</b>		<b>31,432.08</b>	<b>29,459.32</b>

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>LIABILITIES</b>			
<b>(I) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12	163.03	61.78
(a) Long-term provisions	13	18.83	85.70
(b) Deferred tax liabilities (net)	24	952.17	854.26
<b>Total Non-current Liabilities</b>		<b>1,134.03</b>	<b>1,001.74</b>
<b>(II) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	12		
Micro and small enterprise		394.30	367.85
Other than micro and small enterprise		1,593.65	2,074.06
(ii) Other financial liabilities	12	79.07	73.15
(b) Other current liabilities	14	287.27	649.21
(c) Short-term provisions	13	222.79	173.57
(d) Current tax liabilities (net)		157.24	-
<b>Total Current Liabilities</b>		<b>2,734.32</b>	<b>3,337.84</b>
<b>Total Equity and Liabilities</b>		<b>35,300.43</b>	<b>33,798.90</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

**Yatin N. Patel**  
Partner  
Membership No. 122676

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Prayasvin B. Patel**  
Executive Director  
DIN : 00037394

**N. D. Shelat**  
Chief Financial Officer

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**Prashant C. Amin**  
Director  
DIN : 01056652

**Rikenkumar Dalwadi**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

	Note No.	31-March-2019	31-March-2018
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of products	15	18,426.57	14,161.26
Sale of services	15	0.30	13.50
Other operating income	15	46.61	41.79
<b>Revenue from operations</b>		<b>18,473.48</b>	<b>14,216.55</b>
Other income	16	1,069.52	960.38
<b>Total Income (I)</b>		<b>19,543.00</b>	<b>15,176.93</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	17	6,284.90	5,589.64
Purchase of traded goods	18	2,981.04	2,142.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	708.58	(531.33)
Excise duty expenses		-	208.53
Manufacturing expense	20	215.96	218.55
Employee benefits expenses	21	1,550.13	1,536.54
Finance costs	22	56.85	53.99
Depreciation and amortisation expense		497.37	499.13
Other expenses	23	4,206.38	3,515.47
<b>Total Expenses (II)</b>		<b>16,501.21</b>	<b>13,233.29</b>
<b>Profit before share in profit / (loss) of associates and tax (III) = (I-II)</b>		<b>3,041.79</b>	<b>1,943.64</b>
<b>Share in income of associates (IV)</b>		<b>(4.41)</b>	<b>(17.37)</b>
<b>Profit before tax (V)</b>		<b>3,037.38</b>	<b>1,926.27</b>
<b>Tax Expense</b>			
Current tax	24	630.00	375.16
Adjustment of tax relating to earlier periods	24	(6.39)	(9.13)
Deferred tax	24	96.56	(66.83)
<b>Total tax expense (VI)</b>		<b>720.17</b>	<b>299.20</b>
<b>Profit for the year (VII) = (V-VI)</b>		<b>2,317.21</b>	<b>1,627.07</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

For the Year Ended	Note No.	31-March-2019	31-March-2018
<b>Other Comprehensive Income</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		4.62	25.22
Income tax effect of above		(1.35)	(8.73)
		<b>3.27</b>	<b>16.49</b>
<b>Other comprehensive income to be reclassified to Profit or Loss in subsequent periods</b>			
		-	-
<b>Total other comprehensive income for the year, net of tax (VIII)</b>		<b>3.27</b>	<b>16.49</b>
<b>Total comprehensive income for the year, net of tax attributable to equity share holders IX = (VII + VIII)</b>		<b>2,320.48</b>	<b>1,643.56</b>
Earning per equity share [nominal value per share ₹ 10/- (31-March-2018: ₹10/-)]			
Basic		40.17	28.21
Diluted		40.17	28.21

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
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**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

Particulars (For the year ended on )	31-March-2019	31-March-2018
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before Tax	<b>3,037.38</b>	<b>1,926.27</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
1) Depreciation and Amortisation	497.37	499.13
2) Finance Cost	5.22	3.81
3) Gain on sale / fair valuation of Investment	(856.80)	(459.91)
4) Gain on Sale of Fixed Assets (Net)	(1.67)	(60.47)
5) Interest Income	(43.99)	(44.06)
6) Dividend Income	(105.83)	(304.68)
7) Remeasurements of Employee benefit expense	4.62	25.22
<b>Operating Profit before working capital changes</b>	<b>2,536.30</b>	<b>1,585.31</b>
<i>Working Capital Adjustments</i>		
1) Trade and other receivables	(56.95)	(1,123.21)
2) Inventories	(90.96)	(506.42)
3) Other financial assets	120.71	(39.37)
4) Other current and non-current assets	(131.27)	405.40
5) Trade payables	(453.96)	1,057.42
6) Other payables	(379.59)	318.92
7) Other financial liabilities	4.98	(225.15)
<b>Cash Generated from Operations</b>	<b>1,549.26</b>	<b>1,472.90</b>
<b>Less :</b>		
1) Direct taxes paid	542.65	493.22
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,006.61</b>	<b>979.68</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<i>Add :</i>		
1) Sale of fixed assets	34.10	154.09
2) Interest received	43.99	44.06
3) Dividend received	105.83	304.68
4) Sale of investments (net)	183.93	549.87
<i>Less :</i>		
1) Purchase of investments (net)	-	-
2) Purchase of fixed assets	(1,168.84)	(1,569.36)
3) Unpaid Dividend Account	(0.94)	(1.37)
<b>NET CASH GENERATED (USED) FROM INVESTING ACTIVITIES (B)</b>	<b>(801.93)</b>	<b>(518.03)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakh)

Particulars (For the year ended on)	31-March-2019	31- March-2018
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
1) Interest paid	(5.22)	(3.81)
2) Dividend Paid	(287.48)	(287.05)
3) Tax on Dividend	(59.30)	(58.72)
4) Proceeds from Non Current Borrowings (Net)	101.25	61.78
<b>NET CASH GENERATED (USED) IN FINANCING ACTIVITY (C)</b>	<b>(250.75)</b>	<b>(287.80)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(46.07)</b>	<b>173.85</b>
<b>Opening Cash and Cash equivalents</b>	<b>401.65</b>	<b>227.80</b>
<b>Closing Cash and Cash equivalents (Refer Note 6(d))</b>	<b>355.58</b>	<b>401.65</b>

**Components of Cash & Cash Equivalents :-**

Cash on hand	0.05	0.05
<b>Balances with banks</b>		
In Current Accounts	355.53	401.60
	<b>355.58</b>	<b>401.65</b>

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
Partner  
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Director  
DIN : 01056652

**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

Particulars	Attributable to the Equity Holders of the Parent					(₹ in Lakh)
	Equity Share Capital	Other Equity			Retained Earnings	Total Equity
		Capital Reserve	General Reserve	Security Premium		
	Note 10	Note 11	Note 11	Note 11	Note 11	
<b>Balance as at 01-April-2017</b>	<b>576.84</b>	<b>2.91</b>	<b>21,543.45</b>	<b>753.83</b>	<b>5,285.87</b>	<b>28,162.90</b>
Profit for the year	-	-	-	-	1,627.07	1,627.07
Other comprehensive income for the year	-	-	-	-	16.49	16.49
Total Comprehensive income for the year	-	-	-	-	1,643.56	1,643.56
Dividend	-	-	-	-	(288.42)	(288.42)
Dividend distribution tax	-	-	-	-	(58.72)	(58.72)
Transfer from Retained earnings	-	-	900.00	-	(900.00)	-
<b>Balance as at 31-March-2018</b>	<b>576.84</b>	<b>2.91</b>	<b>22,443.45</b>	<b>753.83</b>	<b>5,682.29</b>	<b>29,459.32</b>
Profit for the year	-	-	-	-	2,317.21	2,317.21
Other comprehensive income for the year	-	-	-	-	3.27	3.27
Total Comprehensive income for the year	-	-	-	-	2,320.48	2,320.48
Dividend	-	-	-	-	(288.42)	(288.42)
Dividend distribution tax	-	-	-	-	(59.30)	(59.30)
Transfer from Retained earnings	-	-	-	-	-	-
<b>Balance as at 31-March-2019</b>	<b>576.84</b>	<b>2.91</b>	<b>22,443.45</b>	<b>753.83</b>	<b>7,655.05</b>	<b>31,432.08</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **THACKER BUTALA DESAI**  
Chartered Accountants  
ICAI Firm's Registration No.110864W

For and on behalf of the Board of Directors  
**Eimco Elecon (India) Limited**  
CIN : L29199GJ1974PLC002574

**Yatin N. Patel**  
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Company Secretary

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

Place : Vallabh Vidyanagar  
Date : 7<sup>th</sup> May, 2019

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-MARCH-2019

**1. CORPORATE INFORMATION**

The consolidated financial statement comprises financial statement of Eimco Elecon (I) Ltd and its associate Eimco Elecon Electricals Limited Eimco Elecon (I) Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the company is located at Vallabh Vidyanagar, Gujarat.

The financial statements were authorised for issue in accordance with a resolution of the directors on 07<sup>th</sup> May 2019.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation**

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

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments),
- Net defined benefit (asset) / liability – measured at fair value of plan assets less present value of defined benefit obligations.

The consolidated financial statements are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

**2.2 Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its associate as at 31<sup>st</sup> March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ▶ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee, and
- ▶ Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - ▶ The contractual arrangement with the other vote holders of the investee
  - ▶ Rights arising from other contractual arrangements
  - ▶ The Group's voting rights and potential voting rights
  - ▶ The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

### a. Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.3 Summary of Significant Accounting Policies

#### a. Current versus non-current classification

The group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

A liability is current when:

- It is expected to be settled in the 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.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### Operating Cycle

Operating cycle of the group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

### b. Foreign currencies

The group's financial statements are presented in INR, which is also the group's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the group's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### c. Fair value measurement

The group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Management determines the policies and procedures for both recurring fair value measurement and non recurring fair value measurement.

External values are involved for valuation of significant assets, such as properties and Involvement of external valuers is decided upon the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions (Note No. 2.3)
- Quantitative disclosures of fair value measurement hierarchy (Note No. 26)
- Investment properties (Note No. 2.3 (g) & Note No.4)
- Financial instrument (Note No. 2.3 (o))

### **d. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

#### **Sale of goods**

Sales are stated net of rebate and trade discount and exclude Central Sales Tax, State Value Added Tax and Goods and Service Tax. With regard to sale of product, income is reported when significant risks and rewards connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined. The group provides normal warranty provisions

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

for general repairs for 12-18 months on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold – see Note 15 for more information. The group does not provide any extended warranties or maintenance contracts to its customers.

**Interest income**

For all debt instruments measured either at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms except the case where incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

**Dividend income**

Income from dividend on investments is accrued in the year in which it is declared, whereby right to receive is established.

**e. Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax asset are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

**f. Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress comprises cost of Property, Plant and Equipment that are not yet installed and ready for their intended use at the balance sheet date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### Depreciation

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act, 2013 except for the assets mentioned below for which useful lives estimated by the management. The Identified component of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

Plant and Machinery & Road has been depreciated on straight line basis over the useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### g. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on Investment property is provided on the written down value basis over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act 2013

Though the group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

An investment property is derecognised on disposal or on permanently withdrawal from use or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### Amortisation

Intangible assets are amortized on straight line basis over their individual respective useful life. The management estimates the useful life of assets as under :

Assets	Year
Technical Knowhow	7 years
Software	7 years

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

**i. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**j. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a Lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period

**Company as a lessor**

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**k. Inventories**

Raw Material and stores, work in progress, traded and finished goods are stated at lower of cost and net realizable value. Cost of raw material and traded goods comprises cost of purchases, cost of work in progress and finished goods comprises direct materials, appropriate share of labour and manufacturing



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

overheads and valued at the lower of cost and net realizable value. Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory is determined after deducting rebate and discounts.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

### **i. Impairment of non-financial assets**

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price or value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### **m. Provisions**

#### **General**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Warranty provisions**

Product warranty expenses are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty cost in the period of recognition of revenue.

### **n. Employee benefits**

#### **a) Short Term Employee Benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employee to the group.

#### **b) Post-Employment Benefits**

##### **(i) Defined contribution plan**

These are plan in which the group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprises of contribution to Employee provident fund and superannuation fund. The group payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

##### **(ii) Defined benefit plan**

Expenses for defined gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term i.e. almost equivalent to the average balance working period of the employees.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

**Other long term employment benefits:**

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

**o. Financial Instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets****Initial recognition and measurement**

All financial assets, except investment in Associates and Tax Free Bonds, are recognised initially at fair value, through Profit & Loss account. In the case of financial assets not recorded at fair value through profit or loss, are recognised at transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- (a) Financial assets at amortised cost
- (b) Financial assets at fair value through other comprehensive income (FVTOCI)
- (c) Financial assets at fair value through profit or loss (FVTPL)
- (d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Financial assets at amortised cost**

A financial asset is measured at the amortised cost if:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has other investments at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

### **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **Derecognition of financial assets**

A financial asset is derecognised when:

- (a) the contractual rights to the cash flows from the financial asset expire,  
or
- (b) The group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the group has transferred substantially all the

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

### Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### p. Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- ▶ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- ▶ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

**(ii) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

**r. Dividend distribution**

The group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**s. Earnings Per Share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### 2.4. Significant accounting judgments, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

In the process of applying the group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

#### Finance lease commitments – Company as lessee

The group has entered into leases whereby it has taken land on lease. The group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans (gratuity benefits)

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 31.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

### **Allowance for uncollectible trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

### **Warranty Provision**

The group generally offers 12-18 months warranties for the product sold. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior periods. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives.

### **Intangible assets**

Refer Note 2.2 (h) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 5.

### **Property, plant and equipment**

Refer Note 2.2 (f) for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 3.

## **2.5 Standard issued but not yet effective:**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on 30<sup>th</sup> March, 2019) which are effective for annual period beginning after 1<sup>st</sup> April, 2019. The Company intends to adopt these standards or amendments from the effective date.

### **Ind AS 116 – Leases:**

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting largely unchanged from the existing standard – i.e. lessors continue to classify leases as finance or operating leases.

Based on the preliminary assessment, the Company does not expect any significant impacts on transition to Ind AS 116. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalised based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

### **Amendments to existing Ind AS:**

The following amendments to existing standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

1. Amendment to Ind AS 12 Income Taxes
2. Amendment to Ind AS 19 Employee Benefits
3. Amendment to Ind AS 23 Borrowing Costs
4. Amendment to Ind AS 28 Investments in Associate and Joint Ventures
5. Amendment to Ind AS 103 Business Combinations
6. Amendment to Ind AS 109 Financial Instruments
7. Amendment to Ind AS 111 Joint Arrangements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars	Land Freehold	Land Leasehold	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Electrical Fittings	Jigs	Total	CWIP
<b>Cost</b>											
As at 1-April-2017	2,294.30	878.73	1,635.40	2,918.23	266.43	186.05	1,011.67	126.51	174.32	9,491.64	-
Additions	755.29	-	314.92	86.36	9.82	88.29	201.85	0.23	-	1,456.76	835.09
Deductions	-	-	-	146.42	-	-	0.26	-	-	146.68	761.76
<b>As at 31-March-2018</b>	<b>3,049.59</b>	<b>878.73</b>	<b>1,950.32</b>	<b>2,858.17</b>	<b>276.25</b>	<b>274.34</b>	<b>1,213.26</b>	<b>126.74</b>	<b>174.32</b>	<b>10,801.72</b>	<b>73.33</b>
Additions			2.85	121.60	1.62	155.20	36.10	2.94		320.31	1552.35
Deductions				24.97		30.73				55.70	703.82
<b>As at 31-March-2019</b>	<b>3,049.59</b>	<b>878.73</b>	<b>1,953.17</b>	<b>2,954.80</b>	<b>277.87</b>	<b>398.81</b>	<b>1,249.36</b>	<b>129.68</b>	<b>174.32</b>	<b>11,066.33</b>	<b>921.86</b>
<b>Depreciation and Impairment</b>											
As at 1-April-2017	-	-	337.09	1,447.91	249.28	163.10	691.56	108.89	135.51	3,133.34	-
Depreciation for the year	-	-	167.55	177.42	5.19	25.74	91.29	1.99	2.02	471.20	-
Deductions	-	-	-	52.80	-	-	0.26	-	-	53.06	-
<b>As at 31-March-2018</b>	<b>-</b>	<b>-</b>	<b>504.64</b>	<b>1,572.53</b>	<b>254.47</b>	<b>188.84</b>	<b>782.59</b>	<b>110.88</b>	<b>137.53</b>	<b>3,551.48</b>	<b>-</b>
Depreciation for the year	-	-	161.94	167.18	5.48	23.64	111.05	1.83	-	471.12	-
Deductions	-	-	-	1.56	-	21.71	-	-	-	23.27	-
<b>As at 31-March-2019</b>	<b>-</b>	<b>-</b>	<b>666.58</b>	<b>1,738.15</b>	<b>259.95</b>	<b>190.77</b>	<b>893.64</b>	<b>112.71</b>	<b>137.53</b>	<b>3,999.33</b>	<b>-</b>
<b>Net Block</b>											
As at 31-March-2019	3,049.59	878.73	1,286.59	1,216.65	17.92	208.04	355.72	16.97	36.79	7,067.00	-
As at 31-March-2018	3,049.59	878.73	1,445.68	1,285.64	21.78	85.50	430.67	15.86	36.79	7,250.24	-

Notes: Some of cars purchased during the F.Y. 2017-18 and F.Y. 2018-19 are hypothicated against borrowing from HDFC Bank Limited and State Bank of India respectively.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**Note 4 : Investment Properties (Buildings)**

Particulars	(₹ in Lakh)
<b>Gross Block</b>	
<b>As at 1-April-2017</b>	<b>524.12</b>
Additions	-
Deductions	-
<b>As at 31-March-2018</b>	<b>524.12</b>
Additions	-
Deductions	-
<b>As at 31-March-2019</b>	<b>524.12</b>
<b>Depreciation and Impairment</b>	
<b>As at 01-April-2017</b>	<b>134.00</b>
Depreciation for the year	21.38
Deductions	-
<b>As at 31-March-2018</b>	<b>155.38</b>
Depreciation for the year	20.14
Deductions	-
<b>As at 31-March-2019</b>	<b>175.52</b>
<b>Net Block</b>	
<b>As at 31-March-2019</b>	<b>348.60</b>
As at 31-March-2018	368.74

**Information regarding income and expenditure of Investment Properties**

(₹ in Lakh)

Particulars (For the year ended on)	31-March-2019	31-March-2018
Rental income derived from Investment Properties	47.44	42.30
Direct operating expenses (including repairs and maintenance) generating rental income	3.74	3.71
Direct operating expenses (including repairs and maintenance) that did not generate rental income	2.38	11.96
<b>Profit arising from investment properties before depreciation and Indirect Expenses</b>	<b>41.32</b>	<b>26.63</b>
<b>Less : Depreciation</b>	<b>20.14</b>	<b>22.69</b>
<b>Profit arising from investment properties before Indirect Expenses</b>	<b>21.18</b>	<b>3.94</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

As at 31-March-2019 and 31-March-2018 the fair values of the properties are based on Market valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

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

Fair value hierarchy disclosures for investment properties are in Note 26.

## Fair Value of the Investment Properties are as under (Buildings)

Fair Value	(₹ in Lakh)
<b>Balance as at 1-April-2017</b>	<b>917.57</b>
Fair value difference for the year	86.10
Purchases	-
<b>Balance as at 31-March-2018</b>	<b>1,003.67</b>
Fair value difference for the year	17.37
Purchases	-
<b>Balance as at 31-March-2019</b>	<b>1,021.04</b>

## Note 5 : Intangible Assets (Acquired)

Particulars	Software License	Technical Knowhow	Total
<b>Cost</b>			
<b>As at 01-April-2017</b>	<b>349.19</b>	<b>301.40</b>	<b>650.59</b>
Additions	39.27	-	39.27
Deductions	-	-	-
<b>As at 31-March-2018</b>	<b>388.46</b>	<b>301.40</b>	<b>689.86</b>
Additions	-	-	-
Deductions	-	-	-
<b>As at 31-March-2019</b>	<b>388.46</b>	<b>301.40</b>	<b>689.86</b>
<b>Amortisation and Impairment</b>			
<b>As at 01-April-2017</b>	<b>342.51</b>	<b>301.40</b>	<b>643.91</b>
Amortisation for The Year	6.55	-	6.55
Deductions	-	-	-
<b>As at 31-March-2018</b>	<b>349.06</b>	<b>301.40</b>	<b>650.46</b>
Amortisation for the year	6.11	-	6.11
Deductions	-	-	-
<b>As at 31-March-2019</b>	<b>355.17</b>	<b>301.40</b>	<b>656.57</b>
<b>Net Block</b>			
<b>As at 31-March-2019</b>	<b>33.29</b>	<b>-</b>	<b>33.29</b>
As at 31-March-2018	39.40	-	39.40

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)****Note 6 : Financial Assets**

(₹ in Lakh)

Particulars as at	31-March-2019			31-March-2018	
	Face Value	No of Share	Amount	No of Share	Amount
<b>6(a) Investments</b>					
<b>Non-current investments</b>					
<b>Investment in Equity Shares of Associate at Cost</b>					
Eimco Elecon Electrical Limited	10	510,000.00	345.80	510,000.00	350.21
<b>Investment at cost</b>			<b>345.80</b>		<b>350.21</b>
<b>Investment in Equity Shares of others at Fair Value through Profit or Loss</b>					
<b>Quoted</b>					
GOL Offshore Limited	10	238.00	0.02	238.00	0.02
Aditya Birla Capital Limited	10	7,000.00	6.80	7,000.00	10.22
<b>Fair value of Quoted Equity Shares</b>			<b>6.82</b>		<b>10.24</b>
<b>Investment in equity shares of others at fair value through profit or loss</b>					
<b>Unquoted</b>					
Charotar Gas Sahakari Mandali	500	5.00	0.03	500.00	0.03
<b>Investment at cost</b>			<b>0.03</b>		<b>0.03</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No of Units	Amount	No of Units	Amount
<b>Investment in Mutual funds at fair value through profit or loss</b>				
Investment in Mutual funds (Unquoted):				
Reliance Money Manager Fund	-	-	31,056.39	757.37
Tata Short Term Bond Fund - Growth	2,828,251.04	931.90	2,828,251.04	924.93
Aditya Birla Sun Life Short Term Opportunities Fund Growth	249,432.26	79.98	249,432.26	74.13
SBI Debt Fund Series A 14 380 Days - Growth	-	-	515,507.35	70.27
Reliance Short Term Fund- Growth Plan	6,871,425.69	2,478.78	4,640,137.97	1563.03
ICICI FMP Series 80-1248 Days Plan D Cumulative	1,000,000.00	119.68	1,000,000.00	110.76
Reliance Fixed Horizon XXXII Series 1 Growth	3,000,000.00	360.99	3,000,000.00	337.03
ICICI Prudential FMP Series 80 1170 Days	3,000,000.00	354.07	3,000,000.00	328.85
SBI Credit Risk Fund Regular -Growth	1,933,358.28	577.17	1,933,358.28	540.02
Reliance Fixed Horizon Fund XXXIII Series 2 Growth	3,000,000.00	355.10	3,000,000.00	329.75
Reliance Fixed Horizon Fund XXXIII Series 5 Growth	5,000,000.00	589.97	5,000,000.00	547.19
Reliance Strategic Debt Fund - Growth	1,511,910.07	222.40	1,511,910.07	211.87
Invesco India Dynamic Equity Fund -Growth	1,095,290.25	315.66	1,095,290.25	305.26
Reliance Strategic Debt Fund - Growth	3,496,601.57	536.90	1,419,255.03	205.50
DHFL Pramerica Credit Risk Fund-Regular Growth	2,253,474.54	326.32	2,253,474.54	310.12
Aditya Birla Sun Life Fixed Term Plan-Series PF (1148 days)	3,421,196.00	370.60	3,421,196.00	345.63
HDFC Short Term Debt Fund -Regular Plan Growth	737,535.12	152.22	737,535.12	141.42
ICICI FMP Series 82-1157 days Plan J Cumulative	2,098,674.00	225.16	2,098,674.00	212.23
Aditya Birla Sun Life Credit Risk Fund - Growth	7,519,362.35	1,068.16	-	-
ICICI Prudential FMP Series 83 - 1412 Days Plan B Cumulative	5,000,000.00	546.76	-	-
HDFC FMP 1134 days May 2018(1) Direct Growth Series 40	5,000,000.00	543.81	-	-
ICICI Prudential Medium Term Bond Fund - Growth	1,429,420.779	428.72	-	-
SBI Debt Fund Series C16 1100 Days Growth	5,000,000.00	541.34	-	-
SBI Debt Fund Series C19 1100 Days Growth	3,000,000.00	322.24	-	-
ICICI Prudential FMP-Series 83-1100 Days Plan O Cumulative	3,000,000.00	322.81	-	-
HDFC FMP 1124 D JUNE 2018(1) Direct-Growth Series 41	5,000,000.00	523.76	-	-
Reliance Fixed Horizon Fund XXXVII Series 12 Growth	4,000,000.00	433.44	-	-
Reliance Fixed Horizon Fund-XXXVIII Series -03 Growth	5,000,000.00	535.87	-	-
Reliance Fixed Horizon Fund-XXXVIII Series -06 Growth	3,000,000.00	319.73	-	-
<b>Fair value of Non current Investment in Mutual Fund</b>		<b>13,583.54</b>		<b>7,315.36</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No of Units	Amount	No of Units	Amount
<b>Investment at amortised cost</b>				
Investment in Bond Non Trade ( Quoted ) :				
8.20% Power Finance Corporation Limited	28,479.00	284.79	28,479.00	284.79
6.88% Power Finance Corporation Limited	30,000.00	300.00	30,000.00	300.00
		<b>584.79</b>		<b>584.79</b>
<b>Investment at cost (Fair value in 2018-19 ₹ 615.07 Lakh and in 2017-18 ₹ 619.31 Lakh)</b>				
<b>Total Non-current Investments</b>		<b>14,520.98</b>		<b>8,260.63</b>
Aggregate fair value of quoted investments		621.89		629.63
Aggregate value of unquoted investments		13,929.37		7,665.60
<b>Current Investments</b>				
<b>Investment in Mutual funds at fair Value through Profit or Loss Account</b>				
HDFC Money Market Fund Regular Plan Daily Dividend	20,828.590	221.54	84,648.59	900.34
Reliance Medium Term Fund	-	-	7,358,034.44	1258.65
Reliance Short Term Fund- Dividend	-	-	6,728,155.61	752.07
BSL Short Term Fund	-	2,391,260.08	277.39	
BSL Cash Plus	-	-	805,647.53	807.26
Tata Short Term Bond Fund Dividend	-	-	1,059,673.76	166.88
ICICI Short Term Fund - Dividend	-	-	3,287,515.75	405.23
BSL-Short Term Fund Monthly dividend regular plan	-	-	6,589,992.36	763.23
BNP Paribas Arbitrage Fund Regular Monthly Dividend	998,103.603	100.20	998,103.60	100.42
Axis Corporate Debt Fund- Daily Dividend	562,663.299	56.71	528,962.32	53.32
HDFC Arbitrage Fund-Wp-Monthly dividend fund	-	-	4,760,997.91	501.05
UTI Short Term Income Fund	1,434,288.09	322.86	1,434,288.09	302.95
		<b>701.31</b>		<b>6,288.79</b>
<b>Fair value of Current Investment in Mutual Fund</b>				
Aggregate value of unquoted investments		701.31		6,288.79
Aggregate amount of impairment in value of investments		-		-
<b>Total Investments</b>		<b>15,222.29</b>		<b>14,549.42</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

**6(b) Other Financial Assets** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Unsecured, Considered Good		
<b>Non-Current</b>		
Security Deposits	210.05	330.76
	<b>210.05</b>	<b>330.76</b>
<b>Current</b>		
Receivable other than trade	10.70	10.70
	<b>10.70</b>	<b>10.70</b>
<b>Total Other Financial Assets</b>	<b>220.75</b>	<b>341.46</b>

**6(c) Trade Receivables** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Secured, considered good	-	-
Unsecured, considered good	6,069.82	6,012.87
<b>Total Trade and Other Receivables</b>	<b>6,069.82</b>	<b>6,012.87</b>
Receivable from related parties	30.33	48.90
Receivable from Others	6,039.49	5,963.97
<b>Total</b>	<b>6,069.82</b>	<b>6,012.87</b>

**6(d) Cash and Cash Equivalents** (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Cash and Cash Equivalents</b>		
Balance with Bank		
Current accounts and debite balance in cash credit accounts	355.53	401.60
Cash on hand	0.05	0.05
<b>Total Cash and Cash Equivalents</b>	<b>355.58</b>	<b>401.65</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**6(e) Other Bank Balance**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Other bank balances</b>		
Unpaid dividend accounts	17.30	16.36
<b>Total</b>	<b>17.30</b>	<b>16.36</b>

**6 (f) Financial assets by category**

(₹ in Lakh)

Particulars as at	Cost	FVTPL	Amortised cost
<b>31-March-2019</b>			
<b>Financial assets by category</b>			
Investments [Note 6(a)]			
- Equity Share in Associate at cost	345.80	-	-
- Equity Share in Others at FVTPL	-	6.82	-
- Equity Share in Others non trade - unquoted	-	0.03	-
- Investment in bond at cost	-	-	584.79
- Investment in mutual fund - Non current	-	13,583.54	-
- Investment in mutual fund -Current	-	701.31	-
Trade receivables [Note 6(c)]	-	-	6,069.82
Cash and cash equivalents [Note 6(d)]	-	-	355.58
Other bank balance [Note 6(e)]	-	-	17.30
Other financial assets [Note 6(b)]	-	-	220.75
<b>Total Financial assets</b>	<b>345.80</b>	<b>14,291.70</b>	<b>7,248.24</b>
<b>31-March-2018</b>			
<b>Financial assets by category</b>			
Investments [Note 6(a)]			
- Equity Share in Associate at cost	350.21	-	-
- Equity Share in Others at FVTPL	-	10.24	-
- Equity Share in Others non trade - unquoted	-	0.03	-
- Investment in bond at cost	-	-	584.79
- Investment in mutual fund - Non current	-	7315.36	-
- Investment in mutual fund -Current	-	6288.79	-
Trade receivables [Note 6(c)]	-	-	6,012.87
Cash and cash equivalents [Note 6(d)]	-	-	401.65
Other bank balance [Note 6(e)]	-	-	16.36
Other financial assets [Note 6(b)]	-	-	341.46
<b>Total Financial assets</b>	<b>350.21</b>	<b>13,614.42</b>	<b>7,357.13</b>

For financial instruments risk management objectives and policies, refer Note 27.

For Fair value disclosures for financial assets and liabilities refer Note 25 and for fair value hierarchy disclosures for investment refer Note 26.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## Note 7 : Other Non-Current / Current Assets

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Unsecured, Considered Good		
<b>Non-Current</b>		
Capital advances	30.09	12.00
	<b>30.09</b>	<b>12.00</b>
<b>Current</b>		
Advance to suppliers	93.91	104.43
Balance with Collector of Custom, Port Trust, Excise, GST, etc.	140.71	105.76
Claims Receivable from Government. Authorities	308.59	307.94
Other Advances	127.86	39.76
	671.07	557.89
<b>Total</b>	<b>701.16</b>	<b>569.89</b>

## Note 8 : Inventories (At lower of cost and Net realisable value)

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Raw materials and components	3,329.71	2,530.17
Work-in-progress	488.40	775.43
Finished goods	181.81	159.90
Finished goods in transit	16.16	459.62
<b>Total</b>	<b>4,016.08</b>	<b>3,925.12</b>

## Note 9 : Non-current Tax Assets (Net)

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Non-current</b>		
Tax paid in Advance	2,249.22	1,658.70
<b>Less:</b>		
Provision for income tax	1,922.52	1,496.29
<b>Total</b>	<b>326.70</b>	<b>162.41</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)****Note 10 : Share Capital**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Authorised Share Capital</b>		
10,000,000 Equity shares of ₹ 10/- each	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and fully paid up</b>		
Issued 57,68,386 Equity shares of ₹ 10/- each	576.84	576.84
Subscribed and Paid up 57,68,385 Equity shares of ₹ 10/- each	576.84	576.84
Issued but not subscribed 1 Equity Share of ₹ 10/- each	-	-
<b>Total</b>	<b>576.84</b>	<b>576.84</b>

**10.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period**

(₹ in Lakh)

Particulars as at	31-March-2019		31-March-2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
At the beginning of the year	<b>57.68</b>	576.84	<b>57.68</b>	576.84
Issued/Reduction, if any during the year		-		-
Outstanding at the end of the year	<b>57.68</b>	576.84	<b>57.68</b>	576.84

**10.2. Rights preferences and Restrictions attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## 10.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	31-March-2019		31-March-2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
<b>a) Equity Shares of ₹ 10/- each fully paid up (Previous year ₹ 10/- each fully paid up)</b>				
Elecon Engineering Company Limited	958,426	16.62	958,426	16.62
EMTICI Engineering Limited	818,303	14.19	818,303	14.19
K B Investments Private Limited	487,015	8.44	487,015	8.44
Tamrock Great Britain Holding Limited	1,447,875	25.10	1,447,875	25.10

**Note 11 : Other Equity**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Note 11.1 Reserves &amp; Surplus</b>		
<b>Capital reserve</b>		
Balance as per last Balance Sheet	2.91	2.91
Add/Less: Adjustment for the year	-	-
Balance at the end of the year	<b>2.91</b>	<b>2.91</b>
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	753.83	753.83
Add: addition during the year	-	-
Add: utilized during the year	-	-
Balance at the end of the year	<b>753.83</b>	<b>753.83</b>
<b>General reserve</b>		
Balance as per last balance sheet	22,443.45	21,543.45
Add : Transfer from Profit & Loss account	-	900.00
	<b>22,443.45</b>	<b>22,443.45</b>
<b>Surplus in statement of profit and loss</b>		
Balance as per last Balance Sheet	5,682.29	5,285.87
Add: profit for the year	2,317.21	1,627.07
Add / (Less): OCI for the year	3.27	16.49
	<b>8,002.77</b>	<b>6,929.43</b>
Less: Appropriations :		
Dividend on equity shares	288.42	288.42
Dividend distribution tax on dividend	59.30	58.72
Transfer to General Reserve	-	900.00
<b>Balance carried forward</b>	<b>7,655.05</b>	<b>5,682.29</b>
<b>Total</b>	<b>30,855.24</b>	<b>28,882.48</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**Note 11.2 Dividend distribution made and proposed**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Cash dividends on Equity shares declared and paid</b>		
Final dividend for year ended 31-March-2018: ₹ 5/- per share 31-March-2017 ₹ 5/- per share)	288.42	288.42
Dividend distribution tax on final dividend	59.29	58.72
<b>Total</b>	<b>347.71</b>	<b>347.14</b>
<b>Proposed dividends on Equity shares</b>		
Final dividend for the year ended 31-March-2019: ₹ 7/- per share (31-March-2018: ₹ 5/- per share)	403.79	288.42
Dividend distribution tax on final proposed dividend	83.02	59.30
<b>Total</b>	<b>486.81</b>	<b>347.72</b>

Proposed dividend on equity shares is subject to approval at the annual general meeting and are not recognised as a liability as at 31 March.

**Note 12 (a) : Trade Payables**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Current</b>		
Due to micro and small enterprise	394.30	367.85
Due to other than micro and small enterprise	1,593.65	2,074.06
<b>Total</b>	<b>1,987.95</b>	<b>2,441.91</b>

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

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Principal amount remaining unpaid to any supplier as at the period end	394.30	367.85
Interest due thereon	-	-
Amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period for the purpose of disallowance as a deductible expenditure.	-	-
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 Act 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
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.	-	-

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of Micro, Small and Midium enterprises, as defined under Micro, Small and Midium Enterprises Development Act, 2006 has been made in the Financial statement as at 31-March-2019 based on the information received and available with the Company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Company.

**Note 12 (b) : Other Financial Liabilities**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Non-current interest bearing borrowing</b>		
<b>Secured</b>		
<b>Term Loan</b>		
From bank	163.03	61.78
(Secured by hypothication of vehicles)		
<b>Total non-current borrowings</b>	<b>163.03</b>	<b>61.78</b>
<b>Current</b>		
Security Deposits	36.68	36.23
Unpaid dividend	17.30	16.36
Payable in respect of capital goods	25.09	20.56
<b>Total current borrowings</b>	<b>79.07</b>	<b>73.15</b>
<b>Total</b>	<b>242.10</b>	<b>134.93</b>

**Note 12 (c) : Financial Liabilities By Category**

(₹ in Lakh)

Particulars	FVTPL	Amortised cost
<b>31-March-2019</b>		
Borrowings	-	163.03
Trade payable	-	1,987.95
Other financial liabilities	-	79.07
<b>Total Financial liabilities</b>	<b>-</b>	<b>2,230.05</b>
<b>31-March-2018</b>		
Borrowings	-	61.78
Trade payable	-	2,441.91
Other financial liabilities	-	73.15
<b>Total Financial liabilities</b>	<b>-</b>	<b>2,576.84</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

### 12 (d) Borrowings

(₹ in Lakh)

Lender	31-March-19	31-March-18	Interest Rate
HDFC Bank	21.03	61.78	11%
State Bank of India	142.00	-	9.30%

### Terms of Repayment

Loan of HDFC bank repayable on monthly instalment of ₹ 3.56 Lakh starting from October 2017

Loan of State Bank of India is repayable on monthly instalments of ₹ 2.30 Lakh starting from April 2019

For financial instruments risk management objectives and policies, refer Note 27

For fair value disclosures for financial assets and liabilities, refer Note 25 and fair value hierarchy disclosures for investments, refer Note 26.

### Note 13 : Provisions

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Long-term</b>		
Provision for employee benefits (refer Note 24)		
Provision for Compensated Absences	18.83	85.70
	<b>18.83</b>	<b>85.70</b>
<b>Short-term</b>		
Provision for employee benefits (refer Note 24)		
Provision for Compensated Absences	39.24	34.21
Provision for warranty	183.55	139.36
	<b>222.79</b>	<b>173.57</b>
<b>Total</b>	<b>241.62</b>	<b>259.27</b>

A provision of ₹ 183.55 Lakh (F. Y. 2017-18 ₹ 139.36 Lakh ) has been recognized for expected warranty claims at 1% on products sold during the current financial year. The warranty claims are for period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next financial year.

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
As on 01 <sup>st</sup> April	139.36	169.94
Addition during the year	183.55	139.36
Utilization during the year	127.51	67.35
Short / (Excess) during the year	(11.85)	(102.59)
As on 31 <sup>st</sup> March	<b>183.55</b>	<b>139.36</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## Note 14 : Other Current / Non-Current Liabilities

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Current</b>		
Advance from Customers	14.56	146.29
Statutory & Other Liabilities	272.71	502.92
<b>Total</b>	<b>287.27</b>	<b>649.21</b>

## Note 15 : Revenue from Operations

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Sale of Products</b>		
Domestic Sales	17,904.99	13,988.30
Export Sales	521.58	172.96
	<b>18,426.57</b>	<b>14,161.26</b>
<b>Sale of Services</b>		
Sale of Services	0.30	13.50
	<b>0.30</b>	<b>13.50</b>
<b>Other operating revenue</b>		
Sale of Scrap	36.38	33.92
Windmill Electricity Income	10.23	7.87
	<b>46.61</b>	<b>41.79</b>
<b>Total</b>	<b>18,473.48</b>	<b>14,216.55</b>

## Note 16 : Other Income

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Other Income</b>		
Interest Income	43.99	44.06
Dividend Income	105.83	304.68
Profit on Sales of Assets (Net)	1.67	60.47
Rent Income	52.76	54.10
Gain on sale of investments	-	0.01
Gain on Fair valuation /Sale of Investment at FVTPL	858.08	459.90
Duty Draw Back Claim	7.19	2.53
Miscellaneous Income	-	34.63
<b>Total</b>	<b>1,069.52</b>	<b>960.38</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**Note 17 : Cost of raw materials and components consumed**

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Inventory at the beginning of the year	2,530.17	2,555.08
Add : Purchases	7,084.44	5,564.73
	9,614.61	8,119.81
Less : Inventory at the end of the year	3,329.71	2,530.17
Cost of Raw material	6,284.90	5,589.64
<b>Total</b>	<b>6,284.90</b>	<b>5,589.64</b>

**Note 18 : Purchases of stock-in-trade**

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Purchase of traded goods	2,981.04	2,142.77
<b>Total</b>	<b>2,981.04</b>	<b>2,142.77</b>

**Note 19 : Changes in inventories of finished goods, work-in-progress and stock-in-trade**

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Inventory at the beginning of the year		
Stock-in-trade	-	-
Work-in-progress	775.43	633.32
Finished Goods	159.90	225.84
Finished goods in transit	459.62	4.46
<b>Total</b>	<b>1,394.95</b>	<b>863.62</b>
<b>Inventory at the end of the year</b>		
Stock-in-trade	-	-
Work-in-progress	488.40	775.43
Finished Goods	181.81	159.90
Finished goods in transit	16.16	459.62
<b>Total</b>	<b>686.37</b>	<b>1,394.95</b>
<b>Total</b>	<b>708.58</b>	<b>(531.33)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## Note 20 : Manufacturing Expense and Erection Charges

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Stores, Tools and Spares Consumed	206.68	202.63
Power and Fuel	9.28	15.92
<b>Total</b>	<b>215.96</b>	<b>218.55</b>

## Note 21 : Employee benefits expense

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Salaries, Wages and Bonus	1,444.98	1,412.08
Contribution to Provident and other Funds	57.48	61.01
Employees' Welfare Expenses	23.42	35.18
Employees' Retirement Benefits	24.25	28.27
<b>Total</b>	<b>1,550.13</b>	<b>1,536.54</b>

## Note 22 : Finance costs

(₹ in Lakh)

Particulars ( For the Year Ended)	31-March-2019	31-March-2018
Interest Expense	5.22	3.81
Other Borrowing Costs	51.63	50.18
<b>Total</b>	<b>56.85</b>	<b>53.99</b>

## Note 23 : Other expenses

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Lease Rentals	45.01	77.81
Computer Software Charges	51.81	48.35
Rates & Taxes	60.04	94.56
Excise Duty (excluding Duty recovered from Customers)	-	(30.52)
Repairs and Maintenance :		
- Building	109.03	118.72
- Machinery	173.12	184.31
- Others	154.68	152.34
Insurance (Net of recoveries)	43.89	32.16
Travelling Expense	127.78	156.69
Directors' Fees	10.53	8.70
Commission to Non-Executive Directos	15.00	15.00



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**Note 23 : Other expenses (Contd...)**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Packing, Forwarding & Distribution Expenses (Net of Recoveries)	250.34	144.28
Commission & Brokerage	2,165.20	1,655.91
Warranty Claim Replacement (Refer Note No.13)	183.55	139.36
Bad Debts Written Off	50.26	63.24
Provision for Doubtful Debt / (Written Back)	(24.11)	(38.74)
Advertisements & Sales Promotion Expenses	4.64	9.79
Payment to Auditors (Refer Note Below)	6.85	7.72
Expenditure on Corporate Social Responsibility (Refer Note No.34)	42.00	51.72
Donations	35.75	4.00
Other Professional Consultancy Fees	122.89	136.50
General Administrative Charges	553.20	470.99
Loss on Sales of Investment (Net)	1.28	-
Loss on Account of Exchange Variation (Net)	23.64	12.58
<b>Total</b>	<b>4,206.38</b>	<b>3,515.47</b>

**Payment to Auditors (Net of service tax)**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
A. Statutory Auditors		
As Auditors		
Audit fees	3.60	3.60
Taxation matters	0.45	0.45
Limited review fees	0.90	0.71
Certification fees	0.53	1.13
Reimbursement of expenses	1.37	1.83
<b>Total</b>	<b>6.85</b>	<b>7.72</b>

**Research and Development Expenses**

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
Cost of material consumed	9.05	66.68
Salaries, Wages and Bonus	210.71	192.53
Contribution to Provident and other Funds	16.91	16.78
Travelling, conveyance and other expenses	33.85	36.27
<b>Total</b>	<b>270.52</b>	<b>312.26</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## Note 24 : Income tax

The major component of income tax expense for the years ended 31-March-2019 and 31-March-2018 are :

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Statement of Profit and Loss</b>		
<b>Current Tax</b>		
Current income tax	630.00	375.16
Adjustment in respect of current tax of previous years	(6.39)	(9.13)
	623.61	366.03
<b>Deferred Tax</b>		
Relating to origination and reversal or temporary difference	96.56	(66.83)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>720.17</b>	<b>299.20</b>

## OCI Section

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Statement to Other comprehensive income (OCI)</b>		
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	1.35	8.73
<b>Deferred tax charged to OCI</b>	<b>1.35</b>	<b>8.73</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended 31-March-2019 and 31-March-2018.

## A) Current Tax

(₹ in Lakh)

Particulars (For the Year Ended)	31-March-2019	31-March-2018
<b>Accounting profit before tax from continuing operations</b>	3,041.79	1,943.64
Tax @ 29.12% (31 March 2018- 34.608%)	885.77	672.65
<b>Adjustment</b>		
In respect of additional allowance for R & D expense	(39.31)	(54.03)
In respect of Exempted income	(43.63)	(283.17)
In respect of Expense disallowed/(Allowed)	54.16	5.15
In respect of standard deduction on rent income	(3.97)	(4.57)
In respect of profit on sale of assets	0.49	(20.93)
In respect of tax rate difference on profit on sale of investment	(133.34)	(15.90)
<b>At the effective income tax rate of 23.67% (31-March, 2018 : 15.78%)</b>	<b>720.17</b>	<b>299.20</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**B) Deferred tax**

(₹ in Lakh)

Particulars ( For the Year Ended)	Balance Sheet		Statement of Profit and Loss	
	31-March-2019	31-March-2018	31-March-2019	31-March-2018
Depreciation difference	729.48	838.04	(108.56)	(42.45)
Disallowances u/s 43 B of Income Tax Act	(50.77)	(129.76)	78.99	15.62
Provision for Doubtful debts & advances	(0.80)	(36.12)	35.32	(13.41)
On Unrealised gain on fairvaluation of investment	274.48	180.97	93.51	(9.13)
Deferred tax expense/(income) accounted through other comprehensive income	(0.22)	1.13	(1.35)	(8.73)
<b>Deferred tax expense/(income)</b>	-	-	<b>97.91</b>	<b>(58.10)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>952.17</b>	<b>854.26</b>	-	-
Reflected in the balance sheet as follows				
Deferred tax assets	(51.57)	(165.88)	-	-
Deferred tax liabilities	1,003.74	1,020.14	-	-
<b>Deferred tax liabilities (net)</b>	<b>952.17</b>	<b>854.26</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 related to income taxes levied by the same tax authority.

During the year ended 31-March-2019 and 31-March-2018, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

**Note 25 : Fair value disclosures for financial assets and financial liabilities**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lakh)

Particulars as at	Carrying Amount		Fair Value	
	31-March-2019	31-March-2018	31-March-2019	31-March-2018
<b>Financial assets</b>				
Investments measured at fair value through profit or loss	14,291.70	13,614.42	14,291.70	13,614.42
Investments measured at amortised cost	930.59	935.00	960.87	969.60
<b>Total</b>	<b>15,222.29</b>	<b>14,549.42</b>	<b>15,252.57</b>	<b>14,584.02</b>

The management assessed that the fair values of cash and cash equivalents, other bank balance, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

**Note 26 : Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

**Quantitative disclosures fair value measurement hierarchy for financial assets as at 31-March-2019 and 31-March-2018**

(₹ in Lakh)

Particulars as at	Date of valuation	Fair value measurement using			
		Total	"Quoted prices in active markets (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"
<b>As at 31-March-2019</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Profit and Loss</b>					
Investment in Equity Shares, quoted	31-March-2019	6.82	6.82	-	-
Investment in Mutual fund -unquoted	31-March-2019	14,284.85	-	14,284.85	-
<b>Assets for which fair values are disclosed</b>					
Investment in Bonds, quoted	31-March-2019	584.79	584.79	-	-
Investment property	31-March-2019	1,021.04	-	-	1,021.04

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	Date of valuation	Total	Fair value measurement using		
			"Quoted prices in active markets (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"
<b>As at 31-March- 2017</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Profit and Loss</b>					
Investment in Equity Shares, quoted	31-March-2018	10.24	10.24	-	-
Investment in Mutual Fund-unquoted	31-March-2018	13,604.15		13,604.15	-
<b>Assets for which fair values are disclosed</b>					
Investment in Bonds, Quoted	31-March-2018	584.79	584.79	-	-
Investment Property	31-March-2018	1,003.67	-	-	1,003.67

### Note 27 : Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include Investments, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Group's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

For risk management, management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

#### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables.

Within the various methodologies to analyse and manage risk, the Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the Company. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31-March-2019, and 31-March 2018, including the effect of hedge accounting.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

**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 does not have any borrowings with floating interest rate. Hence, the Company does not have any interest rate risk at present.

**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 local currency and in foreign currency, primarily in USD/EUR. The Company has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. However, exposure to foreign currency is not material and hence, foreign currency risk is assessed by the Company is low.

**Equity price risk**

The Group's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Company and are not hedged.

**(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 from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, and other financial instruments.

**Trade Receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 90 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. 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 on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The ageing analysis of trade receivables as of the reporting date is as follow: (₹ in Lakh)

Trade receivables as at	Neither past due nor impaired (including unbilled)	Past due but not impaired				Total
		Less than 90 days	90 to 180 days	180 to 365 days	Above 365 days	
31-March-2019	4,640.04	914.24	62.16	295.87	157.51	6069.82
31-March-2018	4,376.23	1231.90	154.12	48.50	202.12	6012.87

The requirement of impairment is analysed as each reporting date.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet as on 31-March-2019 and 31-March-2018 is the carrying amount as disclosed in Note 25.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**(c) Liquidity Risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. 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 domestic banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	(₹ in Lakh)					
	On Demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Year ended 31-March-2019</b>						
Trade payables	-	181.10	1,806.85	-	-	-
Other financial liabilities	53.98	-	-	-	-	-
Payable for capital goods	-	-	25.09	-	-	-
Term Loan from Bank	-	5.95	17.60	25.53	138.00	<b>27.60</b>
	<b>53.98</b>	<b>187.05</b>	<b>1,849.54</b>	<b>25.53</b>	<b>138.00</b>	
<b>Year ended 31-March-2018</b>						
Trade payables	-	1,203.71	1,238.20	-	-	-
Other financial liabilities	52.59	-	-	-	-	-
Payable for capital goods	-	-	20.56	-	-	-
Term Loan from Bank	-	3.02	9.24	25.92	23.60	-
	<b>52.59</b>	<b>1,206.73</b>	<b>1,268.00</b>	<b>25.92</b>	<b>23.60</b>	

**Note 28 : Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Trade and other payables (Note 12 & 14)	2,517.32	3,226.05
Less: cash and cash equivalent (including other bank balance) (Note 6)	(372.88)	(418.01)
<b>Net Debt</b>	<b>2,144.44</b>	<b>2,808.04</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Equity share capital (Note 10)	576.84	576.84
Other equity (Note 11)	30,855.24	28,882.48
<b>Total Capital</b>	<b>31,432.08</b>	<b>29,459.32</b>
<b>Capital and Net Debt</b>	<b>33,576.52</b>	<b>32,267.36</b>
<b>Gearing Ratio</b>	<b>6%</b>	<b>9%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31-March-2019 and 31- March- 2018.

**Note 29 : Contingent Liabilities**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Contingent liabilities not provided for</b>		
a. Guarantees issued by Banks	2,541.94	1,969.57
b. Income tax demands disputed by the Company	3.17	3.17
c. Sales tax demands disputed by the Company	154.97	154.97
d. Excise & Service tax demands disputed by the Company	1,379.64	1,379.64
e. With reference to the judgment of Hon'ble Supreme Court of India, the Management is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. Management is of the view that any incremental outflow in this regard can only be determined once the position being taken by the regulatory authorities in this regard is known and the Management is able to evaluate all possible courses of action available accordingly, in view of management, any additional financial liability for the period from date of the SC order (28 February, 2019) to 31 March, 2019 is not significant. In addition, pending the outcome of directions from the EPFO, the impact for past periods, if any, is not ascertainable and consequently no financial effect has been provided for in the accounts.	Amount not ascertained	-

Note: Above all figures are excluding unquantified interest payable wherever applicable and outflow of funds, if any, would depend upon the outcome of the dispute / contingency.

**Note 30 : Capital commitment and other commitments**

(₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Capital commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advance)	92.08	100.47
<b>Other commitments</b>	-	-



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)****Note 31 : Disclosure pursuant to Employee benefits****A. Defined contribution plans:**

Amount of ₹ 68.14 Lakh. (31-March-2018: ₹ 72.32 Lakh) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

(₹ in Lakh)

<b>Particulars as at</b>	<b>31-March-2019</b>	<b>31-March-2018</b>
Provident Fund	57.48	61.01
Superannuation Fund	10.66	11.31
	<b>68.14</b>	<b>72.32</b>

**B. Defined benefit plan:**

The Company has following post employment benefit which is in the nature of defined benefit plan:

**(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 CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

31-March-2019 : Changes in defined benefit obligation and plan assets

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income						31-March-2019	
	1-April-2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI		Asset Transfer In/Out
<b>Gratuity</b>												
Defined benefit obligation	368.16	15.85	29.01	44.86	(52.95)	-	-	2.97	(12.18)	(9.21)	(1.26)	-
Fair value of plan assets	380.94	-	30.02	30.02	(52.95)	(4.58)	-	-	-	0.00	0.00	1.15
Benefit liability	(12.78)	15.85	(1.01)	14.84	-	4.58	-	2.97	(12.18)	(9.21)	(1.26)	(1.15)
<b>Total benefit liability</b>	<b>(12.78)</b>	<b>15.85</b>	<b>(1.01)</b>	<b>14.84</b>	<b>-</b>	<b>4.58</b>	<b>-</b>	<b>2.97</b>	<b>(12.18)</b>	<b>(9.21)</b>	<b>(1.26)</b>	<b>(1.15)</b>

(₹ in Lakh)

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

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income						31-March-2018	
	1-April-2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI		Asset Transfer In/Out
<b>Gratuity</b>												
Defined benefit obligation	376.10	17.24	27.34	44.58	(25.68)	-	-	(10.94)	(15.35)	(26.29)	(0.55)	-
Fair value of plan assets	372.27	-	27.07	27.07	(25.68)	(1.08)	-	-	-	(1.08)	0.00	8.36
Benefit liability / (assets)	3.83	17.24	0.27	17.51	0.00	1.08	0.00	(10.94)	(15.35)	(25.21)	(0.55)	(8.36)
<b>Total benefit liability/(assets)</b>	<b>3.83</b>	<b>17.24</b>	<b>0.27</b>	<b>17.51</b>	<b>-</b>	<b>1.08</b>	<b>-</b>	<b>(10.94)</b>	<b>(15.35)</b>	<b>(25.21)</b>	<b>(0.55)</b>	<b>(8.36)</b>

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

Particulars	Year ended 31-March-2019 (%) of total plan assets	Year ended 31-March-2018 (%) of total plan assets
Insured fund	100%	100%
<b>(%) of total plan assets</b>	<b>100%</b>	<b>100%</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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

Particulars as at	31-March-2019	31-March-2018
Discount rate	7.69%	7.88%
Future salary increase	7.69%	7.00%
Expected rate of return on plan assets	7.00%	7.88%
Attrition rate	2.00%	2.00%
Mortality rate during employment	Indian assured lives Mortality (2006-08)	Indian assured lives Mortality (2006-08)

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

Particulars as at	Sensitivity Level	(increase) / decrease in defined benefit obligation (Impact)	
		31-March-2019	31-March-2018
(₹ in Lakh)			
<b>Gratuity</b>			
Discount rate	1% increase	(14.90)	(16.20)
	1% decrease	16.91	18.41
Salary increase	1% increase	16.86	18.39
	1% decrease	(15.13)	(16.47)
Attrition rate	1% increase	0.65	9.07
	1% decrease	(0.74)	(1.03)

The followings are the expected future benefit payments for the defined benefit plan : (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	120.38	119.30
Between 2 and 5 years	112.50	102.66
Between 6 and and 10 years	140.93	172.49
Beyond 11 years	202.53	233.03
<b>Total Expected Payments</b>	<b>576.34</b>	<b>627.48</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars as at	31-March-2019	31-March-2018
Gratuity	12	12

The followings are the expected contributions to planned assets for the next year: (₹ in Lakh)

Particulars as at	31-March-2019	31-March-2018
Gratuity	9.04	3.07

**C. Other Long Term Employee Benefit Plans**

Leave encashment / Compensated absences

Salaries, Wages and Bonus include ₹ -43.08 Lakh (Previous Year ₹ 16.74 Lakh) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

**Note 32 : Related Party Transactions**

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

**a. Name of Related Parties and Nature of Relationship :****a. Associate**

Eimco Elecon Electricals Limited

**b. Individual/Enterprise having control/significant influence**

Shri Prayasvin B. Patel  
Elecon Engineering Company Limited

**c. Key Management Personnel****Directors**

Shri Pradip M. Patel, Non-Executive Director and Chairman  
Shri M. G. Rao, Whole-time Director  
Shri Prayasvin B. Patel, Executive Director  
Shri Prashant C. Amin, Non-Executive Director - Nominee Director  
Shri Nalin M. Shah, Non-Executive Director - Independent Director  
Shri Nirmal P. Bhogilal, Non-Executive Director - Independent Director  
Smt. Manjuladevi Shroff, Non-Executive Director - Independent Director  
Ms. Reena Bhagwati, Non-Executive Director - Independent Director

**Executive Officers**

Shri N. D. Shelat, Chief Financial Officer  
Smt. Bharti Isarani, Company Secretary (up to 10<sup>th</sup> July, 2018)  
Shri Devanand Mojidra, Company Secretary (appointed w.e.f. 31<sup>st</sup> July, 2018 and up to 28<sup>th</sup> November, 2018)  
Shri Rikenkumar Dalwadi, Company Secretary (appointed w.e.f. 29<sup>th</sup> January, 2019)

**d. Enterprises over which (b) or (c) above have significant influence**

EMTICI Engineering Limited  
Prayas Engineering Limited

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

Power Build Private Limited  
Elecon Information Technology Limited  
Madhubhan Prayas Resorts Limited  
Akkaish Mechatronics Limited  
Speciality Woodpack Private Limited  
Elecon Peripherals Limited  
Bipra Investment & Trusts Private Limited  
Devkishan Investments Private Limited  
K. B. Investment Private Limited  
Aishpra Properties Private Limited  
Akaaishpra Infracon Private Limited  
BIP Buildcon Private Limited  
Jamco Consultants Private Limited  
Kirloskar Power Build Gears Limited  
Madhuban Heights Private Limited  
MTC Buildcon Private Limited  
Akaaish Investments Private Limited  
Wizard Fincap Limited  
Tech Elecon Private Limited  
Elecon Hydraulics Private Limited  
Vijay M. Mistry Construction Private Limited  
Elecon Australia Pty. Limited  
Elecon Africa Pty. Limited  
Elecon Singapore Pte. Limited  
Elecon Middle East FZE, UAE  
Elecon Engineering (Suzhou) Co Limited  
Elecon Transmission International Limited  
Power Build Transmission International Limited  
Radicon Transmission UK Limited  
Radicon Drive Systems Inc. (Formerly known as Elecon USA Transmission Limited)  
Benzlers Systems AB  
AB Benzlers  
Benzlers Italia s.r.l , Italy  
Banzler Transmission A.S (Denmark)  
Benzler Andtriebstechnik GmbH, Germany  
OY Benzler AB (Finland)  
Radicon Transmission FZE, UAE  
Radicon Transmission (Thailand) Limited  
Radicon Transmission System (Thailand) Limited  
Radicon Transmission (Australia) Pty. Limited  
Desmin Agencies  
United Marketing

**e. Collaborators**

Sandvik AB Sweden  
Tamrock Great Britain Holding Limited

**f. Post employment benefit plan**

Eimco Employees Gratuity S.  
Eimco Emp Super Annuity SH

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

## b. Disclosure in respect of Related Party Transactions :

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
<b>Purchase of Material</b>		
Elecon Engineering Company Limited	631.90	441.69
Power Build Private Limited	0.18	0.89
Speciality Woodpack Private Limited	23.03	22.05
Eimco Elecon Electrical Limited	201.52	141.86
Elecon Peripherals Limited	4.68	11.19
EleconHydraulics Private Limited	41.31	39.78
<b>Job work Income</b>		
Elecon Engineering Company Limited	1.65	14.23
Power Build Private Limited	1.06	0.71
<b>Job work Expenses</b>		
Elecon Engineering Company Limited	13.97	10.55
<b>Sale of Finished Goods, Consumables &amp; Scrap</b>		
Elecon Engineering Company Limited	20.36	19.57
Speciality Woodpack Private Limited	1.88	1.55
Eimco Elecon Electricals Limited	-	0.18
Elecon Hydraulics Private Limited	4.35	5.07
Vijay M. Mistry Construction Private Limited	0.04	23.34
<b>Purchase of Fixed Assets</b>		
Elecon Engineering Company Limited	-	1,012.32
Power Build Private Limited	0.18	-
Tech Elecon Private Limited	11.23	249.51
Devkishan Investment Private Limited	-	88.82
Elecon Peripherals Limited	6.77	-
<b>Sale of Fixed Assets</b>		
Elecon Engineering Company Limited	-	17.96
<b>Expenses Charged to</b>		
Elecon Engineering Company Limited	2.60	5.54
Jamko Consultants Private Limited	0.02	-
<b>Expenses Charged by</b>		
Elecon Engineering Company Limited	-	15.09
Speciality Woodpack Private Limited	16.04	14.55
Elecon Information Technology Limited	14.66	11.70

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
Akaaish Mechatronics Limited	151.79	158.56
EMTICI Engineering Limited	69.04	68.65
Wizard Fincap Limited	14.31	15.32
Tech Elecon Private Limited	222.34	101.62
Devkishan Investment Private Limited	-	25.43
Jamko Consultants Private Limited	4.20	-
<b>Sales Commission</b>		
EMTICI Engineering Limited	2021.05	1,483.99
<b>Reimbursement of Expense paid / payable</b>		
Elecon Engineering Company Limited	9.11	15.78
<b>Reimbursement of Expense Received / Receivables</b>		
Elecon Engineering Company Limited	0.94	0.92
Power Build Private Limited	0.94	1.03
<b>Remuneration to Key Management Personnel</b>	249.09	222.56
<b>Dividend Paid</b>		
Tamrock Great Britain Holding Limited	72.39	72.39
Elecon Engineering Company Limited	47.92	47.92
EMTICI Engineering Company Limited	40.92	40.92
K B Investments Private Limited	24.35	24.35
BIPRA Investments and Trusts Private Limited	9.41	9.41
Elecon Information Technology Limited	7.38	7.38
Devkishan Investments Private Limited	6.05	6.05
Prayas Engineering Limited	1.88	1.87
Akaaish Mechatronics Limited	1.30	1.30
Power Build Private Limited	0.80	0.80
<b>Guarantees and Collaterals given</b>		
Elecon Engineering Company Limited (Up to 30.11.2017)	-	2,604.00

**c. Balance as at year end :**

(₹ in Lakh)

Nature of Transactions	Year Ended	
	31-March-2019	31-March-2018
<b>Outstanding Payables :</b>		
<b>(a) Associate</b>		
Eimco Elecon Electricals Limited	20.73	37.49
<b>(b) Individual/Enterprise having control/significant influence</b>		
Elecon Engineering Company Limited	70.06	41.24

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

(₹ in Lakh)

<b>(c) Key Management Personnel</b>	47.00	20.00
<b>(d) Enterprises over which (b) or (c) above have significant influence</b>		
Elecon Peripherals Limited	2.36	0.18
EMTICI Engineering Limited	403.52	537.88
Akaaish Mechatronics Limited	-	1.37
Speciality wood pack Private Limited	5.79	6.14
Power Build Private Limited	-	0.89
Wizard FinCap Limited	1.32	1.18
Devkishan Investment Private Limited	-	1.85
Tech Elecon Private Limited	1.15	52.79
Elecon Hydraulics Private Limited	23.06	0.35
<b>Outstanding Receivables :</b>		
<b>(a) Associate</b>		
Eimco Elecon Electricals Limited	-	-
<b>(b) Individual/Enterprise having control significant influence</b>		
Elecon Engineering Company Limited	7.17	29.21
<b>(c) Enterprises over which (b) or (c) above have significant influence</b>		
Power Build Private Limited	0.39	0.86
Elecon Hydraulics Private Limited	22.73	18.38
Speciality Woodpack Private Limited	-	0.35
EMTICI Engineering Limited	-	0.10
Vijay M. Mistry Construction Private Limited	0.04	-
<b>(d) Collaborators:</b>		
Sandvik Asia Private Limited	-	-
<b>Investment:</b>		
<b>(a) Associates</b>		
Eimco Elecon Electricals Limited	51.00	51.00

**c. 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.

**d. Commitments with related parties**

The Company has not provided any commitment to the related party as at 31-March-2019, (31-March-2018: ₹ Nil)

**e. Transactions with key management personnel**

Compensation of key management personnel of the Company (₹ in Lakh)

Particulars	2018-19	2017-18
Short-term employee benefits	214.74	198.85
Post employment benefits	19.17	11.32
<b>Total compensation paid to key management personnel</b>	<b>233.91</b>	<b>210.17</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)**
**Note 33 : Earning per share**

(₹ in Lakh except EPS)

Particulars	2018-19	2017-18
<b>Earing per Share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	2,317.21	1,627.07
Total No. of equity shares at the end of the year (No. in Lakhs)	57.68	57.68
<b>Weighted average number of equity shares</b>		
For basic EPS	57.68	57.68
For diluted EPS	57.68	57.68
Nominal value of equity shares	10.00	10.00
Basic earning per share	40.17	28.21
Diluted earning per share	40.17	28.21

**Note 34 : Corporate Social Responsibility (CSR) Activities:**

- a. As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The funds were primarily allocated to a corpus and utilized throughout the year on these activities which are specified in Schedule VII of the Companies Act, 2013
- b. Amount spent during the year on: (₹ in Lakh)

		Year Ended					
		31-March-2019			31-March-2018		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	Contribution to various Trusts / NGOs / Societies / Agencies and utilization thereon	42.00	-	42.00	51.72	-	51.72
(iii)	Expenditure on Administrative Overheads for CSR	-	-	-	-	-	-

## FORM AOC – 1

Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART 'A' : Subsidiaries														
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the financial year in the case of foreign Subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
No Subsidiary														

PART 'B' : Associates and Joint Ventures											(₹ in Lakh)	
Sr. No.	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year				
		No.	Amount of Investment in Associates/Joint Venture	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation			
1	31-03-2019	510000	51.00	47.62	N.A.	In view of MCA Notification dtd. 14-10-2014, exemption granted from consolidation	345.80	(4.41)	-			

Note: There is significant influence due to percentage (%) of share capital

For and on behalf of the Board of Directors,

**Prayashin B. Patel**  
Executive Director  
DIN : 00037394

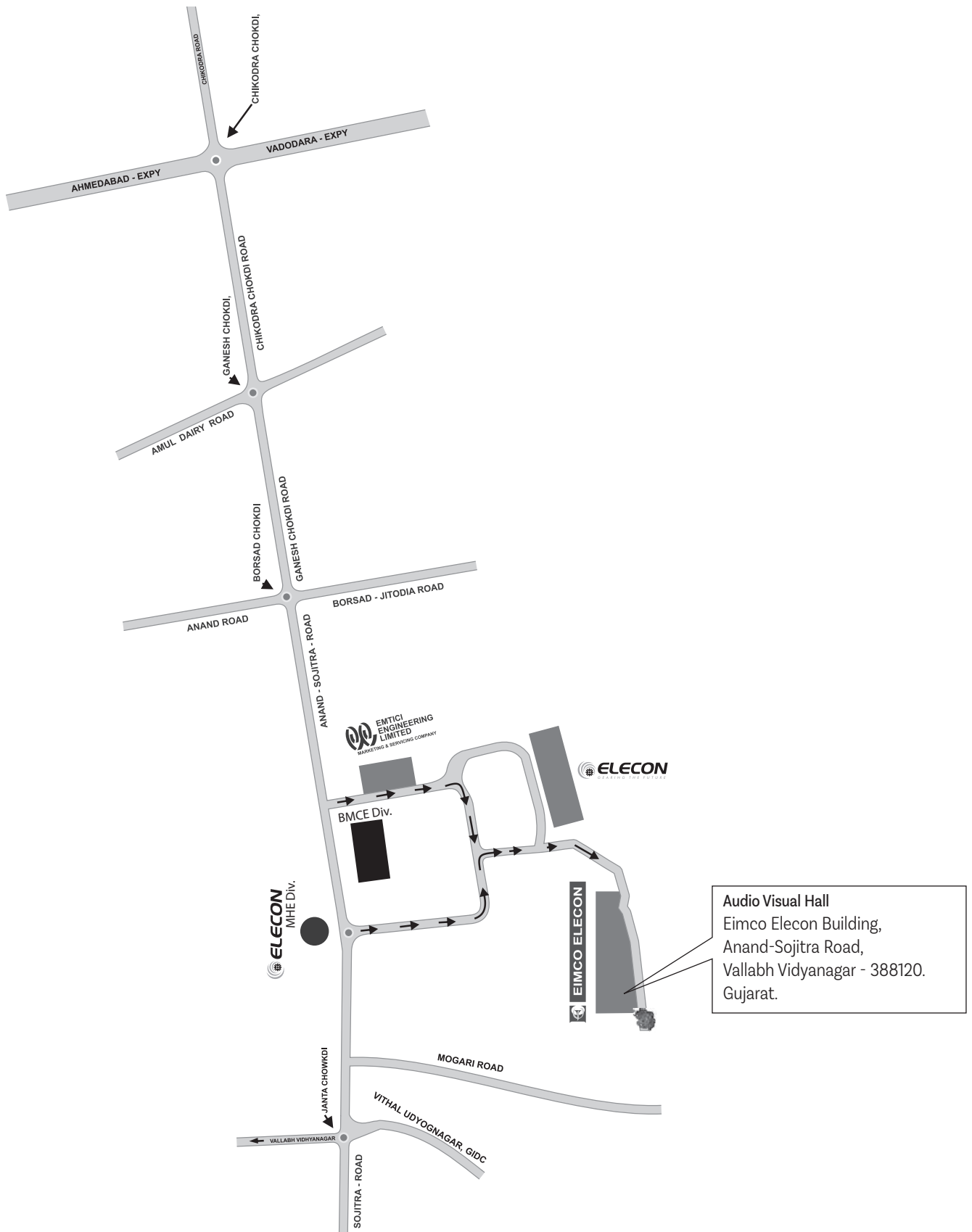
**Prashant C. Amin**  
Director  
DIN : 01056652

**N. D. Shelat**  
Chief Financial Officer

**Rikenkumar Dalwadi**  
Company Secretary

Place : Vallabh Vidyannagar  
Date : 7<sup>th</sup> May, 2019

**Route map to the venue of the 45<sup>th</sup> Annual General Meeting of Eimco Elecon (India) Limited:**



**EIMCO ELECON (INDIA) LIMITED**

CIN : L29199GJ1974PLC002574

Regd. Office : Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Dist. Anand, Gujarat.

**ATTENDANCE SLIP**

45<sup>th</sup> ANNUAL GENERAL MEETING  
 on Thursday, 25<sup>th</sup> July, 2019 at 2:30 p.m.  
 at Audio Visual Hall,  
 Eimco Elecon Building,  
 Anand-Sojitra Road,  
 Vallabh Vidyanagar - 388 120.  
 Dist. Anand, Gujarat.

Folio No./Client ID &amp; DP ID

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

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

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

Signature of Member/Proxy

**FORM NO. MGT-11**  
**Proxy Form**

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

CIN : L29199GJ1974PLC002574

Name of the Company : Eimco Elecon (India) Limited

Regd. Office : Anand-Sojitra Road, Vallabh Vidyanagar, Dist. Anand, Gujarat.

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

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

1. Name :  
 Address :  
 Email ID: Signature :..... or failing him
2. Name :  
 Address :  
 Email ID: Signature :..... or failing him
3. Name :  
 Address :  
 Email ID: Signature :..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the 45<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 25<sup>th</sup> July, 2019 at 2:30 p.m. at the Registered Office of the Company at Vallabh Vidyanagar, Dist. Anand, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below :

1. Adoption of Audited Financial Statements (Both Standalone and Consolidated) of the Company for the Financial Year ended on 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors (the Board) and Auditors thereon.
2. Declaration of Dividend for the Financial Year ended on 31<sup>st</sup> March, 2019.
3. Appointment of a Director in place of Shri Pradip M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. Approval of payment of commission to Non-Executive Directors of the Company.
5. Ratification of remuneration to M/s. Y. S. Thakar & Co. as Cost Accountants of the Company for F.Y. 2019-20.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

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

Affix  
 Revenue  
 Stamp

- Notes :**
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
  2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 45<sup>th</sup> Annual General Meeting.

**BOOK - POST**

***IF UNDELIVERED PLEASE RETURN TO :***



**EIMCO ELECON (INDIA) LIMITED**

(CIN : L29199GJ1974PLC002574)

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