13th July, 2021

To,

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

Sub : 61st Annual Report of the Company for the Financial Year 2020-21
Ref : Regulations 34 and 53 of SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In terms of the subject referred Regulations, we hereby submit the 61st Annual Report of Elecon Engineering Company Limited for the financial year 2020-21. The 61st Annual General Meeting (AGM) of the Company is to be convened on Friday, 6th August, 2021 at 4.00 p.m. (IST) through Video Conferencing ('VC')/ Other Audio Video Means ('OAVM').

Please note that the electronic copy of the 61st Annual Report for the financial year 2020-21 alongwith the Notice of 61st AGM and Business Responsibility Report (BRR) is being sent by email to those Members whose email addresses are registered with the Company/Depositories. The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide relevant MCA Circulars and SEBI Circulars. The Notice of the 61st AGM and the Annual Report 2020-21 are also being uploaded on the website of the Company at www.elecon.com and on the website of Link Intime India Private Limited at https://instavote.linkintime.co.in.

Please take the same on your record.

Thanking you.

Yours faithfully,
For Elecon Engineering Company Limited,

Bharti

Bharti Isarani
Company Secretary & Compliance Officer

ELECON ENGINEERING COMPANY LIMITED
VALLABH VIDYANAGAR

Encl.: As above

GEARING THE FUTURE OF EVERY INDUSTRY

POWER INDUSTRY

SUGAR INDUSTRY

PHARMA INDUSTRY

PLASTIC INDUSTRY

FERTILIZER INDUSTRY

CEMENT INDUSTRY

RUBBER INDUSTRY

TEXTILE INDUSTRY

CHEMICAL INDUSTRY

STEEL INDUSTRY

61st ANNUAL REPORT **2020-21**

About Cover

As India gears up for the next growth revolution, making us a front-runner amongst the developing countries, the whole world has started to look at us as a land of opportunities. After historical amendments into the COVID-19 pandemic, it may seem that the roadmap for the nation's growth is set and is firm.

For over 70 years, Elecon has established its reputation of trust and most modern innovations in the realm of Industrial Gears, Power Transmission and labor-less Material Handling. Elecon has emerged as the largest manufacturer of Industrial gears in the world and continues to be so. As the Pioneer and the market leader, our prime focus remain on research & development and providing support to growth sectors such as cement, steel, sugar, paper, power, fertilizer, coal, generation, chemical, textile, rubber, paper, pharma, port-mechanisation, minerals & metals processing sectors.

Our prophecy states - "Technological innovation is the key to excel". As a Company, Elecon focuses largely on staying ahead in technological innovation. We understand the market trends and accordingly innovating to create opportunities and capitalising on them by providing the best possible solutions and are well prepared to take on any challenges. Our excellence can be adjudged by our successful contracts with Indian navy for their power transmission needs.

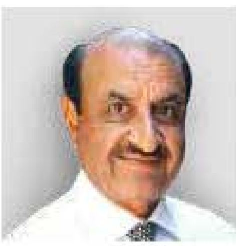
When it is about inclusive growth and sustainable development, we at Elecon place CSR as a priority and believe it is our duty to contribute to the society which is going through the stress of the COVID -19 pandemic. Living to our motto of 'Lets save our nation', we have taken adequate preventive measures and have been consciously working towards making our facilities safer against any pandemic.

Contents

Board of Directors

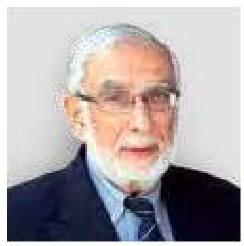
Shri Prayasvin B. Patel
- Chairman & Managing Director

Shri Prashant C. Amin



Shri Pradip M. Patel

Shri Pranav C. Amin



Shri Jal R. Patel

Shri Jai S. Diwanji

Dr. Sonal V. Ambani

Chief Financial Officer
Shri Narasimhan Raghunathan

Company Secretary
Smt. Bharti Isarani

Auditors
B S R & Co. LLP, Chartered Accountants

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

R & T Agent
Link Intime India Private Limited

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

Elecon at Glance

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

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

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

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

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

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

Five Years at a Glance

Particulars	2020-21				2019-20		2018-19		2017-18		2016-17	
	Consolidated		Standalone		Consol-idated	Stand-alone	Consoli-dated	Stand-alone	Consoli-dated	Stand-alone	Consoli-dated	Stand-alone
	US $ Mn.	₹ Mn.	US $ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.	₹ Mn.
TURNOVER	142	10,447	108	7,964	10,885	8,357	12,248	9,555	11,897	9,195	12,747	9,965
TOTAL INCOME	143	10,504	110	8,072	10,963	8,450	12,904	9,775	11,952	9,301	12,832	10,043
EARNING BEFORE DEPRECIATION, INTEREST & TAX (Excl. Other Income)	26	1,875	20	1,441	1,420	1,053	1,436	1,135	1,160	1,006	1,640	1,558
DEPRECIATION & AMORTISATION EXPENSES	7	521	6	423	533	437	479	436	529	481	532	481
PROFIT AFTER TAX & MINORITY INTEREST	8	576	5	363	897	724	701	121	76	81	108	211
EQUITY DIVIDEND	1	45	1	45	-	-	22	22	22	22	56	56
DIVIDEND%	-	-	-	20%	-	-	-	10%	-	10%	-	25%
EQUITY SHARE CAPITAL	3	224	3	224	224	224	224	224	224	224	224	224
RESERVE & SURPLUS	122	8,968	108	7,969	8,318	7,598	7,456	7,176	6,865	7,083	6,874	7,069
NET WORTH**	123	9,013	111	8,164	8,347	7,780	7,456	7,336	5,878	7,252	6,066	7,223
GROSS FIXED ASSETS	118	8,685	112	8,252	8,713	8,264	9,262	8,843	9,406	8,798	9,385	8,769
NET FIXED ASSETS	75	5,483	74	5,471	5,895	5,847	6,777	6,714	7,101	7,080	7,553	7,496
TOTAL ASSETS	271	19,927	232	17,019	21,350	18,364	21,695	19,471	21,675	19,547	20,944	18,587
NUMBER OF EMPLOYEES(Nos.)				619		772		788		774		1,143
KEY INDICATORS	US $		US $									
BASIC EARNINGS PER SHARE (₹)	0.1	5.14	0.04	3.23	7.99	6.45	6.25	1.08	0.67	0.72	0.96	1.88
DEBT EQUITY RATIO												
(TOTAL DEBT:EQUITY)	-	0.36	-	0.31	0.57	0.50	0.71	0.65	0.83	0.68	0.82	0.63
EBIDTA/ TURNOVER %	-	17.95	-	18.09	13.04	12.60	11.72	11.72	9.75	10.94	12.87	15.64
NET PROFIT MARGIN%	-	5.52	-	4.55	8.24	8.67	5.72	1.27	0.64	0.88	0.84	2.11
RETURN ON NET WORTH%	-	6.39	-	4.44	10.50	9.31	9.40	1.65	1.29	1.11	1.77	2.92
RETURN ON CAPITAL EMPLOYED%	-	4.81	-	3.44	7.10	6.44	0.51	0.96	0.06	0.64	0.83	1.72

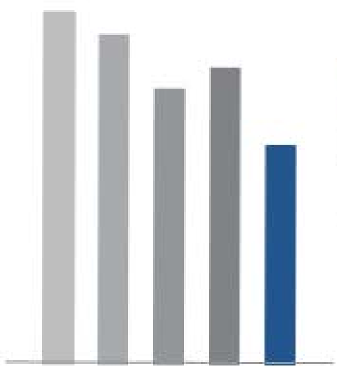
**Networth: Paid up Share Capital + Other Equity - Intangible Assets

Exchange Rate: 1 US$ = ₹ 73.5047 (as on 31-3-2021).

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

Performance Indicators

Net Sales
₹ in Mn.



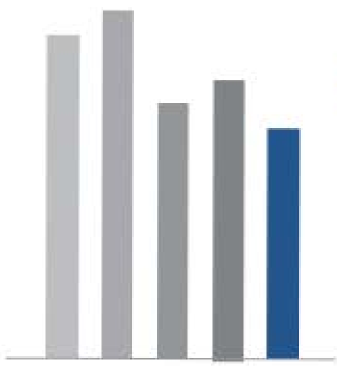
2017 - 2021

4.70%

Decrease from 2020

- ₹ 7964 2021
- ₹ 8357 2020
- ₹ 9537 2019
- ₹ 9195 2018
- ₹ 9965 2017

EBIDTA
₹ in Mn.



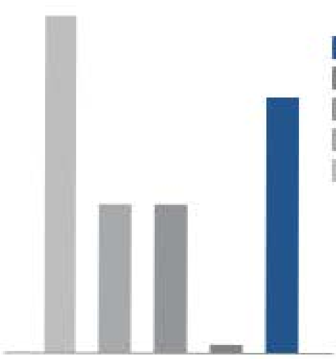
2017 - 2021

36.85%

Increase from 2020

- ₹ 1,441 2021
- ₹ 1,053 2020
- ₹ 1,118 2019
- ₹ 1,094 2018
- ₹ 1,558 2017

Dividend
in %



2017 - 2021

- 20% 2021
- 0% 2020
- 10% 2019
- 10% 2018
- 25% 2017

Large Agitator Drive

Management Insight

We delivered robust performance in fiscal 2021 led by strong performance in the gear division despite challenging external environment. After initial hiccups during the first quarter due to the nationwide lockdown to control the spread of the pandemic, we continue to see improved performance in our domestic and international business. We managed to maintain healthy order book on the back of periodic order inflows from our end segments like power, steel, sugar, mining and cement sector amidst revival in economic activity. We have been constantly channelizing our efforts towards reducing debt, inventory and receivables thereby strengthening our balance sheet. Also, our ongoing focus on streamlining existing operations has helped us maintain robust performance despite uncertain external factors of economy. Though the economic environment remains challenging, we remain optimistic on the Company's growth prospects. We continue to work towards making ourselves leaner and agile to tide over the prolonged slowdown caused by Covid-19 pandemic and have aligned our efficiencies to capitalize on the emerging opportunities during and post economic recovery.

We are actively taking all measures to contain the impact of pandemic by providing necessary support to our employees and other stakeholders. We have provided substantial support to the hospital which supports in relief for the underprivileged persons affected by pandemic.

Prayasvin Patel - Chairman & Managing Director

We witnessed a strong performance in Elecon Gear Division in 20-21. This is particularly important as our first quarter got completely washed out due to pandemic break out and complete lockdown thereof. Our relentless focus on process optimization starting from appropriate quality order booking in required combination to an efficient execution on time, finally resulted into a quick completion of order cycle. This resulted an improved turnover ratio and a better cost rationalization which together presented a stronger result in midst of a testing time. Performance of our subsidiaries continue to be satisfactory considering the challenges in global economy. Pandemic and its various successive waves will be there for some time and the global economy cannot isolate itself from Covid effect. Hence, in Elecon Gear, we are now concentrating on various strategic initiatives which would enhance our operational efficiencies so that we get somehow immuned from the turmoil of global economy and uncertainty thereof in the business in days to come. We are witnessing improvement in economic activity led by widespread vaccination and favourable government measures. Gear Division remains well placed to capitalize on the upcoming opportunities and we are confident of emerging out to be stronger than before getting boiled in the ongoing crisis.

M M Nanda - Head Gear Division

Our financial performance in in this year has been better considering the uncertainty prevailed at the beginning of the year. The company took measures to improve the working capital, cost mitigation and profitability improvement which has yielded the better results and reduction of debt. Gear division's financial performance improved based on the focus on exports, profitability decisions while taking orders, improved receivables management, measures taken for inventory management and temporary as well as sustainable cost mitigation. In MHE division, focus was given to pursue end customers to complete the execution of project based orders which helps the company to realise the milestone based receivables and cost mitigation measures based on current level of operations. The financial performance of overseas subsidiaries also improved in few regions due to sales growth and in certain regions, there was rebound in the last quarter due to which the company was able to overcome the sluggishness in earlier quarters.

Narasimhan Raghunathan - Chief Financial Officer

Pietro Carnaghi
Vertical Turning Lathe
Up to 2000mm Dia

Corporate Social Responsibility

Elecon Engineering Company Limited is an organization that has always marched ahead since its inception with a vision of philanthropy. Elecon Group of Companies undertakes its CSR largely through two dedicated wings; namely EL-Care and Elecon Ladies Forum (ELF) under B. I. Patel Charitable Trust and I. B. Patel Charitable Trust guided under the leadership of Shri Prayasvin Patel – ELECON Group Chairman and Smt Taruna Patel - CEO Emtici Engineering Limited & Madhubhan Resort & Spa. Elecon benevolently participates towards the betterment of society through several initiatives, both large and small. Shri Prayasvin Patel has also been honored with the 'Charotar Ratna' award for the organization's magnanimous commitment in serving the local areas.

Highlights of the CSR activities carried out by Elecon:

ANNUPURNA during the COVID -19 pandemic

The Elecon Ladies Forum adopted an initiative called "Annupurna" in crisis time. The activities are carried out to feed the needy and poor people. Bhandaras were organized during the COVID -19 pandemic outside the Elecon Campus.

Elecon ELF team came forward to help the needy and the underprivileged during the pandemic and the organization has been proactive in supporting people who have lost their livelihoods.

ELF Team has gone an extra mile by initiating the distribution of food kits consisting of 8 items during the National Lockdown under Mission Anna Seva.

Elecon came forward for serving both lunch as well as dinner at door step to all Elecon's employees as well as their family who are infected with covid virus and continues to provide same facility until the situation become normal as part of the mission - COVID Suraksha.

EDUCATION

Elecon continued providing support for education during the COVID-19 pandemic. The company firmly believes in the power of education and provided this support to overcome the adverse situation by helping students to come out stronger and make the world a better place.

Elecon facilitated the economically weaker but meritorious students by giving out full scholarship which included fees and expenses towards their boarding and lodging. 15 students in each academic year are awarded this scholarship, so on a rolling basis now Elecon gives this scholarship to 60 students.

HEALTHCARE - COVID-19 Relief

The contributions of Elecon towards society are not limited only to the causes mentioned above. Our dedicated team continuously tries to study and understand the needs of society and proposes areas where it can effectively collaborate with society at large for a better future.

Though not obligatory, a COVID insurance scheme was provided to all the contractual/support persons. This helped hundreds of persons to mitigate their financial stress in case they are affected by the pandemic.

ELECON came forward and provided substantial monetary support to Shri Krishna Hospital, Karamsad, Gujarat during the 2nd wave of CODIV-19 which was utilized for treatment of critical COVID patients, equipment's like Beds, Ventilators, Health Monitors, Centralized Oxygen supply system and PPE Kits to the COVID patients. Such timely support was welcomed by hospital, frontline health warriors, patients and their families from rural villages.

Gear Division

LIEBHERR LC2500 - CNC Gear Hobbing machine - 3000 mm Dia

Manufacturing Strengths

Customer's choice have once again been bestowed upon Elecon for the successive year whenever a buyer thought of installing acritical drive. Such customer's dependability upon Elecon have been visible across industries like Cement, Iron & Steel, Sugar, Power, Mining, Ports & Paper etc.

Elecon's state of the art manufacturing facility in Vallabh Vidyanagar got further enriched with so far acquired operational knowledge. Such ideal mix of Infrastructure together with Skill have put Elecon ahead of several others to be the Largest Gearbox Manufacturer in Indian Sub-continent. Elecon's quality and environmental consciousness are reflected in its ISO 9001:2015, BS OHSAS 18001:2007 & ISO 14001:2015 accreditations.

State of the art Bhanubhai Memorial Centre of Excellence (BMCE) for Parts Manufacturing supplemented with Modern Assembly Centre, In-House Planet Carrier Machining Centre, Upgradation of Heat Treatment facility and New Worm Gearbox Assembly Centre are examples of some of Elecon's commitment towards achieving excellence in Gearbox manufacturing.

Be it standard catalogue small and medium Helical Gearbox or Worm Gearbox or Couplings, Elecon have been the leader in the industry. Large and critical gearboxes like Marine Gearbox for Warships, Vertical Mill Gearboxes in Cement & Power, Rolling Mill Pinion Stands, and Sugar Mill Planetary Drives are some other examples of Elecon's free roaming fields in mechanical power transmission industry.

Elecon's product superiority are well accepted by varying customer cross sections across the globe apart from majority of Indian industry. Be it Sugar Mills, Cement Plants, Steel Mills, Power and Mining Industries from Far East, Central Asia, Europe and Americas, customers procured Elecon Gearboxes in good many numbers.

Growth Drivers

Covid 19 and its hardship was visible though out the last year and it extracted the best of abilities from industry.

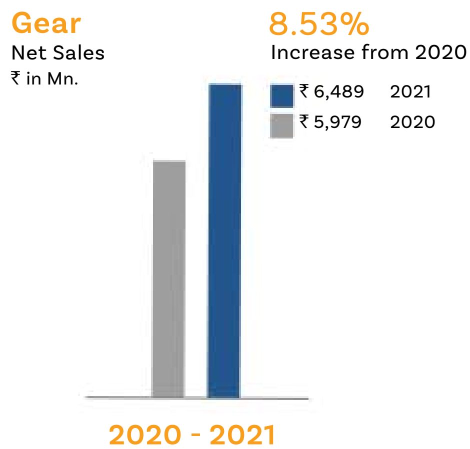
Elecon as usual stood up at the occasion and fought with all odds to finally come out with strong results. Elecon proved, a company with strong leadership, good foundation, contemporary and innovative technology and a global customer base can conquer the odds.

Bonding of visionary management and enthusiastic workforce is another driver for Elecon's success story which supplied fuel to Elecon's fight during the testing time.

Growth Drivers are the products like Marine Gears for Naval Warships, Sugar Mill Planetary Drives, Roller Press & Vertical Roller Mill Gearboxes for Cement industry, VRM & Conveyor Gearboxes in Power Plants, Pinion Stand gearboxes for Steel Mills etc.

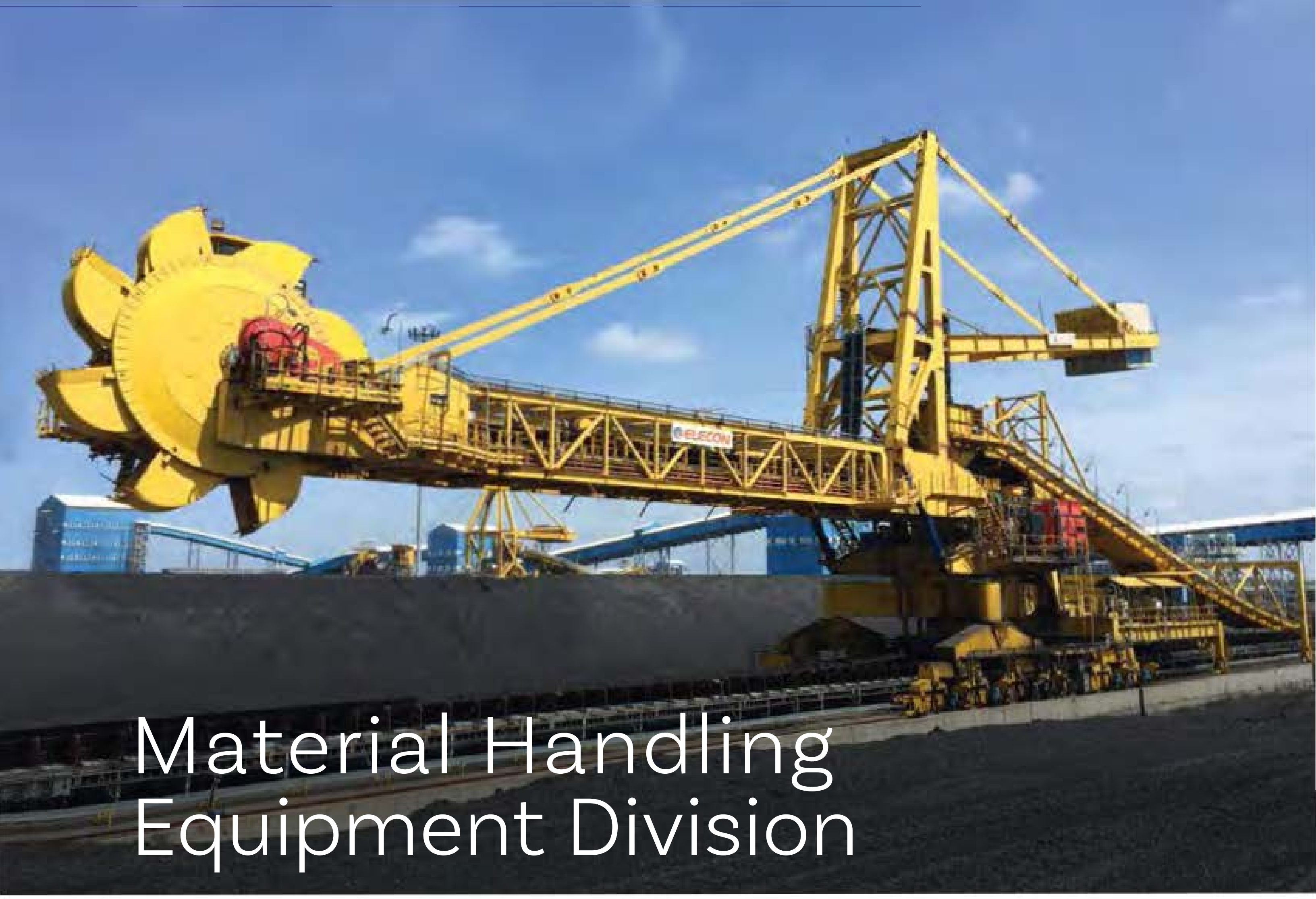
Elecon have always been eyeing to the critical Gearbox applications to prove its capability and to utilise its available man and machine resources. These sophisticated layer of business could only enable Elecon to attain its leadership position in Gearbox Industry along with a dependable financials.

Net Sales **Gear Division** **₹6,489** MN In **2020-21**



Main Slew Drive for 1400 Lt Bucket Wheel Excavator

Central Drive Planetary



Material Handling Equipment Division

Stacker Reclaimer having 41 Meters boom length, design capacity 4625 TPH, Bucket Capacity 1765 Liters at Kudgi Supercritical Thermal Power Project, Bijapur, Karnataka

Manufacturing Strengths

- Elecon is endowed with expertise in Bulk Material Handling Equipments and Systems, built up over decades of innovation and technology upgradation.
- The initial years were spent in catering to the emerging core-sectors like Steel, Power, Fertilizer, Port and Mining.
- After independence, Government of India's drive for industrialisation gave fillip to engineering sector in particular, and construction and project sector in general.
- Elecon decided to build its own manufacturing facilities to indigenously produce equipment and systems. At that point of time most of the major manufacturers were from Europe & North America.
- Since then we have grown manifold, making available to market an enviable range of products with global footprint.
- Customers across the globe rely on our:

a) State of the art manufacturing facility

b) World class quality

c) Updated Design & Engineering capability

d) Exceptional execution skills

e) Prompt after-sales services and spares availability

f) Innovative solutions

Some recent Achievements:

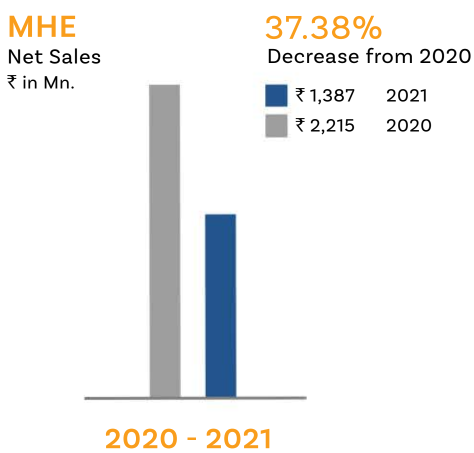
- In this year of pandemic related challenges globally, Elecon managed to complete the Performance Guarantee Test of Mega Coal Handling Plant at NTPC Gadarwara overcoming various problems with determination and focus.
- We have also completed Performance Guarantee Test at RFCL Fertilizer Plant at Ramagundam, another mega project, the same will be handed over to the Client soon. This Project is related to Long conveyor with bunk house, DE System, Wagon loader & Truck loader. Elecon has done the Design, engineering, manufacturing, supply, and commissioning of all equipment for this project.

- Asia's unique Downhill Pipe Conveyor project at Donimalai, Karnataka was successfully completed and handed over the project to NMDC Limited. Elecon was honoured by NMDC by granting us the Final Acceptance Certificate also.
- We have completed the Commissioning and have done Performance Guarantee Test for the prestigious order from Kudremukh Iron Ore Company Limited (KIOCL) for Barrel type Blender Reclaimer, being one of the biggest Barrel Reclaimer in India.
- We have completed the Commissioning and have done PG test for the significant order from IFFCO at Kandla, Gujarat for Conveyor system, Bagging Machine & Scrapper Reclaimer.
- We are executing the Order for Wagon tippler with associated equipment for third time consecutively from Paradip Port Trust including by replacing old tippler.
- We are executing the Order from Singareni Collieries for Relocatable conveyors for their mines located in the Ramagundam area.
- We are executing the Supply for the Order from SAIL Durgapur for Barrel Reclaimer for their Plant.
- Reputed customers have appreciated our manufacturing strength and have given us several equipment orders, while giving preference over other established world renowned suppliers.
- Cement industry has thrived even under difficult circumstances, largely supported by massive infrastructure growth. Several cement plants have added capacities expecting the boom to continue. Our prestigious customer list includes Ultratech cement, Shree Cement, Wonder Cement, Chettinad Cement etc. and the projects awarded to Elecon are being executed as per their required timeline and quality standards.
- We are executing heavy machines orders from NTPC for Kudgi & Darlipalli projects constituting Stacker cum Reclaimer.

Growth Drivers

- Diversification of the business by venturing in to new areas gave us exposure to new material handling requirements such as FGD packages, Health and life study of equipment / system and providing R&M solution to various customers.
- Considering that approval for commercial mining and allotment of various mines has been accorded by Government of India and that Coal India Subsidiaries have plans to execute several new projects, we are working closely with the industry to upgrade/develop various equipment/ systems like higher size crushers, semi-mobile crushers, to support many Mine Development Organizations.
- Operation & Maintenance of operating plants is another area of interest wherein efforts are being put to develop business through customer contacts.
- We have successfully developed Twin/Tandem type wagon tippler which has emerged as a new development in large capacity thermal power projects.

Net Sales
MHE Division
₹1,387 MN
In **2020-21**



Board's Report

Specially designed test stand for Vertical Roller Mill Gearbox

Dear Members,

Your Directors have pleasure in presenting this 61st Annual Report together with the Audited Financial Statements for the financial year ended on March 31, 2021.

You being our valued partners in the Company, we share our vision of growth with you. Our guiding principles are a blend of realism and optimism which has been and will be the guiding force of all our future endeavors.

Performance of the Company

Standalone Financial Performance

For the year ended on March 31, 2021, the Company has achieved a Turnover of ₹79,636.37 Lakhs as against ₹83,573.82 Lakhs in the previous year.

For the year ended on March 31, 2021, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹15,486.40 Lakhs as against the EBIDTA of ₹11,460.37 Lakhs during the previous year.

The Net Profit of the Company for the financial year 2020-21 was ₹3,626.49 Lakhs compared to ₹7,241.89 Lakhs during the previous year.

The Company holds total unexecuted orders about ₹48,000.00 Lakhs (₹38,000.00 Lakhs for Gear Division and ₹10,000.00 Lakhs of MHE Division) as on March 31, 2021. This will help us to continue to have sustainable growth in coming years.

Consolidated Operations

The Audited Consolidated Financial Statements of your Company as on March 31, 2021, which forms part of the Annual Report, have been prepared pursuant to the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and also as per the applicable Indian Accounting Standards (Ind AS) on Consolidated Financial Statements (Ind AS-110) as notified by the Ministry of Corporate Affairs.

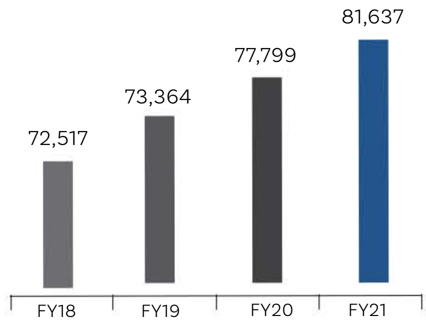
Your Company's total consolidated turnover for the year ended on March 31, 2021 was ₹1,04,470.65 Lakhs as against ₹1,08,846.49 Lakhs for previous year.

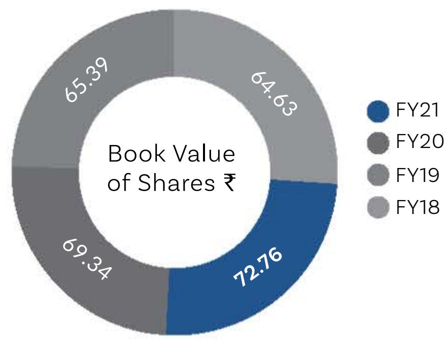
For the year ended on March 31, 2020, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA)

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	31/03/21	31/03/20	31/03/21	31/03/20
Turnover	79,636.37	83,573.82	1,04,470.65	1,08,846.49
Profit Before Tax, Finance Cost, Depreciation & Amortization and Adjustment for previous year (EBIDTA)	14,407.34	10,529.79	18,560.90	14,037.73
Add: Other Income	1079.06	930.58	572.73	784.95
EBIDTA (Including other income)	15,486.40	11,460.37	19,133.63	14,822.68
Less : Finance Cost	5,426.89	6,963.25	5,980.63	7,703.52
Depreciation & Amortization	4,231.33	4,369.33	5,211.23	5,325.81
Profit Before Tax	5,828.18	127.79	7,941.77	1,793.35
Less: Provision for Tax	-	118.13	134.28	216.73
Deferred Tax	2,201.69	(7,232.23)	2,201.69	(7,235.84)
Short/(Excess) Prov. of earlier years	-	--	30.09	--
Profit After Tax	3,626.49	7,241.89	5,575.71	8,812.46
Add:				
Others Comprehensive Income	84.12	(19.21)	742.35	(86.67)
Share of Profit of Associates	-	--	187.39	157.69
Previous Year Balance Brought Forward	21,529.17	17,988.04	33,226.17	24,613.22
PROFIT AVAILABLE FOR APPROPRIATION	25,239.78	25,210.72	39,731.62	33,496.70
APPROPRIATIONS:				
Dividend paid	-	224.40	-	224.40
Income Tax on Dividend	-	46.13	-	46.13
Transfer to Debenture Redemption Reserve	--	--	--	--
Transfer to General Reserve	--	--	--	--
Transfer to Reserve (merger)	-	3411.02	--	--
Balance Carried Forward	25,239.78	21,529.17	39,731.62	33,226.17

Net Worth (₹ in Lakhs)





of ₹19,133.63 Lakhs as against the EBIDTA of ₹14,822.68 Lakhs during the previous year.

The Consolidated Net Profit of the Company for the financial year 2020-21 after other comprehensive income and share of profit/loss of associates was ₹5,763.10 Lakhs compared to ₹8,970.15 Lakhs during the previous year.

During the year under review, your Company's consolidated net worth is ₹91,924.83 Lakhs as against ₹85,419.38 Lakhs for previous year.

Dividend

Your Directors have recommended dividend of 20 % i.e. ₹0.40/- per share on 11,21,99,965 equity shares of ₹2/- each for the financial year ended on March 31, 2021 (previous year NIL per share). The said dividend, if approved by the shareholders, would involve a cash outflow of ₹270.53 Lakhs, including deduction of income tax at source against NIL dividend in the previous year.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is annexed herewith and marked as **"Annexure A"** to this Report and the same is available on the Company's website and can be accessed at https://www.elecon.com/investors/policies

During the year under review, the unclaimed dividend pertaining to the financial year 2012-13 has been transferred to the Investor Education & Protection Fund.

Transfer to Reserves

Pursuant to the Amendment in the Companies (Share Capital and Debentures) Amendment Rules, 2019 dated August 16, 2019; for Listed Company, it is not required to create Debenture Redemption Reserve for Non-Convertible Debentures issued on private placement basis. Hence, Debenture Redemption Reserve is not created for the financial year ended on March 31, 2021.

Share Capital

The paid up Equity Share Capital as on March 31, 2021 was ₹2,244.00 Lakhs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Finance

Cash and Cash Equivalent as at March 31, 2021 was ₹1,594.15 Lakhs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

Fixed Deposits

The Company has not accepted any fixed deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Hence, there is no unpaid/unclaimed deposits as on March 31, 2021.

Particulars of Loans, Guarantees or Investments

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

Directors & Key Managerial Personnel (KMPs)

Resignation by Director

During the year under review, Shri Chirayu R. Amin, Independent Director resigned with effect from August 10, 2020 before completion of his tenure. He informed the Board of the Company that he resigned due to his business and travel schedules as well as other pre-occupations. He further confirmed that there was no reason other than stated as above.

The Board placed on record their appreciation for the assistance and guidance provided by Shri Chirayu R. Amin during his tenure as Non-Executive Independent Director of the Company.

Director Retire by rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Pradip M. Patel, Director retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

The Board recommends his appointment for your approval.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Board in its meeting held on May 27, 2021 had approved the continuation of Shri Pradip M. Patel (DIN : 00012138) as a Non-Executive Non-Independent Director on the Board of the Company subject to the approval of the Shareholders at the ensuing 61st Annual General Meeting of the Company, who is liable to retire by rotation, notwithstanding his attaining the age of Seventy-five (75) years on November 5, 2022.

New Appointment

As per Section 161 of the Companies Act, 2013, Shri Pranav C. Amin, was appointed as an Independent Director (Additional Director) of the Company effective from May 27, 2021 for a period of five years subject to the approval of shareholders at the ensuing 61st Annual General Meeting of the Company. In the opinion of the Board, he is a well-respected business leader who brings a wealth of experience and financial acumen to the Elecon's Board. His vast experience in the realm of corporate governance will greatly benefit the Company. Further, he possesses integrity and relevant proficiency which will bring tremendous value to the Board and to the Company. The Board recommends his appointment to the shareholders. The notice convening the 61st AGM forming part to this annual report sets out the details. The Board welcomes Shri Pranav C. Amin.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Regulation 16(1) (b) and other applicable regulations of the SEBI (LODR) Regulations, 2015, an Independent Director shall hold office for a term of five consecutive years and not be liable to retire by rotation. Accordingly, Shri Pranav C. Amin shall be appointed as an Independent Director to hold office for a term of five consecutive years from the date of May 27, 2021 at the ensuing Annual General Meeting of the Company and shall not be liable to retire by rotation.

Members' approval for his appointment as an Independent Director, under Sections 149 & 152 of the Companies Act, 2013 and under SEBI (LODR) Regulations has been sought in the Notice convening the Annual General Meeting of the Company.

Evaluation of Board and Senior Management

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. Further, the Nomination & Remuneration Committee has carried out the performance evaluation of Senior Management including the Company Secretary and Chief Financial Officer of the Company. The manner in which the evaluation has been carried out was explained in the Corporate Governance Report.

Meetings

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

Composition of Various Committees

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

Independent Directors

The Independent Directors met on February 26, 2021 without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013 and under Regulation 16 (1) (b) of SEBI (LODR) Regulations, 2015 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015.

Familiarization Programme for Independent Directors

In compliance with the requirements of SEBI (LODR) Regulations, 2015, the Company has put in place a Familiarization Programme for Independent Directors to familiarize them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the company operates, business model etc. alongwith updating on various amendments in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The policy on Familiarization Programme is uploaded on the website of the Company and can be accessed through web link https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Details-of-Familiarization-Programmes-for-IDs.pdf

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

Remuneration Policy

The Board has framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. During the year under review, the Company has revised the Remuneration Policy in line with the various amendments in SEBI (LODR), 2015 and the Companies Act, 2013. The remuneration policy is stated in the Corporate Governance Report forming part of this Annual Report. The Nomination & Remuneration Policy is appended as, **"Annexure B"** to this Board's Report.

Disclosures by Directors

None of the Directors of your Company is disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures to this effect as required under Companies Act, 2013.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis; and

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Related Party Transactions

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

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Related-Party-Transactions-Policy-2020.pdf None of the Directors or any Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

Auditors

Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants was appointed as Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of 56th Annual General Meeting for the financial year 2016-17 until the conclusion of 61st Annual General Meeting for the financial year 2020-21. Their tenure will expire at the conclusion of ensuing 61st Annual General Meeting of the Company for the financial year 2020-21.

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

Your Directors have recommended the appointment of M/s. C N K & Associates, LLP (Firm Registration No. 101961W/W-100036), Chartered Accountants, as Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of ensuing 61st Annual General Meeting for the financial year 2020-21 until the conclusion of 66th Annual General Meeting to be held in the year 2026 for the Financial Year 2025-26 subject to the approval of the Members at the ensuing 61st Annual General Meeting of the Company.

As per the provisions of Section 139 of the Companies Act, 2013 the Company has placed the matter relating to their appointment by members at the Annual General Meeting. Consequent upon the expiry of term of M/s. B S R & Co. LLP, M/s. C N K & Associates LLP shall be the Statutory Auditors of the Company.

M/s. C N K & Associates LLP, Chartered Accountants have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for appointment as Statutory Auditors of the Company. As required under SEBI (LODR) Regulations, 2015, M/s. C N K & Associates LLP have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company in respect of its manufacturing activity are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Y.S. Thakar & Co., Cost Auditors to audit the cost accounts of the Company for the year ended on March 31, 2022 on a remuneration of ₹ 85,000/- p.a. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Y.S. Thakar & Co., Cost Auditors is included in the Notice convening the 61st Annual General Meeting. The Cost Audit Report for the year 2019-20 was filed with the Ministry of Corporate Affairs before the due date of filing.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Ashwin Shah, a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Report on the Secretarial Audit carried out by him during the financial year 2020-21 is annexed herewith as **"Annexure C"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the financial year 2020-21 for all applicable compliances as per SEBI Regulations and Circulars/ Guidelines issued thereunder. The Annual Secretarial Compliance Report for abovesaid financial year has been submitted to the stock exchanges within 60 days of the end of the said financial year.

Subsidiary, Joint Venture & Associate Companies

As on March 31, 2021 the Company has 11 Direct & Indirect Subsidiary Companies.

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

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

Financial Performance – Subsidiary Companies

Radicon Transmission UK Limited (consolidation)

Total Income of the Benzlers Radicon Group has decreased by 8% to GBP 25.60 Million in current year compared to 27.99 Million in previous year. This was impacted by the economic effects of the global pandemic. EBITDA excluding other income decreased to GBP 2.93 Million in current year compared to GBP 3.47 Million in previous year. The Company has made a Profit before Tax for GBP 1.38 Million in Current Year compared to Profit before Tax of GBP 1.58 Million in previous year.

Benzlers Group (Nordic and Europe)

Benzlers Group has witnessed a decrease in Sales Revenue by 6% to GBP 12.6 Million in current year compared to GBP 13.5 Million in previous year. The Company's EBITDA Margin is GBP 1.07 Million in current year compared to GBP 1.88 Million in previous year. Profit before tax and exceptional income has decreased by 53.6% to GBP 0.64 Million compared to 1.38 Million in previous year.

Radicon Transmission UK Limited

Radicon, UK has seen some challenges due to Brexit, but is now seeing greater UK economic growth, with the Brexit now ratified. The Sales Revenue for the year has decreased by 13% to GBP 8.88 Million compared to GBP 10.24 Million in previous year. EBITDA Margin has decreased to GBP 1.13 Million compared to GBP 1.21 Million in previous year. Profit before Tax is GBP 0.46 Million in current year compared to 0.21 Million in previous year. With Brexit completed, and the UK well advanced with its vaccination program. We are optimistic of good recovery during coming year, especially as there were positive signs of this in Q4 of current year. We take comfort in The Bank of England governor forecasting the largest post war economic growth.

Radicon Drive Systems, Inc (Radicon USA)

Radicon-USA has witnessed a decrease in Sales Revenue by 6% to GBP 5.06 Million in current year compared to GBP 5.37 Million in previous year. EBITDA increased with current year at GBP 0.74m, compared with previous year of GBP 0.29m. Generating a Profit before Tax of GBP 0.28 Million in current year compared to loss of GBP 0.10 Million in previous year.

Elecon Singapore Pte. Limited

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

During the year under consideration revenue of Elecon Singapore Pte. Ltd., has increased from USD 2.30 million FY 2019-20 to USD 2.85 million FY 2020-21. EBITDA has decreased from 0.29 million FY 2019-20 to USD 0.26 million FY 2020-21.

Elecon Middle East FZE, Dubai

Elecon Middle East FZE, Dubai is a Wholly-Owned Subsidiary of the Company. It is a marketing arm of your Company and engages in the business of selling and supply of your Company's products in Middle East and African countries.

During the year, total revenue of Elecon Middle East FZE has increased by 138.6 %, from AED 9.37 million FY 2019-20 to AED 22.35 million FY 2020-21. Increase in EBITDA by 259.9 % from AED 1.42 million FY 2019-20 to AED 5.11 million FY 2020-21.

Financial Performance - Associate

Eimco Elecon (India) Limited (EEIL)

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

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

During the year, EEIL has achieved a Turnover of 12,584.02 Lakhs as against 10,791.06 Lakhs in the previous year. For the year ended on March 31, 2021, EEIL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) including other income of 2,219.54 Lakhs as against the EBIDTA of 1,654.80 Lakhs during the previous year.

Vigil Mechanism / Whistle Blower Policy

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

The Vigil Mechanism/Whistle Blower Policy is available on Company's website at https://www.elecon.com/views/templates/adminuploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy-2019.pdf

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, separate reports on Management Discussion & Analysis and Corporate Governance together with a certificate from the Practicing Company Secretary form part of this Report.

Your Company is committed to maintain the highest standards of Corporate Governance, reinforcing the valuable relationship between the Company and its Stakeholders.

Corporate Social Responsibility (CSR) Initiatives

The Ministry of Corporate Affairs has amended the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which will be effective from the date of the notification dated January 22, 2021. In accordance with the provisions of Section 135 of the Companies Act, 2013 and the said Rules, your Company has amended it's policy on the recommendation of the Members of the CSR Committee and with the approval of the Board. The amended CSR policy may be accessed on the Company's Website at the https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Corporate-Social-Responsibility-Policy-may-2021.pdf The Composition of the Committee and other details are provided in Corporate Governance Report.

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

Board Diversity

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

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts/ Tribunals which would impact the going concern status of the Company and its future operations. There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

Material Changes and Commitments

COVID-19 pandemic:-

The outbreak of the deadly COVID-19 virus and the ensuing lockdown imposed across the country affected business operations. The health of the employees and workers became a priority; stoppage of operations for an uncertain period resulted in a large financial burden on the one hand and workforce idling on the other. COVID-19 is an unprecedented challenge. The lockdown gave India time to make a concerted effort to flatten the outbreak curve. However, towards later part of the year consequent to significant opening of the economic activity across the nation, the demand picked up compared to that during the initial period of Covid-19. India is currently experiencing a massive second wave of Covid-19 infections. However, we expect no major changes in the economic activity as the nation is preparing to face the Pandemic with vaccines and preparedness.

Material changes and commitments have occurred due to the epidemic COVID 19 across the globe at the end of the financial year to which the financial statements relates and the date of this Report and their impact on financial position of the company is not determinable.

However, following are some of the impacts of COVID-19 which company continues to look ahead:-

i. Disruption of supply-chain

ii. Impacts the workforce and production facilities

iii. Material contracts: 'force majeure' clauses may be triggered by a listed company or its counterparty to justify non-performance.

iv. Financing constraints

The causes for such material changes and commitment as stated above and remedial measures were taken by the company.

Reporting of Frauds

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

Risk Management

During the year under review, it was not mandatory for the Company to constitute the Risk Management Committee. However, the Company has voluntarily constituted the same.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, it is mandatory for top 1000 Listed Companies to constitute the Risk Management Committee consisting of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director. The Board of the Company has re-constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The said committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the areas of financial risks and controls. The details pertaining to the composition of the Risk Management Committee are included in the Corporate Governance Report, which is a part of this report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Particulars of Employees

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as **"Annexure F".**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report. The Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may send their email to investor.relations@elecon.com

Prevention of Sexual Harassment at Workplace

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

The policy on Sexual Harassment at Workplace is placed on the Company's website at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Sexual-Harassment-Policy.pdf

Material Subsidiaries

The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised in line with the amendments made to the Listing Regulations.

The policy is available on our website at https://www.elecon.com/views/templates/adminuploads/Investors/Policies/Elecon-Policy-on-Determining-Material-Subsidiary-2020.pdf

Annual Return

In accordance with the Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the annual return of the Company as on March 31, 2021 in the prescribed format is available on the Company's website. The web-link as required under the Act is as under:

https://www.elecon.com/views/templates/admin-uploads/Investors/Corporate-Announcements/2020-2021/elecon-draft-annual-return-F.Y.-2020-21.pdf

Business Responsibility Report

The Listing Regulations mandate the inclusion of the Business Responsibility Report as part of the Annual Report for the top 1,000 listed entities based on market capitalization as on March 31, 2021. In compliance with the Listing Regulations, we have integrated the Business Responsibility Report (BRR) disclosures into our Annual Report as **"Annexure G"** describing the initiatives taken by the Company from an environmental, social and governance perspective.

Compliance of Secretarial Standards

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

Insurance

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

Industrial Relations/Personnel

Your Company is committed to upholding its excellent reputation in the field of Industrial relations. Through continuous efforts, the Company invests and improvises development programmes for its employees.

Acknowledgement

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

Your Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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

For and on behalf of Board of Directors,

Prayasvin B. Patel

Chairman & Managing Director

DIN: 00037394

Place: Vallabh Vidyanagar

Date : May 27, 2021

Management Discussion & Analysis

Global Economy and India

Global economy growth is estimated to have contracted by 3.3% in 2020, the worst performance after the great depression due to the Covid-19 pandemic which disrupted normal economic activity. Trade and manufacturing were severely impacted and there was sudden drop in demand. However, the economy witnessed meaningful recovery in the second half of the year on the back of lifting of restrictive measures by governments across the world and favourable fiscal and monetary support by central banks around the world which helped in averting a full-blown recession. Increase in exports, residential and non-residential investment, consumer spending, and inventories contributed positively to the growth in the later part of the year.

According to IMF, global growth is projected to increase by 6.0% in 2021 led by vaccine powered uptick and policy support in major economies of the world. Additional fiscal support in the US and Japan and other major economies of the world along with relaxation in restrictions raises the likelihood of economic recovery. However, renewed lockdown due to increase in cases, financial stress and geopolitical tension could derail the slow and gradual recovery. As such, concerted worldwide effort is needed to stabilize world trade and ensure sustainability of recovery.

The Indian economy which was already facing slowdown was hit hard by the Covid-19 pandemic and subsequent nationwide lockdown. There was sharp decline in manufacturing and exports, capital flows and remittances, and severe disruption in supply chain amid strict economic lockdown. Recovery in the second half of the fiscal year on the back of relaxation in restrictive measures mitigated the overall decline in the economy leading to a contraction of 8.0% in FY21. The policymakers announced substantial fiscal and monetary stimulus to revive the economic growth engine. Moreover, government announced production linked incentive (PLI) schemes to boost the domestic manufacturing sector and increased spending in infrastructure sector to kickstart growth.

According to IMF, the Indian economy is expected to grow by 12.5% in FY22 making it the only major economy in the world to register a double-digit growth. The growth is expected to be led by increased economic activity supported by widespread vaccination. Pick up in private consumption and business investment is expected to boost demand and spur economic activity. However, strengthening second wave of Covid-19 remains major headwind to recovery.

The Engineering Sector and Gears

The Indian Engineering sector plays an especially important role in the overall economic growth of the country as it drives the growth of core sectors of the Indian economy. Historically, India's engineering export portfolio has been skewed towards low- and medium-technology intensive engineering goods. However, increased adoption of digital technologies in manufacturing is likely to alter the engineering exports landscape. India's engineering exports which had been concentrated more towards USA and EU has been fast shifting towards emerging economies such as SAARC, ASEAN, Africa, CIS, and Latin America. The country's export potential is immense and there exists opportunity to attain leadership across various product categories.

Although the sector has been impacted due to Covid-19 pandemic, the recent tax reforms to revive the domestic capex cycle and introduction of production linked incentive (PLI) schemes is likely to positively impact companies in the industry by raising their global competitive advantage and would help India become a manufacturing hub as it would boost new investments into the manufacturing sector. Along with this, Government's ongoing thrust on infrastructure development is expected to be major positive for the industry. The government's move to improve intellectual property rights is a welcome step for the engineering and technology services.

Global industrial gearbox market is expected to grow at a CAGR of over 5% between 2020-2025 driven by increasing level of automation across industries and increasing adoption of energy-efficient and high-performance gearboxes. Ongoing investments by the government and the private organizations in the end-user industries such as material handling, power, and metal and mining sectors are propelling the growth in the industrial gearbox market. Additionally, growth in construction industry in developing nations should boost the global industrial gearbox and industrial gearbox service market.

Elecon Engineering - Company Review

Fiscal 2020-21 witnessed average performance due to the Covid-19 pandemic. The Material Handling business saw muted performance under challenging environment. Reduction of debt and customer receivable continued to be one of the main focus of the Company. Also, considerable effort was directed towards streamlining of existing operation with a focus on cost rationalization to counter the headwinds posed by slowing economy.

The Company's gear business witnessed satisfactory performance on the back of modest order inflows and favourable product mix. Considering the slowdown in the economy which negatively impacted performance, the Company undertook restructuring and cost control initiatives. The performance in the MHE business was negatively impacted owing to losses from past projects. However, significant improvement in profitability is expected over time owing to past restructuring efforts aimed at taking only profitable product business. The turnaround in the MHE business is likely to improve overall profitability once there is revival in the economy.

The Company's performance in gear business was heartening considering sagging demand environment while the performance in MHE business was subdued due to past loss-making projects. The management undertook several cost reduction and product upgradation initiatives to counter the slowdown. The Company is well poised to capitalize on the upcoming opportunities as and when there is uptick in the demand cycle. Manufacturing activity which had been impacted due to the Covid-19 pandemic has now reached pre pandemic levels. The Company remains well prepared to tide over the slowdown and seize opportunities as and when they arise.

Segment Wise Revenue - Gear Business

India's power sector is undergoing a positive change. The government has introduced key reforms in the sector with an aim to maximise power generation capacity, improve distribution and promote investment in order to realise its goal of 24X7 electricity for all. Recent announcement of Rs 3.05 trillion scheme to revive power distribution companies and enhance overall efficiency in the power distribution sector is a key positive. Government's focus to replace all conventional energy meters by prepaid smart meters is likely to strengthen the efficiency of the T&D infrastructure, help reduce AT & C losses, thereby leading to improvement in the financial health of DISCOMS. Likewise, the expansion of 'PM KUSUM Yojna' will boost the solar power generation in the country. Furthermore, announcements of lower corporate tax for new energy companies is likely to attract new investments in the sector thus accelerating India's push towards becoming a power surplus country. All these development augurs well for Elecon's business in power generation, distribution, transmission and equipment.

As the country prepares to realize the goal of becoming a five trillion-dollar economy by 2025, the government extended its Rs 111 lakh crores National Infrastructure Pipeline to invest in energy, road transport, civil aviation, shipping, telecom, power & mining, railways and housing and urban development and revive economic growth. Also, the government approved a capital infusion of Rs 6,000 crore in the National Investment and Infrastructure Fund (NIIF) for much needed spending in infrastructure projects. The government's infrastructure investment plan will create incremental demand for the sector in the coming years. High allocation towards rural housing and infrastructure, plans to set up new smart cities and 100 airports by 2024 to support UDAN scheme will act as a key catalyst for industry growth.

India is currently the world's second largest producer of crude steel. According to the Ministry of Steel, the steel industry contributes around 2% to the GDP of the country. Fresh investment by government in the development of highways, ports, airports, railways, and power along with focus on automobile sector augurs well for the growth of the sector. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the increasing demand for affordable housing. Increased allocation towards infrastructure spending and projects like industrial corridors, Sagarmala, and Smart Cities initiatives will boost the consumption of steel. As such, companies in the steel industry are likely to continue spending to expand their capacity.

India enjoys a coastline of approximately 7.5 thousand kilometres and has a unique maritime position. With around 199 ports including 12 major ports that handle approximately 1,400 million tons of cargo each year, the maritime transport accounts for majority of India's trading in value terms. As such, the Indian ports and shipping industry plays an indispensable role in the country's trade and commerce and occupies a vital potential position in India's economic growth. The Indian government continues to focus on port modernization and new port development, port connectivity enhancement, port-linked industrialization, and coastal community development under the Sagarmala project. Major inland water transport projects are under construction as an alternative to road and rail routes to transport goods to the nation's ports. Also, the government is encouraging private participation to strengthen the ports, shipping and waterways sector with an aim to capitalize on the geographical presence advantage, attract higher foreign direct investment and develop India as a trans-shipment hub.

India's domestic sugar industry is going through transformational change as the government introduced favourable policies for the growth of the sector which include introduction of minimal selling price (MSP) for sugar, increase in the ethanol blending programme, export subsidy and soft loans to set up distillery. The additional green field and brown field ethanol production capacities is likely to reduce sugar production and insulate the industry from market glut conditions. These steps will enable cash-strapped mills to liquidate surplus inventory and clear sugarcane arrears to farmers which augurs well for the industry. Recently, the government introduced modified scheme for extending interest subvention for those setting up grain-based along with molasses-based ethanol distilleries. All these measures augurs well for the industry.

Financial Performance

From a financial perspective, the total standalone operating income increased to ₹79,636.37 Lakhs for FY21 as compared to income of ₹83,573.82 Lakhs in the previous year. EBITDA stood at ₹15,486.40 Lakhs as compared to ₹11,460.37 Lakhs during the corresponding period of the previous year. The EBITDA margin increased by 35.13% for FY21 to corresponding period. Net profits stood at ₹3,626.49 Lakhs for FY21 as compared to ₹7,241.89 Lakhs in the previous year.

At the consolidated level, the total turnover during FY21 was ₹1,04,470.65 Lakhs as compared to an income of ₹1,08,846.49 Lakhs in the corresponding period of previous year. At the EBITDA levels, it registered an EBITDA of ₹19,133.63 Lakhs as compared to ₹14,822.68 Lakhs during the corresponding period of the previous year. The consolidated EBITDA margin increased by 29.08% for FY21 to corresponding period. Consolidated PAT after share of profit of associates was at ₹5,763.10 Lakhs for FY21 as compared to ₹8,970.15 Lakhs in FY20.

Financial Ratios

Pursuant to Regulations 34 and 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-

Particulars	Standalone		Consolidated	
	31.03.2021	**31.03.2020**	**31.03.2021**	**31.03.2020**
Debtors Turnover Ratio	1.55	1.51	1.87	1.81
Inventory Turnover Ratio	3.94	3.58	3.75	3.48
Interest Coverage Ratio*	2.25	1.02	2.52	1.29
Current Ratio	1.29	1.15	1.35	1.22
Debt Equity Ratio*	0.31	0.50	0.36	0.57
Operating Profit Margin	18.09	12.60	17.95	13.04
Net Profit Margin (%)*	4.55	8.67	5.52	8.24
Return on Net Worth(%)*	4.44	9.31	6.39	10.50

*There is a change of more than 25% in Interest Coverage Ratio, Debt-Equity Ratio, Operating Profit Margin, Net Profit Margin and Return on

Net Worth ratios. Such change in Interest Coverage Ratio is mainly due to Improvement in PBT and reduction in Interest Cost. The Change in Debt Equity Ratio is mainly due to reduction in Total Debt and Improvement in Net Worth. Change in Operating Profit Margin is due to optimized use of inventory and reduction in manufacturing cost and few fixed cost. Change in Net Profit Margin and Return on Net Worth is due to deferred tax asset recognized in previous year on asset reclassification.

Risk and Concerns

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

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

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

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

Internal Controls System

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

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

Development in Human Resources/Industrial front

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

The number of employees as on March 31, 2021 was 619 as against 772 as on March 31, 2020.

Outlook

The Indian economy is expected to rebound and attain a growth of 12.5% in FY22 on the back of improvement in trade and manufacturing against the backdrop of widespread vaccination campaigns. Responding to the recent pandemic crisis, the policymakers announced various fiscal and monetary stimulus to stimulate demand and revive manufacturing growth. As such, the Company remains hopeful of future growth prospects led by revival in core sectors such as power, steel, cement, and mining.

ANNEXURE - A TO BOARD'S REPORT

Dividend Distribution Policy

Introduction

The Board of Directors (the "Board") of Elecon Engineering Company Limited (the "Company") at its meeting held on May 27, 2021 has adopted this formal Dividend Distribution Policy (the "Policy") as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") to provide the shareholders with effective visibility and predictability in the payouts to the shareholders of the Company from the surplus cash or profit made by the Company in any of the Financial Year.

Objective

The objective of the Policy is to set standard procedures/ guidelines to be followed by the Board of Directors in deciding/recommending the amount of dividend (interim or final) per share. A dividend policy decides proportion of dividend and retained earnings. The Dividend Distribution Policy of the Company aims to reward its shareholders by sharing a portion of the profits/earnings, while also ensuring that enough funds are retained for future prospects of the Company. This policy also aims to ensure dividend incomes to the shareholders and long term capital appreciation for all stakeholders of the Company.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

Parameter for Dividend Distribution:

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

1. **Internal Factors:**
   a) Profitability: Dividend decision will be taken having regard to the profitability of the Company on a standalone basis.
   b) Free Cash Flow: Availability of free cash flow has a direct bearing on amounts to be distributed to shareholders via dividends as the Company is required to meet all its business obligations before distributing profits.
   c) Growth Plans: Growth plans of the Company and the associated capital expenditure may necessitate the Company to preserve its funds generation to be deployed for the planned growth/expansion opportunities within the desired leverage. The Board would take into consideration internal funds generation to be earmarked for the proposed growth plans prior to making decision on dividend distribution.
   d) Working Capital Management: The current working capital management system within the Company also impacts the decision of dividend declaration.
   e) Investment Opportunities: Dividend decisions shall be made in the light of timing of investment opportunities available with the Company.
   f) Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.
2. **External Factors:**
   a) Taxation and other regulatory concern:
      Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend. Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.
   b) Product/ market expansion plan:
      The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to be considered by the Board before considering the decision of recommendation of dividend.
   c) Macroeconomic conditions:
      Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the Management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Any other factor which has a significant influence/impact on the Company's working/financial position.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances. The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

Circumstances under which shareholders may or may not expect dividend:

Some conceivable circumstances under which shareholders may or may not expect a dividend are: adverse market conditions and business uncertainty, inadequacy of profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, changing government regulations, etc.

Even under such circumstances, the Board may, at its discretion, and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

Utilization of retained earnings:

Subject to the provisions of the applicable laws, the Company may declare dividend out of profits of the Company for the year or out of the profit of previous year or out of free reserves available for distribution of dividend, after having due regard to the parameters laid down in the Policy.

Amount of dividend:

The Company shall endeavour to maintain a reasonable dividend payout ratio subject to:

a) Capital needs of the Company;

b) Positive operating cash flows; and

c) Other financial parameters enumerated herein above.

Provisions with regard to dividend:

a) Payment of dividend: Subject to the provisions of the Act and SEBI Regulations and Memorandum and Articles of Association of the Company and the terms & conditions of the issue of securities by the Company, the Company may pay dividend in proportion to the amount paid up on each share.

b) Transfer to the reserves: The Company may, before declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year as it may consider appropriate to the reserves of the Company in accordance with the relevant provisions of the Act.

Declaration of Dividend in case of inadequacy or absence of profits in any financial year:

Subject to the relevant provisions of the Act , in the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:-

a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year.

b) The total amount to be drawn from such accumulated profits shall not exceed one tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

c) The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

d) The balance of reserves after such withdrawal shall not fall below fifteen percent of its paid up share capital as appearing in the latest audited financial statement.

The amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

Interim Dividend:

The Board of Directors may declare Interim Dividend at its absolute discretion in line with this Policy, based on profits arrived at as per quarterly (or half- yearly) financial statements. Provided that in case the Company has incurred loss during the current financial year upto the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividend declared by the Company during the immediately preceding three financial years. In case no final dividend is declared, interim dividend paid during the year, if any will be regarded as final dividend in the Annual General Meeting.

Payment of Final Dividend:

Subject to approval of shareholders in Annual General Meeting, the Board of the Company may recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy, based on the aforesaid parameters arrived at as per the audited financial statements.

Form and Mode of Dividend:

The dividend shall be paid only in cash form by bankers' cheque or dividend warrant or through use of any electronic mode of payment facility approved by the Reserve Bank of India from time to time.

Prior Intimation of Dividend:

The Company shall give prior intimation (at least two working days in advance, excluding the date of the intimation and date of meeting) to stock exchange(s) about the Board Meeting in which the declaration/recommendation of dividend will be considered.

Record Date or Date of closure of transfer books:

The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

Disclosures:

The Dividend Distribution Policy shall be disclosed on the Company's website & a web-link thereto shall be provided in the Annual Report. The information on dividends paid in the last 5 years is provided in the Annual Report.

General:

a) This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

b) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

c) In case of any amendment(s), clarification(s), circular etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular etc.

Disclaimer: This Policy has been prepared for the purpose of SEBI Regulations. The above Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

ANNEXURE - B TO BOARD'S REPORT

The Nomination and Remuneration Policy

Introduction

In accordance with terms of Section 178 of the Companies Act, 2013 and Companies (Amendment) Act, 2017 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter 'Listing Regulations') as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated July 26, 2019.

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

Definitions

In this Policy unless the context otherwise requires:

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

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

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

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

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

- i) Chief Executive Officer or the Managing Director or the Manager,
- ii) Company Secretary,
- iii) Whole-time Director,
- iv) Chief Financial Officer
- v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi) Such other officer as may be prescribed.

(6) **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.

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

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

(9) **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Chief Executive Officer/Managing Director/ Whole-time Director/Manager and shall also include the Company Secretary and the Chief Financial Officer.

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

(11) **"Regulations"** refers to and comprise of Companies Act, 2013, Companies (Amendment) Act, 2017, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, Listing Regulations and such other rules and provisions as applicable to the matters dealt in by this Policy.

(12) **"Employees' Stock Option"** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

Objective

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

Membership / Composition

The Nomination and Remuneration Committee shall consist of a minimum 3 non-executive Directors, at least 50% of them being independent.

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

CHAIRMAN

a) Chairperson 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 Chairperson of the Committee.

c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

d) Chairperson 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.

e) The Nomination & Remuneration Committee shall meet atleast once in year.

QUORUM

The quorum for a committee meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

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 Chairperson of the meeting will have a casting vote.

TERM

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

Applicability

This Policy is applicable to:

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

Effective Date

This policy shall be operational with immediate effect after its adoption and approval by the Board of Directors at its meeting held on July 26, 2019.

Role / Duties

The Nomination and Remuneration Committee is responsible for:

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

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, finance, engineering, marketing, legal etc.); or
   - Knowledge to understand the Company's business (including its mission, vision & values), strategic plans, goals, policies and major risk factors as well as threats & opportunities.
2. Experience
   - Experience of management in a diverse organisation
   - Experience in finance, administration, corporate and strategic planning sales & marketing etc.
   - Demonstrable ability to work effectively with a Board of Directors
   - Experience in Corporate Strategic Decision Making to achieve the goals and mission
3. Skills
   - Excellent interpersonal, communication and representational skills
   - Financial Skills, Technical or other relevant Professional 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
   - Attributes & Competencies to function well as team members and to interact with the key stakeholders
   - Social Responsibilities towards Society at large.
5. Other Specifications, if any as described by the Committee/Board from time to time.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

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

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

(i) Remuneration:

a) Base Compensation (fixed salaries)

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

b) Variable Salary

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

(ii) Statutory Requirements:

- Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company in the general meeting with the approval of the Shareholders 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 by way of Special Resolution 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.
- Where the Company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.

- ➢ The sitting fee to the Independent Directors and Women Directors shall not be less than the sitting fee payable to other directors.
- ➢ The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
- ➢ The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

*** abovesaid Statutory Requirements are subject to the amendments, if any from time to time.**

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 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, and the rules made thereunder, and Listing Regulations as amended from time to time;
3. The Board of the Company may consciously consist of directors from expertise field as may be considered fit by the Committee which is essential and beneficial for the growth of the Company;
4. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
5. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
6. Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
7. The policy is disclosed in the Boards' Report /Annual Report in line with the compliance of the amendments.

ANNEXURE - C TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FORM NO. MR-3 FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

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,
ELECON ENGINEERING COMPANY LIMITED
Vallabh Vidyanagar - 388 120.

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

Based on my verification of the Elecon Engineering Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit during the pandemic of COVID 19 situation across the country, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit Period);

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period);

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period);

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);

vi. Following other laws as applicable to the Company

   a. Factories Act, 1948

   b. Payment of Wages Act, 1936, and rules made thereunder,

   c. The Minimum Wages Act, 1948, and rules made thereunder,

   d. Employees' State Insurance Act, 1948, and rules made thereunder,

   e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,

   f. The Payment of Bonus Act, 1965, and rules made thereunder,

   g. Payment of Gratuity Act, 1972, and rules made thereunder,

h. The Contract Labour (Regulation) and Abolition Act, 1970
i. The Maternity Benefit Act, 1961
j. The Child Labour Prohibition and Regulation Act, 1986
k. The Industrial Employment (Standing Order) 1946
l. The Employees Compensation Act, 1923
m. The Apprentice Act, 1961
n. Equal Remuneration Act, 1976
o. The Environment (Protection) Act, 1986
p. The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
q. Industrial Dispute Act, 1947
r. Sexual Harassment of Women at workplace Act, 2013

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.
ii. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

I further report that

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

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

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

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

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

1. Reappointed Shri Prayasvin B. Patel (DIN: 00037394) as an Chairman & Managing Director of the Company and fix their remuneration.
2. Approval of payment of Commission to Non-Executive Directors of the Company.

Place : Ahmedabad
Date : May 27, 2021
UDIN : F001640C000377532

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

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

'ANNEXURE A'

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Ahmedabad
Date : May 27, 2021
UDIN : F001640C000377532

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

ANNEXURE - D TO BOARD'S REPORT
CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

FORMAT FOR CSR ACTIVITIES INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2021

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.

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

2. Composition of the CSR Committee:

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

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

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

   CSR policy - **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Corporate-Social-Responsibility-Policy-may-2021.pdf**.

   CSR projects – Not applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **Not Applicable**

6. Average net profit of the company as per Section 135(5) : **₹ 1072.59 Lakhs**

7. (a) Two percent of average net profit of the Company as per Section 135(5): **₹ 21.45 Lakhs**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **Not Applicable**

   (c) Amount required to be set off for the financial year, if any : **NIL**

   (d) Total CSR obligation for the financial year (7a+7b-7c). :- **₹ 21.45 Lakhs**

8. (a) CSR amount spent or unspent for the financial year:

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

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	Dist.						Name	CSR Registration number.
	Total											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (₹ in Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation -Through implementing agency.	
				State.	Dist.			Name	*CSR Registration number.
1.	Education	Educational Scholarship, providing educational aid to needy students and Scholarship to meritorious students	Yes	Gujarat	Anand	15.70	No	B. I. Patel Charitable Trust	N.A. for F.Y. 2020-2021
2.	Medical Help	Health Care	Yes	Gujarat	Anand	6.35	No	B. I. Patel Charitable Trust and I. B. Patel Charitable Trust	N.A. for F.Y. 2020-2021
	Total					**22.05**			

*CSR Registration Number:- After April 1, 2021; B. I. Patel Charitable Trust is registered in compliance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. The CSR Registration No. of B. I. Patel Charitable Trust is CSR00004791.

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the financial year (8b+8c+8d+8e): **₹ 22.05 Lakhs**

(g) Excess amount for set off, if any: **No**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹).	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2017-2018	*Not Applicable					
2.	2018-2019						
3.	2019-2020						
	Total						

* Since the provisions of Section 135(6) of the Act are effective from January 22, 2021, it is not applicable. The Company has spent the entire amount of CSR obligation for financial year 2018-19. The Company has provided an explanation w.r.t. the unspent amount for financial years 2017-18 and 2019-20 in its respective Annual Reports for the related financial years.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reportig Financial Year (in ₹).	Cumulative amount spent at the end of reportig Financial Year. (in ₹).	Status of the project - Completed/ Ongoing.
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:- **Not Applicable**

(asset-wise details).

A. Date of creation or acquisition of the capital asset(s).

B. Amount of CSR spent for creation or acquisition of capital asset.

C. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

D. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

For and on behalf of the Board of Directors,

Prayasvin B. Patel
Chairman & Managing Director
DIN : 00037394

Sonal V. Ambani
Chairperson of CSR Committee
DIN : 02404841

Place : Vallabh Vidyanagar
Date : May 27, 2021

ANNEXURE – E TO BOARD'S REPORT

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

1. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken

- The Power saving by use of LED lights for work lights of m/cs, overhead light in some shop floor areas stepwise. Installation of new as well as modified LED luminaries in the offices & workshops partially. Action taken on 140 fittings, which affected annually saving of 57700 units and ₹ 4.75 Lakhs.
- Continuous efforts towards energy conservation by adopting new technology with more focus on improvement & process, through improved maintenance practices like Time Base Maintenance, Condition Base Maintenance, Analysis through SIC etc.
- Use of natural gas through VAM for air conditioning system, which leads to reduction of huge conventional air condition system & thus energy saving is occurred.
- Replacement of the old translucent sheets to provide natural light in shop floor area and this way minimize the use of electricity.
- Paralleling of transformers done which reduces usages of diesel generator set at the time of peak load.
- Reduce the use of Compressor air by reducing over usages, idling of compressors, blocking of air leakages etc. Educate the people for use of electrically operated tools in place of pneumatic tools to minimize the use of air compressors.
- Continuous monitoring and reconditioning of PFC panel leads to PF unity which saves energy bill as well as active power usage.
- Start to use Inverter type Air Conditioner unit to achieve the Goal of energy conservation. In addition, installed temperature controller circuit in different office A/Cs which saved 25700 KWH and ₹ 2.20 Lakhs.
- Installation of new energy efficient AC Induction Motors in place of old high power consumption motors in EOT cranes.
- Replaced the old clutch box with VFD for 40 HP motor in conventional vertical boring machine and stopped unnecessary running of the motor.
- Regenerative of power introduced at testing facility of navy gear box. During testing of K3-34, K3-35, K3-37 (Thysenkrupp) and S2-721 gear box different tests conducted like Load Test, Thermal Test and Endurance Test for 141 Hrs. This test saved 1,10,550 KWH and ₹ 9.40 Lakhs.

(b) **Additional investments and proposal if any, being implemented for reduction of consumption of energy.**

Continuous measures are being adapted in the Company for energy conservation. Usage of more LED lights for future requirement has been planned. Efforts are being taken to explore each and every possibility of further reduction in energy consumption.

Initial cost of LED fitting would be at least 1.5 times high than conventional fittings, however later date it would be cheaper solution as energy consumption will be half resulting into the reduction of global warming. Maintenance Spare like control gear, lamps etc. would be eliminated as well as it provides green nature.

For marine gear box testing purpose, we are going to use re-generative loading system instead of conventional dynamo torque applier. This will save approximately 70% of energy during testing.

The Company is planning to install solar rooftop of 2.7 MW capacity in the financial year 2021-22 with the capital investment of approx. 11 cores. It will generate electricity (Green Energy) approx. 25 lakhs kwh annually.

(c) **Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

Significant reductions in consumption of energy and production cost of goods be observed by the implementation of above referred measures. Implementation of above referred measures has resulted in increased facility reliability as well as improved equipment performance without any cost.

2. TECHNOLOGY ABSORPTION

(I) Research and Development

(a) Specific Area in which R & D carried out by the Company :

The process of R&D results in new knowledge as much as it does new products, as well as better ways to come up with strategies to create new products and improve the ones that already exist. R&D will add to company's knowledge and experience by allowing to improve ability to innovate. Effective R&D can lower the cost of manufacturing by improving the process that is used. It is the key to beating the competition and one of many ways to improve conversion rate.

- Development of gearboxes started recently for steam turbine, gas turbine, compressor and many more applications. Development includes prototype gearbox development in house compatible with market requirements and testing to be carried out as per international standard and customer requirements as well.

We are planning to develop Test bed for suitable for such gearbox application for no load testing.

- Successful trial taken to achieve gear accuracy with DIN class 3/4 with existing facility for marine & high speed application.
- Cycle time reduction did in chamfering operation in coupling by removing human intervention.
- Three cooling tower gearbox new variants developed and successfully tested for endurance limit & thermal rating verification on full load.

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

While innovation is greatly valued, there are a multitude of benefits of investing in R&D that go beyond innovation for innovation's sake. Investing in research and development ensures high market participation by the company. Market participation refers to the ability of the company to engage with its customer base and hook their interest by offering unique products. Such research and development may even lead to the creation of new markets.

(c) Future plan of action:

Action plan for future is summarized below

1. Process optimization for cost & time reduction.
2. Standardization for gearbox for Blower/ Turbine/compressor etc. application at maximum extent.
3. Development of higher ratio planetary gearbox.
4. Optimization of helical & Bevel-helical gearbox series.

(d) Expenditure on R & D:

In pursuit of R & D endeavors the Company is continuously incurring R & D expenditure which has been separately reflected in the financial statements. The total R & D expenditure incurred during the financial year 2020-21 is as under:

	(₹ in Lakhs)
Capital Expenditure	--
Revenue Expenditure	218.78
Total	**218.78**

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

- Developed 9 Output shaft & 2 vertical offset Output shaft for Slitting application in steel industry.
- Developed 2 Output shaft & 2 Input shaft for Rubber & Plastics industry.
- Developed new dual tandem gearbox for kiln main drive.
- Helical planetary gearbox has been developed for roller press application. Roller press is working in pair of two for cement industries.
- One of the higher size planetary gearbox including Annulus outer diameter approx. 2300 mm developed for sugar industries with optimized cost compared existing design.
- First time developed single stage bevel & two stage planetary gearbox for vertical rolling mill application in cement industry.
- New feather added by adding new size in vertical rolling mill application to cater customer intermediate size requirement.
- Converted helical-planetary to inline planetary and developed gearbox with new concept for optimize cost/component verities/bearing verities.
- Bevel-Helical gearbox developed for Belt Conveyor drive including disc break/flanged output shaft / force lubrication system with combined base frame Suitable to operate at -30 °C tested on 100% load for more than 8 hours at Elecon premises.

3. FOREIGN EXCHANGE DETAILS

(₹ in Lakhs)

Particulars	2020-21	2019-20
Earnings	10,576.84	6,672.75
Outgo	13,422.54	4,026.91

ANNEXURE - F TO BOARD'S REPORT

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

Sr. No.	Name of Directors and KMPs	Designation	Remuneration for the year 2020-21 (₹ in Lakhs)	Remuneration for the year 2019-20 (₹ in Lakhs)	% Increase in Remuneration in FY 2020-21	Ratio of Remuneration to Median Remuneration of Employees
A.	**Directors**					
1.	Shri Prayasvin B. Patel	Chairman & Managing Director	313.40	277.03	13.13	57.61
2.	Shri Prashant C. Amin	Executive Director	38.30	198.29	#	#
		Non-Independent NED	7.05	-	#	#
3.	Shri Pradip M. Patel	Non-Independent NED	8.27	4.42	87.10	1.52
4.	Shri Chirayu R. Amin	Independent NED	0.25	2.50	#	#
5.	Shri Jal R. Patel	Independent NED	8.27	4.42	87.10	1.52
6.	Shri Jai Diwanji	Independent NED	8.27	4.42	87.10	1.52
7.	Dr. Sonal V. Ambani	Independent NED	8.12	3.82	112.57	1.49
B.	**KMPs**					
1	Shri Narasimhan R	Chief Financial Officer	36.16	2.50	#	#
2	Smt. Bharti Isarani	Company Secretary	14.82	14.60	1.51	2.72

Details not given as Shri Prashant C. Amin ceased to be an Executive Director on expiry of his term as on May 31, 2020 and continued as a Non-Executive Director of the Company w.e.f. June 1, 2020. Shri Chirayu Amin resigned as Independent Director w.e.f. August 10, 2020. Shri Narasimhan R. was appointed as Chief Financial Officer of the Company for the part of the previous financial year 2019-20. And hence, in all such matters; the current year's remuneration is not comparable.

(i) The median remuneration of employees of the Company during the financial year was ₹ 5.44 Lakhs. There was a decrease of 3.89 % in the median remuneration of employees.

(ii) There were 619 permanent employees on the rolls of Company as on March 31, 2021.

(iii) There was a decrease of 29.26% in average percentage salaries of employees (other than the managerial personnel) in the last financial year i.e. 2020-21 whereas the managerial personnel remuneration for the same financial year was decreased to 1.08%. Change in Managerial Personnel Remuneration is mainly due to completion of term of Shri Prashant Amin as an Executive Director (Managerial Personnel) and change in structure of salary of Shri Prayasvin Patel due to re-appointment from July 1, 2020.

(iv) The key parameters for the variable component of remuneration availed by the directors and KMPs 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.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE - G TO BOARD'S REPORT

Business Responsibility Report

The Business Responsibility Report of the Company for the financial year ended on March 31, 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29100GJ1960PLC001082
2.	Name of the Company	ELECON ENGINEERING COMPANY LIMITED
3.	Registered address	Anand-Sojitra Road, Vallabh Vidyanagar 388 120, Dist. Anand, Gujarat.
4.	Website	www.elecon.com
5.	E-mail id	investor.relations@elecon.com
6.	Financial Year reported	April 1, 2019 – March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise) as per the National Industrial Classification codes of 2008.	**Description** / **Industrial Group** Gears (Reduction Gears): 84834000 Bulk Material Handling Equipment: 84289010
8.	Key products / services:	
	Businesses	**Products / Services**
	Transmission equipment	Manufacturing of transmission equipment like gearboxes, couplings and elevator traction machines.
	Material handling equipment	The segment is engaged in manufacturing of material handling equipment like raw material handling systems, stackers, reclaimers, bagging & weighing machines, wagon & truck loaders, crushers, wagon tipplers, feeders and port equipment. It is also engaged in executing projects on these material handling equipment & systems.
9.	Locations where business activities undertaken by the Company:	
	a) Number of International Locations	The Company has 100% owned overseas subsidiaries in United Kingdom, Singapore and Middle East. Details of step down subsidiaries and joint ventures are provided in Form No. AOC-1 in this Annual Report.
	b) Number of National Location	The Company has manufacturing units at Vallabh Vidyanagar, Gujarat. It has various marketing branches in all over India.
10.	Markets served by the Company - Local/State/ National/ International	Our products are sold in both National and International market.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹ 2,244.00 lakhs
2.	Total Turnover	₹ 79,636.37 lakhs
3.	Total profit after taxes	₹ 3,626.49 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.61 %
5.	List of activities in which expenditure in 4 above has been incurred: -	Our CSR programmes cover the following areas: • Education • Medical Help

SECTION C : OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities. [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

Sr. No.	Particulars	Details
1.	DIN Number (If applicable)	00037394
2.	Name	Prayasvin B. Patel
3.	Designation	Chairman & Managing Director
4.	Telephone Number	+91 2692 238701
5.	Email ID	investor.relations@elecon.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Name of principles:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

P3 – Businesses should promote the well-being of all employees

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 – Businesses should respect and promote human rights

P6 – Businesses should respect, protect, and make efforts to restore the environment

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 – Businesses should support inclusive growth and equitable development

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify.*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Has it been signed by MD/ Owner/ CEO/ Appropriate Board Director?	All the Policies are signed by Shri Prayasvin B. Patel, Chairman & Managing Director								
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	#	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?**	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

*The BR policy of the Company is formulated on the basis of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs, Government of India.

https:/www.elecon.com

2a. If answer to Sr. No. 1 against any principle is 'No', provide explanation:

Not applicable.

3. Governance related to BR:

a. ***Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.***

Annually.

b. ***Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?***

The Business Responsibility Report is part of the Annual Report. The Company's Business Responsibility Report for the financial year 2020-21 is available on: **https:/www.elecon.com/investors/financial-reports**.

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1 : Ethics, transparency and accountability

1. *Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to groups, joint ventures, suppliers, contractors, NGOs and others?*

No. The Policy relating to ethics, bribery and corruption covers the entire Elecon Group.

2. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?*

During the year under review, the Company did not receive any such complaint.

Principle 2: Safe and sustainable goods and services

1. *List up to 3 of the Company's products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.*

It had been a continuous endeavour for Elecon design team to excel in the field of transmission drive systems. With the latest technological approach & manufacturing excellence Elecon is designing gearboxes with higher & higher efficiency, thus reducing the loss of power in actual applications. Lesser power loses mean lesser heat generation & lesser cooling requirement and lesser usage of water.

Material Handling Division of the company designs, manufactures and erects long distance pipe conveyor systems. These 'closed' conveyors ensure dust free conveying and prevent spillage of material along the conveyor route.

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):*

a) *Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?*

Not measureable at the company's end as the actual benefit can only be measured at customer's end in actual applications. However, selection of equipment indicates better efficiency of our products.

b) *Reduction during usage by consumers (energy, water) achieved since the previous year*

Not measureable at Company's end.

3. *Does the Company have procedures in place for sustainable sourcing (including transportation)? (if yes, what % of the Company's inputs were sourced sustainably)?*

Yes, the Company has formulated an operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials and there is very specific focus towards the conservation of energy, water & environment at their end. The Company enters into annual freight contracts with leading transporters for movement of materials. The Company continues to receive sustained support from its vendors.

4. *Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?*

Yes

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company evaluates and guides the local small & medium sized vendors to qualify as Green Channel supplier with self-certification of their supplies. This process is a continuous process and is being audited at pre-defined intervals.

5. ***Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also provide details. (Separately as < 5 %, 5-10 %, > 10 %).***

   Yes: Recycling of waste is as below:-

   Used Coolant/oil : 100% sell to registered recycler

   Metal Waste/Scrap : 72% reused at Foundry

   Treated sewage water : 100% reused in gardening

Principle 3: Well-being of employees

1. ***Please indicate the Total number of employees:*** 619
2. ***Please indicate the Total number of employees hired on temporary/contractual/casual basis:*** 84
3. ***Please indicate the Number of permanent women employees:*** 13 women employees
4. ***Please indicate the Number of permanent employees with disabilities:*** 01
5. ***Do you have an employee association that is recognized by management?:-*** Yes (Gujarat Mazdoor Panchayat)
6. ***What percentage of your permanent employees is members of this recognized employee association?:-*** 9 %
7. ***Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as on the end of the financial year.*** NIL

Sr. No.	Category	No. of complaints filed during the financial year 2020-21	No. of complaints pending as on end of the financial year i.e. March 31, 2021
1.	Child labour/ forced labour/ involuntary labour	NIL	
2.	Sexual harassment		
3.	Discriminatory Employment		

8. ***What percentage of the Company's under mentioned employees were given safety & skill up-gradation training in the last year?***

   Our safety and skill up-gradation programs are available to all the employees regardless of age, gender, physical disability, etc.

   (a) ***Permanent Employees:*** 87%
   (b) ***Permanent Women Employees:*** 46%
   (c) ***Casual/ Temporary/ Contractual Employees:*** 68.98%
   (d) ***Employees with disabilities:*** 0 %

Principle 4: Responsiveness to all stakeholders

1. ***Has the Company mapped its internal and external stakeholders?***

   Yes.

2. ***Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?***

   Yes.

3. ***Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?***

   Elecon Engineering Company Limited is an organization that has always marched ahead since its inception with a vision of philanthropy. Elecon Group of Companies undertakes it's CSR largely through two dedicated wings; namely EL-Care and Elecon Ladies Forum (ELF) under B. I. Patel Charitable Trust and I. B. Patel Charitable Trust guided under the able leadership of Shri Prayasvin Patel – ELECON Group Chairman and Smt. Taruna Patel- CEO Emtici Engineering Limited, & Madhubhan Resort & Spa. Elecon benevolently participates towards the betterment of society through several initiatives, both large and small. Shri Prayasvin Patel has also been honored with the 'Charotar Ratna' award for the organization's magnanimous commitment in serving the local areas.

   - Society – ANNUPURNA during the COVID-19 pandemic

     The ELF adopted an initiative called "Annupurna" in crisis time. The activities were carried out to feed the needy and poor people. Bhandaras were organized during the COVID -19 pandemic, outside the Elecon Campus.

     ELF team came forward to help the needy and the underprivileged during the pandemic, and the organization has been proactive in supporting people who have lost their livelihoods.

     ELF Team has gone an extra mile by initiating the distribution of food kits consisting of 8 items during the National Lockdown under Mission Anna Seva.

Elecon came forward for serving both lunch as well as dinner at door step to all Elecon's employees as well as their family who are infected with covid virus and continues to provide same facility until the situation become normal as part of the mission-COVID Suraksha.

- Education – Elecon continued providing support for education during the COVID-19 pandemic. Elecon facilitated the economically weaker but meritorious students by giving out full scholarship which included fees and expenses towards their boarding and lodging. 15 students in each academic year are awarded this scholarship, so on a rolling basis now Elecon gives this scholarship to 60 students.
- Healthcare - COVID-19 Relief – Our dedicated team continuously tries to study and understand the needs of the society and proposes areas where it can effectively collaborate with society at large for a better future.

  Though not obligatory, COVID insurance scheme was provided to all the contractual/support persons. This helped hundreds of persons to mitigate their financial stress in case they are affected by the pandemic.

  ELECON came forward and provided substantial monetary support to Shri Krishna Hospital, Karamsad, and Gujarat during the 2nd wave of CODIV-19 which was utilized for treatment of critical COVID patients, equipment's like beds, ventilators, health monitors, Centralized Oxygen supply system and PPE Kits to the COVID patients. Such timely support was welcomed by hospital, frontline health warriors, patients and their families from rural villages.

  Further, the Company through its B. I. Patel Charitable Trust and I. B. Patel Charitable Trust takes various initiatives in the area including above said areas and also conservation of environment.

  The Company is committed to equal opportunity in its employment practices. The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

Principle 5: Promoting human rights

1. ***Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?***

   The Company's policy on human rights covers the entire Elecon Group.

2. ***How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?***

   During the year under review, the Company did not receive any such complaint.

Principle 6: Protecting the environment

1. ***Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others?***

   The Company's policy on Principle 6 covers the entire Elecon Group. And the same is also extended to the key materials Suppliers and Contractors of the Company.

2. ***Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.***

   No.

3. ***Does the Company identify and assess potential environmental risks?***

   Yes. Environment Risk is assessed from the design stage of the project & adequate steps are taken to reduce environmental impact at construction & operational stage.

4. ***Does the Company have any project related to Clean Development Mechanism?***

   No.

5. ***Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. (provide hyperlink)?***

   The Company has taken various initiatives on conservation of energy and technology absorption as mentioned in Annexure D to the Board's Report.

   https:/www.elecon.com/Investors/Financial-Reports.

6. ***Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?***

   Yes, quarterly monitored by approved third party and are within the permissible limits given by Gujarat Pollution Control Board.

7. ***Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.***

   Nil.

Principle 7: Responsible policy advocacy

1. ***Is the Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:***

   The Company is a member of various trade bodies and chamber of associations inter alia:-

   1. Confederation of Indian Industry
   2. Federation of Gujarat Industries
   3. Gujarat Chamber of Commerce & Industry
   4. Central Gujarat Chamber of Commerce & Industry
   5. Indo-German Chamber of Commerce
   6. EEPC India
   7. Vitthal Udyognagar Industries Association
   8. Indian Institute of Materials Management

2. ***Has the Company advocated/lobbied through above associations for the advancement or improvement of public good?***

   Yes. The Company has advocated on various areas concerning economic reforms, best practices, new standards or regulatory development pertaining to engineering industry through the associations, from time to time.

Principle 8: Supporting inclusive development

1. ***Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?***

   Elecon group of companies has been an organization that marches forward with a vision of philanthropy since its inception days. Elecon Group has established, nurtured and promoted Non-Profit Organisations I. B. Patel Charitable Trust and B. I. Patel Charitable Trust focussing on three major areas – Education, Healthcare and Rural Development.

   The Elecon Group has been providing gainful employment opportunities to the local population from in and around the manufacturing facilities.

2. ***Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?***

   Elecon Group of Companies takes on its CSR largely through two dedicated wings; namely EL-Care and Elecon Ladies Forum (ELF) under B. I. Patel Charitable Trust and I. B. Patel Charitable Trust. Guided under the able leadership of Shri Prayasvin Patel (Group CMD) and Smt. Taruna Patel (CEO - Emtici Engineering Limited), Elecon benevolently participates towards the betterment of society through several small and large initiatives. The Company has taken numerous initiatives with a focus on uplifting the underprivileged and marginalized section of the society in the areas of health and sanitation, nutrition, education, etc.

3. ***Have the Company done any impact assessment of Company's initiative?***

   Yes. Every year the impact of its program in terms of desired benefits to the target group are gauged. The findings are used for designing future CSR program in an effective and impactful manner.

4. ***What is the Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?***

   The details are mentioned in the Annexure-D of the Board's Report.

5. ***Have the Company taken steps to ensure that this community development initiative is successfully adopted by the community?***

   The Company conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken.

Principle 9: Providing value to customer

1. ***What percentage of customer complaints/ consumer cases is pending as on the end of financial year?***

   Nil

2. ***Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)***

   Yes. Some additional technical details relating to the Product are displayed on the most of the products' labels, which are over and above the mandated as per local laws.

3. ***Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?***

   No.

4. ***Did the Company carry out any consumer survey/ consumer satisfaction trends?***

   The Company conducts satisfaction survey once in every two years.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance is a creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. Securities and Exchange Board of India (SEBI) has been continuously fine tuned and upgraded the standards of Corporate Governance applicable to the Indian Companies.

At Elecon Engineering Company Limited (ELECON), it is imperative that our Company affairs are managed in a fair and transparent manner. We ensure that we evolve and follow the corporate governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the governance of the Company. Comprehensive Corporate Governance is critical to enhance and retain trust of the stakeholders. The Board of Directors of the Company fully supports Corporate Governance practices of the Company with appropriate checks and balances at right places and at right intervals.

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

1. BOARD OF DIRECTORS

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

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

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

Composition

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. The Board currently as on March 31, 2021; comprises 6 (Six) Directors out of which 5 (Six) Directors (83%) are Non-Executive Directors.

The Company has an Executive Chairman and 3 (three) Independent Directors including 1 (one) Woman Director comprising more than half (50%) of the total Board strength. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of the stakeholders and the Company.

In terms of Regulation 17(A) of the Listing Regulations, none of the Directors of the Company serves as an Independent Director in more than 7 (Seven) listed entities. Moreover, none of the Directors on the Company's Board is a Member of more than 10 (ten) Committees or act as Chairman of more than 5 (five) Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all the Companies in which he or she is a Director pursuant to the Regulation 26 of Listing Regulations. Necessary disclosures have been made by each Director.

The composition & category of Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2021 are as under:

Name and Designation of Director(s) (DIN)	Category	No. of other Directorships held	No. of Board Committees in which Chairman / Member		List of Directorship held in Other Listed Companies and Category of Directorship
			Chairman	Member	
Shri Prayasvin B. Patel Chairman & Managing Director (DIN : 00037394)	Non-Independent & Executive Director	9	--	--	Eimco Elecon (India) Limited - Executive Director
Shri Prashant C. Amin (DIN : 01056652)	Non-Independent & Non-Executive Director	2	1	--	Eimco Elecon (India) Limited - Non-Executive - Nominee Director
Shri Pradip M. Patel (DIN : 00012138)	Non-Independent & Non-Executive Director	2	--	2	Eimco Elecon (India) Limited – Non-Executive - Non Independent Director, Chairperson
Shri Jal R. Patel (DIN : 00065021)	Independent & Non-Executive Director	3	1	2	1. Gujarat Gas Ltd. - Non-Executive - Independent Director 2. Munjal Auto Industries Limited - Non-Executive - Independent Director
Shri Jai S. Diwanji (DIN : 00910410)	Independent & Non-Executive Director	1	--	2	Nesco Limited - Non-Executive - Independent Director
Dr. Sonal V. Ambani (DIN : 02404841)	Independent & Non-Executive Director	4	--	2	Acrysil Limited - Non-Executive - Independent Director

Notes:

1. The Directorships held by the Directors, as mentioned above, excludes directorships held in the Company, alternate directorships, directorships in foreign companies, Section 8 Companies and private limited companies which are not the subsidiaries of public limited companies.
2. Represents Membership / Chairmanship of two Committees viz. Audit Committee and Stakeholders Relationship Committee (excluding the Committees of the Company) as per Listing Regulations.
3. Relationship between the Directors - As on March 31, 2021, none of the Directors of the Company were related to each other except Shri Pradip M. Patel, who is Shri Prayasvin B. Patel's Sister's husband.
4. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the Management.
5. Video / teleconferencing facilities are used as and when required to facilitate Directors at other locations to participate in the meetings.

BOARD MEETINGS AND PROCEDURES

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

i. The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused discussions at the meeting. To address specific urgent need, meetings are also being called at shorter notice. The Board and Committees thereof are also authorized to pass resolution by circulation for all such matters, which are of utmost urgent nature.

ii. Where it is not practicable to attach any document or the agenda is of confidential nature, the same is placed on the table with the permission of the Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. In order to transact some urgent business which may come after circulation of agenda papers, the same is placed before the Board by way of Table Agenda or Chairman's Agenda. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

iii. The agenda papers are prepared by the Company Secretary and submitted to the Chairman and Managing Director for his approval. Duly approved agenda papers are circulated amongst the Board Members by the Company Secretary.

iv. Detailed presentations are made at the Board / Committee meetings covering finance, major business segments and operations of the Company and on auditors reports before approving the quarterly/half yearly/annual financial results of the Company.

v. As per the convenience of the Members of the Board, the Board Meetings are usually held at the Company's registered office at Vallabh Vidyanagar, Dist. Anand.

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

vii. The Companies Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in Board/Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors in compliance of Companies Act, 2013 and Listing Regulations.

viii. Post Meeting Follow Up System: The Company has an effective post Board Meeting follow up procedure. Action Taken Report on the decisions taken in a meeting is placed at the next meeting for information of the Board.

(B) Recording minutes of proceedings at the Board Meeting

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

(C) Compliance

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

BOARD MEETINGS

During the year 2020-21, 4 (Four) Board Meetings were held on June 26, 2020, August 11, 2020, November 06, 2020 and February 9, 2021. The Company has held at least one Board Meeting in every quarter and the gap between two Board Meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings. Leave of absence was granted to concerned Directors upon request who could not attend the respective Board Meeting. In view of Covid-19 pandemic all these Board Meetings were held in video conferencing / other audit-visual mode as allowed under MCA Circular No. 20/2020 dated May 5, 2020 and SEBI SEBI/HO/CFD/CMD1/ CIR/P/2020/79 May 12, 2020.

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

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

* During the year under review, Shri Chirayu R. Amin resigned with effect from August 10, 2020 as an Independent Director to the Company.

During the year under review, the Circular Resolution is passed by the Board of the Directors of the Company on October 08, 2020.

Securities held by Non-Executive Directors in the Company as on March 31, 2021.

Name of Director	No of Equity shares held	No of convertible instruments held
Shri Jai S. Diwanji	28,050	Nil
Shri Pradip M. Patel	43,161	Nil
Shri Prashant C. Amin*	37,675	Nil

Shri Prashant C. Amin ceased to be an Executive Director on expiry of his term as on May 31, 2020 and continued as a Non-Executive Director of the Company w.e.f. June 1, 2020.

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

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

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

(E) Appointment of Independent Directors

During the year under review, the Board has recommended the appointment of Shri Pranav C. Amin for 5 years as an Independent Director with effective from May 27, 2021. And the same is placed in the Notice of the 61st Annual General Meeting of the Company being the part of this Annual Report.

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

The terms and conditions of appointment of Independent Directors are uploaded on the website of the Company and can be accessed through weblink **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/LOA-independent-directors-terms-conditions.pdf**.

(F) Separate meeting of Independent Directors

Separate meeting of Independent Directors was held on February 26, 2021 to evaluate the performance of Non-Independent Directors and the Board as a whole as well as the performance of the Chairman of the Company.

(G) Familiarization Programme for Independent Directors

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

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

The Board comprises with highly qualified members possessing required skills, expertise and competence in making effective contributions towards the growth of the company. Leadership, operational experience, strategic planning, industry experience, research & development, innovation, consumer insights, marketing, supply chain management and branding are the key core skill / expertise / competence, in the context of the company's business apart from governance, finance, taxation and regulatory affairs functions. In the opinion of the Board, these skills are available with the board and the following chart / matrix depicts the aforesaid skills/expertise/competence possessed by the board as on March 31, 2021.

Sr. No.	Skills / expertise / competencies	Shri Prayasvin B. Patel	Shri Prashant C. Amin	Shri Pradip M. Patel	Shri Jal R. Patel	Shri Jai S. Diwanji	Smt. Sonal V. Ambani
1	**Qualification & Knowledge:** (a) Degree holder in relevant disciplines (e.g. management, finance, engineering, marketing, legal etc.);	✓	✓	✓	✓	✓	✓
	(b) Knowledge to understand the Company's business (including its mission, vision & values), strategic plans, goals, policies and major risk factors as well as threats & opportunities.	✓	✓	✓	✓	✓	✓
2	**Experience** (c) Experience of management in a diverse organisation	✓	✓	✓	✓	✓	✓
	(d) Experience in finance, administration, corporate and strategic planning, sales & marketing etc.	✓	✓	✓	✓	✓	✓
	(e) Demonstrable ability to work effectively with a Board of Directors	✓	✓	✓	✓	✓	✓
	(f) Experience in Corporate Strategic Decision Making to achieve the goals and mission	✓	✓	✓	✓	-	✓
3	**Skills** (g) Excellent interpersonal, communication and representational skills	✓	✓	✓	✓	✓	✓
	(h) Financial Skills, Technical or other relevant Professional Skills	✓	✓	✓	✓	✓	✓
	(i) Demonstrable leadership skills	✓	✓	✓	✓	✓	✓
	(j) Extensive team building and management skills	✓	✓	✓	✓	✓	✓
	(k) Strong influencing and negotiating skills	✓	✓	✓	✓	✓	✓
	(l) Having continuous professional development to refresh knowledge and skills	✓	✓	✓	-	✓	✓
4	**Abilities and Attributes** (m) Commitment to high standards of ethics, personal integrity and probity	✓	✓	✓	✓	✓	✓
	(n) Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace	✓	✓	-	✓	✓	✓
	(o) Attributes & Competencies to function well as team members and to interact with the key stakeholders	✓	✓	✓	✓	✓	✓
	(p) Social Responsibilities towards Society at large.	✓	✓	✓	✓	✓	✓

(I) Certification from Company Secretary in Practice

The Company has received a certificate from M/s. Kiran Vaghela & Associates, Practicing Company Secretaries, as required under the Listing Regulations, confirming that none of the Directors on Board of the Company has debarred or disqualified from being appointed or continuing as a director of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

(J) Code of Conduct

The Board of Directors of the Company has laid down a "Code of Conduct" for all Board Members including Independent Directors and Members of Senior Management of the Company. The Code of Conduct is posted on the website of the Company and can be accessed through weblink **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Code-of-Conduct.pdf**. The Board Members (including Independent Directors) and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2021.

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

(K) Prevention of Insider Trading Code

The Board of Directors of the Company have also amended the policy on the Code of Conduct for Prevention of Insider Trading & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020 as posted on the website of the Company and can be accessed through weblink **https:/www.elecon.com/views/templates/admin-uploads/Investors/Trading-Window/2020-2021/Elecon_Code_of_Conduct_of_Prevention_of_Insider_Trading_and_Code_of_Fair_Disclosure_of_UPSI_2020_2021.pdf**.

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

(L) Whistle Blower Policy

The Company has in place a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior / practices. Employees use this channel to report concerns related to discrimination, retaliation and harassment and are assured of complete anonymity and confidentiality. During the year under review, no such cases were reported.

The detail of such mechanism is communicated to all the directors and employees and the Whistle Blower Policy is also uploaded on the website of the Company and can be accessed through weblink **https:/www.elecon.com/views/templates/admin-uploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy-2019.pdf.**

(M) CEO / CFO Certificate

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

(N) Policy for Determining Material Subsidiary

The Company has adopted policy for determining material subsidiaries and material non-listed subsidiary of the Company to provide the governance framework for them. The Company's policy on "Material Subsidiary" is placed on the Company's website and can be accessed through weblink **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Policy-on-Determining-Material-Subsidiary-2020.pdf**. For financial year 2020-21, the Conpany does not any material Subsidiary Company.

(O) Policy for Determining Materiality for Disclosures

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations, which is available on our website **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Policy-on-Determination-of-Materiality-of-Events-2017.pdf**. The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of material event and information on an ongoing basis.

2. COMMITTEES OF BOARD

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

As on date, the Board has established the following committees.

A. Audit Committee

B. Nomination and Remuneration Committee

C. Stakeholders Relationship Committee
D. Corporate Social Responsibility (CSR) Committee
E. Risk Management Committee
F. Management Committee

A. Audit Committee

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

The terms of reference and role of the Audit Committee is in accordance with the amendments to Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The terms of reference of the Audit Committee inter alia include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and Auditor's report thereon before submission to the board for approval, with particular reference to:
    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013
    b) Changes, if any, in accounting policies and practices and reasons for the same
    c) Major accounting entries involving estimates based on the exercise of judgment by management
    d) Significant adjustments made in the financial statements arising out of audit findings
    e) Compliance with listing and other legal requirements relating to financial statements
    f) Disclosure of any related party transactions
    g) 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 thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

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

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

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

26.06.2020	11.08.2020	06.11.2020	09.02.2021

Attendance at Audit Committee Meetings:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Jal R. Patel	4	4
Shri Pradip M. Patel	4	4
Shri Jai S. Diwanji	4	4
Dr. Sonal V. Ambani	4	4

In view of Covid19 pandemic exists throughout the year, all these Committee meetings were held through video conference mode as allowed under MCA Circular No.20/2020 dated May 5, 2020 and SEBI SEBI/HO/CFD/CMD1/CIR/P/2020/79 May 12, 2020.

The CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meetings and attended & participated at the meetings of the Committee. The Company Secretary of the Company acts as the Secretary of the Committee. The Chairman of the Audit Committee attended the last Annual General Meeting (AGM) held on September 24, 2020.

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

B. Nomination and Remuneration Committee

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

Terms of reference of Nomination and Remuneration Committee as amended by the Board are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every Director’s performance.
5. Review the whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

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

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

The Nomination and Remuneration Committee met once on June 26, 2020 during the last financial year through video conference mode as allowed under MCA Circular No.20/2020 dated May 5, 2020 and SEBI SEBI/HO/CFD/CMD1/CIR/P/2020/79 May 12, 2020.

Attendance at Nomination and Remuneration Committee Meetings:

Name of Members	No. of Meeting Held During the tenure of Membership	No. of Meeting Attended
Shri Jai S. Diwanji	1	1
Shri Pradip M. Patel	1	1
Shri Jal R. Patel	1	1
Dr. Sonal V. Ambani	1	1

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

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

(I) Nomination & Remuneration Policy

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company, which is uploaded on the website of the Company **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-The-Nomination-and-Remuenration-Policy-2019.pdf**.

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

The Company's remuneration policy is driven by the success and performance of the managerial personnel. While reviewing the remuneration of managerial personnel, Key Managerial Personnel (KMPs) and other senior officials, the Committee takes into account the following:

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

(II) Performance Evaluation:-

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

- Leadership & stewardship abilities;
- Contributing to clearly defined corporate objectives & plans;
- Communication of expectations & concerns clearly with subordinates;
- Obtain adequate, relevant & timely information from external sources;
- Review & approval achievement of strategic and operational plans, objectives, budgets;
- Regular monitoring of corporate results against projections;
- Identify, monitor & mitigate significant corporate risks;
- Assess policies, structures & procedures;
- Direct, monitor & evaluate KMPs, senior officials;

- ➢ Review management's succession plan;
- ➢ Effective meetings;
- ➢ Assuring appropriate board size, composition, independence, structure;
- ➢ Clearly defining roles & monitoring activities of committees; and
- ➢ Review of corporation's ethical conduct.

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

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

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

(III) Remuneration of Directors

a. Non-Executive Directors

The Company will pay commission on annual basis at ₹ 6,00,000/- to each Non-Executive Directors for the financial year ended on March 31, 2021. The Non-Executive Directors do not draw any remuneration from the Company other than the commission and sitting fees. The Board of Directors of the Company in its meeting held on May 27, 2021, has revised the sitting fees payable to each Non-Executive Director at the rate of ₹ 30,000/- for attending each Board Meeting & Audit Committee Meeting, ₹ 12,000/- for Management Committee and Independent Directors Meeting, ₹ 10,000/- for Nomination & Remuneration Committee Meeting, ₹ 6,000/- for Committee Meetings. The details of sitting fees & commission paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2020-21, are as under:

(INR in Lakhs)

Name of Directors	Sitting fees for 2020-21	Commission on Annual basis for the year 2020-21	Total
Shri Pradip M. Patel	2.27	6.00	8.27
*Shri Chirayu R. Amin	0.25	--	0.25
Shri Jal R. Patel	2.27	6.00	8.27
Shri Jai S. Diwanji	2.27	6.00	8.27
Dr. Sonal V. Ambani	2.12	6.00	8.12
**Shri Prashant C. Amin	1.05	6.00	7.05

Note: The above Sitting Fees excludes re-imbursement of the expenses incurred by Directors to attend the Meetings.

*Shri Chirayu R. Amin resigned with effect from August 10, 2020 as an Independent Director of the Company.

** Shri Prashant Amin ceased to be an Executive Director and KMP of the Company with effect from closing of business hours of May 31, 2020 and is a Non-Independent Non-Executive Director of the Company with effect from June 1, 2020.

b. Executive Directors

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

The remuneration paid to the Chairman & Managing Director and Executive Director by the Company for the financial year 2020-21 is as follow:

(INR in Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel	308.94	4.46	--	**313.40**
Shri Prashant C. Amin#	34.06	4.24	--	**38.30**

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

Above mentioned payment is made till May 31, 2020 to Shri Prashant C. Amin as an Executive Director of the Company.

The payment of aforesaid remuneration is within the permissible limits of the Companies Act, 2013 as approved by Board and Shareholders.

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

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

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

C. **Stakeholders Relationship Committee**

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

Terms of Reference:

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

The Board revised the role/functions of the Committee as per the amendments in the Listing Regulations as under:

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

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

The present composition of Stakeholders Relationship Committee is as under:

Name of Members	Designation	Category
Shri Jal R. Patel	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Jai S. Diwanji	Member	Independent & Non-Executive Director

The Stakeholders Relationship Committee met Four times on the following dates during the last financial year through video conference mode as allowed under MCA Circular No.20/2020 dated May 5, 2020 and SEBI SEBI/HO/CFD/CMD1/ CIR/P/2020/79 May 12, 2020:

26.06.2020	11.08.2020	06.11.2020	09.02.2021

Attendance at Stakeholders Relationship Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meeting Attended
Shri Jal R. Patel	4	4
Shri Pradip M. Patel	4	4
Shri Jai S. Diwanji	4	4

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

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

Redressal of Investor Grievances

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

During the year under review, a total of 8 investors' complaints were received and resolved pertaining to Equity Shares of the Company. There was no unattended or pending investor grievance as on March 31, 2021. No queries/complaints received pertaining to Non-Convertible Debentures of the Company during the year under review.

D. Corporate Social Responsibility (CSR) Committee

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

The present composition of CSR Committee as on March 31, 2021 is as under:

Name of Members	Designation	Category
Dr. Sonal V. Ambani	Chairperson	Independent & Non-Executive Director
Shri Prayasvin B. Patel	Member	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Non-Executive Director

The CSR Committee met once during the Financial Year on June 26, 2020 through video conference mode as allowed under MCA Circular No.20/2020 dated May 5, 2020 and SEBI SEBI/HO/CFD/CMD1/CIR/P/2020/79 May 12, 2020.

Attendance at CSR Committee Meeting:

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

The Company Secretary acts as a secretary to the Committee.

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

E. Risk Management Committee

Even though it is not mandatory, your Company has constituted a Risk Management Committee. The Committee laid down the procedures to inform the Board about the risk assessment and its mitigation. During the year under review, the Risk Management Committee comprises of the following persons:

Name of Members	Designation	Category
Shri Prayasvin B. Patel	Chairman	Chairman & Managing Director
Shri Prashant C. Amin	Member	Director
Shri Aayush Shah	Member	Authorised Person
Shri M. M. Nanda	Member	Head (Gear Division)

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

16.06.2020	07.08.2020	29.10.2020	02.02.2021

However, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, it is mandatory for top 1000 Listed Companies to constitute the Risk Management Committee consisting of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director.

The provision of the abovesaid Regulations stipulates the following:

1. The Chairperson of the Risk management Committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.
2. The risk management committee shall meet at least twice in a year.
3. The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including atleast one member of the board of directors in attendance.
4. The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.
5. The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.
6. Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II.
7. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Until aforesaid amendments, constitution of the Risk Management Committee of the Company was not mandatory. Now, in compliance with the aforesaid amendments, the Risk Management Committee is re-constituted by the Board of Directors at their mitting held on May 27, 2021.

The Risk Management Committee comprises of the following persons:

Name of Members	Designation	Category
Shri Jai S. Diwanji	Chairman	Independent & Non-Executive Director
Shri Prayasvin B. Patel	Member	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Non-Executive Director
Shri M. M. Nanda	Member	Head (Gear Division)
Shri P. K. Bhasin*	Member	Head (MHE Division)

*Shri Pravin Kumar Bhasin is appointed as a Head (MHE Division) w.e.f. May 27, 2021.

F. Management Committee:

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

Name of Members	Designation	Catagory
Shri Prayasvin B. Patel	Chairman	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Non-Executive Director
Shri Jal R. Patel	Member	Independent & Non-Executive Director
Shri. Jai S. Diwanji	Member	Independent & Non-Executive Director

During the year under review no meeting of the management committee was held.

3. GENERAL BODY MEETINGS:

A. GENERAL MEETING

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

Year	Location	AGM/ EGM	Date	Day	Time	No. of Special Resolution(s) Passed
2017-18	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	26-09-2018	Wednesday	02.00 p.m.	2
2018-19	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	EGM	30-03-2019	Saturday	11.00 a.m.	2
2018-19	Elecon Engineering Co. Ltd. Audio Visual Hall, Eimco Elecon Building, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	17-09-2019	Tuesday	10.00 a.m.	1
2019-20	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	24-09-2020	Thursday	10.00 a.m.	2

Postal Ballot

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

Special resolutions proposed to be conducted through Postal Ballot

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot. Any Special resolutions by way of Postal Ballot, if required to be passed in the future, will be decided at the relevant time.

Procedure for Postal Ballot

The procedure for Postal Ballot shall be as per the provisions contained in this behalf in the Companies Act, 2013 and Rules made there under, viz., Companies (Management and Administration) Rules, 2014 and any amendments thereof from time to time. Electronic voting facility has been provided to all members, to enable them to cast their votes electronically. The Company engaged the services of Link Intime India Private Limited for the purpose of providing e-voting facility to all its members.

Subsidiary Companies

The Company has 11 Direct & Indirect Subsidiary Companies. The subsidiaries of the Company function with an adequately empowered Board of Directors and sufficient resources. For more effective governance, the Company monitors performance of subsidiary companies, inter alia, by following means:

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

b) Minutes of meetings of Board of Directors of the unlisted subsidiary Company be placed before the Board of the Company regularly. For the financial year under review, the Company does not have any material unlisted subsidiary Company.

c) A statement, wherever applicable, of all significant transactions and arrangements entered into by the Company's subsidiaries is presented to the Board of the Company at its meetings. The risk factors and project reports of the Subsidiary Companies are also reviewed by the Audit Committee of the Company.

Related party transactions

Full disclosure of related party transactions in compliance with Indian Accounting Standard – 24 notified by the Ministry of Corporate Affairs are given in the Notes to Financial Statements. All contracts or arrangements with related parties, entered during the financial year were at arm's length basis and in the ordinary course of the Company's business as defined under the Act and Regulation 23 of the Listing Regulations. There were no materially significant related party transaction during the financial year which were in conflict with the interest of the Company.

The amended policy on Related Party Transactions as approved by the Board of Director's at its meeting held on October 22, 2019 is uploaded on the Company's website at **https:/www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-Related-Party-Transactions-Policy-2020.pdf**.

Details of Non-Compliance by the Company and penalties, strictures imposed on the Company by the Stock Exchange, SEBI or any Statutory Authorities on any matter related to capital market during the last three years.

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to Capital Market during the last three years.

All Returns/Reports were filed within stipulated time with Stock Exchanges/other authorities.

No penalties or strictures were imposed by SEBI, Stock Exchanges or any Statutory Authorities for any matter relating to Capital Market during the last three years.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Indian Accounting Standard notified by the Ministry of Corporate Affairs. The significant accounting policies applied in preparation and presentation of financial statements has been set out in the Notes to Financial Statements.

Dividend History

Year	Rate (%)	Per Share (₹)	Amount (INR in Lakhs)
2012-2013	50%	1.00	1,089.36
2013-2014	50%	1.00	1,089.36
2014-2015	55%	1.10	1,198.29
2015-2016	55%	1.10	1,198.29
2016-2017	25%	0.50	561.00
2017-2018	10%	0.20	224.40
2018-2019	10%	0.20	224.40
2019-2020	Nil	Nil	Nil
2020-2021*	20%	0.40	448.80

*Subject to the approval by the members at the 61st AGM.

Stock Options / Convertible instruments

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

Green Initiative

Electronic copies of the Annual Report 2020-21 and the Notice of the 61st Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participant(s).

4. MEANS OF COMMUNICATION

a) Quarterly, Half-yearly and Annual Results:

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

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

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

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

5. GENERAL SHAREHOLDER INFORMATION

a) **Annual General Meeting**

Date and Time	:	Friday, August 6, 2021 at 4.00 p.m. IST
Venue	:	Through Video Conferencing, ('VC')/Other Audio Visual means ('OAVM') The place of the meeting deemed to be the Registered Office of the Company at Vallabh Vidyanagar - 388120, Dist. Anand, Gujarat.

b) **Financial Calendar** : April 01 to March 31

c) **Date of Book Closure** : Saturday, July 24, 2021 to Friday, August 6, 2021 (both days inclusive).

d) **Dividend Payment Date** : Credit/dispatch of Dividend Warrants on or after Thursday, August 12, 2021.

e) **Listing on Stock Exchange** :

Securities	Name & address of the Stock Exchanges and Stock Code
Equity Shares	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 (Stock Code: 505700)
	The National Stock Exchange of India Limited (NSE), "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. (Stock Code: ELECON)
Non-Convertible Debentures	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. (Stock Code: 505700)

The Company has paid the Annual Listing fees to the Stock Exchanges for the Financial Year 2020-21.

f) **Demat ISIN in NSDL and CDSL**

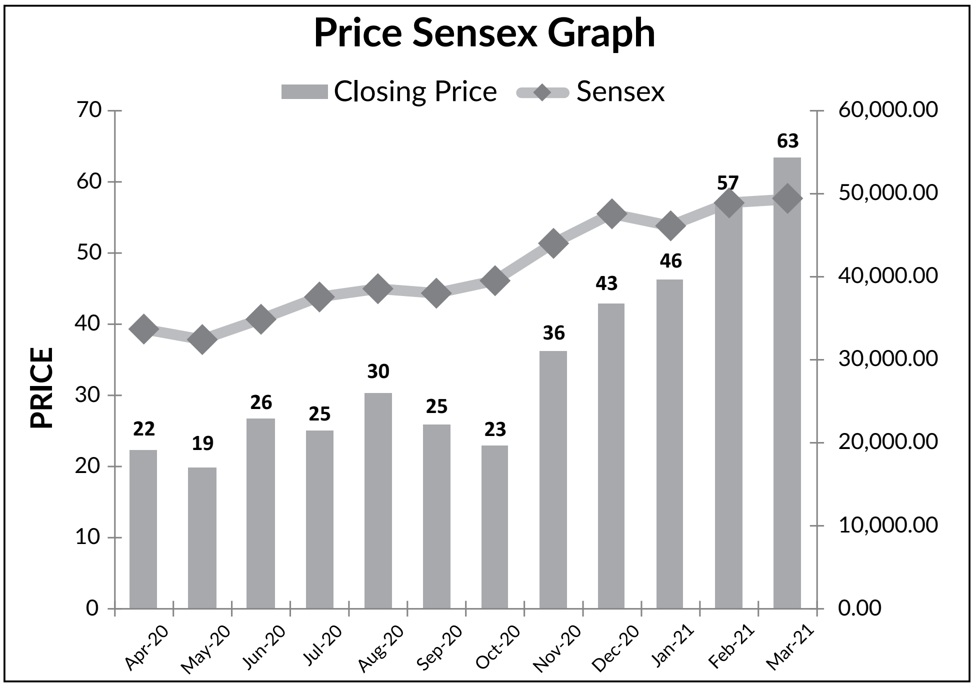
- For Equity Shares: INE 205B01023

- For Non-Convertible Debentures: Series I - INE205B07046
Series II - INE205B07038

g) **Stock Market Price Data** : Monthly share price movement during the year 2020-21 at BSE & NSE

Months	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2020	25.40	17.40	3,87,045	25.65	17.70	14,92,398
May – 2020	22.15	18.40	3,64,331	21.85	18.30	16,23,766
June – 2020	30.80	19.00	6,70,860	30.60	19.25	41,38,171
July – 2020	30.85	23.90	11,34,337	31.00	23.30	42,82,431
August – 2020	36.60	24.05	22,48,530	36.80	24.00	68,33,660
September – 2020	31.30	24.40	4,99,842	31.40	24.25	43,02,364
October – 2020	26.25	21.95	3,42,397	26.70	22.35	21,29,508
November – 2020	36.55	21.50	11,52,776	36.60	21.45	83,02,049
December – 2020	44.50	32.00	35,94,530	44.60	30.05	1,45,96,069
January – 2021	56.70	41.05	24,71,278	56.75	41.10	1,82,64,943
February – 2021	60.20	45.40	20,96,247	60.25	45.15	1,58,98,178
March – 2021	69.50	53.65	18,73,022	69.55	53.55	1,65,51,588

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



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

The Company has appointed following R & T Agent for Physical Transfer & Demat of the Shares and Non-convertible Debentures:

M/s. Link Intime India Pvt. Ltd.
B-102/103, Shangrila Complex,
1st Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020
Email: vadodara@linkintime.co.in
Phone: 0265-2356573, 6136000,
Fax.: 0265-2356791
Contact Person: Shri Alpesh Gandhi

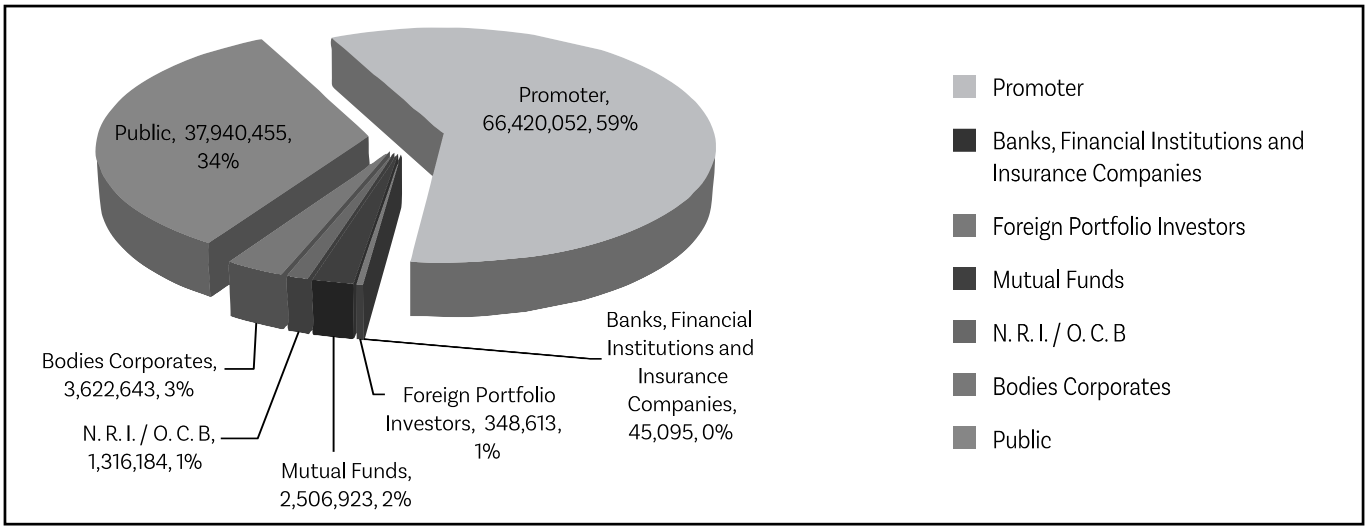
Shareholders are requested to correspond directly with the R & T Agent for transfer / transmission of shares, change of address, queries pertaining to their shares, dividend etc.

i) **Share Transfer System:**

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

j) **Shareholding Pattern as on March 31, 2021**

Category	No. of Shares held	(%) of total
Promoters	6,64,20,052	59.20
Banks, Financial Institutions and Insurance Companies	45,095	0.04
Foreign Portfolio Investors	3,48,613	0.31
Mutual Funds	25,06,923	2.23
N.R. I. / O.C. B.	13,16,184	1.17
Bodies Corporate	36,22,643	3.23
Public	3,79,40,455	33.82
TOTAL	**11,21,99,965**	**100.00**



Shareholding Pattern

k) **Distribution of Shareholding as on March 31, 2021**

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	35121	80.7899	5694310	5.08
501 - 1000	3930	9.0403	3246959	2.89
1001 - 2000	2098	4.8261	3189270	2.84
2001 - 3000	729	1.6769	1899883	1.69
3001 - 4000	360	0.8281	1295558	1.15
4001 - 5000	311	0.7154	1466218	1.31
5001 - 10000	476	1.0950	3510131	3.13
Above 10001	447	1.0282	91897636	81.91
TOTAL	**43472**	**100.00**	**11,21,99,965**	**100.00**

l) **Dematerialization of Shares and Liquidity**

As on March 31, 2021, 11,04,96,965 Shares were in dematerialized form representing 98.48% of total Shares. The Company's shares are traded on the BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai.

m) **Outstanding GDRs/ADRs/Warrants or any other convertible Instruments, conversion date and likely impact on equity as on March 31, 2021:**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on March 31, 2021.

n) **Unclaimed Dividend**

As per the provisions of Section 124 read with Section 125 of Companies Act, 2013, the Company is required to transfer the dividend remained unclaimed and unpaid for a period of seven years from the due dates to the Investor Education and Protection Fund (lEPF) set up by the Central Government. During the year, the unclaimed dividend pertaining to the financial year 2012-13 has been transferred to the Investor Education & Protection Fund.

Here below are the proposed dates for transfer of the unpaid dividend to IEPF by the Company.

Financial Year	Date of declaration	Proposed date for transfer to IEPF*	**Amount** (INR in Lakhs) **lying unpaid as on 31.03.2021**
2013-2014	04-08-2014	03-09-2021	13.24
2014-2015	14-08-2015	13-09-2022	20.60
2015-2016	26-07-2016	25-08-2023	19.45

2016-2017	03-08-2017	02-08-2024	10.25
2017-2018	26-09-2018	30-10-2025	3.67
2018-2019	17-09-2019	21-10-2026	2.99
**2019-2020	-	-	-
Total amount lying unpaid as on March 31, 2021			**70.20**

* Indicative dates, actual dates may vary.

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

o) **NECS Facilities**

The Company uses National Electronic Clearing Services (NECS) for remitting dividend to shareholder wherever available. NECS operates on new and unique bank account number allotted by the banks post implementation of Core Banking Solutions (CBS). Members are requested to provide their new account number allotted to them by their irrespective banks after implementation of CBS to the Company in case shares are held physically and to the depository participants in respect of shares held by them in dematerialized form.

p) **Unclaimed Shares**

At the beginning of the year as on April 1, 2020 aggregate 68,305 Nos. (Sixty Eight Thousand Three Hundred Five) Equity Shares of ₹ 2/- each was lying unclaimed in Elecon Engineering Company Limited – Unclaimed Suspense Account. During the year under review, no claim has been received by the Company and total 5140 Nos. (Five Thousand One Hundred and Forty) Equity Shares of ₹ 2/- was transferred to IEPF authority demat account pursuant to IEPF rules. The closing balance of Unclaimed Suspense Account as on March 31, 2021 was 68,305 Nos. (Sixty Eight Thousand Three Hundred Five) Equity Shares of ₹ 2/- each and the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

q) **Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund (IEPF) Authority**

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

The Company is in compliance with the aforesaid provisions and the Rules made thereunder, transferred total 66,390 number of equity shares of 238 folios of which dividends had remained unpaid or unclaimed for a period of seven consecutive years or more, to the demat account of IEPF Authority.

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

r) **Plant Locations** : **Works**

1. Gear Division
   Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat
2. Material Handling Equipment Division
   Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat

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

Internet Website : **www.elecon.com**

Address for Correspondence:

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

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

6. **Credit Rating**

Following is the list of credit ratings obtained by the Company from Brickwork Ratings India Private Limited (BWR) during the Financial Year 2020-21:

Instrument Details	Amount (₹ in Crores)		Previous Rating (December, 2019)	Current Rating (December, 2020)
	Previous	Present		
Fund Based Working Capital	357.64	315.13	BWR A- (Pronounced as BWR A Minus) (Outlook - Stable)	BWR A- (Pronounced as BWR A Minus) (Outlook - Negative)
Non-Fund Based Working Capital	685.50	622.00		
Total Amount	**1043.14**	**937.13**		
Non-Convertible Debenture	**100.00**	**97.14**		

7. **COMPLIANCE WITH MANDATORY / DISCRETIONARY REQUIREMENTS**

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

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

- **The Board**

  The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company, since the Chairman of the Company is an Executive Director.

- **Shareholders rights**

  The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.

- **Modified opinion(s) in audit report**

  The Company's Standalone & Consolidated Financial Statements for the year ended on March 31, 2021 are with unmodified audit opinion.

- **Reporting of Internal Auditors**

  Internal Auditors report to the Audit Committee, Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

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

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

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

1. Number of Complaints received : Nil
2. Number of Complaints disposed off : Nil

9. **Debenture Trustee**

During the year under review, the Company had issued 1000, 12.25% Senior, Secured, Rated, Redeemable, Listed Non-Convertible Debentures on Private Placement basis. The details of Debenture Trustee are as under:

VISTRA ITCL (INDIA) LIMITED
The IL&FS Financial Centre, Plot C-22, G - Block, Bandra Kurla Complex,
Bandra East, Mumbai - 400 051.
Tel: +91 22 2659 3219
Fax: +91 22 2653 3297
Contact Person: Mr. Jatin Chonani
E-mail: itclcomplianceofficer@vistra.com
SEBI Reg No.: IND000000578

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

Details relating to fees paid to the Statutory Auditors are given in Note 33 to the Standalone Financial Statements and Note 34 to the Consolidated Financial Statements.

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

11. **The disclosures of the compliance with corporate governance requirements specified in Regulations 17 to 27 and Regulation 46(2)**

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

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, the Constitution of Risk Management Committee has been mandatory for top 1000 Listed Companies as per market capitalization as on March 31, 2021. However, the same has been re-constituted in compliance of the recent amendments and Regulation 21 being applicable to the Company.

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

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

CERTIFICATE ON COMPLIANCE WITH MANDATORY REQUIREMENTS OF CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by **Elecon Engineering Company Limited** (CIN: L29100GJ1960PLC001082) for the year ended on **March 31, 2021** as stipulated in Regulation 34(3) read with Para C and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanation given to us, the Company has complied with the conditions of the Corporate Governance as stipulated Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) read with Para C and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that in respect of investor grievance received during the year ended on **March 31, 2021**, no investor grievances are pending/unattended against the Company as per records maintained by the Company and presented to the Stakeholders Relationship Committee of the Company.

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

For **Kiran Vaghela & Associates**
Company Secretaries

Kiran Vaghela
Proprietor
C. P. No. : 18617
ICSI's UDIN : A039229C000380372

Place : Anand
Date : May 27, 2021

DECLARATION

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

I, Prayasvin B. Patel, Chairman and Managing Director of the Company, do hereby declare that all members of the Board of Directors (Including Independent Directors) and Senior Management Personnel of the Company have affirmed to exercise their authorities and powers and discharged their duties and functions in accordance with the requirement of the Code of Conduct as prescribed by the Company and have adhere to the provisions of the same, for the financial year ended on March 31, 2021.

For, Elecon Engineering Company Limited,

Prayasvin B. Patel
Chairman & Managing Director
DIN : 00037394

Place : Vallabh Vidyanagar
Date : May 27, 2021

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page no. 235 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Vadodara. **Postage for sending the form will be borne by the Company.**

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

To,
The Board of Directors
Elecon Engineering Company Limited
Vallabh Vidyanagar – 388 120

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

(a) We have reviewed financial statements and the cash flow statement for the financial year ended on March 31, 2021 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on March 31, 2021, which are fraudulent, illegal or violate of the Company's Code of Conduct or ethics policy.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee-

  (i) there are no significant changes in internal control over financial reporting during the financial year ended on March 31, 2021;

  (ii) there are no significant changes in accounting policies during the financial year ended on March 31, 2021 and that the same have been disclosed in the notes to the financial statements; and

  (iii) there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Elecon Engineering Company Limited,

Prayasvin B. Patel	**Narasimhan Raghunathan**
Chairman & Managing Director	Chief Financial Officer

Place : Vallabh Vidyanagar
Date : May 27, 2021

INDEPENDENT AUDITORS' REPORT

To,
The Members of
ELECON ENGINEERING COMPANY LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Elecon Engineering Company Limited ("the Company"), which comprise of the Standalone Balance Sheet as at March 31, 2021, the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under:

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

Key Audit Matters

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

Description of Key Audit Matters

Revenue Recognition – Long-term construction contracts

See Note 2 and 43 to the standalone Financial Statements.

The key audit matter	How the matter was addressed in our audit
A significant portion of Company's revenues arise from long-term construction contracts where revenue is recognised over time by measuring the progress towards complete satisfaction of the performance obligation using input method. The measurement of progress requires the Company to make estimates and judgements including total estimated contract costs, remaining costs to completion, and total estimated contract revenues along with contract risks. We identified measurement of revenue from long-term construction contracts as a key audit matter because the above estimation is inherently subjective and complex requiring significant judgements to be made by the Company.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluating the accounting policy for revenue recognition in terms of the relevant accounting standard; • Evaluating the design and implementation of the Company's key internal financial controls over revenue recognition and tested the operating effectiveness of such controls on selected transactions; • Selected a sample of long-term construction contracts on the basis of risk and volume. For these contracts we evaluated the terms of the contract and assessed the revenue recognised in accordance with relevant accounting standard by: – Evaluating the Company's estimates of the total contract costs, underlying risks involved and status of the projects. Verifying underlying documents like incurred cost reports, budgets, contracts signed, profitability assessment; – Verifying the allocation of incurred cost to individual contracts as assessed by those responsible for the projects, testing attribution of the cost to the period to which it relates and performing search for unrecorded liabilities;

Revenue Recognition – Long-term construction contracts (Contd...)

The key audit matter	How the matter was addressed in our audit
	– Challenging the Company's estimates in connection with remaining costs to completion by comparing the outcome of the contracts with previous estimates made for these contracts to assess the reliability of the Company's forecasting process; – Evaluating the Company's assessment for the stage of completion and any losses anticipated by comparing the forecasts with actuals; • Evaluated the appropriateness of disclosures in the standalone financial statements with reference to the relevant accounting standards.

Measurement of Expected Credit Loss on Trade Receivables (including retention monies)

See Note 2 and 12 to the standalone financial statements.

The key audit matter	How the matter was addressed in our audit
Evaluation of trade receivables for impairment requires exercise of judgement and involves consideration of various factors. These factors include customer's ability and willingness to pay the outstanding amounts, past due receivables, financial and economic difficulties of customers. This assessment is done for each group of customers resulting from possible defaults over the expected life of the receivables. Based on this assessment, credit loss rate is determined in provision matrix. The credit loss rate is based on the experience of actual credit losses over past years adjusted to reflect the current economic conditions and forecasts of future economic conditions. Based on such credit loss rate, the Company records expected credit loss (ECL) allowance for trade receivables. In view of this, we have considered measurement of ECL on trade receivables (including retention monies) as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluating the accounting policy for impairment of trade receivable (including retention monies) in terms of the relevant accounting standard; • Testing the design, implementation and operating effectiveness of the Company's key internal financial controls. These controls relate to measurement of ECL on trade receivables and retention monies. Evaluated monitoring related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses; • For a sample of past due receivables, selected on the basis of risk, ageing and volume, we examined the ageing of receivables, impairment losses provided/ reversed during the year and compared them to historical experience; • Evaluating the Company's assessment regarding credit worthiness of such customers and identification of the credit impaired customers; • Balance confirmation requests were circulated to some of the customers, selected basis random sampling; • We challenged the credit loss rate in the provision matrix by examining the information used to determine such rates. We evaluated the historical credit loss experience, current observable data and forward-looking outlook as prescribed in the relevant accounting standard; • Assessing the adequacy of the related disclosures in the standalone financial statements with reference to the relevant accounting standards.

Impairment – Investment in Radicon Transmission UK Limited (Wholly owned subsidiary)

See Note 2 and 6 to the Standalone Financial Statements.

The key audit matter	How the matter was addressed in our audit
The Company values its investments in Radicon Transmission UK Limited (a wholly owned subsidiary) at cost and adjusts for any impairment losses. The Company assesses at the end of each reporting period existence of any indication that the investment may be impaired. The recoverable amount of the investment is determined based on discounted cash flow projections. It uses several key assumptions including estimated future cash flows, EBIT margins, terminal growth rate and discount rate based on weighted average cost of capital. The assessment of impairment in respect of investment in the wholly owned subsidiary involves significant judgement and is dependent on external factors such as future market conditions and the economic environment. In view of this and the significance of this investment, we have identified it as a key audit matter.	In view of the significance of the matter, the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence: • Evaluated the accounting policy for impairment of investment in subsidiaries in terms of relevant accounting standards; • Evaluated the design and implementation of the Company's key internal financial controls over the impairment of investment in subsidiary and tested the operating effectiveness of such controls; • Assessing the discounted cash flow projections. We challenged the key assumptions such as revenue projections, discount rate and terminal growth rate and performed sensitivity analysis as these are the key assumptions which the valuation is most sensitive to; • Assessing the projections by comparing projections for previous and current financial year with the actual performance. We assessed the robustness of the overall budgeting process through deviations observed; • Involving valuation specialist to assist us in evaluating the valuation methodology used by the Company and key assumptions particularly relating to discount rate used; • Evaluating the adequacy of the related disclosures in the standalone financial statements with reference to relevant accounting standards.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) 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.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   Report on Other Legal and Regulatory Requirements

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B".

B) With respect to the other matters to be included in the Auditors' Report in accordance with

   Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements;

   ii) Provision has been made in the standalone financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. The Company has not entered into any derivative contracts - Refer Note 23 to the standalone financial statements;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act, except in case of one managerial person to whom excess remuneration aggregating to INR 21 lakhs was paid during the year. However, the said excess amount has been refunded by the managerial person as at March 31, 2021. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN : 21116240AAAABO6117

Place : Vallabh Vidyanagar
Date : May 27, 2021

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS – YEAR ENDED MARCH 31, 2021

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

(b) The Company has a programme of physical verification of its property, plant and equipment and investment properties by which all the items are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and the discrepancies were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment as disclosed in the standalone financial statements, are held in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has granted unsecured loans to a wholly owned foreign subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered under Section 189 of the Act:

a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act were not prejudicial to the Company's interest.

b) According to the information and explanations given to us, the loans granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act are repayable on demand. The borrower has been regular in repaying the principal amounts as demanded and in the payment of interest when due.

c) There is no overdue amount in respect of loans granted to the wholly owned foreign subsidiary company listed in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. Accordingly, compliance under Section 185 of the Act is not applicable to the Company. According to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans given and investment made.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income Tax, Customs Duty, Goods and Services Tax and other material statutory dues as applicable to the Company, have been generally regularly deposited during the year by the Company with the appropriate authorities, except in the case of Goods and Services Tax, where there have been a few delays. The Company is not having any dues in respect of Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' state insurance, Income Tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable. In respect of Provident Fund, as explained in Note 41 to the standalone financial statements, pending clarity on the matter, the Company is currently unable to determine the extent of arrears of such Provident Fund outstanding as at March 31, 2021 for a period of more than six months from the date they become payable and hence, we are unable to comment on such Provident Fund arrears, if any.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Goods and Services Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Appendix I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to the banks, financial institutions and dues to debenture holders during the year. The Company did not have any outstanding loans and borrowings to Government during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, no term loans were taken by the Company during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Company's management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / accrued for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, except in case of one managerial person to whom excess remuneration aggregating to INR 21 lakhs was paid during the year. However, the said excess amount has been refunded by the managerial person as at March 31, 2021.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Ind AS.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions within the meaning of section 192 of the Act, with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

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

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN : 21116240AAAABO6117

Place : Vallabh Vidyanagar
Date : May 27, 2021

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS – YEAR ENDED MARCH 31, 2021. (CONTINUED)

Appendix – I

Sr.	Name of Statute	Nature of Dues	Net Amount	Amount paid under protest	Period to which amount relates	Forum where the Dispute is pending
1	Finance Act, 1944	Service tax including penalty	2,809.99	250.88	2009 to 2014	CESTAT Ahmedabad
2	Finance Act, 1944	Service tax including penalty	1,869.12	-	November 2014 to June 2017	Gujarat High court
3	Finance Act, 1944	Service tax including penalty	1,041.96	86.72	2013 to 2016	Central Excise Commissioner (Appeals) Vadodara
4	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	233.39	-	1991-92 to 1995-96	Odisha High Court
5	Central Sales Tax Act, 1956 and Value added tax of various States.	Sales Tax / Work Contract Tax	52.86	-	2014-15 and 2015-16	Commissioner, of Commercial Tax, Karnataka
6	Income Tax Act, 1961	Tax including interest	377.81	583.30	AY 2012-13 and 2013-14	ITAT
7	Income Tax Act, 1961	Tax including Interest	3,606.33	1,775.64	AY 2009-10, 2014-15 to 2018-19	CIT (Appeals) Vadodara

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS – YEAR ENDED MARCH 31, 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Elecon Engineering Company Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS (Contd...)

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN : 21116240AAAABO6117

Place : Vallabh Vidyanagar
Date : May 27, 2021

STANDALONE BALANCE SHEET
as at March 31, 2021

(INR in Lakhs)

Particulars			Notes	March 31, 2021	March 31, 2020
ASSETS					
I.	**Non-current assets**				
	(a)	Property, plant and equipment	3	54,706.63	58,469.68
	(b)	Right-of-use assets	3	3,840.57	3,914.42
	(c)	Capital work-in-progress	3	30.96	18.17
	(d)	Investment properties	4	2,547.00	2,559.99
	(e)	Intangible assets	5	299.97	426.76
	(f)	Financial assets			
		(i) Investments	6	11,865.28	11,915.16
		(ii) Loans	7	6.53	6.53
		(iii) Other financial assets	8	1,047.55	581.69
	(g)	Income tax assets (net)	9	2,020.33	2,336.29
	(h)	Other non-current assets	10	1,175.17	1,244.90
		Total non-current assets		**77,539.99**	**81,473.59**
II.	**Current assets**				
	(a)	Inventories	11	17,610.95	22,835.51
	(b)	Financial assets			
		(i) Trade receivables	12	46,688.78	55,899.34
		(ii) Cash and cash equivalents	13	1,594.15	521.80
		(iii) Bank balance other than (ii) above	13	3,466.41	1,952.43
		(iv) Loans	7	1,302.48	1,391.70
		(v) Other financial assets	8	19,178.46	15,469.44
	(c)	Other current assets	14	2,809.39	4,092.40
		Total current assets		**92,650.62**	**102,162.62**
		Total assets		**170,190.61**	**183,636.21**
EQUITY AND LIABILITIES					
EQUITY					
	(a)	Equity Share Capital	15	2,244.00	2,244.00
	(b)	Other Equity	16	79,692.54	75,981.93
		Total equity		**81,936.54**	**78,225.93**
LIABILITIES					
I.	**Non-current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	17	11,615.40	13,130.67
		(ii) Lease liabilities	20	1,640.51	2,718.52
	(b)	Non-current provisions	18	336.63	199.32
	(c)	Deferred tax liabilities (net)	36	2,999.11	769.12
		Total non-current liabilities		**16,591.65**	**16,817.63**

STANDALONE BALANCE SHEET (Contd...)
as at March 31, 2021

(INR in Lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	8,964.80	20,388.89
(ii) Lease liabilities	20	1,107.26	969.03
(iii) Trade payables	19		
- Total outstanding dues of micro and small enterprises		4,367.94	8,191.05
- Total outstanding dues of creditors other than micro and small enterprises		31,793.04	37,619.26
(iv) Other financial liabilities	21	5,942.12	5,310.31
(b) Other current liabilities	22	15,469.39	12,162.28
(c) Current provisions	23	2,466.69	2,139.02
(d) Current tax liabilities (net)	24	1,551.18	1,812.81
Total current liabilities		**71,662.42**	**88,592.65**
Total liabilities		**88,254.07**	**105,410.28**
Total equity and liabilities		**170,190.61**	**183,636.21**
The accompanying notes form an integral part of the standalone financial statements.	2 - 48		

As per our report of even date attached

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

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

Rupen Shah
Partner
Membership No: 116240

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Mumbai
Date : May 27, 2021

Place : Vallabh Vidyanagar
Date : May 27, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	25	79,636.37	83,573.82
Other income	26	1,079.06	930.58
Total income (I)		**80,715.43**	**84,504.40**
Expenses			
Cost of materials consumed	27	31,963.54	37,231.73
Changes in inventories of finished goods and work-in-progress	28	4,358.86	646.51
Manufacturing expense and erection charges	29	7,305.22	13,960.64
Employee benefits expense	30	6,367.93	7,145.43
Finance costs	31	5,426.89	6,963.25
Depreciation and amortisation expense	3,4 & 5	4,231.33	4,369.33
Other expenses	32	15,233.48	14,059.72
Total expenses (II)		**74,887.25**	**84,376.61**
Profit before tax (I - II)		**5,828.18**	**127.79**
Tax expense	36		
Current tax		-	118.13
Deferred tax		2,201.69	(7,232.23)
Total tax expense		**2,201.69**	**(7,114.10)**
Profit for the year		**3,626.49**	**7,241.89**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		112.42	(29.53)
Income tax related to items that will not be reclassified to profit or loss		(28.30)	10.32
Other comprehensive income (net of tax) for the year		**84.12**	**(19.21)**
Total comprehensive income for the year		**3,710.61**	**7,222.68**
Earnings per equity share	35		
Equity Share of face value INR 2/- each			
Basic		3.23	6.45
Diluted		3.23	6.45
The accompanying notes form an integral part of the standalone financial statements.	2-48		

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Equity Share Capital	Other equity					Total Equity
		General Reserve	Debenture Redemption Reserve	Securities Premium	Capital Reserve	Retained Earnings	
Balance as at April 1, 2019	**2,244.00**	**44,132.78**	**2,500.00**	**2,878.14**	**4,258.41**	**17,988.04**	**74,001.37**
Total comprehensive income for the period							
Arising on account of merger	-	-	-	-	683.43	(3,411.02)	(2,727.59)
Profit for the year	-	-	-	-	-	7,241.89	7,241.89
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	-	-	(19.21)	(19.21)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**683.43**	**3,811.66**	**4,495.09**
Transactions with owners of Company							
Contributions and distributions							
Dividends paid	-	-	-	-	-	(224.40)	(224.40)
Dividend distribution tax	-	-	-	-	-	(46.13)	(46.13)
Total transactions with owner of Company	**-**	**-**	**-**	**-**	**-**	**(270.53)**	**(270.53)**
Balance as at March 31, 2020	**2,244.00**	**44,132.78**	**2,500.00**	**2,878.14**	**4,941.84**	**21,529.17**	**78,225.93**
Balance as at April 1, 2020	**2,244.00**	**44,132.78**	**2,500.00**	**2,878.14**	**4,941.84**	**21,529.17**	**78,225.93**
Total comprehensive income for the period							
Profit for the year	-	-	-	-	-	3,626.49	3,626.49
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	-	-	84.12	84.12
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**3,710.61**	**3,710.61**
Balance as at March 31, 2021	**2,244.00**	**44,132.78**	**2,500.00**	**2,878.14**	**4,941.84**	**25,239.78**	**81,936.54**

For description of reserves refer note 16

The accompanying notes form an integral part of the standalone financial statements. 2-48

As per our report of even date attached

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

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

Rupen Shah
Partner
Membership No: 116240

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Mumbai
Date : May 27, 2021

Place : Vallabh Vidyanagar
Date : May 27, 2021

STANDALONE STATEMENT OF CASH FLOWS
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit before Tax	**5,828.18**	**127.79**
Adjustments for:		
(i) Depreciation and amortisation expense	4,231.33	4,369.33
(ii) Finance costs	5,426.89	6,963.25
(iii) (Gain)/loss on fair valuation of investment	(57.41)	81.19
(iv) Loss on sold/discarded of property, plant and equipments (net)	27.11	81.61
(v) Interest income	(214.16)	(249.90)
(vi) Dividend income	(344.68)	(67.60)
(vii) Bad debts written off	11,418.90	3,136.74
(viii) Excess provision on doubtful debt written back	(7,362.77)	(2,861.73)
(ix) Unrealised exchange (gain) / loss	(319.81)	396.54
(x) Provision for other contractual liabilities, warranty and others	495.30	494.88
(xi) Increase/(reversal) of provision for onerous contract	145.78	(89.52)
(xii) Liabilities written-back	(113.22)	-
	19,161.44	**12,382.58**
Working Capital Adjustments		
Decrease/(increase) in trade receivables	5,180.64	(1,446.49)
Decrease in inventories	5,224.56	1,047.05
(Increase)/decrease in financial assets	(3,620.80)	3,182.93
Decrease in other current and non-current assets	1,352.74	3,176.23
(Decrease)/increase in trade payables	(9,242.51)	11,062.49
Increase in provisions, current and non-current liabilities	3,243.43	191.20
Increase/(decrease) in other financial liabilities	592.11	(12,253.94)
Cash generated from operations	**21,891.61**	**17,342.05**
Tax refund (net of taxes paid)	57.92	(293.18)
Net cash generated from operating activities (A)	**21,949.53**	**17,048.87**
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(377.63)	(1,238.47)
Proceeds from sale of property, plant and equipment	126.58	36.32
Interest received	203.26	259.76
Dividend received	341.09	67.60
(Increase) in bank balances not considered as cash and cash equivalent (net)	(1,967.94)	(984.13)
Other bank balance acquired pursuant to merger	-	423.65
Proceeds from redemption of investments	107.29	139.21
Net cash (used in)/generated from investing activities (B)	**(1,567.35)**	**(1,296.06)**
Cash flow from financing activities		
Repayments of non-current borrowings	(1,847.05)	(9,003.35)
Repayment of current borrowings (net) (Note 3)	(11,443.40)	(3,040.57)
Proceeds from other financial arrangements	-	4,199.15
Repayment against other financial arrangements	(944.04)	(570.64)
Finance cost paid	(5,022.39)	(6,839.98)
Dividend paid (including dividend distribution tax)	(13.71)	(290.98)
Principal payment of lease liabilities	(39.24)	(37.39)
Net cash (used in) financing activities (C)	**(19,309.83)**	**(15,583.76)**

STANDALONE STATEMENT OF CASH FLOWS (Contd...)
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Net increase in cash and cash equivalents (A+B+C)	**1,072.35**	**169.05**
Cash and cash equivalents at 1 April (Refer note 13)	**521.80**	**352.75**
Cash and cash equivalents at 31 March (Refer note 13)	**1,594.15**	**521.80**
Components of cash & cash equivalents :		
Cash on hand	0.26	0.26
Balances with banks		
- In current accounts	1,572.89	521.54
Cheques on hand	21.00	-
	1,594.15	**521.80**

Notes:

1. Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.
2. The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows
3. In accordance with para 22 of Ind AS 7 - Statement of Cash Flows, cash flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.
4. Movement in liabilities arising from financing activities as at March 31, 2021:

Particulars	Borrowings	Lease liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	35,366.62	3,687.55	-	334.99
Proceeds from borrowings	-	-	-	-
Repayment of borrowings/liabilites	(13,290.45)	(983.29)	-	-
Impact of Effective Interest Rate (EIR)	452.79	-	-	(452.79)
Dividends paid (including taxes)	-	-	(13.71)	-
Interest paid	-	-	-	(5,022.39)
Net cash outflows	**22,528.96**	**2,704.26**	**(13.71)**	**(5,140.19)**
Interest accrued during the year	-	10.38	-	-
Remeasurement of lease liability	-	33.13	-	-
Charge to statement of profit and loss	-	-	-	5,426.89
Balance at the end of the year	**22,528.96**	**2,747.77**	**-**	**286.70**

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2021

1. **Reporting entity**

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

   The Company is involved in the design and manufacturing of Material Handling Equipment and Industrial Gears and also involved in providing erection and commissioning solutions for its products.

2. **Basis of preparation**

2.1 **Statement of compliance**

Standalone financial statements of the Company comprises, the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "Standalone financial statements"). These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Company's accounting policies are included in Note 2.5.

2.2 **Basis of measurement**

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

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

2.3 **Use of estimates and judgments**

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

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

Judgments

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

- **Note 6** – identification of whether the Company has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4** – identification of the land &/or building as an investment property.
- **Note 6 –** determining the amount of Impairment loss.
- **Note 36** – determining the amount of expected credit loss on financial assets (including trade receivables).
- **Note 42** – identification of reportable operating segments; and
- **Note 24 and 2.5 I** – identification of performance obligation in revenue recognition.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments is included in the following notes:

- **Note 3-5 –** estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.
- **Note 35 –** recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 39 –** measurement of defined benefit obligations: key actuarial assumptions;

- **Notes 18, 23 and 40 –** recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 36 –** impairment of financial and non-financial assets.
- **Note 22 and 43 –** Revenue recognition based on percentage of completion and provision for onerous contracts.
- **Note 3 and 20 -** Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

  The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.4 Measurement of fair values

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

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

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

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

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

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

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

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

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

2.5 Significant accounting policies

a) Business combinations

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

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity.

Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit and loss or OCI, as appropriate.

Business combinations prior to April 1, 2015.

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

Common control business combinations

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

b) **Operating cycle**

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

c) **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss.

d) **Financial instruments**

Recognition and initial measurement

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

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

Financial assets - classification and subsequent measurement

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

- Amortised cost;
- FVOCI – Equity investment; or
- FVTPL

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

Offsetting

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

e) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Depreciation

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

- Plant and Machineries are depreciated on Straight Line Method (SLM) as per the estimated useful life of the asset: 5 to 35 years
- Buildings are depreciated on Written Down Value Method (WDV) as per the estimated useful life of the asset: 10 to 60 years
- In respect of all other PPE, depreciation is provided on WDV as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

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

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

Derecognition

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

f) Intangible assets

Internally generated: Research and development and software development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

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

Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

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

Subsequent measurement

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

Amortisation

Amortisation is calculated to amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and amortisation in Statement of profit and loss.

Amortisation method, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate.

g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model. Investment property includes freehold/leasehold land and building.

Depreciation

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

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognized.

h) Inventories

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

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

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

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

i) Impairment

Impairment of financial assets

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

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

Impairment of non-financial assets

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

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

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

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

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

j) Employee benefits

Short term employee benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

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

Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future.

Refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

Other long-term employee benefits

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

Termination benefits

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

k) Provisions (other than employee benefits)

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

Warranties

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

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

Onerous contracts

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

l) Revenue recognition

Sale of goods and services

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

Revenue from services rendered is recognised when services are rendered.

Construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, revenue from such contracts is recognized based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs in certain contracts or for other contracts is determined using output method. Revenue is the transaction price that the Company is entitled to. Variable consideration such as liquidated damages and price variation are included in the transaction price, if it is highly probable that the significant reversal of revenue will not occur once associated uncertainty is resolved. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and it is agreed with customer.

Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognized in the period in which estimates are revised.

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

Performance Obligations

If a contract contains more than one distinct goods and service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices.

Rental income

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer e.g. unbilled revenue. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset i.e. unbilled revenue is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

m) Leases - Ind AS 116

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a Purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

n) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Current tax

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

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

Deferred tax

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

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

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

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

o) Borrowing cost

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

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 43.

q) Cash and cash equivalents

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

r) Investments in subsidiaries and associates

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

3 : Property, Plant and Equipment

(INR in Lakhs)

Particulars	Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installations & fittings	Sundry Equipments	Total	Capital work in progress
Cost										
As at April 1, 2019	**33,689.94**	**6,700.10**	**42,417.38**	**661.13**	**738.51**	**2,266.55**	**1,644.12**	**309.78**	**88,427.51**	**460.93**
Additions	-	557.06	1,015.25	8.25	-	129.18	4.42	1.41	1,715.57	1,272.81
Deductions	-	-	(90.27)	(8.37)	(39.41)	(1,125.63)	-	(3.33)	(1,267.01)	-
Reclassified to investment property	(2,300.29)	-	-	-	-	-	-		(2,300.29)	-
Transition Impact on adoption of Ind AS 116	(3,936.33)	-	-	-	-	-	-	-	(3,936.33)	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,715.56)
As at March 31, 2020	**27,453.32**	**7,257.16**	**43,342.36**	**661.01**	**699.10**	**1,270.10**	**1,648.54**	**307.86**	**82,639.45**	**18.17**
Additions	-	68.91	125.22	2.05	-	138.92	16.25	-	351.35	364.14
Deductions	-	-	(260.18)	-	(204.83)	(2.64)	-	-	(467.65)	-
Capitalised	-	-	-	-	-	-	-	-	-	(351.35)
As at March 31, 2021	**27,453.32**	**7,326.07**	**43,207.40**	**663.06**	**494.27**	**1,406.28**	**1,664.79**	**307.86**	**82,523.15**	**30.96**
Accumulated depreciation										
As at April 1, 2019	-	**2,948.02**	**13,674.51**	**461.59**	**456.65**	**2,089.05**	**1,394.38**	**267.03**	**21,291.23**	
Depreciation for the year	-	421.90	3,351.99	49.57	82.01	42.73	66.87	11.51	4,026.58	
Deductions	-	-	(38.73)	(7.78)	(25.95)	(1,075.45)	-	(0.14)	(1,148.05)	
As at March 31, 2020	-	**3,369.92**	**16,987.77**	**503.38**	**512.71**	**1,056.33**	**1,461.25**	**278.40**	**24,169.77**	
Depreciation for the year	-	481.59	3,220.57	38.08	44.12	115.17	54.89	6.29	3,960.71	
Deductions	-	-	(156.85)	-	(154.86)	(2.25)	-	-	(313.96)	
As at March 31, 2021	-	**3,851.51**	**20,051.49**	**541.46**	**401.97**	**1,169.25**	**1,516.14**	**284.69**	**27,816.52**	
Carrying value (net)										
As at March 31, 2021	**27,453.32**	**3,474.56**	**23,155.91**	**121.60**	**92.30**	**237.03**	**148.65**	**23.17**	**54,706.63**	
As at March 31, 2020	27,453.32	3,887.24	26,354.59	157.63	186.39	213.77	187.29	29.46	58,469.68	

Notes :

1) Refer to Note 17 for information on property, plant and equipment pledged as security by the Company.
2) For capital commitments, refer Note 41 (b).

The following is the movement in Right of use Assets (ROU) during the year ended March 31, 2021

(INR in Lakhs)

Particulars	Lease - Hold Land	Building	Plant & Equipments	Total
I. Cost				
As at April 1, 2019 (Transition impact on adoption of Ind AS 116)	3,936.33	81.70	13.61	4,031.64
Additions	-	-	-	-
Deduction	-	-	-	-
As at March 31, 2020	**3,936.33**	**81.70**	**13.61**	**4,031.64**
Addition during the year	-	43.49	-	43.49
As at March 31, 2021	**3,936.33**	**125.19**	**13.61**	**4,075.13**
II. Accumulated Depreciation				
As at April 1, 2019	-	-	-	-
Depreciation for the year	71.30	42.02	3.90	117.22
As at March 31, 2020	**71.30**	42.02	**3.90**	**117.22**
Depreciation for the year	71.31	41.14	4.89	117.34
As at March 31, 2021	**142.61**	83.16	**8.79**	**234.56**
Carrying value (net) as at March 31, 2021	**3,793.72**	**42.03**	**4.82**	**3,840.57**
Carrying value (net) as at March 31, 2020	**3,865.03**	**39.68**	**9.71**	**3,914.42**

4. Investment properties

(INR in Lakhs)

Particulars	Land	Office Building	Total
Cost			
As at April 1, 2019	-	**335.62**	**335.62**
Reclassified from PPE (Refer note no:3)	2,300.29	-	2,300.29
As at March 31, 2020	**2,300.29**	**335.62**	**2,635.91**
Addition	-	-	-
As at March 31, 2021	**2,300.29**	**335.62**	**2,635.91**
Accumulated depreciation			
As at April 1, 2019	-	**62.25**	**62.25**
Depreciation for the year	-	13.67	13.67
As at March 31, 2020	-	**75.92**	**75.92**
Depreciation for the year	-	12.99	12.99
As at March 31, 2021	-	**88.91**	**88.91**
Carrying value (net)			
As at March 31, 2021	**2,300.29**	**246.71**	**2,547.00**
As at March 31, 2020	**2,300.29**	**259.70**	**2,559.99**

Information regarding income and expenditure of Investment Properties

4. Investment properties (Contd...)

(INR in Lakhs)

	Year Ended March 31, 2021	Year ended March 31, 2020
Rental income derived from Investment Properties	13.57	12.92
Direct operating expenses (including repairs and maintenance) generating rental income	1.04	1.04
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**12.53**	**11.88**
Less : Depreciation	**12.99**	**13.67**
(Loss) arising from investment properties before indirect expenses	**(0.46)**	**(1.79)**

Notes :

1) Refer to Note 17 for information on investment properties pledged as security by the Company.
2) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.
3) During the previous year, Company's management had identified that there was change in use of property for certain land parcels which were held for the business purposes by the Company, were now been held for capital appreciation due to change in Company's original plan. Hence, during the previous year, the Company had transferred such land parcels from owner-occupied property to investment properties.

Fair value of the Investment properties are as under:

Fair value	Land	Office Building
Balance as at March 31, 2019	-	**444.18**
Reclassified from property, plant and equipment (Refer note 3)	2,300.29	-
Fair value increase for the year	421.94	156.87
Purchases / (Sale)	-	-
Balance as at March 31, 2020	**2,722.23**	**601.05**
Fair value increase/(decrease) for the year	33.21	17.58
Purchases / (Sale)	-	-
Balance as at March 31, 2021	**2,755.44**	**618.63**

Estimation of fair value

As at March 31, 2021 and March 31, 2020 the fair values of the properties are based on valuations performed by accredited independent valuer, who specialises in valuing investment properties.

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

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment properties as at March 31, 2021 and March 31, 2020 is done based on market feedback on values of similar properties and hence considered under "Level 2" of fair value measurement.

5. Intangible Assets

(INR in Lakhs)

	Computer Software	Technical Know-how -Acquired	Licenses	Total
Cost				
As at April 1, 2019	**1,038.46**	**42.68**	**381.71**	**1,462.85**
Additions	25.62	-	-	25.62
As at March 31, 2020	**1,064.08**	**42.68**	**381.71**	**1,488.47**
Additions	13.50	-	-	13.50
As at March 31, 2021	**1,077.58**	**42.68**	**381.71**	**1,501.97**
Accumulated amortisation				
As at April 1, 2019	512.13	42.57	295.16	849.86
Amortisation for the year	160.43	0.11	51.31	211.85
As at March 31, 2020	**672.56**	**42.68**	**346.47**	**1,061.71**
Amortisation for the year	**127.57**	**-**	**12.72**	**140.29**
As at March 31, 2021	**800.13**	**42.68**	**359.19**	**1,202.00**
Carrying value (net)				
As at March 31, 2021	**277.45**	**-**	**22.52**	**299.97**
As at March 31, 2020	391.52	-	35.24	426.76

Note :

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

6. Non-Current Financial assets - Investments

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Investment in subsidiary companies (Fully paid-up) (at cost) - Unquoted (refer note 2.5(r))		
(a) 12,486,287 equity shares (March 31, 2020 : 12,486,287 equity shares) of GBP 1 each of Radicon Transmission UK Limited - United Kingdom	11,297.04	11,297.04
The Company has pledged 12,486,287 equity shares (March 31, 2020 : NIL equity shares) of Radicon Transmission UK Limited, United Kingdom with the Bank of Baroda, Dubai towards security for repayment of loan.		
(b) 897,844 equity shares (March 31, 2020 : 897,844 equity shares) of S$ 1 each of Elecon Singapore Pte. Limited	247.60	247.60
(c) 600 equity shares (March 31, 2020 : 600 equity shares) of AED 1000 each of Elecon Middle East FZE	72.61	72.61
(A)	**11,617.25**	**11,617.25**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
as at March 31, 2021

(INR in Lakhs)

Particulars		March 31, 2021	March 31, 2020
Investment in associates (Fully paid-up) (at cost) (refer note 2.5(r))			
Quoted			
(a)	958,426 equity shares (March 31, 2020 : 958,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited	217.29	217.29
	The Company has pledged 476,000 equity shares (March 31, 2020 : 476,000 equity shares) of Eimco Elecon (India) Limited, with the Bank of Baroda, Dubai towards security for loan. Further, 200,000 equity shares (March 31, 2020 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.		
	(B)	**217.29**	**217.29**
Investments carried at fair value through profit and loss:			
Investment in equity shares			
(i)	**Quoted**		
(a)	NIL equity shares (March 31, 2020 : 2,500 equity shares) of INR 10 each of HDFC Bank Limited	-	21.55
(b)	NIL equity shares (March 31, 2020 : 53,945 equity shares) of INR.2 each of Bank of Baroda	-	28.89
	(C)	-	**50.44**
(ii)	**Unquoted**		
(a)	200,000 equity shares (March 31, 2020 : 200,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited	22.10	21.16
(b)	80 equity shares (March 31, 2020 : 80 equity shares) of INR 10 each of Karamsad Urban Co-operative Limited #	-	0.01
(c)	100 equity shares (March 31, 2020: 100 equity shares) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited #	-	0.01
(d)	30 equity shares (March 31, 2020: 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #	0.15	0.15
	(D)	**22.25**	**21.33**
Investment in mutual funds (mandatorily measured at FVTPL) Quoted			
(a)	637,047.49 units (March 31, 2020 637,047.49 units) of Aditya Birla Sunlife Medium Term Plan - Growth Regular Plan	8.49	8.85
	(E)	**8.49**	**8.85**
	Total Investments (A+B+C+D+E)	**11,865.28**	**11,915.16**
	Aggregate value of quoted investments (including investments in associates)	225.78	276.58
	Aggregate market value of quoted investment (other than investments in associates)	8.49	59.29
	Aggregate value of unquoted investments (including investments in subsidiaries and associates)	11,639.50	11,638.58

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

(INR in Lakhs)

7. Financial asset - Loans

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Loans receivable unsecured - considered good				
Security deposits	420.95	6.53	578.94	6.53
Loans to related party (Repayable on demand @ 4.598% rate of interest)	881.53	-	812.76	-
Total Loans	**1,302.48**	**6.53**	**1,391.70**	**6.53**

Security deposits are primarily in relation to public utility services, tender deposits and rental.
Loan to related party represent loans given to wholly owned subsidiary - Radicon Transmission UK Limited.

8. Financial asset - Other financial assets

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Unbilled revenue - Contract asset	19,136.47	-	15,426.46	-
Deposits with bank earmarked as margin money	41.99	1,047.55	42.98	581.69
Total other financial assets	**19,178.46**	**1,047.55**	**15,469.44**	**581.69**

9. Income tax assets (net)

Particulars	March 31, 2021	March 31, 2020
Income tax assets (net)	2,020.33	2,336.29
Total income tax assets (net)	**2,020.33**	**2,336.29**

10. Other non-current assets

Particulars	March 31, 2021	March 31, 2020
Capital advances	242.13	242.13
Advances other than capital advances		
- Prepaid expenses	288.25	291.78
- Balances with government authorities (including amount paid under protest)	644.79	710.99
Total other non-current assets	**1,175.17**	**1,244.90**

(INR in Lakhs)

11. Inventories

Particulars	March 31, 2021	March 31, 2020
(At lower of cost and net realisable value)#		
Raw materials	6,600.00	7,324.95
Work-in-progress	6,322.43	10,808.54
Finished goods	1,315.53	2,489.74
Goods in transit	2,073.97	772.51
Stores and spares	1,299.02	1,439.77
Total inventories	**17,610.95**	**22,835.51**
Carring amount of inventories pledged as security for liabilities	**17,610.95**	**22,835.51**

Inventory consumption during the year is included in cost of material consumed. Refer note 27
#Aforesaid figures are disclosed net of inventory allowance aggregating to INR 1,609.64 lakhs (March 31, 2020: INR 1,456.05 lakhs).

12. Trade receivables

Particulars	March 31, 2021	March 31, 2020
Unsecured, considered good	47,902.09	57,379.48
Which have significant increase in credit risk	1,183.70	8,279.64
	49,085.79	**65,659.12**
Less : Allowance for expected credit loss*	(2,397.01)	(9,759.78)
Total Trade receivables	**46,688.78**	**55,899.34**
Receivables from related parties	2,935.12	1,127.87
Receivables from others	43,753.66	54,771.47
Total	**46,688.78**	**55,899.34**

Includes retention money receivable (net of allowance for expected credit loss) amounting to INR 16,376.34 lakhs (March 31,2020 - INR 20,265.45 lakhs).

Allowance for expected credit loss

*Allowance for expected credit loss is calculated based on the expected credit loss (ECL) model as described under Ind AS 109. Refer Note 2.5 and Note 37(b) for the Company's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	9,759.78	12,621.51
Add : Allowance for the year	392.52	392.52
Less : Reversal of allowance	(7,755.29)	(3,254.25)
Balance at the end of the year	**2,397.01**	**9,759.78**

(INR in Lakhs)

13. Cash and bank balances

	Particulars	March 31, 2021	March 31, 2020
(a)	**Cash and Cash Equivalents**		
	Balance with bank		
	Current accounts and debit balance in cash credit accounts	1,572.89	521.54
	Cheques on hand	21.00	-
	Cash on hand	0.26	0.26
	Total cash and cash equivalents	**1,594.15**	**521.80**
(b)	**Other bank balances**		
	Balances held as margin money	-	429.30
	Deposits with bank earmarked as margin money	3,397.13	1,440.14
	Unpaid dividend accounts	69.28	82.99
	Total other bank balance	**3,466.41**	**1,952.43**

14. Other current assets

Particulars	March 31, 2021	March 31, 2020
Advance to suppliers	1,195.72	2,195.96
Receivable from Government authorities	549.70	1,228.82
Less: provision for doubtful balance	-	(491.92)
Prepaid expenses	674.92	817.25
Others	389.05	342.29
Total other current assets	**2,809.39**	**4,092.40**

15. Equity share capital

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
Authorised Share Capital				
Equity shares of INR 2 each	227,500,000	4,550.00	227,500,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	25,000,000	500.00	25,000,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	12,750,000	12,750.00	12,750,000	12,750.00
	265,250,000	**17,800.00**	**265,250,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	112,199,965	2,244.00	112,199,965	2,244.00
Total equity share capital	**112,199,965**	**2,244.00**	**112,199,965**	**2,244.00**

(INR in Lakhs)

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

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
At the beginning and at the end of the year	112,199,965	2,244.00	112,199,965	2,244.00

15.2 Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Equity Shares having a par value of INR 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by Board of Directors.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the Shareholder	March 31, 2021		March 31, 2020	
	No. of shares	% of share-holding	No. of shares	% of share-holding
Equity Shares of INR 2 each fully paid held by:				
EMTICI Engineering Limited	26,337,818	23.47	26,337,818	23.47
Prayas Engineering Limited	12,230,414	10.90	11,239,414	10.02
K. B. Investments Private Limited	9,711,418	8.66	11,240,418	10.02
Bipra Investments & Trusts Private Limited	7,286,197	6.49	7,286,197	6.49

15.4 Aggregate number of equity shares allotted as fully paid up pursuant to contract without payment being received in Cash, Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:-

Particulars			March 31, 2021	March 31, 2020
Equity shares allotted as fully paid up shares by virtue of schemes of arrangement			3,264,122	3,264,122
- Pertains to financial year	2016-17	3,264,122		
		3,264,122		

16. Other Equity

16.1 Other reserves

(INR in Lakhs)

Balance	General Reserve	Debenture Redemption Reserve	Securities Premium	Capital Reserve	Retained Earnings	Total
As at April 1, 2019	44,132.78	2,500.00	2,878.14	4,258.41	17,988.04	71,757.37
Total comprehensive income for the period						
Arising on account of merger	-	-	-	683.43	(3,411.02)	(2,727.59)
Profit for the year	-	-	-	-	7,241.89	7,241.89
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(19.21)	(19.21)
Balance available for appropriation	44,132.78	2,500.00	2,878.14	4,941.84	21,799.70	76,252.46
Less : Appropriations						
Dividend paid	-	-	-	-	(224.40)	(224.40)
Tax on dividend paid	-	-	-	-	(46.13)	(46.13)
As at March 31, 2020	44,132.78	2,500.00	2,878.14	4,941.84	21,529.17	75,981.93
Profit for the year	-	-	-	-	3,626.49	3,626.49
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	84.12	84.12
Balance available for appropriation	44,132.78	2,500.00	2,878.14	4,941.84	25,239.78	79,692.54
As at March 31, 2021	44,132.78	2,500.00	2,878.14	4,941.84	25,239.78	79,692.54

16.2 Dividend distribution made and proposed

Particulars	March 31, 2021	March 31, 2020
Dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2020: INR NIL per share (March 31, 2019: INR 0.20 per share)	-	224.40
Dividend distribution tax on final dividend	-	46.13
	-	**270.53**
Proposed dividends on Equity shares		
Final dividend proposed for the year ended March 31, 2021: 0.40 per share (March 31, 2020: INR NIL per share)	448.80	-
Dividend distribution tax on proposed dividend	-	-
	448.80	-

Proposed dividend on equity shares is subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2021.

16.3 Description of Reserves

Securities Premium

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Debenture Redemption Reserve

The Company has created Debenture Redemption Reserve out of the profits of the Company @ 25% of non-convertible redeemable debentures.

Securities Premium

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

Capital Reserve

a) Capital reserve amounting to INR 4,258.41 lakhs is recorded in bargain purchase transaction of business combination in which the fair value of acquired net assets exceeded the purchase consideration. Capital reserve is not available for dividend distribution.

b) Capital Reserve amounting to INR 683.43 lakhs represent difference between book value of the net assets and reserves of Elecon Transmission International Lomited ('ETIL') and investment in equity shares of Elecon Transmission International Limited.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

17. Borrowings

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Non-current borrowings (Secured)		
Non-convertible redeemable debentures (Refer note 17.1 (a) and 17.3 (a)&(b))	9,840.05	9,990.65
Term Loans		
From financial institutions (Refer note 17.2 (a) to (c) ,17.3 (a), 17.3 (c) and 17.3 (d))	1,988.65	3,374.55
	11,828.70	**13,365.20**
Less : Accrued interest	213.30	234.53
Total non-current borrowings	**11,615.40**	**13,130.67**
Current borrowings (Secured)		
Working capital loan		
From banks (Refer note 17.3 (e))	9,038.20	20,489.35
	9,038.20	**20,489.35**
Less : Accrued interest	73.40	100.46
Total current borrowings	**8,964.80**	**20,388.89**
Total borrowings	**20,580.20**	**33,519.56**

(INR in Lakhs)

17.1 Nature of Securities for non-convertible redeemable debentures

a) Non-convertible redeemable debentures are secured by way of

1. Exclusive charge over Madhubhan resort owned by Emtici Engineering Limited at Vallabh Vidyanagar, Gujarat.
2. Corporate Guarantee of Emtici Engineering Limited to the extent of INR 15,000 Lakhs.
3. Residual charge over current asset & property, plant and equipment of the Company
4. First exclusive charge over Debt Service Reserve Account.
5. Post dated cheques for interest & principal payments from the Company & Undated cheques from Emtici Engineering Limited.
6. Exclusive charge over certain land parcels of the Company at Vallabh Vidyanagar.

17.2 Nature of Securities for Term Loans & Corporate Loans

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

1. Exclusive charge by way of hypothecation on specific plant & machineries.
2. Exclusive mortgage of commercial property of Emtici Engineering Limited located at office No. 21, Yashwant Apartment, Pune -411004 & Corporate Guarantee of Emtici Engineering Limited to the extent of INR 9,500 Lakhs.
3. Pledge of shares of the Company owned by Emtici Engineering Limited of 0.7 times of outstanding loan amount,
4. Post dated cheques for interest & principal payments.

b) Rate of Interests for loans from banks & financial institutions

Name of the bank:	Interest Rate %	
	March 31, 2021	March 31, 2020
IFCI Limited	12.00%	12.00%
Aditya Birla Finance Limited	-	12.85%
Tata Capital Financial Services Limited	11.70%	11.70%
IDBI Bank Limited	-	13.30%
IBM India Private Limited	-	12.00%
HDFC Bank Limited	-	11.86%

17.3 Terms of repayment of non-converrtible redeemable debentures, term loans and other loans

a) Non-convertible redeemable debentures and term loans*

Lender	March 31, 2021	March 31, 2020	Terms of Repayment
(i) Non convertible redeemable debentures - Series I	571.43	1,000.00	Repayable in quarterly instalments of INR 142.86 Lakhs from August 2020 till February 2022.
(ii) Non convertible redeemable debentures - Series II	9,000.00	9,000.00	Repayable in quarterly instalments of INR 1,125.00 Lakhs from May 2022 till February 2024.
(iii) IFCI Limited	3,400.00	4,000.00	Repayable in quarterly instalments amounting to INR 250.00 Lakhs from quarter ending Dec'20 and INR 350.00 Lakhs from quarter ending Mar'21.
(iv) Tata Capital Financial Services Limited	-	850.00	Repayable in quarterly instalments amounting to INR 225.00 Lakhs from quarter ending Sep'20, INR 312.50 Lakhs from quarter ending Dec'20 & INR 312.50 Lakhs from quarter ending Mar'21 .
	12,971.43	**14,850.00**	

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

(INR in Lakhs)

During the previous year, the company had prepaid its existing borrowing to Aditya Birla Finace Limited. Further, the borrowing agreement with Tata Capital Financial Service Limited and IFCI Limited stipulates conditions for the repayment of part of borrowing on trigger of share price falling below stipulated limited. Cosidering the same, the Company had during the previous year made pre-repayment of INR 5,000 lakhs over and above the pre-agreed repayment schedule, to Tata Capital Financial Services Limited as IFCI Limited as per borrowing agreement.

The Management periodically reviews compliance with terms and conditions of existing loan agreements to identify any non-adherence at each reporting date and obtains confirmations from the respective lenders on existing terms and conditions basis which borrowings are disclosed as current and non-current at each reporting date. Pursuant to such periodical review during the year, the management had identified non-adherence to certain debt covenants and had obtained confirmations from the concerned lender on continuance of existing terms and conditions. However at year end the Company was in compliance with the terms and conditions of existing loan aggrements.

b) Maturity profile and rate of interest of non-convertible redeemable debentures are set out as below*:

Effective Rate of Interest	2023-24	2022-23	2021-22
Series - I 14.50%, Series II - 17.42%	4,500.00	4,500.00	571.44

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

Borrowing at amortised cost is disclosed in note 38 of the standalone financial statement.

c) Nature of Securities {Loans repayable on demand}

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

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

b) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable & immovable) present & future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions.

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

d) Pledge of 200,000 shares of Eimco Elecon (India) Limited owned by the Company.

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

f) Corporate guarantees of Prayas Engineering Limited and Emtici Engineering Limited to the extent of INR 96,450 Lakhs.

Name of the bank:	Interest Rate %	
	March 31, 2021	March 31, 2020
State Bank of India	7.60% to 9.95%	8.20% to 11.45%
Bank of Baroda	9.25% to 12.00%	12% to 12.25%
IDBI Bank	10.00% to 12.25%	12.15% to 12.25%
Axis Bank	4.99% to 10.95%	4.99% to 11.45%
HDFC Bank	9.70% to 10.10%	9.75% to 10.10%

(INR in Lakhs)

18. Non-current provisions

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for compensated absences (Refer note - 40)	124.63	199.32
Other Provision		
Provision for warranty	212.00	-
Total non-current provisions	**336.63**	**199.32**

19. Trade payables

Particulars	March 31, 2021	March 31, 2020
Total outstanding dues of micro and small enterprises	4,367.94	8,191.05
Total outstanding dues of creditors other than micro and small enterprises	31,793.04	37,619.26
Total trade payables	**36,160.98**	**45,810.31**
Dues to related parties (Refer note - 39)	4,159.30	4,533.83
Dues to third parties	32,001.68	41,276.48
	36,160.98	**45,810.31**

Includes retention money payable to creditors amounting to INR 2,364.87 lakhs (March 31, 2020 - INR 2,471.89 lakhs)

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

Particulars	March 31, 2021	March 31, 2020
Principal amount remaining unpaid to any supplier as at the period end	4,367.94	8,191.05
Interest due thereon	-	-
The amount of payment made to supplier beyond appointed date	13,466.67	13,850.01
Interest paid thereon	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"), which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with the Company's management, dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected till the reporting date and has been relied upon by the statutory auditors. Basis the underlying information and records available as at the reporting date, identified MSME parties provided their written consent to the Company for waiver of interest due to them (if any) under the provisions of the MSMED Act. Consequently, the Management has not provided for interest due (if any) to these MSME parties. The disclosures as required by Section 22 of the MSMED Act are given above.

(INR in Lakhs)

20. Lease Liabilities

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Lease Liabilities	45.90	17.39	25.00	34.04
Other financing arrangement	1,061.36	1,623.12	944.03	2,684.48
Total lease liabilities	**1,107.26**	**1,640.51**	**969.03**	**2,718.52**

*Nature of Securities and other terms for other financing arrangement :

1. Repayable in equated monthly installment of INR 110.11 lakhs starting from August 2019 over a period of 8 years @11.73% rate of interest.
2. Secured by way of two unconditional and irrecovable bank guarantees of INR 1,658.20 lakhs and INR 3,364.49 lakhs expiring on August 31, 2021 and August 31, 2023 respectively.

21. Other financial liabilities - current

Particulars	March 31, 2021	March 31, 2020
Current maturities of non-current borrowings		
- Non-convertible redeemable debentures	571.43	428.58
- Term loans from financial institutions	1,377.33	1,418.48
Interest accrued but not due on borrowings	195.41	208.08
Interest accrued but due on borrowings	91.29	126.91
Security deposits	138.55	125.11
Unpaid dividend*	69.28	82.99
Billing in excess of revenue - Contract liability	666.83	392.29
Accrued contractual liability	2,832.00	2,527.87
Total other financial liabilities - current	**5,942.12**	**5,310.31**

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

22 Other Current liabilities

Particulars	March 31, 2021	March 31, 2020
Advance from customers	14,317.34	11,609.56
Statutory dues	1,152.05	552.72
Total other current liabilities	**15,469.39**	**12,162.28**

(INR in Lakhs)

23. Current provisions

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for gratuity (Refer note - 40)	23.79	69.45
Provision for compensated absences (Refer note - 40)	112.19	167.94
Other Provisions		
Provision for contract liabilities	1,810.93	1,284.79
Provision for warranty	328.23	467.71
Provision for onerous contracts	191.55	45.77
Provision for indirect tax matters	-	103.36
Total provisions	**2,466.69**	**2,139.02**

Movement in Provisions:

Particulars	Provision for indirect tax matters	Provision for contract liabilities	Provision for Warranty	Provision for Onerous contract
Carrying amount as at March 31, 2019	52.42	954.91	302.71	135.29
Provision made / increase in provision	202.18	329.88	467.71	2,430.84
Provision amount used during the year	(57.71)	-	(302.71)	(2,520.36)
Provision amount reversed during the year	(93.53)	-	-	-
Carrying amount as at March 31, 2020	**103.35**	**1,284.79**	**467.71**	**45.77**
Provision made / increase in provision	-	526.14	540.23	2,054.82
Provision amount used during the year	(103.35)	-	(467.71)	(1,909.04)
Carrying amount as at March 31, 2021	**-**	**1,810.93**	**540.23**	**191.55**

Refer 2.5 of significant accounting policies.

Provision for warranty - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the Company. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. The timing of the outflows is expected to be within a period of one year from the date of balance sheet.

Provision for onerous contracts - The Company has entered into various contracts primarily into material handling. Provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.The movment of oneous contracts is recognised in cost of material consumed (Refer note 27).

Provision for contract liabilities - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Company on account of potential delays in meeting the contractual obligations of the Company with regard to agreed deliveries/commissioning.

24. Current tax liabilities (net)

Particulars	March 31, 2021	March 31, 2020
Provision for tax (net of advance tax)	1,551.18	1,812.81
Total current tax liabilities (net)	**1,551.18**	**1,812.81**

(INR in Lakhs)

25. Revenue from operations

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Sale of products		
Transmission equipment sales	53,042.85	53,467.35
Material handling equipment	12,780.91	16,905.15
Export sales	11,245.54	5,705.27
	77,069.30	**76,077.77**
Sale of Services		
Erection and commissioning charges	1,688.67	5,864.37
	1,688.67	**5,864.37**
Other operating revenue		
Sale of scrap	487.35	876.95
Bad debts recovered / advance writen back	26.69	483.01
Export incentives	364.36	271.72
	878.40	**1,631.68**
Total revenue from operations	**79,636.37**	**83,573.82**

Refer note 44 for revenue related disclosure

26. Other Income

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest income		
- on deposits*	139.26	84.10
- on income tax	35.51	42.97
- on loan given	39.39	36.80
- on others	-	86.03
Dividend income	344.68	67.60
Gain on fair valuation of investments (net)	57.41	-
Foreign exchange gain (net)	88.42	-
Rent income	150.95	205.97
Liabilities written-back	113.22	-
Insurance claim receipt	7.82	325.65
Miscellaneous income	102.40	81.46
Total other income	**1,079.06**	**930.58**

*Interest income on deposits are calculated under the effective interest method which is measured at amortized cost.

(INR in Lakhs)

27. Cost of materials consumed

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Inventory at the beginning of the year	7,324.95	8,026.58
Add : Purchases during the year	31,238.59	36,530.10
	38,563.54	44,556.68
Less : Inventory at the end of the year	6,600.00	7,324.95
Total cost of material consumed	**31,963.54**	**37,231.73**

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(Increase) / decrease in inventories		
Opening work-in-progress	10,808.54	11,311.63
Closing work-in-progress	(6,322.43)	(10,808.54)
	4,486.11	**503.09**
Opening finished goods	3,262.25	3,405.67
Closing finished goods	(3,389.50)	(3,262.25)
	(127.25)	**143.42**
Total changes in inventories of finished goods and work-in-progress	**4,358.86**	**646.51**

29. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Stores, tools and spares consumed	1,335.52	2,094.08
Sub-contracting charges	3,310.51	5,507.50
Power and fuel	782.83	870.22
Erection and other charges	916.15	4,357.79
Other manufacturing expenses	960.21	1,131.05
Total manufacturing expense and erection charges	**7,305.22**	**13,960.64**

30. Employee benefits expense

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries, wages and bonus	5,924.97	6,474.08
Contribution to provident fund and other funds (Refer note - 40)	259.24	359.90
Employee welfare expenses	183.72	311.45
Total employee benefit expenses	**6,367.93**	**7,145.43**

(INR in Lakhs)

31. Finance costs

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest expenses (Refer note below)*	4,670.52	5,914.62
Other borrowing costs (including guarantee charges)	756.37	1,048.63
Total finance costs	**5,426.89**	**6,963.25**
Note :		
Interest on term loans	521.76	1,198.70
Interest on non-convertible redeemable debentures	1,648.53	1,610.15
Interest on working capital	2,079.62	2,750.63
Interest - others (including interest on leases)	420.61	355.14
	4,670.52	**5,914.62**

*Interest expense are calculated under the effective interest method which is measured at amortized cost.

32. Other expenses

Particulars		Year Ended March 31, 2021		Year Ended March 31, 2020
Rent		1,069.37		1,079.45
Computer software maintenance charges		645.38		836.56
Rates and taxes		92.82		1,903.71
Settlement claim		735.05		-
Repairs and maintenance :				
- Building		70.04		169.64
- Machinery		1,500.68		1,423.98
- Others		19.40		36.75
Insurance expense		202.11		174.84
Travelling, communication and conveyance expenses		210.59		689.09
Directors sitting fees		10.25		12.10
Commission to non-executive directors		30.00		-
Packing, forwarding and distribution expenses (net of recoveries)		1,590.93		1,981.90
Commission and brokerage		2,868.55		2,424.79
Warranty claim replacement		811.26		511.82
Bad debt written off	11,418.90		3,136.74	
Provision on doubtful debt written back (refer note 12)	(7,362.77)		(2,861.73)	
		4,056.13		275.01
Bank charges		52.62		61.68
Advertisements and sales promotion expenses		14.95		145.04
Payment to auditors (Refer note- 33)		58.65		57.94
Loss on fair valuation of investments (net)		-		81.19
Loss on sold/discarded of property, plant and equipments (net)		27.11		81.61
Donations		3.42		-
Expenditure on corporate social responsibility (Refer note - 34)		22.04		20.00
Car lease rentals		154.96		84.26
Legal and professional fees		405.42		1,069.21
Foreign exchange loss (net)		-		177.62
Miscellaneous expenses		581.75		761.53
Total other expenses		**15,233.48**		**14,059.72**

(i) Research and development expenditure accounted through standalone statement of profit and loss aggregates INR 218.97 lakhs (March 31, 2020: INR 271.21 lakhs).

(ii) Reversal of ECL Allowance INR 7,362.77 Lakhs is net of additional provision of F.Y. 2020-21 INR 1,881.44 & reversal of previous year's ECL allowance INR 9,244.21.

(INR in Lakhs)

33. Payment to auditors

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
(a)	As auditor - Audit fees	27.50	19.00
(b)	For other services (Limited review, certification etc.)	28.65	27.25
(c)	Out of pocket expenses	2.50	11.69
Total payment to auditors		**58.65**	**57.94**

34. Corporate social responsibility expenditure

(a) Gross amount of CSR spent as per the limits of Section 135 of companies Act, 2013: ₹ 21.45 lakhs (March 31, 2020 ₹ 71.70 Lakhs)

(b) Amount spent during the year: ₹ 22.04 Lakhs (March 31, 2020 - ₹ 20 Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross amount as per the limits of Section 135 of the Companies Act,2013	21.45	71.70
Amount contributed	22.04	20.00
Construction/acquisition of any assets	-	-
On purpose other than above	-	-
Total corporate social responsibility expenditure	**22.04**	**20.00**

35. Earnings per share

(₹ in Lakhs, except per share data)

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
a)	Profit attributable to equity shareholders of the Company (INR in Lakhs)	3,626.49	7,241.89
b)	Weighted average number of equity shares outstanding during the year*	112,199,965	112,199,965
c)	Earning per share (Basic and Diluted)	3.23	6.45
d)	Face value per share	2.00	2.00

Outstanding no of Shares as at the opening and closing balance is same.

36. Tax expenses

(INR in Lakhs)

The major component of income tax expense for the years ended March 31, 2021 and March 31, 2020 are :

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Statement of Profit and loss		
Current tax	-	118.13
Deferred tax charge / (credit)	2,201.69	(7,232.23)
Income tax expense reported in the Statement of Profit and Loss	**2,201.69**	**(7,114.10)**
Other comprehensive income		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans	28.30	(10.32)
Total tax expense	**2,229.99**	**(7,124.42)**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2021 and March 31, 2020:

A) Current tax

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Profit before tax	5,828.18	127.79
Statutory income tax rate	34.944%	34.944%
Tax using the Company's statutory tax rate	2,036.60	44.65
Tax effects of :		
Tax exempt income	8.90	(22.28)
Tax at special rate	(8.56)	(53.16)
Other non-deductible expenses (net)	(6.62)	119.53
Reversal of deferred liablity on indexation of land (Refer note (i) below)	(18.17)	(6,117.71)
Rate change adjustments on account of Taxation Laws (Amendment) Ordinance 2019 (Refer note (ii) below)	217.84	(1,095.45)
	193.39	**(7,169.07)**
Tax expense	**2,229.99**	**(7,124.42)**

Notes:-

(i) At the time of transition to Indian Accounting Standards (Ind AS) with effect from 1 April 2015, the Company had recognised the fair value of its land parcels in the books of account and had also recognised corresponding deferred tax liability considering the future tax obligation that would arise upon sale of land in the expected manner in future (sale of land parcels on a piecemeal basis, delinked from the business).

During the year ended March 31, 2020, the Company had reassessed the expected manner of recovery of the carrying value of all land parcels and determined that a number of such land parcels would not be delinked from the business as they either form an integral part of the business operations or are proximate to the factory premises. Consequently, the Company expects that in the event of disposal of most of the land parcels in future, these would only be disposed off along with the business and in a slump sale arrangement thereby resulting in no temporary difference between the accounting position and position as per tax laws upon such future disposal.

Basis the above, deferred tax liability aggregating to INR 6,118 lakhs recognised on such land parcels at the time of transition to Ind AS, has been reversed in the Statement of Profit and Loss during the year ended March 31, 2020.

(ii) On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019 ('the Ordinance'), the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 1 April 2019, subject to certain conditions. Tax expenses for the year ended March 31, 2020 reflect the impact of expected adoption of this option by the Company basis Management's internal evaluation. Further, tax expenses for the year ended March 31, 2021 reflect the impact arising from the change in the timing of expected adoption of this option by the Company.

(INR in Lakhs)

B. Deferred tax

Particulars	Balance as on March 31, 2019	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2020	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2021
Depreciation for tax purposes	(5,811.83)	829.64	(4,982.19)	1,157.94	(3,824.25)
Impact of fair valuation of financial assets	(6,924.03)	6,117.15	(806.88)	18.17	(788.71)
Deferred tax on fair value of investments	(13.43)	4.50	(8.93)	8.74	(0.19)
Provision for doubtful debt (including allowance for Expected Credit Losses)	4,410.47	(1,083.26)	3,327.21	(2,723.87)	603.34
Expenditure allowable on payment basis	196.06	127.53	323.59	(275.75)	47.84
Expenditure allowable on realised basis	47.27	(31.28)	15.99	32.21	48.20
Deferred tax on unabsorbed depreciation	35.93	-	35.93	173.13	209.06
Deferred tax on other financing arrangement	-	1,267.95	1,267.95	(592.26)	675.69
Deferred tax expense/(income) accounted through Other Comprehensive Income	47.89	10.32	58.21	(28.30)	29.91
Total deferred tax expense / (income)	-	**7,242.55**	-	**(2,229.99)**	-
Net deferred tax assets/(liabilities)	**(8,011.67)**	-	**(769.12)**	-	**(2,999.11)**
Reflected in the balance sheet are as follows:					
Deferred tax assets	4,737.62		5,028.88		1,614.04
Deferred tax liabilities	(12,749.29)		(5,798.00)		(4,613.15)
Deferred tax liabilities (net)	**(8,011.67)**		**(769.12)**		**(2,999.11)**

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2021	March 31, 2020
Opening balance as of April 1	(769.12)	(8,011.67)
Tax income/(expense) during the period recognised in profit or loss	(2,201.69)	7,232.23
Tax income/(expense) during the period recognised in OCI	(28.30)	10.32
Closing balance as at March 31	**(2,999.11)**	**(769.12)**

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

37. Financial instruments risk management objectives and policies

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

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

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

(INR in Lakhs)

(a) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2021, approximately 85% of the Company's borrowings are at fixed rate (March 31, 2020 : 83%). Summary of financial assets and financial liabilities has been provided below:

Exposure to interest rate risk

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

	March 31, 2021	March 31, 2020
Fixed-rate instruments		
Financial Assets	5,368.20	2,441.28
Financial Liabilities	21,740.52	32,302.47
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	3,472.92	6,692.65

Interest rate sensitivity

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

Particulars	Impact on Profit / (loss) after tax
March 31, 2021	
Increase in 100 basis points	22.59
Decrease in 100 basis points	(22.59)
March 31, 2020	
Increase in 100 basis points	43.54
Decrease in 100 basis points	(43.54)

Foreign currency risk

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

(INR in Lakhs)

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

	March 31, 2021			March 31, 2020		
	USD	GBP	EUR	USD	GBP	EUR
Financial Assets						
Trade receivables	1,222.28	459.38	1,013.64	424.98	322.10	179.21
Cash and cash equivalents	624.54	-	115.33	322.83	154.17	14.64
Other financial assets	-	-	-	-	-	-
Loans	-	881.53	-	-	812.76	-
Total (A)	**1,846.82**	**1,340.91**	**1,128.97**	**747.81**	**1,289.03**	**193.85**
Financial Liabilities						
Trade payables	725.88	126.19	5,626.86	205.59	67.10	12,175.63
Borrowings	-	-	-	753.86	-	-
Total (B)	**725.88**	**126.19**	**5,626.86**	**959.45**	**67.10**	**12,175.63**
Net exposure to Foreign Currency (A-B)	**1,120.94**	**1,214.72**	**(4,497.89)**	**(211.64)**	**1,221.93**	**(11,981.78)**

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

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

Rupees	Average rate		Year-end spot rate	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD 1	74.45	72.28	73.50	75.39
GBP 1	97.02	91.78	100.95	93.08
EUR 1	84.58	80.38	86.10	83.05

Foreign currency sensitivity

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

Particulars	USD			GBP			EUR		
	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax
March 31, 2021									
Strengthening	2.00%	22.42	14.58	3.00%	36.44	23.71	3.00%	(134.94)	(87.78)
Weakening		(22.42)	(14.58)		(36.44)	(23.71)		134.94	87.78
March 31, 2020									
Strengthening	2.00%	(4.23)	(2.75)	3.00%	36.66	23.85	2.00%	(239.64)	(155.90)
Weakening		4.23	2.75		(36.66)	(23.85)		239.64	155.90

Equity price risk

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

37. Financial instruments risk management objectives and policies (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 primarily trade receivables and other financial assets including deposits with banks. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Security deposits mainly includes rental deposits, earnest money deposits which are given as per contractual agreement. Unbilled revenue pertains to one goverment contract where there has been no delay or default in the past periods.

Other financial assets

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

Trade receivables

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

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

Bucket	March 31, 2021	March 31, 2020
Not due	0.98%	0.99%
0-1 year	7.18%	3.82%
1-3 years	25.62%	16.95%
Greater than 3 years	54.97%	63.66%
Expected Credit Losses rate	**16.35%**	**21.35%**
Amount of expected credit loss provided for	**2,397.01**	**9,759.78**

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

The following significant change in the carrying amounts of trade receivables contributed to change in the impairment loss allowance during year ended March 31, 2021:

- decrease in credit impaired balances due to write-offs taken by the management during current year resulted in decrease in trade receivables and decrease in impairment loss allowance.

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

(c) Liquidity risk

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

(INR in Lakhs)

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

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

Particulars	Carrying amount	Less than 12 months	1-2 years	2-5 years	more than 5 years	Total
Year ended March 31, 2021						
Financial liabilites						
Borrowings	20,580.20	9,038.20	7,769.68	6,377.01	-	23,184.89
Trade payables	36,160.98	36,160.98	-	-	-	36,160.98
Other financial liabilities	5,942.12	7,161.57	-	-	-	7,161.57
Lease liabilities	2,747.77	1,107.26	1,200.07	440.44	-	2,747.77
Total	**65,431.07**	**53,468.01**	**8,969.75**	**6,817.45**	**-**	**69,255.21**
Year ended March 31, 2020						
Financial liabilites						
Borrowings	33,519.56	20,489.35	3,454.91	14,146.69	-	38,090.95
Trade payables	45,810.31	45,810.31	-	-	-	45,810.31
Other financial liabilities	5,310.31	7,105.11	-	-	-	7,105.11
Lease liabilities	3,687.55	1,361.28	1,333.82	1,779.12	-	4,474.22
Total	**88,327.73**	**74,766.05**	**4,788.73**	**15,925.81**	**-**	**95,480.59**

(d) Commodity price risk

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

(e) Capital management

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

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest-bearing loans and borrowings (Note 17, 20 & 21)	25,213.44	38,995.13
Less: cash and cash equivalents (Note 13)	(1,594.15)	(521.80)
Adjusted net debt	**23,619.29**	**38,473.32**
Equity share capital (Note 15)	2,244.00	2,244.00
Other equity (Note 16)	79,692.54	75,981.93
Total equity	**81,936.54**	**78,225.93**
Adjusted net debt to total equity ratio	**0.29**	**0.49**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

In order to achieve this overall objective, the company's capital management amongst other things, aim to ensure that it meets financial covenants attached to the interest bearing loan and borrowing that define capital structure requirement.The management periodically reviews compliance with terms and condition of existing loan agreement to identify any non-adherence at each reporting date and obtain confirmation from the respective lenders on existing terms and conditions basis which borrowing are disclosed as current and non-current at each reporting date.Pursuant to such periodical review during the year,the management had identified non-adherence to certain debt covenants and had obtained confirmations from the concerned lender on continuance of existing terms and conditions. However at year end the Company was in compliance with the terms and conditions of existing loan aggrements.

38. Fair Value Measurements

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2021 (INR in Lakhs)

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobser-vable inputs	Total
Investments (Note 1)	30.74	-	-	30.74	8.49	-	22.25	30.74
Loans	-	-	1,309.01	1,309.01	-	-	-	-
Trade receivables	-	-	46,688.78	46,688.78	-	-	-	-
Cash and cash equivalents	-	-	1,594.15	1,594.15	-	-	-	-
Other bank balance	-	-	3,466.41	3,466.41	-	-	-	-
Other financial assets	-	-	19,178.46	19,178.46	-	-	-	-
Total Financial assets	**30.74**	**-**	**72,236.81**	**72,267.55**	**8.49**	**-**	**22.25**	**30.74**
Borrowings (excluding current maturities)	-	-	20,866.90	20,866.90	-	-	20,866.90	20,866.90
Trade payable	-	-	36,160.98	36,160.98	-	-	-	-
Other financial liabilities	-	-	5,746.71	5,746.71	-	-	-	-
Lease liabilities	-	-	2,747.77	2,747.77	-	-	-	-
Total Financial liabilities	**-**	**-**	**65,522.36**	**65,522.36**	**-**	**-**	**20,866.90**	**20,866.90**

As at March 31, 2020

Particulars	FVTPL	FVTOCI	Amortised cost	Total	Fair Value Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobse-rvable inputs	Total
Investments (Note 1)	80.45	-	0.17	80.62	59.29	-	21.33	80.62
Loans	-	-	1,398.23	1,398.23	-	-	-	-
Trade receivables	-	-	55,899.34	55,899.34	-	-	-	-
Cash and cash equivalents	-	-	521.80	521.80	-	-	-	-
Other bank balance	-	-	1,952.43	1,952.43	-	-	-	-
Other financial assets	-	-	16,051.13	19,688.68	-	-	-	-
Total Financial assets	**80.45**	**-**	**75,823.10**	**75,903.55**	**59.29**	**-**	**21.33**	**80.62**
Borrowings (excluding current maturities)			33,854.55	33,854.55	-	-	33,854.55	33,854.55
Trade payables	-	-	45,810.31	45,810.31	-	-	-	-
Other financial liabilities	-	-	4,975.32	4,975.32	-	-	-	-
Lease liabilities	-	-	3,687.55	3,687.55	-	-	-	-
Total Financial liabilities	**-**	**-**	**88,327.73**	**88,327.73**	**-**	**-**	**33,854.55**	**33,854.55**

38. Fair Value Measurements (Contd...)

Note 1 - Investments in associates and subsidiaries have been accounted at historical cost. Since these are scoped out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than subsidiaries and associates have been designated as FVTPL. However, investments in equity shares other than those of Eimco Elecon Electricals Limited (EECL) on disposal will fetch only the principal amount invested and hence the company considers cost and fair value to be the same.

Fair value of financial assets and liabilities measured ar amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial classified as current. Accordingly, the fair value has not been disclosed separately.

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

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

Fair value of borrowing is computed using the market comparision technique where information for the interest rate at which a borrowing can availed by company is used to arrive at fair value of borrowing. Further management measurment of fair value is not materially diffrent from the amortised cost in these case significant unobservable inputs and inter relationship between significant unobservable inputs and fair value measurement is not applicable.

On account of materiality and in absence of sufficient information for determination of fair value of investments in equity shares of INR 0.15 lakhs (March 31, 2020: 0.17 lakhs), the Company has not fair valued the same.

ii) Levels 1, 2 and 3

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

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

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

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

Investments in equity shares of Eimco Elecon Electricals Limited (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2021.

Significant unobservable inputs

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

Particulars	March 31, 2021	March 31, 2020
Beta for WACC	1.00	1.00
Risk free rate of return	6.00%	6.85%
Cost of equity	12.50%	12.50%
Cost of debt	Nil	Nil
WACC	12.50%	12.50%
Perpetual growth rate	5.00%	2.50%

i) Transfers between Levels 1 and 2

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

38. Fair Value Measurements (Contd...) (INR in Lakhs)

ii) Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended March 31, 2021 and March 31, 2020 is as below:

Particulars	Amount
As at March 31, 2019	**28.45**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(7.12)
As at March 31, 2020	**21.33**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	0.94
As at March 31, 2021	**22.25**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year ended March 31, 2021 and March 31, 2020.

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

2020-21			Perpetual growth rate	
			-1%	**+1%**
	Cost of equity	**-1%**	2.13	3.32
		+1%	1.52	2.00

2019-20			Perpetual growth rate	
			-1%	**+1%**
	Cost of equity	**-1%**	1.73	0.42
		+1%	3.06	2.21

39. Related party disclosure

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

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

a) **Holding Company :** Aakaaish Investments Private Limited

b) **Entity with control over the Company :** Lotus Trust

c) **Wholly Owned Subsidiary Companies**

(i) Radicon Transmission UK Limited, U.K.
(ii) Elecon Singapore Pte. Limited, Singapore
(iii) Elecon Middle East FZE, Middle East

d) **Wholly Owned Step down Subsidiaries**

(i) Benzlers Systems AB, Sweden
(ii) AB Benzlers, Sweden
(iii) Radicon Drive Systems, Inc., USA
(iv) Benzlers Transmission A.S., Denmark
(v) Benzlers Antriebstechnik GmbH, Germany
(vi) Benzlers TBA B.V., Netherlands
(vii) OY Benzlers AB, Finland
(viii) Benzlers Italia s.r.l.

(INR in Lakhs)

39. **Related party disclosure** (Contd...)

e) **Associates**

(i) Eimco Elecon (India) Limited
(ii) Elecon Australia Pty. Limited
(iii) Elecon Africa Pty. Limited
(iv) Elecon Engineering (Suzhou) Co. Limited, China

Note:-

The Company is in process of seeking RBI approval for liquidating its 3 associated namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited, China.There are no transactions in these 3 associate companies and there are no assets or liabilities pertaining to these associates.

f) **Key managerial personnel**

(i) Mr. Prayasvin B. Patel - Chairman and Managing Director
(ii) Mr. Prashant C. Amin - Executive Director (till May 31, 2020)
(iii) Mr. Prashant C. Amin - Non-Executive Director (w.e.f June 1, 2020)
(iv) Mr. Pradip M. Patel - Director
(v) Mr. Jal Patel - Independent Director
(vi) Mr. Chirayu R Amin - Independent Director (till August 10, 2020)
(vii) Mr. Jai S Diwanji - Independent Director
(viii) Dr. Sonal V Ambani - Independent Director
(ix) Mr. Narasimhan Raghunathan (w.e.f March 8, 2020) - Chief Financial Officer
(x) Mr. Kamlesh Shah (till March 7, 2020) - Chief Financial Officer

g) **Relatives of Key managerial personnel**

(i) Mr. Aayush Shah (w.e.f February 27, 2020 till December 21, 2020)

h) **Entities forming part of the same group (with whom transaction undertaken during the year or previous year)**

(i) Devkishan Investment Private Limited
(ii) K. B. Investments Private Limited
(iii) Elecon Information Technology Limited
(iv) Tech Elecon Private Limited
(v) Emtici Engineering Limited
(vi) Prayas Engineering Limited
(vii) Speciality Wood Pack Private Limited
(viii) Power Build Private Limited
(ix) Elecon Hydraulics Private Limited
(x) Akaaish Mechatronics Limited
(xi) Madhubhan Prayas Resorts Limited
(xii) Wizard Fincap Limited
(xiii) Eimco Elecon Electricals Limited
(xiv) Elecon Peripherals Limited
(xv) Packme Industries Private Limited
(xvi) Darshan Chemicals
(xvii) WRC Engineering Company Private Limited
(xviii) Radicon Transmission FZE
(xix) Radicon Transmission (Thailand) Limited
(xx) Radicon Transmission (Australia) Pty Limited
(xxi) Vijay M. Mistry Construction Private Limited
(xxii) Jamko consultants Private Limited
(xxiii) Desmin agencies

i) **Other related party**

Post employment benefit plan

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

B) Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given and taken, at the year-end are unsecured and interest free and settlement occurs in cash other than for advance.

2) Loans in GBP given to the related party carries interest rate at 3.898% (March 31, 2020 : 4.598%)

Transactions with key management personnel

Compensation of key management personnel of the Company.

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Short-term employee benefits (Remuneration)		
- Mr. Prayasvin B. Patel	319.86	314.45
- Mr. Prashant C. Amin	207.56	229.11
- Mr. Narasimhan Raghunathan	32.73	2.29
- Mr. Kamlesh Shah	-	52.31
Commission and sitting fees to Independent directors and non-executive directors	40.25	12.10
Total compensation paid to key management personnel	**600.40**	**610.26**

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

39. Related party disclosure (Contd...)

(INR in Lakhs)

Particulars	Associate		Subsidiaries		Key Managerial Personnel		Relatives of Key managerial personnel		Entities forming part of the same group		Employement benefit plans	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Purchase of material / finished goods	27.45	33.09	16.99	-	-	-	-	-	2,881.56	3,144.96	-	-
Miscellaneous income	4.51	1.46	-	-	-	-	-	-	23.48	50.24	-	-
Erection and other charges	21.33	8.58	-	-	-	-	-	-	116.20	139.89	-	-
Sale of finished goods/ consumable stores	351.29	403.18	6,287.48	3,265.45	-	-	-	-	397.76	808.21	-	-
Purchase of property plant and equipment	-	-	-	-	-	-	-	-	-	138.62	-	-
Sales of property plant and equipment	-	-	-	-	-	-	-	-	61.74	9.91	-	-
Remuneration paid key managerial personnel	-	-	-	-	600.40	610.26	13.77	0.50	-	-	-	-
Other expenses charged from related parties	5.94	5.18	298.03	258.02	-	39.70	-	-	266.33	293.62	-	-
Other expenses charged by related parties	20.30	13.31	139.13	11.85	-	15.29	-	-	3,228.38	3,793.09	-	-
Sales and other commission expense	-	-	251.84	149.62	-	-	-	-	50.00	-	-	-
Commission income on bank guarantee	-	-	-	74.25	-	-	-	-	-	-	-	-
Interest on above deposits / loans / advances	-	-	38.81	36.80	-	-	-	-	-	-	-	-
Sundry balances written back	-	-	-	-					-	16.06		
Sundry balances written off	-	-	69.46	-	-	-	-	-	-	-	-	-
Corporate Guarantee Commission	-	-	80.22	-	-	-	-	-	-	75.21	-	-
Dividend income	47.92	67.09	296.75	-	-	-	-	-	-	-	-	-
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	-	-	25.42	13.97
Outstanding balances	-		-									
Trade payables	17.38	3.14	309.19	217.94	-	-	-	-	3,832.73	4,312.75	-	-
Trade receivables	-	160.75	2,444.51	645.40	-	-	-	-	490.62	321.72	-	-
Advance received	-	1.77	2,275.03	321.50	-	-	-	-	-	14.47	-	-
Loan given	-	-	881.53	812.76	-	-	-	-	-	-	-	-
Guarantees taken from	-	-	-	-					217,400.00	217,400.00		
Guarantees given for	-	-	35,120.86	31,111.69	-	-	-	-	-	-	-	-

39. Related party disclosure (Contd...)

(INR in Lakhs)

Note:-

The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to INR 1,071.30 lakhs.

Disclosure as per Regulation 53(F) of SEBI (Listing Obligations And Disclosure Requirements) Regulations

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

Name of the Party	Relationship	Amount outstanding as at 31.03.2021	Amount outstanding as at 31.03.2020	Maximum balance outstanding during the year 31.03.2021	Maximum balance outstanding during the year 31.03.2020
Radicon Transmission UK Limited	Wholly owned subsidiary	881.53	812.76	881.53	812.76

40. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 259.24 lakhs (March 31, 2020: INR 359.90 Lakhs) is recognised as expenses and included in Note No. 30 "Employee benefits expense"

Particulars	As at March 31, 2021	As at March 31, 2020
Provident fund	256.61	350.92
Superannuation fund	2.63	8.98
	259.24	**359.90**

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

(INR in Lakhs)

B. Defined benefit plans:

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

(a) Gratuity

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

March 31, 2021 : Changes in defined benefit obligation and plan assets

	April 1, 2020	Gratuity cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2020
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 30)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income		
Gratuity													
Defined benefit obligation	1,305.09	77.81	86.03	163.84	(11.71)	(402.97)	-	-	53.26	(176.26)	(123.00)	-	**931.25**
Fair value of plan assets	(1,235.64)	-	(81.45)	(81.45)	11.71	402.97	10.97	-	-	-	10.97	(16.02)	**(907.46)**
Benefit liability	**69.45**	**77.81**	**4.58**	**82.39**	**-**	**-**	**10.97**	**-**	**53.26**	**(176.26)**	**(112.03)**	**(16.02)**	**23.79**
Total benefit liability	**69.45**	**77.81**	**4.58**	**82.39**	**-**	**-**	**10.97**	**-**	**53.26**	**(176.26)**	**(112.03)**	**(16.02)**	**23.79**

March 31, 2020 : Changes in defined benefit obligation and plan assets

	April 1, 2019	Gratuity cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2020
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 30)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income		
Gratuity													
Defined benefit obligation	1,289.24	73.83	96.45	170.28	(14.97)	(160.70)	-	-	(63.51)	84.75	21.24	-	**1,305.09**
Fair value of plan assets	(1,249.89)	-	(93.52)	(93.52)	(3.40)	160.70	8.29	-	-	-	8.29	(57.82)	**(1,235.64)**
Benefit liability	**39.35**	**73.83**	**2.93**	**76.76**	**(18.36)**	**-**	**8.29**	**-**	**(63.51)**	**84.75**	**29.53**	**(57.82)**	**69.45**
Total benefit liability	**39.35**	**73.83**	**2.93**	**76.76**	**(18.36)**	**-**	**8.29**	**-**	**(63.51)**	**84.75**	**29.53**	**(57.82)**	**69.45**

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

(INR in Lakhs)

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Insurance Fund (%) of total plan assets	100%	100%

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.49%	6.59%
Future salary increase		
For the next 1st year	10.00%	0.00%
For the next 1st year, starting from 2nd year	6.00%	3.00%
Starting from 3rd year	6.00%	6.00%
Expected rate of return on plan assets	6.49%	6.59%
Employee turnover rate	10.00%	10.00%
Morality 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:

Gratuity

		(increase) / decrease in defined benefit obligation (Impact)	
Particulars	Sensitivity level	Year ended March 31, 2021 INR	Year ended March 31, 2020 INR
Discount rate	1% increase	(43.37)	(51.62)
	1% decrease	48.37	57.36
Salary Increase	1% increase	47.40	57.86
	1% decrease	(43.31)	(43.48)

(b) Leave obligations - unfunded

The actuarial liability towards leave obligations as at March 31, 2021 is INR 236.82 Lakhs (March 31, 2020 is INR 367.26 Lakhs). Current year charge is included in Employee benefit expense (refer note 30).

(c) Effect of Plan on Entity's Future Cash Flows

(i) Funding arrangements and Funding Policy

The Company has purchase an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(ii) Expected Contibution during the next annual reporting period

The Company's best estimate of contribution during the next year is ₹ 61.43 Lakhs (As at March 31, 2020 is ₹ 82.39 Lakhs).

(INR in Lakhs)

(iii) Expected cash flows over the next years (valued on undiscounted basis):

Weighted average duration (based on discounted cash flows):

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1 year	154.21	297.33
2 to 5 year	442.95	640.30
6 to 10 year	346.07	411.36
More than 10 year	437.86	496.85

41. Contigent liabilities and commitments

	Particulars	March 31, 2021	March 31, 2020
(a)	**Contingent liabilities:**		
	Claims against the Company not acknowledged as debt		
(i)	Disputed with Excise and Service tax authority	6,058.68	4,189.56
(ii)	Disputed with Sales tax authority	286.25	1,019.93
(iii)	Disputed with Income tax authority	5,291.22	5,291.22
(iv)	Sales bills discounted under letter of credit with Banks	346.64	25.46
(v)	In respect of arbitration proceeding as directed by Honorable Gujarat High Court in response to an application made by one of the contractor of the company for INR 206.07 lakhs (March 31, 2020: 206.07 lakhs). However the company has made a counter claim of INR 200.00 Lakhs (March 31, 2020: 200.00 lakhs) with the same arbitrator in response and as per the books of account INR 51.88 Lakhs (March 31, 2020 : 51.88 lakhs) is due to him.	154.19	154.19
(vi)	Incremental Bonus Liability for the year 2014 -15	151.75	151.75
(vii)	NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting Blue Technologies (RBT) of USA and the Company, in the court of Ohio, USA on account of non performing of Wind Mill supplied through Reflecting Blue Technologies (RBT). The matter is settled during the year ended March 31, 2021.	-	2,886.21
(viii)	In respect of a commercial civil suit filed by a customer against the Company with the Commercial Civil Court, Ahmedabad amounting to INR 4,933 lakhs (March 31, 2020: 4,933 lakhs). Against this, the Company has filed a counter claim of INR 549 lakhs (March 31, 2020: 549 lakhs) against the Customer for the default made by the customer.	4,933.00	4,933.00
(ix)	With reference to the Surya Roshani Limited & others v/s EPFO judgment of Hon'ble Supreme Court of India, which set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. 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 order of the Hon'ble Supreme Court of India (February 28, 2019) till the year ended March 31, 2021 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.		

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

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Guarantees		
(i) The Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 6,000,000 (March 31, 2020: GBP 6,000,000) as a security for repayment of Financial facility availed by Radicon Transmission UK Limited, United Kingdom, a subsidiary of the Company.	6,057.05	5,584.56
(ii) The Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 8,299,000 and US$ 22,098,000 (March 31, 2020: GBP 8,299,000 and US$ 22,098,000) as a security for repayment of Financial facility availed by Radicon Transmission UK Limited, UK, a subsidiary of the Company.	24,620.98	24,383.15
(iii) Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 53.00 Million (March 31, 2020: SEK 15.00 Million) as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Radicon Transmission UK Limited, Uk, a Wholly-owned Subsidiary of the Company.	4,442.82	1,143.98

* Future cash outflows are determinable only on receipt of judgements/ decisions pending with various forums/ authorities. It is not practicable to disclose possibility of any reimbursement.

(b) **Commitments:**

	March 31, 2021	March 31, 2020
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	340.37	483.87
(ii) Liability for Export Obligation under Advance Licence	135.49	1,552.05

42. Disclosure on Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.

43. Segment reporting

Basis for segmentation

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

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

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

(INR in Lakhs)

43. Segment reporting (Contd...)

Information about reportable segments

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment revenue from operations:		
(a) Material Handling Equipment	13,924.65	22,897.76
(b) Transmission Equipment	65,711.72	60,676.06
Total segment revenue including intersegment revenue	**79,636.37**	**83,573.82**
Less: Inter segment revenue	-	-
Total segment revenue from operations	**79,636.37**	**83,573.82**
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	(5,043.30)	(1,862.92)
(b) Transmission equipment	17,154.51	9,470.54
Net segment profit/(loss) before tax & interest	**12,111.21**	**7,607.62**
Reconciliation of segment profit/(loss) with profit before tax		
i) Finance cost	5,426.89	6,963.25
ii) Other unallocated corporate expenses net off	1,484.08	1,212.00
iii) Unallocable income	627.94	(695.42)
Profit before tax as per statement of profit and loss	**5,828.18**	**127.79**

Other Information	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment assets		
(a) Material Handling Equipment	43,240.68	48,300.02
(b) Transmission Equipment	109,016.93	116,397.78
Total segment assets	**152,257.61**	**164,697.80**
(c) Unallocable	17,933.01	18,938.41
Total assets	**170,190.62**	**183,636.21**
Segment liabilities		
(a) Material Handling Equipment	29,601.18	36,824.88
(b) Transmission Equipment	53,155.59	65,686.26
Total segment liabilities	**82,756.77**	**102,511.14**
(c) Unallocable	5,497.31	2,899.14
Total liabiities	**88,254.08**	**105,410.28**

Geographical information

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment revenue from external customers		
India	68,390.83	77,868.55
Ouside India	11,245.54	5,705.27
Total segment revenue	**79,636.37**	**83,573.82**

All non-current assets of the Company are located in India.
There is no single external customer which exceeds 10% of the Company's revenue.

44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-

a. **Disaggregation of revenue**

(INR in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from long-term construction contracts (A)	17,882.70	24,353.09
Revenue other than considered in (A) above	61,753.67	59,220.73
Revenue from operations (Refer note 25)	**79,636.37**	**83,573.82**

The Company believes that the information provided under Note 25 and Note 43, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, *Revenue from Contracts with Customers.*

b. **Reconciliation the amount of revenue recognised in the standalone statement of profit and loss with the contracted price:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contracted price	80,217.89	83,295.33
Adjustments		
Variable consideration reduction on account of liquidated damages	(972.57)	(476.24)
Revenue from contract with customers	**79,245.32**	**82,819.09**
Export incentives	364.36	271.72
Bad debts recovered	26.69	483.01
Revenue from operations (Refer note 25)	**79,636.37**	**83,573.82**

c. **Contract balances:**

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	**46,688.78**	**55,899.34**
Contract assets		
Unbilled revenue - Other financial assets	19,136.47	15,426.46
Contract liabilities		
Biliing in excess of revenue	666.83	392.29
Accrued contractual liability	2,832.00	2,527.87
Advance from customers	14,317.34	11,609.56

Revenue Recognised from opening balance of contract liabilities amounts to ₹ 195.49 Lakhs (Previous year: ₹ 1,488.72 Lakhs).

d. Unsatisfied performance obligations

The Company applies the practical expedient in Paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. Accordingly, the Company recognises revenue by an amount to which the Company has a right to invoice.

45. Lease Transactions

The Company has elected below practical expedients while applying Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

The incremental borrowing rate applied to lease liabilities as at April 1, 2020 is 14.50%.

45.1. As a Lessee - Movement in Lease liabilities.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance as at 1 April	59.04	95.31
New lease contracts entered during the year	33.11	-
Finance costs incurred during the year	10.38	11.83
Payments of lease liabilities	(39.24)	(48.10)
Balance as at 31 March (refer note 20)	**63.29**	**59.04**
Maturity analysis - Undiscounted cash flows		
Less than one year	25.66	39.87
More than one year	30.92	29.86

45.2. Amounts recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	10.38	11.83
Expenses relating to short-term leases	1,224.33	1,163.71

45.3. As a Lessor

Lease income from lease contracts in which the Company acts as a lessor is as below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating Lease	150.95	205.97
Maturity analysis - Undiscounted cash flows		
Less than one year	77.29	57.42

The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

46. Subsequent to outbreak of COVID-19 pandemic and consequent lock down across the country, the Company's operations have resumed post temporary suspension, as per the guidelines and norms prescribed by the Government authorities. The Company continues to monitor the impact of COVID-19 on its business including customers, supply-chain, employees/ workers and logistics. The management has taken specific steps by way of negotiating better payment terms for new orders and cost rationalization initiatives to manage the cash flows and liquidity position. The Company has considered internal and external information while evaluating various estimates in relation to its standalone financial statements up to the date of its approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions.

Further impact of the COVID-19 pandemic, if any, may be different from estimated as at the date of approval of these standalone financial statements and the Company believes that no precise estimation can be made about the actual impact of the pandemic on the overall economy, specific industry sectors and the Company itself at this stage but is closely monitoring the emerging situation.

47. The Indian Parliament has approved the Code on Social Security, 2020 ('Code') which may likely impact the contributions made by the Company towards Provident Fund and Gratuity. The Company will assess the impact and its evaluation once the corresponding rules are notified and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are notified.

48. The Standalone financial statements were authorised for issue by board of director at their meetings held on May 27, 2021.

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2021.

To the Members of
Elecon Engineering Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Elecon Engineering Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2021, Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

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

Description of Key Audit Matters

Revenue Recognition – Long-term construction contracts

See Note 2 and 44 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
A significant portion of Holding Company's revenues arise from long-term construction contracts where revenue is recognised over time by measuring the progress towards complete satisfaction of the performance obligation using input method. The measurement of progress requires the Holding Company to make estimates and judgements including total estimated contract costs, remaining costs to completion, and total estimated contract revenues along with contract risks. We identified measurement of revenue from long-term construction contracts as a key audit matter because the above estimation is inherently subjective and complex requiring significant judgements to be made by the Holding Company.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluating the accounting policy for revenue recognition in terms of the relevant accounting standards; • Evaluating the design and implementation of the Holding Company's key internal financial controls over revenue recognition and tested the operating effectiveness of such controls on selected transactions; • Selected a sample of long-term construction contracts on the basis of risk and volume. For these contracts we evaluated the terms of the contract and assessed the revenue recognised in accordance with relevant accounting standard by: – Evaluating the Holding Company's estimates of the total contract costs, underlying risks involved and status of the projects. Verifying underlying documents like incurred cost reports, budgets, contracts signed, profitability assessment;

Revenue Recognition – Long-term construction contracts

See Note 2 and 44 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
	– Verifying the allocation of incurred cost to individual contracts as assessed by those responsible for the projects, testing attribution of the cost to the period to which it relates and performing search for unrecorded liabilities; – Challenging the Holding Company's estimates in connection with remaining costs to completion by comparing the outcome of the contracts with previous estimates made for these contracts to assess the reliability of the Holding Company's forecasting process; – Evaluating the Holding Company's assessment of revenue to be recognized, basis the stage of completion and any losses anticipated. • Evaluating the appropriateness of disclosures in the consolidated financial statements with reference to relevant accounting standards.

Measurement of Expected Credit Loss on Trade Receivables (including retention monies)

See Note 2 and 12 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Evaluation of trade receivables for impairment requires exercise of judgement and involves consideration of various factors. These factors include customer's ability and willingness to pay the outstanding amounts, past due receivables, financial and economic difficulties of customers. This assessment is done for each group of customers resulting from possible defaults over the expected life of the receivables. Based on this assessment, credit loss rate is determined in provision matrix. The credit loss rate is based on the experience of actual credit losses over past years adjusted to reflect the current economic conditions and forecasts of future economic conditions. Based on such credit loss rate, the Holding Company records expected credit loss (ECL) allowance for trade receivables. In view of this, we have considered measurement of ECL on trade receivables (including retention monies) as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: • Evaluating the accounting policy for impairment of trade receivables (including retention monies) in terms of the relevant accounting standards; • Testing the design, implementation and operating effectiveness of the Holding Company's key internal financial controls. These controls relate to measurement of ECL on trade receivables and retention monies. Evaluated monitoring related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses; • For a sample of past due receivables, selected on the basis of risk, ageing and volume, we examined the ageing of receivables, impairment losses provided/ reversed during the year and compared them to historical experience; • Evaluating the Holding Company's assessment regarding credit worthiness of such customers and identification of the credit impaired customers; • Balance confirmation requests were circulated to some of the customers, selected basis random sampling; • We challenged the credit loss rate in the provision matrix by examining the information used to determine such rates. We evaluated the historical credit loss experience, current observable data and forward-looking outlook as prescribed in the relevant accounting standard; • Assessing the adequacy of the related disclosures in the consolidated financial statements with reference to relevant accounting standards.

Impairment – Recoverability of Goodwill

See Note 2 and 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at March 31, 2021, the Group has goodwill relating to the acquisition of certain subsidiaries of Radicon Transmission UK Limited (Radicon UK). The carrying value of goodwill is tested for impairment at least annually, or more frequently when there is any indication of impairment. The assessment is performed by comparing the carrying amount of cash-generating unit ("CGU") to which the goodwill is allocated with its recoverable amount. The annual impairment testing of goodwill is considered to be a key audit matter by the auditors of Radicon UK due to the complexity of accounting requirement and significant judgement involved. The recoverable amount of the CGU is based on discounted cash flow projections which uses several key assumptions including estimated future cash flows, EBIT margins, terminal growth rate and discount rate based on weighted average cost of capital (WACC).	In view of the significance of the matter, the auditor of the subsidiary has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence: • Assessing the valuation methodology used in the circumstances and the consistency of the valuation methodology used with the preceding periods; • Challenging the key valuation assumptions (future cash flow assumptions and discount rate) and performing sensitivity analysis as these are the key assumptions which the valuation is most sensitive to; • Assessing the accuracy of projections through comparison of projections for previous and current financial year with the actual performance and analysing deviations; • Testing the arithmetical accuracy of the overall model; • Engaging our internal valuation experts to assist us in assessing the valuation method and discount rate used; and • Evaluating the related disclosures in the consolidated financial statements

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company 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 and of its associates is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in paragraph (a) of the section titled 'Other Matters' below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) The consolidated financial statements include the audited financial information of 11 subsidiaries, whose financial statements / financial information reflect total assets (before consolidation adjustments) of Rs. 38,138.65 Lakhs as at March 31, 2021, total revenue (before consolidation adjustments) of 31,476.09 Lakhs, and net cash inflows of Rs. 814.09 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income after tax) of Rs. 187.21 Lakhs for the year ended March 31, 2021, in respect of one associate. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the associate is based solely on the audit reports of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit after tax (and other comprehensive income) of Nil for the year ended March 31, 2021, in respect of three associates, whose financial information has not been audited by us or by other auditors. This unaudited financial information has been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these three associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Holding Company's management, this unaudited financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified to us by the Holding Company's management.

Report on Other Legal and Regulatory Requirements

1) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and the associate, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act;

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its associate company incorporated in India, none of the directors of the Holding Company and its associate company incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act; and

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its associate company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in 'Annexure-A'.

2) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and the associate, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group and its associates. Refer Note 41 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts. The Group and its associates have not entered into any derivative contracts. Refer Note 23 to the consolidated financial statements in respect of such items as it relates to the Group and its associates.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its associate company incorporated in India during the year ended March 31, 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended March 31, 2021.

3) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of the associate company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its associate, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its associate, is not in excess of the limit laid down under Section 197 of the Act, except in case of one managerial person of the Holding Company to whom excess remuneration aggregating to INR 21 lakhs was paid during the year. However, the said excess amount has been refunded by the managerial person as at March 31, 2021.The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN : 21116240AAAABQ7130

Place : Mumbai
Date : May 27, 2021

ANNEXURE- A TO THE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Elecon Engineering Company Limited (hereinafter referred to as 'the Holding Company') and its associate company incorporated in India, as of the date, under the Companies Act, 2013.

In our opinion, the Holding Company and its associate company incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant associate company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to one associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN : 21116240AAAABQ7130

Place : Mumbai
Date : May 27, 2021

CONSOLIDATED BALANCE SHEET
as at March 31, 2021

(INR in Lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	54,834.46	58,952.82
(b) Right-of-use assets	3	5,900.08	6,539.90
(c) Capital work-in-progress	3	30.96	40.50
(d) Investment properties	4	2,547.00	2,559.99
(e) Goodwill	5	10,712.15	9,890.03
(f) Other intangible assets	5	1,797.64	1,952.41
(g) Investments accounted for using the equity method	6	5,312.85	5,173.57
(h) Financial assets			
(i) Investments	7	30.74	80.62
(ii) Loans	8	6.53	6.53
(iii) Other financial assets	9	1,047.55	581.69
(i) Deferred tax assets (net)	36	501.73	561.25
(j) Income tax assets (net)	10	2,020.33	2,336.29
(k) Other non-current assets	11	1,175.17	1,244.90
Total non-current assets		**85,917.19**	**89,920.50**
II. Current assets			
(a) Inventories	12	25,022.35	30,655.12
(b) Financial assets			
(i) Trade receivables	13	50,773.61	61,207.21
(ii) Cash and cash equivalents	14	9,614.49	7,728.06
(iii) Bank balances other than (ii) above	14	4,533.96	3,020.18
(iv) Loans	8	420.95	578.95
(v) Other financial assets	9	19,187.34	15,478.56
(c) Other current assets	15	3,803.72	4,909.73
Total current assets		**113,356.42**	**123,577.81**
Total assets		**199,273.61**	**213,498.31**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	2,244.00	2,244.00
(b) Other equity	17	89,680.83	83,175.38
Total equity		**91,924.83**	**85,419.38**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	11,741.59	14,643.16
(ii) Lease liabilities	22	3,229.12	4,854.61
(b) Non-current provisions	19	5,466.95	6,266.94
(c) Deferred tax liabilities (net)	36	3,024.35	793.32
(d) Other non-current liabilities	20	-	5.58
Total non-current liabilities		**23,462.01**	**26,563.61**

CONSOLIDATED BALANCE SHEET (Contd...)
as at March 31, 2021

(INR in Lakhs)

Particulars	Notes	March 31, 2021	March 31, 2020
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	13,016.62	25,514.08
(ii) Lease liabilities	22	1,664.11	1,485.52
(iii) Trade payables	21		
- Total outstanding dues of micro and small enterprises		4,367.94	8,191.05
- Total outstanding dues of creditors other than micro and small enterprises		38,066.53	43,734.86
(iv) Other financial liabilities	23	7,854.13	5,310.32
(b) Other current liabilities	20	14,624.95	13,209.19
(c) Current provisions	24	2,595.91	2,257.49
(d) Current tax liabilities (net)	25	1,696.58	1,812.81
Total current liabilities		**83,886.77**	**101,515.32**
Total liabilities		**107,348.78**	**128,078.93**
Total equity and liabilities		**199,273.61**	**213,498.31**
The accompanying notes form an integral part of the consolidated financial statements.	2-53		

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May, 27 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May, 27 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	26	104,470.65	108,846.49
Other income	27	572.73	784.95
Total income (I)		**105,043.38**	**109,631.44**
Expenses			
Cost of materials consumed	28	43,910.33	49,688.95
Changes in inventories of finished goods and work-in-progress	29	4,625.73	653.07
Manufacturing expenses and erection charges	30	7,677.93	14,223.88
Employee benefits expense	31	11,793.91	13,391.68
Finance costs	32	5,980.63	7,703.52
Depreciation and amortisation expense	3,4 & 5	5,211.23	5,325.81
Other expenses	33	17,901.85	16,851.18
Total expenses (II)		**97,101.61**	**107,838.09**
Profit before share of equity accounted investee and tax (I-II)		**7,941.77**	**1,793.35**
Share of Profit from Associate (net of tax)		187.39	157.69
Profit before tax		**8,129.16**	**1,951.04**
Tax expense	37		
Current tax		134.28	216.73
Adjustment of tax relating to earlier periods		30.09	-
Deferred tax		2,201.69	(7,235.84)
Total Tax Expense		**2,366.06**	**(7,019.11)**
Profit for the year		**5,763.10**	**8,970.15**
Other comprehensive income			
A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences in translating the financial statements of foreign operations	17	417.70	504.20
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		**417.70**	**504.20**
B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	17	352.87	(745.52)
Income tax related to items that will not be reclassified to profit or loss		(28.22)	154.65
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		**324.65**	**(590.87)**
Total other comprehensive income for the year (net of tax) [A+B]		**742.35**	**(86.67)**
Total comprehensive income for the year		**6,505.45**	**8,883.48**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd...)
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to:			
Owners of the Company		5,763.10	8,970.15
Non-controlling interest		-	-
Profit for the year		**5,763.10**	**8,970.15**
Other comprehensive income attributable to:			
Owners of the Company		742.35	(86.67)
Non-controlling interest		-	-
Other comprehensive income for the year		**742.35**	**(86.67)**
Total comprehensive income attributable to:			
Owners of the Company		6,505.45	8,883.48
Non-controlling interest		-	-
Total comprehensive income for the year		**6,505.45**	**8,883.48**
Earnings per equity share	36		
Equity share of face value INR 2/- each			
Basic		5.14	7.99
Diluted		5.14	7.99
The accompanying notes form an integral part of the consolidated financial statements.	2-53		

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

(INR in Lakhs)

Particulars	Equity Share Capital	Other equity						Total equity attributable to the owners of the company
		Reserves & Surplus					Other Comprehensive Income	
		General reserve	Debenture Redemption Reserve	Securities premium	Capital reserve	Retained earnings	Exchange difference on translating the financial statement	
Balance as at April 1, 2019	2,244.00	44,324.14	2,500.00	2,878.14	246.93	23,587.00	1,026.23	76,806.44
Total comprehensive income for the period								
Arising on account of merger	-	-	-	-	-	683.43	(683.43)	-
Profit for the year	-	-		-	-	8,970.15	-	8,970.15
Remeasurements of post-employment benefit obligation, (Net of Tax) accounted through Other comprehensive income	-	-	-	-	-	(590.87)	-	(590.87)
Foreign currency translation	-	-	-	-	-	-	504.20	504.20
Total comprehensive income for the period	-	-	-	-	-	9,062.71	(179.23)	8,883.48
Transactions with owner of company								
Contributions and distributions								
Dividend paid	-	-	-	-	-	(224.40)	-	(224.40)
Dividend distribution tax	-	-	-	-	-	(46.14)	-	(46.14)
Total transactions with owner of company	-	-	-	-	-	(270.54)	-	(270.54)
Balance as at March 31, 2020	2,244.00	44,324.14	2,500.00	2,878.14	246.93	32,379.17	847.00	85,419.38
Balance as at April 1, 2020	2,244.00	44,324.14	2,500.00	2,878.14	246.93	32,379.17	847.00	85,419.38
Total comprehensive income for the period								
Profit for the year	-	-		-	-	5,763.10	-	5,763.10
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	-	-	324.65	-	324.65
Foreign currency translation	-	-	-	-	-	-	417.70	417.70
Total comprehensive income for the period	-	-	-	-	-	6,087.75	417.70	6,505.45
Balance as at March 31, 2021	2,244.00	44,324.14	2,500.00	2,878.14	246.93	38,466.92	1,264.70	91,924.83

For description of reserves Refer Note 17

The accompanying notes form an integral part of the consolidated financial statements. (2-53)

As per our report of even date attached

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

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before tax	**8,129.16**	**1,951.04**
Adjustments for :		
(i) Share of profit of associates	(187.39)	(157.69)
(ii) Depreciation and amortisation expense	5,211.23	5,325.81
(iii) Finance costs	5,980.63	7,703.52
(iv) (Gain)/loss on fair valuation of investment	(57.41)	81.19
(v) Loss on sold/discarded of property, plant and equipments (net)	18.90	69.23
(vi) Interest income	(220.96)	(240.95)
(vii) Dividend income	(0.02)	(0.50)
(viii) Bad debts written off	11,418.69	3,224.18
(ix) Unrealised exchange (gain)/loss	(527.82)	35.56
(x) Provision for other contract liabilities, warranty and others	506.05	532.65
(xi) Increase/(reversal) of provison for onerous contract	145.78	(89.52)
(xii) Liabilities written back	(113.22)	-
(xiii) Excess provision on doubtful debts written back	(7,362.77)	(2,861.73)
	22,940.85	**15,572.79**
Working Capital Adjustments		
Decrease/(increase) in trade receivables	6,499.86	(2,066.47)
Decrease in inventories	5,632.77	1,267.44
(Increase)/decrease in financial assets	(3,551.77)	4,167.02
Decrease in other current and non-current assets	1,175.74	3,443.72
(Decrease)/increase in trade payables	(9,236.12)	11,295.40
Increase in provisions, other current and non-current liabilities	710.29	1,252.43
Increase/(decrease) in other financial liabilities	592.10	(12,324.52)
Cash generated from operations	**24,763.72**	**22,607.81**
Tax refund (net of taxes paid)	38.95	(391.78)
Net cash generated from operating activities (A)	**24,802.67**	**22,216.03**
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(396.67)	(1,355.54)
Proceeds from sale of property, plant and equipment	134.79	49.92
Interest received	210.06	145.14
Dividend received	0.02	0.50
(Increase) in bank balances not considered as cash and cash equivalents (net)	(1,967.75)	(1,577.83)
Dividend received from associate	44.51	67.11
Proceeds from redemption of investments	107.29	139.21
Net cash (used in) from investing activities (B)	**(1,867.75)**	**(2,531.49)**

CONSOLIDATED STATEMENT OF CASH FLOWS (Contd...)
for the year ended March 31, 2021

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Cash flow from financing activities		
Repayment of non current borrowings	(2,394.71)	(10,182.51)
Repayment of current borrowings (net) (Note 3)	(11,443.40)	(2,629.16)
Proceeds from other financing arrangements	-	4,199.15
Repayment against other financing arrangements	(944.03)	(570.64)
Finance cost paid	(5,576.13)	(7,580.22)
Dividend paid (including dividend distribution tax)	(13.71)	(290.98)
Principal payment of lease liabilities	(676.51)	(506.37)
Net cash (used in) financing activities (C)	**(21,048.49)**	**(17,560.73)**
Net increase in cash and cash equivalents (A+B+C)	**1,886.43**	**2,123.81**
Cash and cash equivalents at 1 April (Refer note 14)	**7,728.06**	**5,604.25**
Cash and cash equivalents at 31 March (Refer note 14)	**9,614.49**	**7,728.06**
Components of cash & cash equivalents :		
Cash on hand	0.26	0.26
Balances with banks		
In current accounts	9,593.23	7,727.80
Cheques on hand	21.00	-
	9,614.49	**7,728.06**

Notes:

1. Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.
2. The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.
3. In accordance with para 22 of Ind AS 7 - Statement of Cash Flows, cash flows from current borrowings have been reported on net basis since these being working capital facilities, the maturities are short.
4. Movement in liabilities arising from financing activities as at March 31, 2021:

Particulars	Borrowings	Lease Liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	42,004.30	6,340.14	-	334.99
Repayment of borrowings (net)	(13,838.11)	(1,620.55)	-	-
Impact of Effective Interest Rate (EIR)	452.79	-	-	(452.79)
Dividend paid (including taxes)	-	-	(13.71)	-
Finance cost paid	-	(123.40)	-	(5,576.13)
Net cash outflows	**28,618.98**	**4,596.19**	**(13.71)**	**(5,693.93)**
Interest accrued during the year	-	123.40	-	-
Remeasurement of lease liability	-	152.96	-	-
Charge to statement of profit and loss	-	-	-	5,980.63
Foreign exchange fluctuation	-	20.68	-	-
Balance at the end of the year	**28,618.98**	**4,893.23**	**-**	**286.70**

The accompanying notes form an integral part of the consolidated financial statements. (2-53)

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Rupen Shah
Partner
Membership No: 116240

Place : Mumbai
Date : May 27, 2021

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : May 27, 2021

1. **Reporting entity**

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

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is involved in the design and manufacturing of Material Handling Equipment and Industrial Gears and also involved in providing erection and commissioning solutions for its products.

2. **Basis of preparation**

2.1 **Statement of compliance**

Consolidated financial statements of the Group comprises, the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "Consolidated financial statements". These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Group's accounting policies are included in Note 2.6.

2.2 **Functional currency and presentation currency**

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 **Basis of measurement**

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

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

2.4 **Use of estimates and judgments**

In preparing these consolidated financial statements, the Group's management ('the Management") has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgments

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

- **Note 6 –** identification of whether the Group has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4** – identification of the land &/or building as an investment property.
- **Note 6** – determining the amount of Impairment loss.
- **Note 38** – determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 44** – identification of reportable operating segments; and
- **Note 26 and 2.5 l** – identification of performance obligation in revenue recognition

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:

- **Note 3-5** – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.

- **Note 37 –** recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 41** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 19, 24 and 41** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 38** – impairment of financial assets.
- **Note 26 and 45** – Revenue recognition based on percentage of completion and provision for onerous contracts
- **Note 3 and 22** - Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

  The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.5 Measurement of fair values

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

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

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

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

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

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

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

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

- **Note 4** – investment property;
- **Note 38** – financial instruments.

2.6 Significant accounting policies

a) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities .

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the date of transition to Ind AS i.e. 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see Note 2.6 (i)). Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the statement of profit and loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity.

Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re- measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit and loss or OCI, as appropriate.

Business combinations prior to 1 April 2015

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

(i) Common control business combinations

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Operating cycle

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

c) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit and loss.

d) Financial instruments

Recognition and initial measurement

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

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

Financial assets - classification and subsequent measurement

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

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

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

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

- • the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

Offsetting

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

e) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Depreciation

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

(i) For Holding Company

- Plant and Machineries are depreciated on Straight line Method (SLM) as per the estimated useful life of the asset: 5 to 35 years
- Buildings are depreciated on Written Down Value Method (WDV) as per the estimated useful life of the asset: 10 to 60 years
- In respect of all other PPE, depreciation is provided on WDV as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(ii) For Overseas Company

- Plant and Machineries and Buildings are depreciated on Straight line Method (SLM) as per the estimated useful life of the asset: 7 and 20 years respectively.
- In respect to all other PPE, depreciation is provided on Straight line Method (SLM) as per the estimated useful life of the asset: 4 to 5 years.

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

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

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

Derecognition

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

f) Goodwill and other Intangible assets

Goodwill

For measurement of goodwill that arises on a business combination (see Note 2.6 (a) (i)). Subsequent measurement is at cost less any accumulated impairment losses.

In respect of business combinations that occurred prior to 1 April 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Previous GAAP, adjusted for the reclassification of certain intangibles.

Internally generated: Research and development and software development

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

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

Other intangible assets

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

Subsequent measurement

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

Amortisation

Amortisation is calculated to amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and amortisation in the statement of profit and loss.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model. Investment property includes freehold/leasehold land and building.

Depreciation

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognized.

h) Inventories

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

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

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

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

i) Impairment

Impairment of financial assets

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

- it is probable that the borrower will enter bankruptcy or other financial reorganization.

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

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

Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

j) Employee benefits

Short term employee benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees.

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

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

Termination benefits

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

k) Provisions (other than employee benefits)

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

Warranties

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

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

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

l) Revenue recognition

Sale of goods and services

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

Revenue from services rendered is recognised when services are rendered.

Construction contracts

Performance obligations with reference to construction contracts are satisfied over the period of time, and accordingly, revenue from such contracts is recognized based on progress of performance determined using input method with reference to the cost incurred on contract and their estimated total costs in certain contracts or for other contracts is determined using output method. Revenue is the transaction price that the Group is entitled to. Variable consideration such as liquidated damages and price variation are included in the transaction price, if it is highly probable that the significant reversal of revenue will not occur once associated uncertainty is resolved. Variation in contract work and other claims are included to the extent that the amount can be measured reliably and it is agreed with customer.

Estimates of revenue and costs are reviewed periodically and revised, wherever circumstances change, resulting increases or decreases in revenue determination, is recognized in the period in which estimates are revised.

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

Performance Obligations

If a contract contains more than one distinct goods and service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices.

Rental income

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer e.g. unbilled revenue. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset i.e. unbilled revenue is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

m) Leases - Ind AS 116

The Group at inception of a contract, assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments , do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Current tax

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

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

Deferred tax

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

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

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

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

o) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense basis the Effective Interest Rate (EIR) method for non-current borrowings and for current borrowings the same are charged to the statement of profit and loss as and when incurred.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 43.

q) Cash and cash equivalents

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

r) Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to revenue are recognized on a systematic basis in net profit in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

3. Property, plant and equipment

(₹ in Lakh)

Particulars	Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equip-ment	Electrical installations & fittings	Sundry equipment	Total	Capital work in progress
Cost										
As at April 1, 2019	**33,689.94**	**7,150.57**	**44,597.86**	**865.18**	**863.41**	**2,335.63**	**1,644.12**	**1,474.22**	**92,620.93**	**523.36**
Additions	-	557.06	1,028.31	11.98	61.80	134.78	4.42	27.47	1,825.82	1,342.96
Deductions	-	-	(98.38)	(8.37)	(55.34)	(1,125.63)	-	(3.33)	(1,291.05)	-
Reclassified to investment properties (Refer note 4)	(2,300.29)	-	-	-	-	-	-	-	(2,300.29)	-
Transition impact on adoption of Ind AS 116 (Refer note 45)	(3,936.33)	-	-	-	-	-	-	-	(3,936.33)	-
Exchange difference	-	(45.57)	263.44	7.53	7.25	3.99	-	(28.91)	207.73	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,825.82)
As at March 31, 2020	**27,453.32**	**7,662.06**	**45,791.23**	**876.32**	**877.12**	**1,348.77**	**1,648.54**	**1,469.45**	**87,126.81**	**40.50**
Additions	-	68.91	125.22	2.05	12.96	139.93	16.25	5.05	370.37	360.83
Deductions	-	-	(260.18)	(11.40)	(258.15)	(2.64)	-	-	(532.37)	-
Exchange difference	-	(227.44)	177.87	14.71	(1.90)	2.11	-	(75.35)	(110.00)	-
Capitalised	-	-	-	-	-	-	-	-	-	(370.37)
As at March 31, 2021	**27,453.32**	**7,503.53**	**45,834.14**	**881.68**	**630.03**	**1,488.17**	**1,664.79**	**1,399.15**	**86,854.81**	**30.96**
Accumulated depreciation										
As at April 1, 2019	**-**	**3,307.20**	**15,535.60**	**648.42**	**570.27**	**2,139.57**	**1,394.37**	**1,256.82**	**24,852.25**	**-**
Depreciation for the year	-	421.90	3,453.85	59.26	99.59	50.94	66.89	105.26	4,257.69	-
Deductions	-	-	(46.84)	(7.78)	(40.64)	(1,075.48)	-	(1.14)	(1,171.88)	-
Exchange difference		69.03	193.35	7.26	7.62	3.49	-	(44.82)	235.93	-
As at March 31, 2020	**-**	**3,798.13**	**19,135.96**	**707.16**	**636.84**	**1,118.52**	**1,461.26**	**1,316.12**	**28,173.99**	**-**
Depreciation for the year	-	427.24	3,311.81	46.56	66.03	123.77	54.89	99.47	4,129.77	-
Deductions	-	-	(156.85)	(11.40)	(208.18)	(2.25)	-	-	(378.68)	-
Exchange difference		66.29	172.29	14.51	(0.99)	1.91	0.01	(158.74)	95.28	-
As at March 31, 2021	**-**	**4,291.66**	**22,463.21**	**756.83**	**493.70**	**1,241.95**	**1,516.16**	**1,256.85**	**32,020.35**	**-**
Carrying value (net)										
As at March 31, 2021	**27,453.32**	**3,211.87**	**23,370.93**	**124.85**	**136.33**	**246.22**	**148.63**	**142.30**	**54,834.46**	**-**
As at March 31, 2020	27,453.32	3,863.93	26,655.27	169.16	240.28	230.25	187.28	153.33	58,952.82	-

Notes :

1) Refer to Note 18 for information on property, plant and equipment pledged as security by the Group.
2) For capital commitments, Refer note 42 (b).

(INR in Lakhs)

The following is the movement in Right of use Assets (ROU) during the year ended 31st March, 2021

Particulars	Lease-hold Land	Building	Vehicles	Plant & Equipments	Total
Cost					
As at April 1, 2019 (Transition impact on adoption of Ind AS 116)	3,936.33	2,946.28	148.78	95.81	7,127.20
Additions	-	103.88	41.09	-	144.98
As at March 31, 2020	**3,936.33**	**3,050.16**	**189.87**	**95.81**	**7,272.17**
Additions	-	75.32	43.43	-	118.75
Remeasurement due to lease modification	-	34.21	-	-	34.21
Deductions	-	(24.68)	-	(39.06)	(63.74)
Exchange difference	-	27.73	27.30	2.43	57.46
As at March 31, 2021	**3,936.33**	**3,162.74**	**260.60**	**59.18**	**7,418.85**
Accumulated Depreciation					
As at April 1, 2019	-	-	-	-	-
Depreciation for the year	71.30	533.74	50.07	57.23	712.33
Exchange difference	-	16.57	1.63	1.73	19.93
As at March 31, 2020	**71.30**	**550.31**	**51.70**	**58.96**	**732.27**
Depreciation for the year	71.31	588.34	87.04	41.25	787.94
Deductions	-	(24.68)	-	(39.06)	(63.74)
Exchange difference	-	56.48	22.42	(16.59)	62.31
As at March 31, 2021	**142.61**	**1,170.45**	**161.16**	**44.55**	**1,518.77**
Carrying value (net) as at March 31, 2021	**3,793.72**	**1,992.29**	**99.44**	**14.63**	**5,900.08**
Carrying value (net) as at March 31, 2020	**3,865.03**	**2,499.85**	**138.17**	**36.85**	**6,539.90**

4. Investment properties

(INR in Lakhs)

Particulars	Land	Office Building	Total
Cost			
As at April 1, 2019	**-**	**335.62**	**335.62**
Reclassified from PPE (Refer note no:3)	2,300.29	-	2,300.29
As at March 31, 2020	**2,300.29**	**335.62**	**2,635.91**
Additions	-	-	-
As at March 31, 2021	**2,300.29**	**335.62**	**2,635.91**
Depreciation and Impairment			
As at April 1, 2019	**-**	**62.25**	**62.25**
Depreciation for the year	-	13.67	13.67
As at March 31, 2020	**-**	**75.92**	**75.92**
Depreciation for the year	-	12.99	12.99
As at March 31, 2021	**-**	**88.91**	**88.91**
Carrying value (net)			
As at March 31, 2021	**2,300.29**	**246.71**	**2,547.00**
As at March 31, 2020	2,300.29	259.70	2,559.99

Information regarding income and expenditure of Investment Properties

Particulars	Year Ended March 31, 2021	Year ended March 31, 2020
Rental income derived from Investment property	13.57	12.92
Direct operating expenses (including repairs and maintenance) generating rental income	1.04	1.04
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	**12.53**	**11.88**
Less : Depreciation	**12.99**	**13.67**
(Loss) arising from investment properties before indirect expenses	**(0.46)**	**(1.79)**

Notes :

1) Refer note 18 for information on investment properties pledged as security by the Group.
2) 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.
3) During the previous year, the Group's management had identified that there was change in use of property for certain land parcels which were held for the business purposes by the Group, were now held for capital appreciation due to change in Group's original plan. Hence, during the previous year, the Group had transferred such land parcels from owner-occupied property to investment property.

4. Investment property (Contd...)

(INR in Lakhs)

Fair value of the Investment properties is as under:

Fair value	Land	Office Building
Balance as at April 1, 2019	-	444.18
Reclassified from property, plant and equipment (Refer note 3)	2,300.29	-
Fair value increase for the year	421.94	156.87
Purchases / (Sale)	-	-
Balance as at March 31, 2020	**2,722.23**	**601.05**
Fair value increase for the year	33.21	17.58
Purchases / (Sale)	-	-
Balance as at March 31, 2021	**2,755.44**	**618.63**

Estimation of fair value

As at March 31, 2021 and March 31, 2020 the fair values of the properties is based on valuations performed by accredited independent valuer, who specialises in valuing investment properties.

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

The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment properties as at March 31, 2021 and March 31, 2020 is done based on market feedback on values of similar properties and hence considered under "Level 2" of fair value measurement.

5. Other Intangible Assets

(INR in Lakhs)

Particulars	Intangible assets				Goodwill
	Computer Software	Technical Knowhow -Acquired	Licenses	Total	
Cost					
As at April 1, 2019	**1,038.47**	**1,866.37**	**381.71**	**3,286.55**	**9,618.55**
Additions	25.62	-	-	25.62	-
Exchange rate movement	-	104.67		104.67	271.48
As at March 31, 2020	**1,064.09**	**1,971.04**	**381.71**	**3,416.84**	**9,890.03**
Additions	13.50	-	-	13.50	-
Exchange rate movement	-	308.44	-	308.44	822.12
As at March 31, 2021	**1,077.59**	**2,279.48**	**381.71**	**3,738.78**	**10,712.15**
Accumulated amortisation	-	-	-	-	-
As at April 1, 2019	**512.13**	**255.95**	**295.16**	**1,063.24**	**-**
Amortisation for the year	160.43	130.37	51.31	342.11	-
Exchange rate movement	-	59.08	-	59.08	-
As at March 31, 2020	**672.56**	**445.40**	**346.47**	**1,464.43**	**-**
Amortisation for the year	127.57	140.25	12.72	280.54	-
Exchange rate movement	-	196.17	-	196.17	-
As at March 31, 2021	**800.13**	**781.82**	**359.19**	**1,941.14**	**-**
Carrying value (net)					
As at March 31, 2021	**277.46**	**1,497.66**	**22.52**	**1,797.64**	**10,712.15**
As at March 31, 2020	391.53	1,525.64	35.24	1,952.41	9,890.03

Notes :-

The carrying value of goodwill predominantly relates to the goodwill that arose on the acquisition of Radicon Transmission Limited group (BR Group) and has been tested in both periods against the recoverable amount of BR Group cash generating unit (CGU), by the Group. This goodwill relates to expected synergies from combining BR Group's activities with those of the Group and to assets, which could not be recognised as separately identifiable intangible assets. The goodwill is tested annually for impairment or more frequently if there are any indications that the goodwill may be impaired.

The recoverable amount of BR Group CGU has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts and future projections taking the analysis out to 5 years. Key assumptions includes discount rate of 7.00% p.a. (March 31, 2020: 7.89% p.a.). Changes in selling prices and raw material costs are based on expectations of future changes in the market based on external market sources. Terminal growth rate of 0.50% p.a. (March 31, 2020: 0.50% p.a.) is used in the cash flow projections. The post-tax discount rate is mainly derived from the main entities operating out of the USA, UK and Sweden weighted average cost of capital (WACC). The outcome of the Group's goodwill impairment test as at March 31, 2021 for the BR Group CGU resulted in no impairment of goodwill (March 31, 2020: Nil).

The management believes that no reasonably possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Computer software consists of capitalised development costs of Enterprise Resource Planning software being internally generated intangible assets.

6. Investments accounted for using the equity method

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
(i) Investment in associates (Fully paid-up) (equity method) (Refer note 51)		
Investment in Eimco Elecon (India) Limited*		
Cost of investments (958,426 equity shares (March 31, 2020 : 958,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited)	217.29	217.29
Add : Share of post acquisition profit (net of accumulated losses and dividends received)	5,095.56	4,956.28
*The Holding Company has pledged 476,000 equity shares (March 31, 2020 : 476,000 equity shares) of Eimco Elecon (India) Limited, with the Bank of Baroda, Dubai towards security for loan. Further, 200,000 equity shares (March 31, 2020 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.		
Total Investment in associate (equity method)	**5,312.85**	**5,173.57**

7. Financial assets - Investments

Particulars	March 31, 2021	March 31, 2020
Investments carried at fair value through profit and loss:		
Investment in equity shares		
(i) Quoted		
(a) NIL equity shares (March 31, 2020 : 2,500 equity shares) of INR 10 each of HDFC Bank Limited	-	21.55
(b) NIL equity shares (March 31, 2020 : 53,945 equity shares) of INR 2 each of Bank of Baroda	-	28.89
(A)	-	**50.44**
(ii) Unquoted		
(a) 200,000 equity Shares (March 31, 2020 : 200,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited	22.10	21.16
(b) 80 equity Shares (March 31, 2020 : 80 equity shares) of INR 10 each of Karamsad Urban Co-operative Limited #	-	0.01
(c) 100 equity Shares (March 31, 2020: 100 equity shares) of INR 10 each of Anand Auto Vehicle Owners Co-operative Credit Society Limited #	-	0.01
(d) 30 equity shares (March 31, 2020: 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #	0.15	0.15
(B)	**22.25**	**21.33**
Investment in mutual funds (mandatorily measured at FVTPL)		
Quoted		
(a) 637,047.49 units (March 31, 2020 637,047.49 units) of Aditya Birla Sunlife Medium Term Plan - Growth Regular Plan	8.49	8.85
(C)	**8.49**	**8.85**
Total Investments (A+B+C)	**30.74**	**80.62**
(a) Investments in quoted instruments:		
Aggregate carrying value	8.49	59.29
Aggregate market value	8.49	59.29
(b) Investments in unquoted instruments:		
Aggregate carrying value	22.25	21.33

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

(INR in Lakhs)

8. Financial asset : Loan

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Loans receivable unsecured - considered good				
Security deposits	420.95	6.53	578.95	6.53
Total Loans	**420.95**	**6.53**	**578.95**	**6.53**

Security deposits are primarily in relation to public utility services, tender deposits and rental.

9. Financial asset - Other financial assets

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Unbilled revenue - Contract asset	19,136.47	-	15,426.45	-
Deposits with bank earmarked as margin money	41.99	1,047.55	42.99	581.69
Other receivables	8.88	-	9.12	-
Total other financial assets	**19,187.34**	**1,047.55**	**15,478.56**	**581.69**

10. Income tax assets (net)

Particulars	March 31, 2021	March 31, 2020
Advance tax (net of provision for tax)	2,020.33	2,336.29
Total income tax assets (net)	**2,020.33**	**2,336.29**

11. Other non-current assets

Particulars	March 31, 2021	March 31, 2020
Capital advances	242.13	242.13
Advances other than capital advances		
Prepaid expenses	288.25	291.78
Balances with government authorities (including amount paid under protest)	644.79	710.99
Total other non-current assets	**1,175.17**	**1,244.90**

(INR in Lakhs)

12. Inventories

Particulars	March 31, 2021	March 31, 2020
(At lower of cost and net realisable value)#		
Raw materials	11,146.83	12,141.63
Work-in-progress	6,366.85	10,819.71
Finished goods	4,135.68	5,481.50
Goods in transit	2,073.97	772.51
Stores and spares	1,299.02	1,439.77
Total inventories	**25,022.35**	**30,655.12**
Carring amount of inventories pledged as security for liabilities	**21,964.88**	**27,592.16**

Inventory consumption during the year is included in cost of material consumed. Refer note 28.

#Aforesaid figures are disclosed net of inventory allowance aggregating to INR 1,602.53 Lakhs (March 31, 2020: INR 1,456.05 Lakhs).

13. Trade receivables

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
Unsecured, considered good	51,986.92	62,632.75
Unsecured which have significant increase in credit risk	1,414.27	8,420.40
	53,401.19	**71,053.15**
Less : Allowance for expected credit loss*	(2,627.58)	(9,845.94)
Total Trade receivables	**50,773.61**	**61,207.21**
Receivable from third parties (net of allowance)	49,404.53	59,822.83
Receivables from related parties (Refer note 40)	1,369.08	1,384.38
Total	**50,773.61**	**61,207.21**

Includes retention money receivable amounting to INR 16,376.34 Lakhs (March 31, 2020 - INR 20,265.45 Lakhs).

Allowance for expected credit loss

*Allowance for expected credit loss is calculated based on the expected credit loss (ECL) model as described under Ind AS 109. Refer Note 2.6 and Note 38(b) for the Group's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	**9,845.94**	**12,707.67**
Add : Allowance for the year	472.67	440.41
Less : Reversal of allowance	(7,691.03)	(3,302.14)
Balance at the end of the year	**2,627.58**	**9,845.94**

(INR in Lakhs)

14. Cash and bank balances

	Particulars	March 31, 2021	March 31, 2020
(a)	**Cash and Cash Equivalents**		
	Balances with bank		
	- Current accounts and debit balance in cash credit accounts	9,593.23	7,727.80
	Cheques on hand	21.00	-
	Cash on hand	0.26	0.26
	Total cash and cash equivalents	**9,614.49**	**7,728.06**
(b)	**Other bank balances**		
	Balances held as margin money	-	429.30
	Deposits due to mature within 12 months of reporting date*	4,464.68	2,507.89
	Unpaid dividend accounts	69.28	82.99
	Total other bank balances	**4,533.96**	**3,020.18**
	Total cash and bank balances	**14,148.45**	**10,748.24**

*includes deposits with bank earmarked as margin money of INR 3,397.13 Lakhs (March 31, 2020 : INR 1,440.14 Lakhs)

15. Other current assets

Particulars	March 31, 2021	March 31, 2020
Advance to suppliers	1,227.80	2,244.44
Receivable from Government authorities	596.04	1,262.31
Less: provision for doubtful balance	-	(491.92)
Prepaid expenses	1,580.83	1,522.54
Others	399.05	372.36
Total other current assets	**3,803.72**	**4,909.73**

16. Equity Share Capital

Particulars	March 31, 2021		March 31, 2020	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Authorised share capital				
Equity shares of INR 2 each	227,500,000	4,550.00	227,500,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	25,000,000	500.00	25,000,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	12,750,000	12,750.00	12,750,000	12,750.00
	265,250,000	**17,800.00**	**265,250,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	112,199,965	2,244.00	112,199,965	2,244.00
Total Equity Share Capital	**112,199,965**	**2,244.00**	**112,199,965**	**2,244.00**

(INR in Lakhs)

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

Particulars	March 31, 2021		March 31, 2020	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
At the beginning and at the end of the year	112,199,965	2,244.00	112,199,965	2,244.00

16.2 Rights, preferences and restrictions attached to the equity shares

The Holding Company has only one class of Equity shares having a par value of INR 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by the Board of Directors.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the Shareholder	March 31, 2021		March 31, 2020	
	No. of shares	% of share-holding	No. of shares	% of share-holding
Equity Shares of INR 2 each fully paid held by:				
EMTICI Engineering Limited	26,337,818	23.47	26,337,818	23.47
Prayas Engineering Limited	12,230,414	10.90	11,239,414	10.02
K. B. Investments Private Limited	9,711,418	8.66	11,240,418	10.02
Bipra Investments & Trusts Private Limited	7,286,197	6.49	7,286,197	6.49

16.4 Aggregate number of equity shares allotted as fully paid up pursuant to contract without payment being received in Cash, Bonus Shares issued and shares bought back during the period of 5 years immediately preceding the financial year:-

Particulars			March 31, 2021	March 31, 2020
Equity Share allotted as fully paid up shares by virtue of schemes of arrangement			3,264,122	3,264,122
- Pertains to financial year	2016-17	3,264,122		
		3,264,122		

17. Other Equity

(INR in Lakhs)

17.1 Other reserves

Balance	Other reserves					Component of other comprehensive income	Total
	General reserve	Debenture Redemption Reserve	Securities premium	Capital reserve	Retained earnings	Exchange difference on translating the financial statement	
As at April 1, 2019	44,324.14	2,500.00	2,878.14	246.93	23,587.00	1,026.23	74,562.44
Acquired on account of merger	-	-	-	-	683.43	(683.43)	-
Profit for the year	-	-	-	-	8,970.15	-	8,970.15
Other comprehensive income (net of tax)	-	-	-	-	(590.87)	-	(590.87)
Foreign currency translation	-	-	-	-	-	504.20	504.20
Balance available for appropriation	44,324.14	2,500.00	2,878.14	246.93	32,649.71	847.00	83,445.92
Less : Appropriations							
Dividend paid	-	-	-	-	224.40	-	224.40
Tax on dividend paid	-	-	-	-	46.14	-	46.14
As at March 31, 2020	44,324.14	2,500.00	2,878.14	246.93	32,379.17	847.00	83,175.38
Profit for the year	-	-	-	-	5,763.10	-	5,763.10
Other comprehensive income (net of tax)	-	-	-	-	324.65	-	324.65
Foreign currency translation	-	-	-	-	-	417.70	417.70
Balance available for appropriation	44,324.14	2,500.00	2,878.14	246.93	38,466.92	1,264.70	89,680.83
As at March 31, 2021	44,324.14	2,500.00	2,878.14	246.93	38,466.92	1,264.70	89,680.83

17.2 Dividend distribution made and proposed

Particulars	March 31, 2021	March 31, 2020
Dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2020: INR NIL per share (March 31, 2019: INR 0.20 per share)	-	224.40
Dividend distribution tax on final dividend	-	46.14
	-	**270.54**
Proposed dividends on Equity shares		
Final dividend proposed for the year ended March 31, 2021: INR 0.40 per share (March 31, 2020: INR NIL per share)	448.80	-
Dividend distribution tax on proposed dividend	-	-
	448.80	-

Proposed dividend on equity shares is subject to approval at the Annual General Meeting and is not recognised as a liability as at March 31, 2021.

17.3 Description of reserves

(INR in Lakhs)

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Debenture Redemption Reserve

The Group has created Debenture Redemption Reserve out of the profits of the Company @ 25% of non-convertible redeemable debentures.

Securities Premium

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

Capital Reserve

Capital reserve is recorded in bargain purchase transaction of business combination in which the fair value of acquired net assets exceeded the purchase consideration. Capital reserve is not available for dividend distribution.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

Exchange difference on translating the financial statement

Exchange differences arising on translation of assets, liabilities, income and expenses of the Group's foreign subsidiaries and associates are recognised in other comprehensive income and accumulated separately in foreign currency translation reserve. The amounts recognised are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries and associates.

18. Borrowings

Particulars	March 31, 2021	March 31, 2020
Non-current borrowings		
Secured		
Non-convertible redeemable debentures (Refer note 18.1 (a) and 18.3 (a)&(b))	9,840.05	9,990.65
Term Loans		
From banks (Refer note 18.2 (a) , 18.2 (c) and 18.3 (a) below)	126.19	1,512.49
From financial institutions (Refer note 18.2 (b) to (c) and 18.3 (a))	1,988.65	3,374.55
	11,954.89	**14,877.69**
Less : Accrued interest	213.30	234.53
Total non-current borrowings	**11,741.59**	**14,643.16**
Current borrowings		
Secured		
Working capital loan		
From bank (Refer note 18.3 (c) and 18.3 (d))	12,977.30	25,571.30
Unsecured		
Working capital loans		
From others (Refer note 18.3(d))	112.72	43.24
	13,090.02	**25,614.54**
Less : Accrued interest	73.40	100.46
Total current borrowings	**13,016.62**	**25,514.08**
Total borrowings	**24,758.21**	**40,157.24**

18. Borrowings (Contd...)

18.1 Nature of Securities for non-convertible redeemable debentures

a) *Non-convertible redeemable debentures are secured by way of:-*

1. Exclusive charge over Madhubhan resort owned by Emtici Engineering Limited at Vallabh Vidyanagar, Gujarat.
2. Corporate Guarantee of Emtici Engineering Limited to the extent of INR 15,000 Lakhs.
3. Residual charge over current assets & property, plant and equipment of the Company.
4. First exclusive charge over Debt Service Reserve Account.
5. Post dated cheques for interest & principal payments from the Company & Undated cheques from Emtici Engineering Limited.
6. Exclusive charge over certain land parcels of the Company at Vallabh Vidyanagar.

18.2 Nature of Securities For Term Loans

a) *Term Loans from Bank - Loan from Bank of Baroda Dubai are secured by exclusive charge by way of:*

1. First Charge by way of mortgage charge on the Assets of Benzler TBA BV.
2. First charge on the Movable Assets of the Radicon Transmission UK Limited, Benzler TBA BV and Elecon USA Transmission Limited.
3. Pledge of the shareholding of Radicon Transmission UK Ltd held by Holding Company.
4. Pledge of the shares held Radicon Transmission UK Ltd in, Benzlers System AB and Pledge of shares held by Radicon Transmission UK Ltd in Elecon USA Transmission Ltd..
5. Negative pledge over the entire target assets of Radicon Transmission UK Ltd including target IPRs
6. Corporate Guarantee of Holding Company
7. Corporate Guarantee of Elecon USA Transmission Limited
8. Escrow over all receivables of the entire shareholding of the borrower i.e. Radicon Transmission UK Ltd in Benzler TBA BV and Elecon USA Transmission Ltd.
9. Pledge of shares of Eimco Elecon (India) Limited held by Holding Company, or any other security of equivalent value.

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

1. Exclusive charge by way of hypothecation on specific Plant & Machineries.
2. Exclusive mortgage of commercial property of Emtici Engineering Limited located at office No. 21, Yashwant Apartment, Pune - 411004 & Corporate Guarantee of Emtici Engineering Limited to the extent of INR 9,500 Lakhs.
3. Pledge of shares of the Company owned by Emtici Engineering Limited of 0.7 times of outstanding loan amount.
4. Post dated cheques for Interest & Principal Payments.

c) *Rate of interests for non-current borrowings*

Name of the Bank	Interest Rate %	
	March 31, 2021	March 31, 2020
IFCI Limited	12.00%	12.00%
Aditya Birla Finance Limited	-	12.85%
Tata Capital Financial Services Limited	11.70%	11.70%
IDBI Bank Limited	-	13.30%
IBM India Private Limited	-	12.00%
HDFC Bank	-	11.86%
Bank of Baroda, Dubai	4.00%	4.00%

18. Borrowings (Contd...)

18.3 Terms of repayment of non-convertible redeemable debentures, term loans and other loans

*a) Term Loans**

(INR in Lakhs)

Lender	March 31, 2021	March 31, 2020	Terms of Repayment
(i) Non Convertible Debentures - Series I	571.43	1,000.00	Repayable in quarterly instalments of INR 142.86 lakhs from August 2020 till February 2022.
(ii) Non Convertible Debentures - Series II	9,000.00	9,000.00	Repayable in quarterly instalments of INR 1,125.00 lakhs from May 2022 till February 2024.
(iii) IFCI Limited	3,400.00	4,000.00	Repayable in quarterly instalments amounting to INR 250.00 Lakhs from quarter ending Dec'20 and INR 350.00 Lakhs from quarter ending Mar'21.
(iv) Tata Capital Financial Services Limited	-	850.00	Repayable in quarterly instalments amounting to INR 225.00 Lakhs from quarter ending Sep'20, INR 312.50 Lakhs from quarter ending Dec'20 & INR 312.50 Lakhs from quarter ending Mar'21 .
(vi) Bank of Baroda, Dubai	126.19	1,512.49	Repayable in 20 quarterly installments of GBP 125,000 & 375,000 after 12 months from drawdown date of March 31, 2018.
	13,097.62	**16,362.49**	

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

During the previous year, the Holding Company has prepaid its existing borrowings to Aditya Birla Finance Limited. Further, the borrowing agreement with Tata Capital Financial Services Limited and IFCI Limited stipulates conditions for the repayment of a part of borrowings on trigger of share price falling below stipulated limit. Considering the same, the Company has during the year made pre-repayment of INR 5,000 lakhs over and above the pre-agreed repayment schedule, to Tata Capital Financial Services Limited and IFCI Limited as per borrowing agreement.

The Group's Management periodically reviews compliance with terms and conditions of existing loan agreements to identify any non-adherence at each reporting date and obtains confirmations from the respective lenders on existing terms and conditions basis which borrowings are disclosed as current and non-current at each reporting date. Pursuant to such periodical review during the year, the group's management has identified non-adherence to certain debt covenants and has obtained confirmations from the concerned lender on continuance of existing terms and conditions.

b) Maturity profile and rate of interest of non-convertible debentures are set out as below*:

Effective Rate of Interest	2023-24	2022-23	2021-22
Series - I 14.50%, Series II - 17.42%	4,500.00	4,500.00	571.44

* excluding accrued interest and amortised cost. Including current maturity of non-current borrowings. However borrowings at amortised cost is disclosed in Note 38.

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

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

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

b) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable & immovable) present & future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions

(INR in Lakhs)

18. Borrowings (Contd...)

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

d) Pledge of 200,000 shares of Eimco Elecon (India) Limited owned by the Holding Company.

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

f) Corporate guarantees of Prayas Engineering Limited and Emtici Engineering Limited to the extent of INR 96,450 Lakhs each.

Name of the Bank	Interest Rate %	
	March 31, 2021	March 31, 2020
State Bank of India	7.60% to 9.95%	8.20% to 11.45%
Bank of Baroda	9.25% to 12.00%	12% to 12.25%
IDBI Bank	10.00% to 12.50%	12.15% to 12.25%
Axis Bank	4.99% to 10.95%	4.99% to 11.45%
HDFC Bank	9.70% to 10.10%	9.75% to 10.10%
Bank of Baroda, Dubai	4.25%	4.25%

(ii) Working Capital Loan obtained from Bank of Baroda, Dubai is secured by way of

- Pledge of receivables, inter-company receivables, inter-company debtors, bank accounts, insurance claims and other current assets of Holding Company and its subsidiaries
- Pledge of shares of Radicon UK Transmission Limitd, Radicon USA Transmission Limited and David Brown Systems Sweden AB.
- Corporate Guarantee given by Elecon Engineering Company Ltd.
- Pledge of shares of the Company held by Elecon Engineering Company Limited.
- Pledge of immovable properties at Venlo, Netherland.

d) Terms of Repayment of working capital loan

(1) Unsecured Loans*

(INR in Lakhs)

Lender	Interest rate	March 31, 2021	March 31, 2020	Terms of Repayment
PPP Capital Limited	3 months LIBOR+4.5%	-	43.24	Repayable on Demand
Dell Finance	1.75%	4.04	-	Repayable in 11 quarterly instalments plus initial payments
U.S. Small Business Administration	1.00%	108.68	-	Repayable on Demand
		112.72	43.24	

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

19. Non-current provisions

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits		
- Provision for gratuity and pension (Refer note 41)	5,130.32	6,067.62
- Provision for leave obligations (Refer note 41)	124.63	199.32
Other Provisions		
- Provision for warranty	212.00	-
Total non-current provisions	**5,466.95**	**6,266.94**

20. Other liabilities

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Advance from customers	13,472.19	12,661.90
Statutory dues	1,152.76	552.87
Total other non-financial liabilities	**14,624.95**	**13,214.77**
Non-current	-	5.58
Current	14,624.95	13,209.19
Total	**14,624.95**	**13,214.77**

21. Trade payables

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Total outstanding dues of micro and small enterprises	4,367.94	8,191.05
Total outstanding dues of creditors other than micro and small enterprises	38,066.53	43,734.86
Total trade payables	**42,434.47**	**51,925.91**
Dues to related parties (Refer note 40)	7,314.02	7,449.61
Dues to third parties	35,120.45	44,476.30
	42,434.47	**51,925.91**

Includes retention money payable to creditors amounting to INR 2,364.87 lakhs (March 31, 2020 - INR 2,471.89 lakhs)

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

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Principal amount remaining unpaid to any supplier as at the period end	4,367.94	8,191.05
Interest due thereon.	-	-
The amount of payment made to supplier beyond appointed date	13,466.67	13,850.01
Interest paid thereon	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED, 2006.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act”), which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with the Holding Company’s management, dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected till the reporting date and has been relied upon by the statutory auditors. Basis the underlying information and records available as at the reporting date, identified MSME parties provided their written consent to the Company for waiver of interest due to them (if any) under the provisions of the MSMED Act. Consequently, the Holding Company’s management has not provided for interest due (if any) to these MSME parties. The disclosures as required by Section 22 of the MSMED Act are given above.

22. Lease Liabilities

(INR in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Lease liabilites (Refer note 46)	602.75	1,606.00	541.49	2,170.13
Other financing arrangement*	1,061.36	1,623.12	944.03	2,684.48
Total lease liabilities	**1,664.11**	**3,229.12**	**1,485.52**	**4,854.61**

**Nature of Securities and other terms for other financing arrangement :*

1. Repayable in equated monthly installment of INR 110.11 lakhs starting from August 2019 over a period of 8 years @11.73% rate of interest.
2. Secured by way of two unconditional and irrecovable bank guarantees of INR 1,658.20 lakhs and INR 3,364.49 lakhs expiring on August 31, 2021 and August 31, 2023 respectively.

(INR in Lakhs)

23. Other financial liabilities - Current

Particulars	March 31, 2021	March 31, 2020
Current maturities of non-current borrowings		
- Non-convertible redeemable debentures	571.43	428.58
- Term loans from financial institutions	3,289.34	1,418.48
Interest accrued	286.70	334.99
Security deposits	138.55	125.12
Unpaid dividends*	69.28	82.99
Billing in excess of revenue - Contract liability	666.83	392.29
Accrued contractual liability	2,832.00	2,527.87
Total other financial liabilities	**7,854.13**	**5,310.32**

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

24. Current provisions

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits		
- Provision for gratuity (Refer note 41)	23.79	69.45
- Provision for compensated absences (Refer note 41)	112.19	167.94
Other Provisions		
- Provision for contract liabilities	1,810.93	1,284.79
- Provision for warranty	457.45	586.18
- Provision for onerous contracts	191.55	45.77
- Provision for indirect tax matters	-	103.36
Total provisions	**2,595.91**	**2,257.49**

Movement in Provisions

Particulars	Provision for indirect tax matters	Provision for contract liabilities	Provision for warranty	Provision for onerous contracts
Carrying amount as at April 1 2019	**52.42**	**954.91**	**427.57**	**135.29**
Provision made / increase in provision	202.18	329.88	586.18	2,430.84
Provision amount used during the year	(57.71)	-	(427.57)	(2,520.36)
Provision amount reversed during the year	(93.53)	-	-	-
Carrying amount as at March 31 2020	**103.36**	**1,284.79**	**586.18**	**45.77**
Provision made / increase in provision	-	526.14	550.98	2,054.82
Provision amount used during the year	(103.36)	-	(467.71)	(1,909.04)
Carrying amount as at March 31 2021	**-**	**1,810.93**	**669.45**	**191.55**

24. Current provisions (Contd...)

Refer 2.6 of significant accounting policies.

Provision for warranty - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the Company. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. The timing of the outflows is expected to be within a period of one year from the date of balance sheet.

Provision for onerous contracts - The Group has entered into various contracts primarily into material handling. Provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. The movement of provision for onerous contracts is recognised in cost of material consumed (Refer note 28).

Provision for contract liabilities - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Group on account of potential delays in meeting the contractual obligations of the Group with regard to agreed deliveries/commissioning.

25. Current tax liabilities (net)

(INR in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Provision for tax (net of advance tax)	1,696.58	1,812.81
Total current tax liabilities (net)	**1,696.58**	**1,812.81**

26. Revenue from operations

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Sale of products		
Transmission equipment sales	89,049.12	84,422.17
Material handling equipment	12,780.91	16,905.15
	101,830.03	**101,327.32**
Sale of services		
Erection and commissioning charges	1,760.74	5,865.53
	1,760.74	**5,865.53**
Other operating revenue		
Sale of scrap	487.35	876.95
Bad debts recovered	26.69	431.59
Advances from customers written back	-	66.93
Export incentives	364.36	271.72
Others	1.48	6.45
	879.88	**1,653.64**
Total revenue from operations	**104,470.65**	**108,846.49**

Refer note 45 for revenue related disclosures

(INR in Lakhs)

27. Other income

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest income		
- on deposits*	139.26	84.10
- on income tax	35.51	42.97
- on others	46.19	113.88
Dividend income	0.02	0.50
Gain on fair valuation of investments	57.41	-
Rent income	150.95	205.97
Liabilities written-back	113.22	-
Insurance claim receipt	7.82	325.65
Miscellaneous income	22.35	11.88
Total other income	**572.73**	**784.95**

*Interest income on deposits are calculated under the effective interest method which is measured at amortized cost.

28. Cost of materials consumed

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Inventory at the beginning of the year	12,141.63	13,046.17
Add : Purchases during the year	42,915.53	48,784.41
	55,057.16	61,830.58
Less : Inventory at the end of the year	11,146.83	12,141.63
Total cost of material consumed	**43,910.33**	**49,688.95**

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(Increase) / decrease in inventories		
Opening work-in-progress	10,819.71	11,351.44
Closing work-in-progress	(6,366.85)	(10,819.71)
Exchange difference	0.48	(0.14)
	4,453.34	**531.59**
Opening finished goods (including goods in transit)	6,254.01	6,386.27
Closing finished goods (including goods in transit)	(6,209.65)	(6,254.01)
Exchange difference	128.03	(10.78)
	172.39	**121.48**
Total changes in inventories of finished goods and work-in-progress	**4,625.73**	**653.07**

(INR in Lakhs)

30. Manufacturing expense and erection charges

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Stores, tools and spares consumed	1,348.14	2,104.90
Sub-contracting charges	3,315.37	5,507.50
Power and fuel	782.83	870.22
Erection and other charges	916.15	4,357.79
Other manufacturing expenses	1,315.44	1,383.47
Total manufacturing expense and erection charges	**7,677.93**	**14,223.88**

31. Employee benefits expense

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries, wages and bonus	9,994.95	10,883.65
Contribution to provident fund and other funds (Refer note 41)	705.99	667.95
Employee welfare expenses	1,693.97	1,840.08
Government grants (Refer note 48)	(601.00)	-
Total employee benefits expense	**11,793.91**	**13,391.68**

32. Finance costs

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest expenses (Refer note below)*	5,224.26	6,654.89
Other borrowing costs (including guarantee charges)	756.37	1,048.63
Total finance costs	**5,980.63**	**7,703.52**

Note :

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest on term loans	617.85	1,353.75
Interest on non-convertible redeemable debentures	1,648.53	1,610.15
Interest on working capital	2,482.42	3,222.10
Interest - others (including interest on leases)	475.47	468.89
	5,224.26	6,654.89

*Interest expense are calculated under the effective interest method which is measured at amortized cost.

33. Other expenses

(INR in Lakhs)

Particulars		Year Ended March 31, 2021		Year Ended March 31, 2020
Rent		1,384.81		1,085.92
Computer software maintainence charges		1,032.92		1,426.35
Rates and taxes		1,114.20		2,067.78
Repairs and maintenance :				
- Building		72.14		173.05
- Machinery		1,560.68		1,487.08
- Others		19.40		36.75
Insurance expense		340.08		300.66
Travelling, conveyance and communication expenses		263.16		942.06
Directors sitting fees		10.25		12.10
Commission to non-executive directors		30.00		-
Packing, forwarding and distribution expenses (net of recoveries)		2,083.27		2,501.26
Loss on fair valuation of investments (net)		-		81.19
Commission and brokerage		3,191.75		2,606.11
Warranty claim replacement		644.30		511.82
Bad debts written off	11,418.69		3,224.18	
Provision on doubtful debt written back (Refer Note 13)	(7,362.77)		(2,861.73)	
		4,055.92		362.45
Advertisements and sales promotion expenses		50.53		214.50
Payment to auditors (Refer note 34)		175.49		137.60
Donations		3.42		-
Expenditure on corporate social responsibility (Refer note 35)		22.04		20.00
Car lease rentals		180.01		426.83
Legal and professional fees		911.99		1,488.60
Bank charges		52.62		61.68
Loss on sold/discarded of property, plant and equipments (net)		18.90		69.23
Miscellaneous expenses		404.44		767.55
Net loss on account of exchange variation		279.53		70.61
Total		**17,901.85**		**16,851.18**

(i) Research and development expenditure accounted through Consolidated Statement of Profit and Loss aggregates INR 218.97 lakhs (March 31, 2020: INR 271.21 lakhs).

(ii) Reversal of ECL Allowance INR 7362.77 Lakhs is net of additional provision of FY 2020-21 INR 1,881.44 & reversal of previous year's ECL allowance INR 9,244.21.

34. Payment to auditors

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) As auditors-audit fees*	144.35	98.66
(b) For other services (limited review, certification etc.)	28.65	27.25
(c) Out of pocket expenses	2.50	11.69
Total payment to auditors	**175.49**	**137.60**

*Includes audit fees paid to auditors of the respective subsidiary companies.

35. Corporate social responsibility expenditure

(a) Gross amount of CSR spent as per the limits of Section 135 of companies Act, 2013: INR 21.45 Lakhs (March 31, 2020 : INR 71.70 Lakhs)

(b) Amount spent during the year: INR 22.04 Lakhs (March 31, 2020 : INR 20 Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross amount as per the limits of Section 135 of the Companies Act,2013	21.45	71.70
Amount contributed	22.04	20.00
Construction/acquisition of any assets	-	-
On purpose other than above	-	-
Total amount contributed during the year	**22.04**	**20.00**

36. Earnings per share

(INR in Lakhs, except per share data)

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
a)	Profit attributable to equity shareholders of the Group (INR in Lakhs)	5,763.10	8,970.15
b)	Weighted average number of equity shares outstanding during the year*	112,199,965	112,199,965
c)	Earning per share (Basic and Diluted)	5.14	7.99
d)	Face value per share	2.00	2.00

*Outstanding number of shares as at the opening and closing balance are same.

37. Tax expenses

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are :

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Statement of Profit and loss		
Current tax		
Current tax	134.28	216.73
Adjustment of tax relating to earlier periods	30.09	-
Deferred tax	2,201.69	(7,235.84)
Income tax expense reported in the Statement of Profit and Loss	**2,366.06**	**(7,019.11)**
Other comprehensive income		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans	28.22	(154.65)
Income tax expense reported in the Statement of Profit and Loss	**2,394.28**	**(7,173.76)**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2021 and March 31, 2020.

(INR in Lakhs)

37. Tax expenses (Contd...)

A) Current tax

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Accounting profit before tax from continuing operations	**8,129.16**	**1,951.04**
Income tax rate of Company's domestic tax rate	34.944%	34.944%
Tax using Company's domestic tax rate	2,840.65	681.77
Tax effects of :		
Tax exempt income	8.90	(0.17)
Tax at special rate	(8.56)	(53.16)
Share of profit from associate	(65.48)	(55.10)
Other non-deductible expenses (net)	(93.70)	42.45
Adjustment of tax expense relating to earlier periods	30.09	-
Different tax rates of foreign subsidiaries	(284.12)	(598.73)
Reversal of deferred liablity on indexation of land (Refer note (i) below)	(18.17)	(6,117.71)
Rate change adjustments on account of Taxation Laws (Amendment) Ordinance 2019 (Refer note (ii) below)	217.86	(1,095.45)
Past losses utilised	(97.92)	-
Current year tax losses on which no deferred tax was recognised	(135.27)	22.34
	(446.37)	(7,855.53)
Income tax expense	**2,394.28**	**(7,173.76)**

(i) At the time of transition to Indian Accounting Standards (Ind AS) with effect from April 01, 2015, the Holding Company had recognised the fair value of its land parcels in the books of account and had also recognised corresponding deferred tax liability considering the future tax obligation that would arise upon sale of land in the expected manner in future (sale of land parcels on a piecemeal basis, delinked from the business).

During the year, the Holding Company has reassessed the expected manner of recovery of the carrying value of all land parcels and has now determined that a number of such land parcels would not be delinked from the business as they either form an integral part of the business operations or are proximate to the factory premises. Consequently, the Holding Company currently expects that in the event of disposal of most of the land parcels in future, these would only be disposed off along with the business and in a slump sale arrangement thereby resulting in no temporary difference between the accounting position and position as per tax laws upon such future disposal.

Basis the above, deferred tax liability aggregating to INR 6,118 lakhs recognised on such land parcels at the time of transition to Ind AS, has been reversed in the Consolidated Statement of Profit and Loss during the year ended March 31, 2020.

(ii) On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019 ('the Ordinance'), the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 1, 2019, subject to certain conditions. Tax expenses for the year ended March 31, 2020 reflect the impact of expected adoption of this option by the Holding Company basis Management's internal evaluation. Further, tax expenses for the year ended March 31, 2021 reflect the impact arising from the change in the timing of expected adoption of this option by the Holding Company.

37. Tax expenses (Contd...)

(INR in Lakhs)

B. Deferred tax

Particulars	Balance as on April 1, 2019	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2020	Acounted through Statement of Profit and loss and OCI	Balance as on March 31, 2021
Depreciation for tax purposes	(5,813.37)	828.71	(4,984.66)	1,158.95	(3,825.71)
Impact of fair valuation of land	(6,924.02)	6,117.15	(806.87)	18.17	(788.70)
Deferred tax on fair value of investments	(13.44)	4.50	(8.94)	8.74	(0.20)
Provision for doubtful debt (including allowance for expected credit losses)	4,410.46	(1,223.00)	3,187.46	(2,723.87)	463.59
Provision for pension liability	219.41	144.27	363.68	(107.01)	256.67
Expenditure allowable on payment basis	196.07	127.53	323.60	(264.78)	58.82
Expenditure allowable on realised basis	47.29	(31.28)	16.01	32.21	48.22
Deferred tax on unabsorbed depreciation	35.93	-	35.93	173.13	209.06
Deferred tax on other financing arrangement	-	1,267.95	1,267.95	(497.24)	770.71
Other Comprehensive Income	112.87	154.65	267.52	(28.22)	239.30
Exchange difference directly recognised in equity	98.04	8.21	106.25	(60.64)	45.61
Total deferred tax (expense) / income	**-**	**7,398.69**	**-**	**(2,290.55)**	**-**
Net deferred tax assets/(liabilities)	**(7,630.77)**	**-**	**(232.07)**	**-**	**(2,522.62)**
Reflected in the balance sheet are as follows:					
Deferred tax assets	443.33		561.25		501.73
Deferred tax liabilities	(8,074.10)		(793.32)		(3,024.35)
Deferred tax liabilities (net)	**(7,630.77)**		**(232.07)**		**(2,522.62)**

Reconciliation of deferred tax assets / (liabilities), net	**March 31, 2021**	**March 31, 2020**
Opening balance as of April 1	(232.07)	(7,630.77)
Tax income/(expense) during the period recognised in profit or loss	(2,201.69)	7,235.84
Tax income/(expense) during the period recognised in OCI	(28.22)	154.65
Exchange difference directly recognised in equity	(60.64)	8.21
Closing balance as at March 31	**(2,522.62)**	**(232.07)**

37. Tax expenses (Contd...)

B. Deferred tax (Contd...)

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

During the year ended March 31, 2021 and March 31, 2020, the Holding Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Holding Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

Unused tax losses on which no deferred tax asset is recognised

The subsidiaries have the following unused tax losses which arouse on incurrence of business losses under the Income tax for which no deferred tax asset have been recognized in the balance sheet. The losses can be carried forward for a period of 20 years.

Financial year	March 31, 2021
2011-12	3,396.66
2012-13	1,348.13
2014-15	1,288.24
2015-16	-
2016-17	714.94
2017-18	1,904.03
2018-19	393.97

38. Financial instruments risk management objectives and policies

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

The Group is exposed to Market risk, Credit risk, Liquidity risk and commodity risk. The Board of the Group has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Group. The said Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee/Board of Director has additional oversight in the area of financial risks and controls. It also covers policies on specific risk areas such as currency risk, interest rate risk, credit risk and investment of surplus funds. The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Group.

(a) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2021, approximately 85% of the Group's borrowings are at fixed rate (March 31, 2020 : 81%). Summary of financial assets and financial liabilities has been provided below:

(INR in Lakhs)

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

Exposure to interest rate

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

	March 31, 2021	March 31, 2020
Fixed-rate instruments		
Financial Assets	5,554.22	3,079.73
Financial Liabilities	21,866.71	33,814.96
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	9,436.75	8,189.34

Interest rate sensitivity

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

Particular	Impact on Profit / (loss) after tax
March 31, 2021	
Increase in 100 basis points	(61.39)
Decrease in 100 basis points	61.39
March 31, 2020	
Increase in 100 basis points	(53.28)
Decrease in 100 basis points	53.28

Foreign currency risk

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

Exposure to Currency Risk:-

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

Particular	March 31, 2021			March 31, 2020		
	USD	GBP	EUR	USD	GBP	EUR
Financial Assets						
Trade receivables	1,595.93	764.07	1,841.94	953.65	763.83	890.49
Cash and cash equivalents	918.49	24.50	494.22	492.72	160.99	1,863.87
Total A	**2,514.42**	**788.57**	**2,336.17**	**1,446.37**	**924.83**	**2,754.37**
Financial Liabilities						
Trade payables	800.69	147.32	5,834.62	474.96	316.04	12,462.41
Borrowings	2,503.24	-	-	1,081.89	-	-
Total B	**3,303.93**	**147.32**	**5,834.62**	**1,556.85**	**316.04**	**12,462.41**
Total A - B	**(789.50)**	**641.25**	**(3,498.45)**	**(110.47)**	**608.78**	**(9,708.04)**

(INR in Lakhs)

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

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

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

Rupees	Average rate		Year-end spot rate	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD 1	74.45	72.28	73.50	75.39
GBP 1	97.01	91.78	100.95	93.08
EUR 1	84.57	80.38	86.10	83.05

Foreign currency sensitivity

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

(INR in Lakhs)

Particular	USD			GBP			EUR		
	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax
March 31, 2021									
Strengthening	2.00%	(15.79)	(10.27)	3.00%	19.24	12.52	3.00%	(104.95)	(68.28)
Weakening		15.79	10.27		(19.24)	(12.52)		104.95	68.28
March 31, 2020									
Strengthening	2.00%	(2.21)	(1.44)	3.00%	18.26	11.88	2.00%	(194.16)	(126.31)
Weakening		2.21	1.44		(18.26)	(11.88)		194.16	126.31

Equity price risk

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

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily trade receivables (other than inter-group) and other financial assets including deposits with banks. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Security deposits mainly includes rental deposits, earnest money deposits which are given as per contractual agreement. Unbilled revenue pertains to one goverment contract where there has been no delay or default in the past periods.

Other financial assets

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy and procedures. Trade receivables are non-interest bearing and generally have a credit period not exceeding 90 days. Credit limits are established

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

for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

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

Bucket	March 31, 2021	March 31, 2020
Not due	0.98%	0.99%
0-1 year	7.18%	3.82%
1-3 years	25.62%	16.95%
Greater than 3 years	54.97%	63.66%
Expected Credit Losses rate	**16.35%**	**21.35%**
Amount of Expected credit loss provided for	**2,627.58**	**9,845.94**

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

The following significant change in the carrying amounts of trade receivables contributed to change in the impairment loss allowance during year ended March 31, 2021:

- decrease in credit impaired balances due to write-offs taken by the management during current year resulted in decrease in trade receivables and decrease in impairment loss allowance.

Movement in provision of expected credit loss has been provided in note no. 13.

(c) Liquidity risk

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

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

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
Year ended March 31, 2021						
Financial liabilites						
Borrowings	24,758.21	31,968.91	7,895.87	6,377.01	-	46,241.79
Trade payables	42,434.47	42,434.47	-	-	-	42,434.47
Other financial liabilities	7,854.13	8,538.90	-	-	-	8,538.90
Lease liabilities	4,893.23	1,735.97	1,663.56	1,425.38	356.65	5,181.55
Total	**79,940.04**	**84,678.25**	**9,559.42**	**7,802.39**	**356.65**	**102,396.72**

(INR in Lakhs)

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

(c) Liquidity risk (Contd...)

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
Year ended March 31, 2020						
Financial liabilites						
Borrowings	40,157.24	27,359.29	4,851.05	14,263.04	-	46,473.38
Trade payables	51,925.91	51,925.91	-	-	-	51,925.91
Other financial liabilities	5,310.32	7,105.11	-	-	-	7,105.11
Lease liabilities	6,340.13	2,057.41	1,722.65	3,397.07	368.54	7,545.67
Total	**103,733.60**	**88,447.72**	**6,573.70**	**17,660.11**	**368.54**	**113,050.07**

(d) Commodity price risk

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

(e) Capital management

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

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest-bearing loans and borrowings (Note 18, 22 and 23)	31,303.46	42,004.30
Less: cash and cash equivalents (Note 14)	(9,614.49)	(7,728.06)
Adjusted net debt	**21,688.97**	**34,276.24**
Equity share capital (Note 16)	2,244.00	2,244.00
Other equity (Note 17)	89,680.83	83,175.38
Total equity	**91,924.83**	**85,419.38**
Adjusted net debt to total equity ratio	**0.24**	**0.40**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

In order to achieve this overall objective, the Group's capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing borrowings that define capital structure requirements. The Group's Management periodically reviews compliance with terms and conditions of existing loan agreements to identify any non-adherence at each reporting date and obtains confirmations from the respective lenders on existing terms and conditions basis which borrowings are disclosed as current and non-current at each reporting date. Pursuant to such periodical review during the year, the group's management has identified non-adherence to certain debt covenants and has obtained confirmations from the concerned lender on continuance of existing terms and conditions.

39. Fair Value Measurements

(INR in Lakhs)

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2021

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Note 1)	8.49	-	22.25	30.74	8.49	-	22.25	30.74
Trade receivables	-	-	50,773.61	50,773.61	-	-	-	-
Cash and cash equivalents	-	-	9,614.49	9,614.49	-	-	-	-
Other bank balance	-	-	4,533.96	4,533.96	-	-	-	-
Other financial assets	-	-	20,234.89	20,234.89	-	-	-	-
Loans	-	-	427.48	427.48	-	-	-	-
Total Financial assets	**8.49**	**-**	**85,606.68**	**85,615.17**	**8.49**	**-**	**22.25**	**30.74**
Borrowings (excluding current maturities)	-	-	24,758.21	24,758.21	-	-	24,758.21	24,758.21
Trade payables	-	-	42,434.47	42,434.47	-	-	-	-
Other financial liabilites	-	-	7,854.13	7,854.13	-	-	-	-
Lease liabilities	-	-	4,893.23	4,893.23	-	-	-	-
Total Financial liabilities	**-**	**-**	**79,940.04**	**79,940.04**	**-**	**-**	**24,758.21**	**24,758.21**

As at March 31, 2020

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Note 1)	80.45	-	0.17	80.62	59.29	-	21.33	80.62
Trade receivables	-	-	61,207.21	61,207.21	-	-	-	-
Cash and cash equivalents	-	-	7,728.06	7,728.06	-	-	-	-
Other bank balance	-	-	3,020.18	3,020.18	-	-	-	-
Other financial assets	-	-	16,060.25	16,060.25	-	-	-	-
Loans	-	-	585.48	585.48	-	-	-	-
Total Financial assets	**80.45**	**-**	**88,601.35**	**88,681.80**	**59.29**	**-**	**21.33**	**80.62**
Borrowings (excluding current maturities)	-	-	40,157.24	40,157.24	-	-	40,157.24	40,157.24
Trade payables	-	-	51,925.91	51,925.91	-	-	-	-
Other financial liabilites			5,310.32	5,310.32				-
Lease liabilities	-	-	6,340.13	6,340.13	-	-	-	-
Total Financial liabilities	**-**	**-**	**103,733.60**	**103,733.60**	**-**	**-**	**40,157.24**	**40,157.24**

39. Fair Value Measurements

A. Accounting classification and fair values (Contd...)

Note 1 Investments in associate have been accounted at historical cost. Since these are scoped out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above. Investments in unquoted equity shares of entities other than subsidiaries and associates have been designated as FVTPL. However, investments in equity shares other than those of Eimco Elecon Electricals Limited (EEEL) on disposal will fetch only the principal amount invested and hence the company considers cost and fair value to be the same.

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

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

Fair value of borrowings is computed using the market comparision techinique where information for the interest rate at which a borrowing can availed by Company is used to arrive at fair value of borrowing. Further management. measurement of fair value is not materially different from the amortised cost. in these case significant unobservable inputs and interrelationship between significant unobservable inputs and fair value measurement is not applicable.

On account of materiality and in absence of sufficient information for determination of fair value of investments in equity shares of INR 0.15 lakhs (March 31, 2020 INR 0.17 lakhs) , the Group has not fair valued the same.

ii) Levels 1, 2 and 3

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

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

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

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

Investments in equity shares of Eimco Elecon Electricals Limited (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2021.

Significant unobservable inputs

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

Particulars	March 31, 2021	March 31, 2020
Beta for WACC	1.00	1.00
Risk free rate of return	6.00%	6.85%
Cost of equity	12.50%	12.50%
Cost of debt	Nil	Nil
WACC	12.50%	12.50%
Perpetual growth rate	5.00%	2.50%

ii) Transfers between Levels 1 and 2

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

iii) Level 3 fair values

Movements in the values of unquoted equity instruments for the year ended March 31, 2021 and March 31, 2020 is as below:

39. Fair Value Measurements (Contd...)

(INR in Lakhs)

Particulars	Amount
As at March 31, 2019	**28.45**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(7.12)
As at March 31, 2020	**21.33**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	0.92
As at March 31, 2021	**22.25**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year ended March 31, 2021 and March 31, 2020.

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

		Perpetual growth rate	
2020-21		**-1%**	**+1%**
	Cost of equity	2.13	3.32
		1.52	2.00
2019-20		**Perpetual growth rate**	
		-1%	**+1%**
	Cost of equity	1.73	0.42
		3.06	2.21

40. Related party disclosure

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

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

a) **Holding company :** Aakaaish Investments Private Limited

b) **Entity with control over the group :** Lotus Trust

c) **Associates**

(i) Eimco Elecon (India) Limited
(ii) Elecon Australia Pty. Limited (Refer note below)
(iii) Elecon Africa Pty. Limited (Refer note below)
(iv) Elecon Engineering (Suzhou) Co. Limited, China (Refer note below)

Note:-

The Holding Company is in process of seeking RBI approval for liquidating its 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited, China. There are no transactions in these 3 associate companies and there are no assets or liabilities pertaining to these associates.

d) **Key managerial personnel**

(i) Mr. Prayasvin B. Patel - Chairman and Managing Director
(ii) Mr. Prashant C. Amin - Executive Director (till May 31, 2020)
(iii) Mr. Prashant C. Amin - Non-Executive Director (w.e.f June 1, 2020)
(iv) Mr. Pradip M. Patel - Director
(v) Mr. Jal Patel - Independent Director
(vi) Mr. Chirayu R. Amin - Independent Director (till August 10, 2020)
(vii) Mr. Jai S. Diwanji - Independent Director

(viii) Dr. Sonal V Ambani - Independent Director
(ix) Mr. Narasimhan Raghunathan (w.e.f March 8, 2020) - Chief Financial Officer
(x) Mr. Kamlesh Shah (till March 7, 2020) - Chief Financial Officer

e) Relatives of Key managerial personnel

(i) Mr. Aayush Shah (w.e.f February 27, 2020 till December 21, 2020)

f) Entities forming part of the same group (with whom transaction undertaken during the year or previous year)

(i) Devkishan Investment Private Limited
(ii) K. B. Investments Private Limited
(iii) Elecon Information Technology Limited
(iv) Tech Elecon Private Limited
(v) Emtici Engineering Limited
(vi) Prayas Engineering Limited
(vii) Speciality Wood Pack Private Limited
(viii) Power Build Private Limited
(ix) Elecon Hydraulics Private Limited
(x) Akaaish Mechatronics Limited
(xi) Madhubhan Prayas Resorts Limited
(xii) Wizard Fincap Limited
(xiii) Eimco Elecon Electricals Limited
(xiv) Elecon Peripherals Limited
(xv) Packme Industries Private Limited
(xvi) Darshan Chemicals
(xvii) Vijay M. Mistry Construction Private Limited
(xviii) Jamko Consultants Private Limited
(xix) Desmin Agencies
(xx) WRC Engineering Company Private Limited
(xxi) Radicon Transmission FZE
(xxii) Radicon Transmission (Thailand) Limited
(xxiii) Radicon Transmission (Australia) Pty Limited

g) Other related party

Post employment benefit plan
(i) Elecon Engineering Company Limited Employees Group Gratuity Fund
(ii) Elecon Engineering Company Limited Employees Superannuation scheme

B) Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given and taken, at the year-end are unsecured and interest free and settlement occurs in cash other than for advance.

Transactions with key management personnel

Compensation of key management personnel of the Company.

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Short-term employee benefits		
- Mr. Prayasvin B. Patel	319.86	314.45
- Mr. Prashant C. Amin	207.56	229.11
- Mr. Narasimhan Raghunathan	32.73	2.29
- Mr. Kamlesh Shah	-	52.31
Commission and sitting fees to Independent director	40.25	12.10
Total compensation paid to key management personnel	**600.40**	**610.26**

40. Related party disclosure (Contd...)

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

(INR in Lakhs)

Particulars	Associates		Key Managerial Personnel		Relatives of Key managerial personnel		Entities forming part of the same Group		Employement benefit plans	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Purchase of material / finished goods	49.34	33.09	-	-	-	-	7,200.34	7,325.45	-	-
Miscellaneous income	4.51	1.46	-	-	-	-	23.48	50.24	-	-
Erection and other charges	21.33	8.58	-	-	-	-	116.20	139.89	-	-
Sale of finished goods/ consumable stores	351.29	403.18	-	-	-	-	901.99	1,777.66	-	-
Purchase of property plant and equipment	-	-	-	-	-	-	-	138.62	-	-
Sales of property plant and equipment	-	-	-	-	-	-	61.74	9.91	-	-
Remuneration paid	-	-	600.40	610.26	13.77	0.50	-	-	-	-
Other expenses charged from related parties	5.94	5.18	-	-	-	-	267.81	300.07	-	-
Other expenses charged by related parties	20.30	13.31	-	-	-	-	3,279.78	3,793.09	-	-
Sales and other commission expense	-	-	-	-	-	-	50.00	-	-	-
Interest Expenses	-	-	-	-	-	-	94.56	114.23	-	-
Corporate Guarantee Commission	-	-	-	-	-	-	-	75.21	-	-
Contribution made to post employment defined benefit plans trust	-	-	-	-	-	-	-	-	196.32	68.11
Outstanding balances										
Trade payables	17.38	3.14	-	-	-	-	7,296.64	7,446.47	-	-
Trade receivables	-	160.75	-	-	-	-	1,369.08	1,223.63	-	-
Advances received	-	1.77	-	-	-	-	-	15.04	-	-
Advances given	-	-	-	-	-	-	-	3.75	-	-
Guarantees taken from	-	-	-	-	-	-	217,400.00	217,400.00	-	-

Note :

The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to INR 1,071.30 lakhs.

(INR in Lakhs)

41. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 705.99 lakhs (March 31, 2020: INR 667.95 Lakhs) is recognised as expenses and included in Note No. 31 "Employee benefits expense"

Particulars	As at March 31, 2021	As at March 31, 2020
Provident Fund and Pension	703.36	658.97
Superannuation Fund	2.63	8.98
	705.99	**667.95**

B. Defined benefit plans:

The Group has following post employement benefits which are in the nature of defined benefit plans:

(a) Gratuity and Pension

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

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

March 31, 2021 : Changes in defined benefit obligation and plan assets

(INR in Lakhs)

	April 1, 2020	Gratuity and pension cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset and Increase (decrease) in obligation due to fluctuation in exchange rate	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2021
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 31)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity													
Defined benefit obligation	1,305.09	77.81	86.03	163.84	(11.71)	(402.97)	-	-	53.26	(176.26)	(123.00)	-	931.25
Fair value of plan assets	(1,235.64)	-	(81.45)	(81.45)	11.71	402.97	10.97	-	-	-	10.97	(16.02)	(907.46)
Benefit liability/(asset)	**69.45**	**77.81**	**4.58**	**82.39**	**-**	**-**	**10.97**	**-**	**53.26**	**(176.26)**	**(112.03)**	**(16.02)**	**23.79**
Pension, gratuity and medical plan													
Defined benefit obligation	6,067.62	-	(64.61)	(64.61)	225.66	(1,025.66)	-	-	(171.62)	(78.74)	(250.36)	177.67	5,130.32
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**6,067.62**	**-**	**(64.61)**	**(64.61)**	**225.66**	**(1,025.66)**	**-**	**-**	**(171.62)**	**(78.74)**	**(250.36)**	**177.67**	**5,130.32**
Total benefit liability	**6,137.07**	**77.81**	**(60.03)**	**17.78**	**225.66**	**(1,025.66)**	**10.97**	**-**	**(118.36)**	**(255.00)**	**(362.39)**	**161.65**	**5,154.11**

Non-current provisions (Refer note 19)	5,130.32
Current provisions (Refer note 24)	23.79

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

March 31, 2020 : Changes in defined benefit obligation and plan assets

(INR in Lakhs)

	April 1, 2019	Gratuity and Pension cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/asset and Increase (decrease) in obligation due to fluctuation in exchange rate	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2020
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 31)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	**Sub-total included in OCI**		
Gratuity													
Defined benefit obligation	1,289.24	73.83	96.45	170.28	(14.97)	(160.70)	-	-	(63.51)	84.75	21.24	-	1,305.09
Fair value of plan assets	(1,249.89)	-	(93.52)	(93.52)	(3.40)	160.70	8.29	-	-	-	8.29	(57.82)	(1,235.64)
Benefit liability/(asset)	**39.35**	**73.83**	**2.93**	**76.76**	**(18.37)**	**-**	**8.29**	**-**	**(63.51)**	**84.75**	**29.53**	**(57.82)**	**69.45**
Pension, gratuity and medical plan													
Defined benefit obligation	5,189.68	0.93	(133.10)	(132.17)	293.55	-	-	-	715.61	-	715.61	0.93	6,067.62
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**5,189.68**	**0.93**	**(133.10)**	**(132.17)**	**293.55**	**-**	**-**	**-**	**715.61**	**-**	**715.61**	**0.93**	**6,067.62**
Total benefit liability	**5,229.03**	**74.76**	**(130.17)**	**(55.41)**	**275.18**	**-**	**8.29**	**-**	**652.10**	**84.75**	**745.14**	**(56.89)**	**6,137.07**

Non-current provisions (Refer note 19)	6,067.62
Current provisions (Refer note 24)	69.45

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

(INR in Lakhs)

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Insurance Fund for gratuity (%) of total plan assets	100%	100%
Insurance Fund for pension	0%	0%

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

a) **For Gratuity (for Indian entities)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.49%	6.59%
Future salary increase		
For the next 1st year	10.00%	0.00%
For the next 1st year, starting from 2nd year	6.00%	3.00%
Starting from 3rd year	6.00%	6.00%
Expected rate of return on plan assets	6.49%	6.59%
Employee turnover rate	10.00%	10.00%
Morality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)

b) **For Pension (for overseas entities)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1.60%	2.05%
Future salary increase	0.00%	0.00%

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

a) **For Gratuity (for Indian entities)**

		(increase) / decrease in defined benefit obligation (Impact)	
Particulars	Sensitivity level	Year ended March 31, 2021 INR	Year ended March 31, 2020 INR
Discount rate	1% increase	(43.37)	(51.62)
	1% decrease	48.37	57.36
Salary Increase	1% increase	47.41	57.86
	1% decrease	(43.31)	(43.48)

b) **For Pension (for overseas entities)**

(INR in Lakhs)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2021 INR	Year ended March 31, 2020 INR
Discount rate	0.50% increase	(386.16)	(428.28)
	0.50% decrease	439.24	486.74
Inflation rate	0.50% increase	433.86	479.78
	0.50% decrease	(385.28)	(426.53)

(b) **Leave obligations -Unfunded**

The acturial Liability towards leave obligations as at March 31, 2021 is INR 236.82 Lakhs (March 31, 2020 is INR 367.26 Lakhs). Current year charge is included in Employee benefit expense (refer note 31).

(c) **Effect of Plan on Entity's Future Cash Flows**

(i) **Funding arrangements and Funding Policy**

The Holding Company has purchase an insurance policy to provide for paymeny of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(ii) **Expected Contibution during the next annual reporting period for Gratuity (for Indian entitirs):**

The Company's best estimate of contribution during the next year is INR 61.43 Lakhs (March 31 2020 : INR 82.39 Lakh).

(iii) **Maturity profile of Ddefined Benefit Obligations for Gratuity (for Indiam entities):**

Weighted average duration (based on discounted cash flows) - 6 years

(a) **Expected cash flows over the next (valued on undiscounted basis) for Gratuity (for Imdiam entities):**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1 year	154.21	297.33
2 to 5 years	442.95	640.30
6 to 10 years	346.07	411.36
More than 10 years	437.86	496.85

(iv) **Expected Contibution during the next annual reporting period for Pension (for overseas entitirs):**

The Company's best estimate of contribution during the next year is INR 71.95 Lakhs (March 31 2020 : INR 58.45 Lakhs).

(v) **Maturity profile of Ddefined Benefit Obligations for Pension (for overseas entities):**

Weighted average duration (based on discounted cash flows) - 18 years

(a) **Expected cash flows over the next (valued on undiscounted basis) for Pension (for overseas entities):**

Particulars	Amount
1 year	133.48
2 to 5 years	537.49
6 to 10 years	691.15
More than 10 years	4,884.73

42. Contigent liabilities and commitments

(INR in Lakhs)

	Particulars	March 31, 2021	March 31, 2020
(a)	**Contingent liabilities:**		
	Claims against the Holding Company not acknowledged as debt*		
(i)	Disputed with Excise and Service tax authority	6,058.68	4,189.56
(ii)	Disputed with Sales tax authority	286.25	1,019.93
(iii)	Disputed with Income tax authority	5,291.22	5,291.22
(iv)	Sales bills discounted under letter of credit with Banks	346.64	25.46
(v)	In respect of arbitration proceeding as directed by Honourable Gujarat High Court in response to an application made by one of the contractor of the Holding Company for INR 206.07 lakhs (March 31, 2020: 206.07 lakhs). However the Holding Company has made a counter claim of INR 200.00 Lakhs (March 31, 2020: 200.00 lakhs) with the same arbitrator in response and as per the books of account INR 51.88 Lakhs (March 31, 2020 : 51.88 lakhs) is due to him.	154.19	154.19
(vi)	Incremental bonus liability for the year 2014 -15	151.75	151.75
(vii)	NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting Blue Technologies (RBT) of USA and the Group , in the Court of Ohio, USA on account of non performing of Wind Mill supplied through Reflecting Blue Technologies (RBT). The matter is pending in the Court of Ohio, USA. The matter is settled during the year ended March 31, 2021.	-	2,886.21
(viii)	In respect of a commercial civil suit filed by a customer against the Group with the Commercial Civil Court, Ahmedabad amounting to INR 4,933 lakhs (March 31, 2020: 4,933 lakhs). Against this, the Group has filed a counter claim of INR 549 lakhs (March 31, 2020: 549 lakhs) against the Customer for the default made by the customer.	4,933.00	4,933.00
(ix)	With reference to the Surya Roshani Limited & others v/s EPFO judgment of the Hon'ble Supreme Court of India, which set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. 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 order of the Hon'ble Supreme Court of India (28 February 2019) till the date the Holding Company started complying with the order of the Hon'ble Supreme Court of India 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.		

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

(INR in Lakhs)

	Particulars	March 31, 2021	March 31, 2020
	Guarantees		
(i)	The Holding Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 6,000,000 (March 31, 2020: GBP 6,000,000) as a security for repayment of Financial facility availed by Radicon Transmission UK Limited, United Kingdom, a subsidiary of the Holding Company.	6,057.05	5,584.56
(ii)	The Holding Company has provided Corporate Guarantee to Bank of Baroda, London to the tune of GBP 8,299,000 and US$ 22,098,000 (March 31, 2020: GBP 8,299,000 and US$ 22,098,000) as a security for repayment of financial facility availed by Radicon Transmission UK Limited, UK, a subsidiary of the Holding Company.	24,620.98	24,383.15
(iii)	Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 53 Million (March 31, 2020: SEK 15.00 Million) and NIL (March 31, 2020: SEK 35.00 Million)as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Radicon Transmission UK Limited, Mauritius, by Holding Company and Radicon Transmission UK Limited respectively.	4,442.82	3,801.55
(iv)	Guarantee amounting to NIL (March 31, 2020: SEK 8.00 Million) issued by Holding Company's banker relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Elecon Transmission International Limited, Mauritius, a former Wholly-owned Subsidiary of the Holding Company.	-	610.12
(v)	Contingent liability with PRI (Pension liability) for AB Benzlers (Sweden) SEK 400,000 (March 2020 : 400,000)	33.51	30.41
(vi)	Pledge of insurance claims,receivables and bank account balances at Bank of Baroda for Benzler TBA BV (Holland) EUR 971,457 (March 31, 2020: EUR 971,457)	837.06	829.46
(vii)	Bank Guarantee for Thyssenkrupp in lieu of warranty guarantee, 10% of the total contract price	117.85	-
	* Future cash outflows are determinable only on receipt of judgements/ decisions pending with various forums/ authorities. It is not practicable to disclose possibility of any reimbursement.		
(b)	Commitments:		
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	340.37	483.87
(ii)	Liability for export obligation under Advance licence	135.49	1,552.05

43. Disclosure on Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended March 31, 2021.

44. Segment reporting

Basis for segmentation

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

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman & Managing Director reviews internal Group management reports periodically. The CMD is designated as the Chief Operating Decision Maker (CODM).

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

Information about reportable segments

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

(INR in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment revenue from operations:		
(a) Material handling equipment	13,924.65	22,897.76
(b) Transmission equipment	90,546.00	85,948.73
Total segment revenue from operations	**104,470.65**	**108,846.49**
Segment profit/(loss) before tax & interest		
(a) Material handling equipment	(5,043.30)	(1,862.92)
(b) Transmission equipment	19,601.10	12,340.14
Net segment profit before tax & interest	**14,557.80**	**10,477.22**
Reconciliation of segment profit with profit before tax		
i) Finance cost	5,980.63	7,703.52
ii) Other unallocated corporate expenses net off	879.29	1,291.68
iii) Unallocable income	(431.28)	(469.02)
Profit before tax as per statement of profit and loss	**8,129.16**	**1,951.04**

44. Segment reporting (Contd...)

(INR in Lakhs)

Other information

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment assets		
(a) Material Handling Equipment	43,240.68	48,300.02
(b) Transmission Equipment	150,817.53	157,848.06
Total segment assets	**194,058.21**	**206,148.08**
(c) Unallocable	5,215.40	7,350.23
Total assets	**199,273.61**	**213,498.31**
Segment liabilities		
(a) Material Handling Equipment	29,601.18	36,824.88
(b) Transmission Equipment	72,079.65	88,330.71
Total segment liabilities	**101,680.83**	**125,155.59**
(c) Unallocable	5,667.95	2,923.34
Total liabiities	**107,348.78**	**128,078.93**

Geograhical information

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment revenue from external customers		
India	68,390.84	77,868.53
Outside India	36,079.81	30,977.94
Total segment revenue	**104,470.65**	**108,846.49**

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Non-current assets		
India	71,191.40	74,985.70
Outside India	14,725.79	14,934.80
Total non-current assets	**85,917.19**	**89,920.49**

There is no single external customer which exceeds 10% of the Group's revenue.

(INR in Lakhs)

45. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-

a. Disaggregation of revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from long-term construction contracts (A) (revenue recognised over time)	17,882.70	24,353.09
Revenue other than considered in (A) above (revenue recognised Point in time)	86,587.95	84,493.40
Revenue from operations (Refer note 26)	**104,470.65**	**108,846.49**

The Company believes that the information provided under Note 26 and Note 45, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, *Revenue from Contracts with Customers.*

b. Reconciliation the amount of revenue recognised in the consolidated statement of profit and loss with the contracted price:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contracted price	105,052.17	108,619.42
Adjustments		
Variable consideration reduction on account of liquidated damages	(972.57)	(476.24)
Revenue from contract with customers	**104,079.60**	**108,143.18**
Export incentives	364.36	271.72
Bad debts recovered	26.69	431.59
Advances from customers written back	-	66.93
Revenue from operations (Refer note 26)	**104,470.65**	**108,846.49**

c. Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	50,773.61	61,207.21
Contract assets		
Unbilled revenue - Other financial assets	19,136.47	15,426.45
Contract liabilities		
Billing in excess of revenue	666.83	392.29
Accrued contractual liability	2,832.00	2,527.87
Advance from customers	13,472.19	12,661.90

Revenue Recognised from opening balance of contract liabilities amounts to Rs. 195.49 Lakhs (Previous year: Rs. 1,488.72 Lakhs).

d. Unsatisfied performance obligations

The Group applies the practical expedient in Paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. Accordingly, the Group recognises revenue by an amount to which the Group has a right to invoice.

46. Lease Transactions

The Group has elected below practical expedients on transition to Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

The incremental borrowing rate of 4.32% p.a to 14.50% p.a has been applied to lease liabilities recognised in consolidated financial statements.

46.1 As a Lessee - Movement in Lease liabilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance as at 1 April	2,711.62	3,190.87
New lease contracts entered during the year	118.75	144.98
Remeasurement due to lease modification	34.21	-
Finance costs incurred during the year	123.40	135.01
Payments of Lease Liabilities	799.92	759.24
Exchange differences	20.68	-
Balance as at 31 March (refer note 22)	**2,208.75**	**2,711.62**
Maturity analysis - Undiscounted cash flows		
Less than one year	671.00	743.36
More than one year	1,842.92	2,405.18

46.2. Amounts recognised in profit or loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liabilities	123.40	135.01
Expenses relating to short-term leases	1,564.82	1,512.75

46.3. As a Lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Operating Lease	150.95	205.97
Maturity analysis - Undiscounted cash flows		
Less than one year	77.29	57.42

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

47. Subsequent to outbreak of COVID-19 pandemic and consequent lock down across the country, the Holding Company's operations have resumed post temporary suspension, as per the guidelines and norms prescribed by the Government authorities. However, the subsidiaries in United Kingdom and USA, which cater to the needs of essential services sector, continued to operate but at reduced levels adhering to guidelines issued by respective local authorities. Subsidiaries operating in other jurisdictions continued to operate as per the guidelines issued by respective local authorities.

The Group continues to monitor the impact of COVID-19 on its business including customers, supply-chain, employees/ workers and logistics. The management has taken specific steps by way of negotiating better payment terms for new orders and cost rationalization initiatives to manage the cash flows and liquidity position. The Group has considered internal and external information while evaluating various estimates in relation to its consolidared financial statements up to the date of its approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions.

Further impact of the COVID-19 pandemic, if any, may be different from estimated as at the date of approval of these consolidated financial statements and the Group believes that no precise estimation can be made about the actual impact of the pandemic on the overall economy, specific industry sectors and the Group itself at this stage but is closely monitoring the emerging situation.

48. Government grants

In response to the COVID-19 coronavirus pandemic, the Group has received government grants from the governments of UK, USA, Sweden, Netherlands, Italy and Singapore. The Group has reduced the grant received from 'employee benefit expense' in the statement of profit or loss.

The government of UK introduced the job retention scheme for companies that had to shut their operations and furlough staff. Under the programme, an eligible company could apply for the subsidy in an amount of up to 80% of each employee's salary, subject to a maximum of GBP 2,500 per employee per month, to continue paying monthly salaries to its furloughed employees. The Company's application for the programme was approved in April 2020 and it was entitled to the wage subsidy under the job retention scheme on a monthly basis conditional on the employees continuing to be on furlough and the Company continuing paying their salary. The Company benefited from the programme from April 2020 to March 2021. The Company received a wage subsidy of GBP 184,760 under the programme.

The government of USA introduced the Payroll Protection Payment (PPP) wherein the loan was provided as a direct incentive for small businesses to keep their employees on the payroll at a nominal interest rate of 1% p.a. Subsequently, this loan was forgiven to the extent of 100% loan received during the year which is amounting to USD 170,800. On the similar lines, second tranche of PPP loan was received in January 2021 amounting to USD 148,554. As on 31st March 2021, this loan is not yet waived off. Hence, it is outstanding as a loan in the books. However, first tranche of PPP loan which is forgiven by the government has been credited to 'employee benefit expense' in the statement of profit or loss.

The government of Sweden introduced grants which were related to idle working hours, salary compensation for employees who were sick and reduction of social security charges. On the similar lines, in order to reduce the employee compensation cost, the governments of Netherlands and Italy have also provided government grants for the periods from April 2020 to January 2021 and April 2020 to June 2020, respectively. The Companies have received SEK 2,035,581 from the government of Sweden, EUR 129,786 from the government of Netherlands and EUR 3,754 from the government of Italy.

The government of Singapore introduced the job support scheme. The job support scheme is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees as a result of the Covid-19 pendemic. Under this scheme, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The Company received a grant of USD 12,826 under the job support scheme.

Notes to Consolidated Financial Statements (extract)

Employee benefit expense	Domestic currency (in '000)		Reporting currency (INR in Lakhs)	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Government grants received				-
- UK (GBP)	184.76	-	179.00	-
- USA (USD)	170.80	-	127.00	-
- Sweden (SEK)	2,036.00	-	170.00	-
- Netherlands (EUR)	130.00	-	112.00	-
- Italy (EUR)	4.00	-	3.00	-
- Singapore (USD)	12.83	-	10.00	-
			601.00	

(INR in Lakhs)

49. Additional information as required by Paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013.

for the year ended March 31, 2021

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
1. Elecon Engineering Company Limited	88.90%	81,719.27	62.93%	3,626.50	67.60%	501.82	63.46%	4,128.32
Subsidiaries								
Foreign								
1. Radicon Transmission UK Limited, United Kingdom.	9.75%	8,961.41	20.75%	1,195.77	32.43%	240.71	22.08%	1,436.48
2. Elecon Middle East FZE, Middle East	3.93%	3,616.35	17.67%	1,018.50	-	-	15.66%	1,018.50
3. Elecon Singapore Pte. Limited, Singapore	0.69%	636.59	2.62%	150.76	-	-	2.32%	150.76
Associates (Investment as per equity method)								
Indian								
1. Eimco Elecon (India) Limited	5.78%	5,312.85	3.25%	187.39	-0.02%	(0.18)	2.88%	187.21
Adjustments arising out of consolidation	(9.05)	(8,321.64)	(7.22)	(415.82)	-	-	(6.39)	(415.82)
Total	**100.00%**	**91,924.83**	**100.00%**	**5,763.10**	**100.00%**	**742.35**	**100.00%**	**6,505.45**

for the year ended March 31, 2020

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
1. Elecon Engineering Company Limited	91.32%	78,008.64	80.73%	7,241.89	22.16%	(19.21)	81.30%	7,222.67
Subsidiaries								
Foreign								
1. Radicon Transmission UK Limited, United Kingdom.	8.23%	7,028.17	15.02%	1,347.71	659.39%	(571.50)	8.74%	776.21
2. Elecon Middle East FZE, Middle East	3.24%	2,768.70	2.91%	260.88	-	-	2.94%	260.88
3. Elecon Singapore Pte. Limited, Singapore	0.85%	728.70	1.96%	175.87	-	-	1.98%	175.87
Associates (Investment as per equity method)								
Indian								
1. Eimco Elecon (India) Limited	6.06%	5,173.57	1.76%	157.89	0.19%	(0.16)	1.77%	157.53
Adjustments arising out of consolidation	-9.70%	(8,288.40)	-2.38%	(213.89)	-581.75%	504.20	3.27%	290.31
Total	**100.00%**	**85,419.38**	**100.00%**	**8,970.35**	**100.00%**	**(86.67)**	**100.00%**	**8,883.48**

Note:

The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) and net assets of INR Nil for the year ended March 31, 2021 in respect of 3 associates.

50. Description of the Group

The Consolidated financial statements comprise the financial statements of the Holding Company, its subsidiaries, step-down subsidiaries and associates :

	Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary		Accounting Period
			March 31, 2021	March 31, 2020	
(a)	**Subsidiary**				
	Radicon Transmission UK Limited	United Kingdom	100.00	100.00	April 1, 2020 to March 31, 2021
	Elecon Singapore Pte. Limited	Singapore	100.00	100.00	April 1, 2020 to March 31, 2021
	Elecon Middle East FZE	UAE	100.00	100.00	April 1, 2020 to March 31, 2021
(b)	**Step Down Subsidiary**				
	Benzlers Systems AB	Sweden	100.00	100.00	April 1, 2020 to March 31, 2021
	AB Benzlers	Sweden	100.00	100.00	April 1, 2020 to March 31, 2021
	Radicon Drive Systems Inc.	USA	100.00	100.00	April 1, 2020 to March 31, 2021
	Benzlers Transmission A.S.	Denmark	100.00	100.00	April 1, 2020 to March 31, 2021
	Benzlers Antriebstechnik G.m.b.h	Germany	100.00	100.00	April 1, 2020 to March 31, 2021
	Benzlers TBA B.V.	Netherlands	100.00	100.00	April 1, 2020 to March 31, 2021
	OY Benzlers AB	Finland	100.00	100.00	April 1, 2020 to March 31, 2021
	Benzlers Italia s.r.l.	Italy	100.00	100.00	April 1, 2020 to March 31, 2021
(c)	**Associate Companies**				
	Elecon Engineering (Suzhou) Co. Limited	China	50.00	50.00	April 1, 2020 to March 31, 2021
	Elecon Africa Pty. Limited	South Africa	50.00	50.00	April 1, 2020 to March 31, 2021
	Elecon Australia Pty. Limited	Australia	50.00	50.00	April 1, 2020 to March 31, 2021
	Eimco Elecon (India) Limited	India	16.62	16.62	April 1, 2020 to March 31, 2021

51. Equity accounted investees

Associates - Eimco Elecon (India) Limited

The Group holds 16.62% interest in Eimco Elecon (India) Limited, which is engaged in manufacturing of equipments for mining and construction sector. Eimco Elecon (India) Limited is a listed company in India. For Eimco Elecon (India) Limited the Group's share is less than 20% equity interest, however the group has determined that it has significant influence because it has representation on the board of the investee. The Group's interest in Eimco Elecon (India) Limited is accounted by using the equity method in the consolidated financial statements. The following table shows the summarised financial information of the Group's investment in Eimco Elecon (India) Limited.

Percentage ownership interest	March 31, 2021	March 31, 2020
Non-current assets	24,186.37	24,386.51
Current assets	12,779.16	10,958.50
Non-current liabilities	(1,124.13)	(1,254.81)
Current liabilities	(3,110.25)	(2,197.04)
Net assets	**32,731.15**	**31,893.16**
Group's share of net assets (16.62%)	5,439.93	5,300.65
Less: Elimination of proportionate share in profit on sale of fixed assets by Holding Company (net of deferred tax)	(127.08)	(127.08)
Carrying amount of interest in associates	**5,312.85**	**5,173.57**

(INR in Lakhs)

51. Equity accounted investees (Contd...)

Particulars	March 31, 2021	March 31, 2020
Revenue	12,584.02	10,791.06
Profit after tax	1,127.50	948.82
Other comprehensive income	(1.09)	(0.93)
Total comprehensive income	1,126.41	947.89
Group's share of Profit (16.62%)	187.39	157.69
Group's share of OCI (16.62%)	(0.18)	(0.15)
Group's share of the total comprehensive income (16.62%)	**187.21**	**157.54**

The associate had the following contingent liabilities and capital commitments

Particulars	March 31, 2021	March 31, 2020
a. Income tax demands disputed	3.17	3.17
b. Sales tax demands disputed	8.23	139.93
c. Excise & Service tax demands disputed	855.70	855.70
d. 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 March 31, 2021 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	Amount not ascertained

52. The Indian Parliament has approved the Code on Social Security, 2020 ('Code') which may likely impact the contributions made by the Company towards Provident Fund and Gratuity. The Company will assess the impact and its evaluation once the corresponding rules are notified and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are notified.

53. The Consolidated financial statements were authorised for issue by the Holding Company's Board of Directors at their meetings held on May 27, 2021.

As per our report of even date attached

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

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

Rupen Shah
Partner
Membership No: 116240

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Jai Diwanji
Director
DIN : 00910410

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Mumbai
Date : May 27, 2021

Place : Vallabh Vidyanagar
Date : May 27, 2021

Annexure - A

Salient features of the financial statements of subsdiaries as per Companies Act, 2013 - Part A

Part A: Subsidiaries

(Foreign Currencies in Lakhs)

Sr. No.	Name of the Subsidiary	Currency	Paid up Capital	Reserves & Surplus	Total Assets (including invest-ments in subsid-airy)	Total Liability	Invest-ments (excluding invest-ments in subsid-airy)	Turnover	Profit/ (Loss) before tax	Provision for taxa-tion	Profit/ (Loss) after tax	Proposed Dividend	% of Share-hold-ing
1	Radicon Transmission UK Limited	INR	11,621.74	6,265.23	31,642.09	12,771.84	-	8,616.78	448.97	44.25	404.72	-	100
		GBP	124.86	62.06	313.44	126.52	-	88.78	4.63	0.46	4.17	-	
2	Elecon Singapore Pte. Limited	INR	484.56	164.12	1,211.80	575.21	-	2,110.92	168.56	17.81	150.76	-	100
		USD	6.43	2.23	16.49	7.83	-	28.45	2.27	0.24	2.03	-	
3	Elecon Middle East FZE	INR	123.06	3,496.89	5,666.20	2,049.85	-	4,516.96	1,018.50	-	1,018.50	-	100
		AED	6.00	175.63	284.59	102.96	-	223.54	50.41	-	50.41	-	
4	Benzlers Systems AB	INR	7.60	4,195.08	4,309.50	106.04	-	-	1.90	-	1.90	-	100
		SEK	1.00	500.82	514.48	12.66	-	-	0.23	-	0.23	-	
5	AB Benzlers	INR	988.40	4,147.39	9,299.67	4,063.33	-	8,193.03	9.81	-	9.81	-	100
		SEK	130.00	495.12	1,110.21	485.09	-	979.44	1.17	-	1.17	-	
6	Radicon Drive Systems Inc.	INR	4,207.41	(3,855.69)	4,760.95	4,514.23	-	4,893.05	267.86	-	267.86	-	100
		USD	55.81	(52.46)	64.77	61.41	-	65.94	3.61	-	3.61	-	
7	Benzlers Transmission A.S.	INR	165.60	141.34	526.14	211.55	-	437.44	32.13	(0.52)	32.64	-	100
		DKK	15.00	12.24	45.55	18.32	-	38.73	2.84	(0.05)	2.89	-	
8	Benzlers Antriebstechnik G.m.b.h	INR	84.92	875.40	2,213.02	1,249.58	-	2,142.11	174.28	53.11	121.17	-	100
		EUR	1.02	10.17	25.70	14.51	-	24.72	2.01	0.61	1.40	-	
9	Benzlers TBA B.V.	INR	169.67	958.41	1,725.45	591.14	-	2,933.10	219.50	14.34	205.16	-	100
		EUR	2.04	11.13	20.04	6.87	-	33.84	2.53	0.17	2.37	-	
10	OY Benzlers AB	INR	125.71	142.14	549.37	276.90	-	850.85	88.67	14.82	73.85	-	100
		EUR	1.51	1.65	6.38	3.22	-	9.82	1.02	0.17	0.85	-	
11	Benzlers Italia s.r.l.	INR	8.30	73.04	246.23	101.57	-	545.81	(38.58)	20.64	(59.22)	-	100
		EUR	0.10	0.85	2.86	1.18	-	6.30	(0.45)	0.24	(0.68)	-	

As on 31.03.21: 1 GBP = 100.95 INR, 1 USD = 73.51 INR, 1 EURO = 86.10 INR, 1 DKK = 11.55 INR, 1 AED = 19.91 INR, 1 SEK = 8.38 INR

Annexure - B

In compliance of Part A of Schedule V of SEBI (Listing Obligations & Disclosure Requriements) Regulations, 2015; following are the related party transactions made between respective promoter group entities and the Company during the financial year 2020-21 on consolidated basis:-

(INR in Lakhs)

Sr. No.	Particulars	2020-21		2019-20	
		Emtici Engineering Limited	Prayas Engineering Limited	Emtici Engineering Limited	Prayas Engineering Limited
1	Purchase of material / finished goods	0.01	109.04	0.16	227.84
2	Miscellaneous income	-	0.17	-	-
3	Erection and other charges	-	66.98	-	32.39
4	Sale of finished goods/ consumable stores	-	16.02	-	17.61
5	Purchase of property plant and equipment	-	12.51	-	-
6	Sales of property plant and equipment	-	61.35	7.50	2.41
7	Other expenses charged from related parties	11.07	-	12.91	0.22
8	Other expenses charged by related parties	1071.08	310.60	1138.22	291.55
9	Sales and other commission expense	50.00	-	-	-

NOTICE

NOTICE IS HEREBY GIVEN THAT the 61st Annual General Meeting of Members of Elecon Engineering Company Limited will be convened on Friday, the 6th day of August, 2021 at 4.00 p.m. **through Video Conferencing (VC)/Other Audio Visual Means (OAVM)**, to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Vallabh Vidyanagar – 388 120, Gujarat.

ORDINARY BUSINESS

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of Auditors and the Board of Directors ("the Board") thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Pradip Patel (DIN: 00012138), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company hereby approves the appointment of M/s. C N K & Associates LLP (Firm Registration No. 101961W/W-100036), Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office for a period of 5 (five) years from the conclusion of ensuing Annual General Meeting of the Company for the financial year 2020-21 until the conclusion of Annual General Meeting to be held for the financial year 2025-26 on such remuneration as may be determined by the Audit Committee/Board of Directors of the Company."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the Articles of Association of the Company, Shri Pranav Amin (DIN 00245099), who was appointed as an Additional Director (in the capacity of a Non-Executive Independent Director) of the Company by the Board of Directors at its meeting held on May 27, 2021 pursuant to Section 161 of the Act, and as recommended by the Nomination and Remuneration Committee and who holds office as such upto the date of this Annual general Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from May 27, 2021 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and to take all such steps as may be necessary, proper and expedient to give effect to this resolution"
6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 and Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) consent of the Members of the Company be and is hereby accorded for the continuation of Directorship of Shri Pradip M. Patel (DIN: 00012138), who is liable to retire by rotation, on the Board of the Company notwithstanding his attaining the age of Seventy-five (75) years on November 5, 2022."
7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2022 be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

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

Registered Office:
Anand-Sojitra Road
Vallabh Vidyanagar - 388 120.
Gujarat.
Date : May 27, 2021

By Order of Board of Directors,

Bharti Isarani
Company Secretary

NOTES:-

1. The explanatory statement as required under Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto and forms part of this notice.

2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19 Pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020, General Circular No. 02/2021 dated January 13, 2021 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 61st AGM of the Company shall be conducted through VC / OAVM.

3. In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.elecon.com, website of stock exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com.

4. The details required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as SEBI Listing Regulations, 2015) and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/re-appointment at this AGM forms part as Annexure-A of the Notice.

5. Since this AGM is being held through VC/ OAVM, pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**

6. Participation of members through VC / OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 ("the Act").

7. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

8. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/ OAVM. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board Resolution / authorization letter to the Company or upload on the VC / OAVM portal / e-voting portal.

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM, based on the request being received on investor.relations@elecon.com.

10. All documents referred to in the Notice and Explanatory Statement will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice upto the date of AGM. Members seeking to inspect such documents can send an email to investor.relations@elecon.com.

11. The relevant information for Item Nos. 5 and 6 is annexed hereto pursuant to the Regulations 36 of SEBI (LODR) Regulations, 2015.

12. The Register of Members and Share Transfer books of the Company will remain closed Saturday, July 24, 2021 to Friday, August 6, 2021 (both days inclusive).

13. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

14. Members holding shares in physical form are requested to intimate any change of address and / or bank

mandate to Link Intime India Pvt. Limited, Registrar and Share Transfer Agent of the Company or Investor Service Department of the Company immediately by sending a request on email at **vadodara@linkintime.co.in** or **investor.relations@elecon.com**.

15. The annual listing fees for the financial year 2021-22 have been paid to the Stock Exchanges where Company's securities are listed.

16. Process for registration of Email Id for obtaining Annual Report, User ID and password for e-voting:

    i. In case shares are held in physical mode, members are requested to visit on the website of Company's Registrar & Share Transfer Agent namely Link Intime India Private Limited at **https:/linkintime.co.in/EmailReg/Email_Register.html** and upload the documents required therein.

    ii. In case shares are held in demat mode, members are requested to update Email Id and bank account details with their respective Depository Participants.

17. 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.

18. The Company has a designated email ID for Redressal of Shareholders'/Investors' Complaints/Grievances. Hence, please write to us at **investor.relations@elecon.com.**

19. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 which have come into force from September 7, 2016, the Company has transferred, on due dates, the unclaimed final dividend for the financial year 2011-12 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

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

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

20. Dividend Related Information:

    Subject to approval of the Members at the said AGM, the dividend will be paid on / after August 12, 2021 to the Members whose names appear on the Company's Register of Members as on the Record Date i.e. closure of business hours on Friday, July 23, 2021 (Record date for dividend payment), and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

    Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details.

    Members are requested to register / update their complete bank details:

(a) with their Depository Participant(s) with which they maintain their demat accounts, if shares are held in dematerialized mode, by submitting forms and documents as may be required by the Depository Participant(s); and

(b) with the Company / Link Intime India Private Limited by clicking on **https:/www.linkintime.co.in/EmailReg/Email_Register.html** or by emailing at **investor.relations@elecon.com** or **vadodara@linkintime.co.in**, if shares are held in physical mode, by submitting:

    (i) Scanned copy of the signed request letter which shall contain Member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details),

    (ii) Self-attested copy of the PAN card, and

    (iii) Cancelled cheque leaf.

    Tax Deductible at Source / Withholding tax:

    Pursuant to the requirement of Income Tax Act, 1961, the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company/ Link Intime India Private Limited/ Depository Participant.

21. Other information relating to Remote E-Voting are as under:

    (i) In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by Link Intime India Private Limited. Shareholders who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by shareholders holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.

(ii) The e-voting period begins on Tuesday, August 3, 2021 at 9:00 a.m. and ends on Thursday, August 5, 2021 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, July 30, 2021 ("cut-off date for e-voting"), may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited ("LIIPL") for voting thereafter.

(iii) The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

(iv) Any person who acquires shares of the Company and becomes a shareholders of the Company after sending of the Notice and holding shares as of the cut-off date of e-voting, may obtain the login ID and password by sending a request at instameet@linkintime.co.in. However, if he/she is already registered with LIIPL for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.

(v) 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 at the meeting and remote e-voting process in a fair and transparent manner.

(vi) The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorised by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The results declared alongwith the Scrutinizer's Report shall be communicated to the stock exchanges, LIIPL and will also be displayed on the Company's website.

(vii) Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / LIIPL has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.

(viii) Members holding shares in physical mode are: a) required to submit their Permanent Account Number (PAN) and bank account details to the Company/ LIIPL, if not registered with the Company/LIIPL, as mandated by SEBI by writing to the Company at investor.relations@elecon.com or to LIIPL at vadodara@linkintime.co.in alongwith the details of folio no., self-attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.

(ix) Pursuant to Section 72 of the Companies Act, 2013, Members holding shares in physical form may file their nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent i.e. LIIPL. In respect of shares held in electric/demat form, the nomination form may be filed with the respective Depository Participant.

(x) Non-Resident Indian members are requested to inform LIIPL / respective DPs, immediately of: a) Change in their residential status on return to India for permanent settlement b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

Members are requested to send all their documents and communications pertaining to shares to the Registrar & Transfer (R & T) Agent of the Company – Link Intime India Pvt. Limited, at their address at B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Char Rasta, Akota, Vadodara —390 020, Telephone No. +91 265 2356573 /2356794, for both physical and demat segments of Equity Shares.

Please quote on all such correspondence – "Unit – Elecon Engineering Company Limited." **For Shareholders queries – Telephone No.** +91 265 2356573, 2356794 **Email ID** vadodara@linkintime.co.in **Website** www.linkintime.co.in.

22. The Instructions of Remote E-Voting for Shareholders are as under:

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post June 9, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: **https:/eservices.nsdl.com** either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at **https:/eservices.nsdl.com**. Select "Register Online for IDeAS "Portal or click at **https:/eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp** • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: **https:/www.evoting.nsdl.com/** either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are **https:/web.cdslindia.com/myeasi/home/login** or **www.cdslindia.com** and click on New System Myeasi. • After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at **https:/web.cdslindia.com/myeasi./Registration/EasiRegistration** • Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in **www.cdslindia.com** home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders (holding securities in demat mode) & login through their depository participants	• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. • Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	1. Open the internet browser and launch the URL: **https:/instavote.linkintime.co.in** ➡ Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details:- A. **User ID:** Shareholders/ members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company. B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company. • Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above ➡ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter). ➡ Click "confirm" (Your password is now generated). 2. Click on 'Login' under **'SHARE HOLDER'** tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'.** 4. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link). 7. After selecting the desired option i.e. Favour / Against, click on **'Submit'.** A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at **https:/instavote.linkintime.co.in** and register themselves as **'Custodian / Mutual Fund / Corporate Body'.** They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

  o Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
  o Enter **User ID**, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
  - ➢ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ➢ For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- ➢ During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at **https:/instavote.linkintime.co.in**, under **Help** section or send an email to **enotices@linkintime.co.in** or contact on: - Tel: 022 –4918 6000.

PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

1. Open the internet browser and launch the URL: **https://instameet.linkintime.co.in**

➢ Select the **"Company"** and **'Event Date'** and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

➢ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request on or before August 2, 2021 with the company on the **investor.relations@elecon.com** created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panelist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

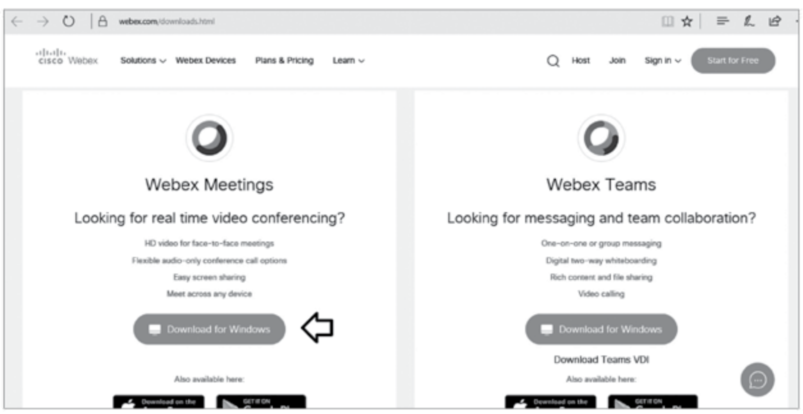
Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

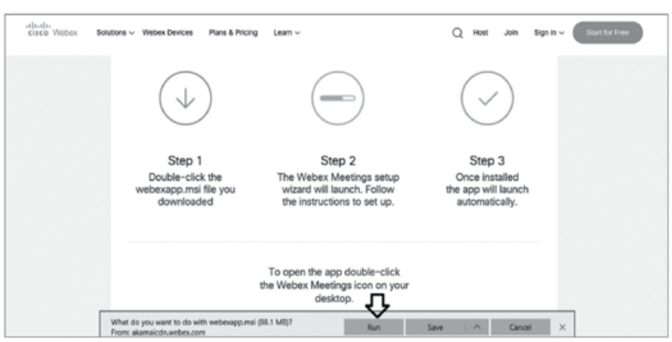
In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

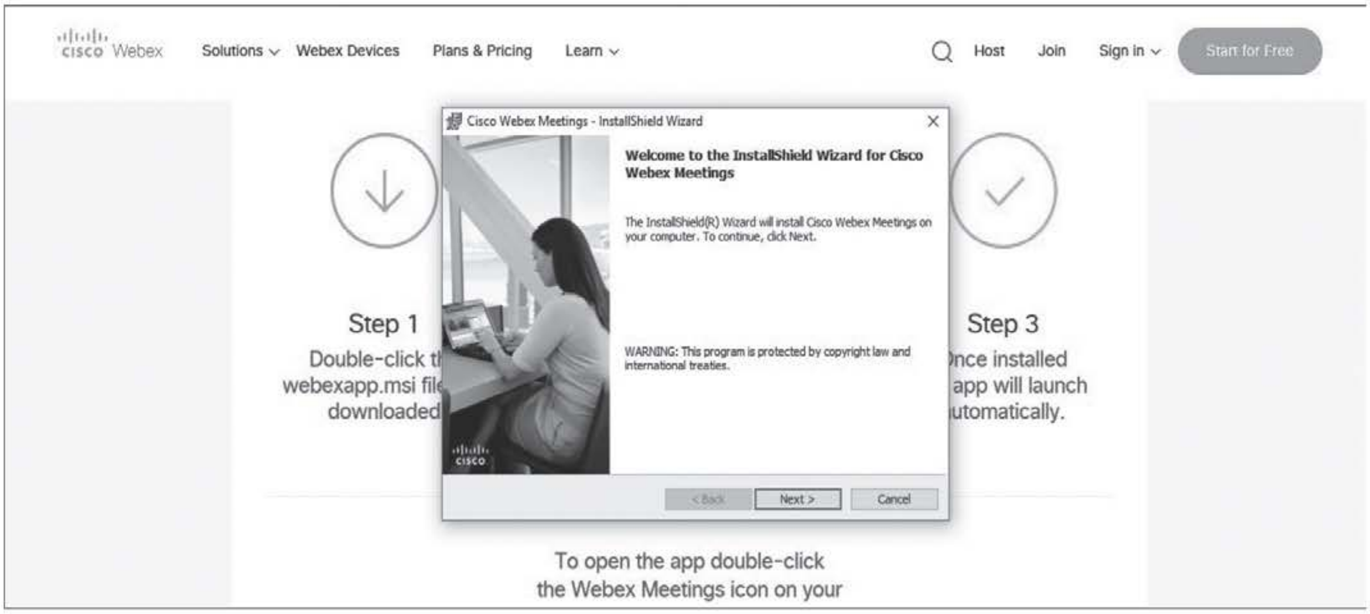
Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

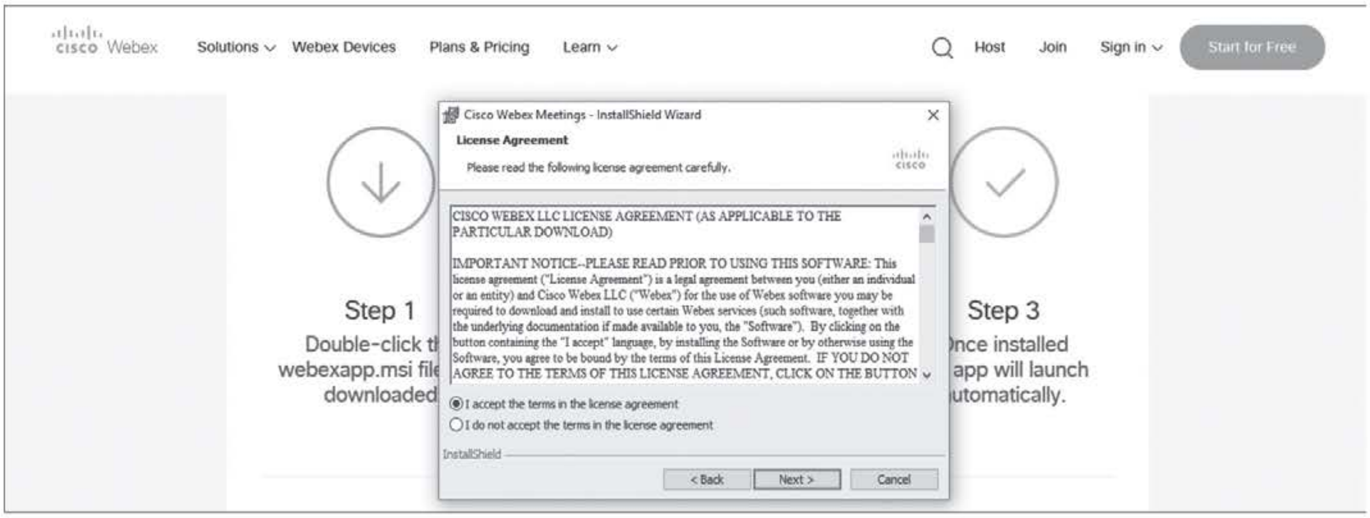
For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

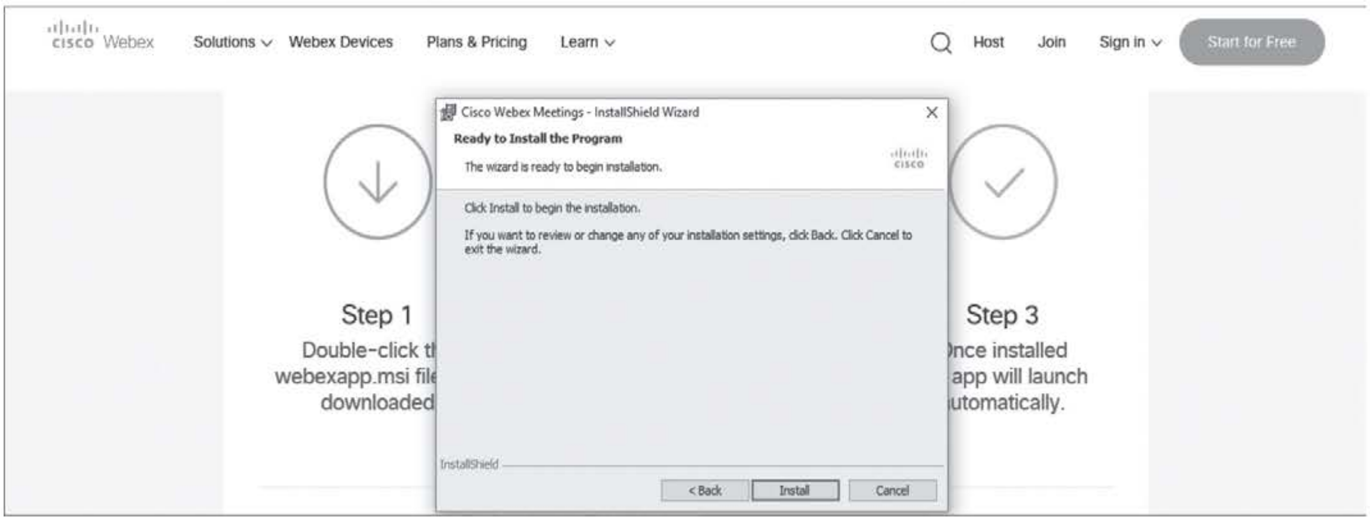
a) Please download and install the Webex application by clicking on the link https:/www.webex.com/downloads.html/






cisco Webex
Solutions
Webex Devices
Plans & Pricing
Learn
Host
Join
Sign in
Start for Free
Cisco Webex Meetings - InstallShield Wizard
Welcome to the InstallShield Wizard for Cisco Webex Meetings
The InstallShield(R) Wizard will install Cisco Webex Meetings on your computer. To continue, click Next.
WARNING: This program is protected by copyright law and international treaties.
< Back
Next >
Cancel
Step 1
Step 3
To open the app double-click
the Webex Meetings icon on your


cisco Webex
Solutions
Webex Devices
Plans & Pricing
Learn
Host
Join
Sign in
Start for Free
Cisco Webex Meetings - InstallShield Wizard
License Agreement
Please read the following license agreement carefully.
CISCO WEBEX LLC LICENSE AGREEMENT (AS APPLICABLE TO THE PARTICULAR DOWNLOAD)
IMPORTANT NOTICE--PLEASE READ PRIOR TO USING THIS SOFTWARE: This license agreement ("License Agreement") is a legal agreement between you (either an individual or an entity) and Cisco Webex LLC ("Webex") for the use of Webex software you may be required to download and install to use certain Webex services (such software, together with the underlying documentation if made available to you, the "Software"). By clicking on the button containing the "I accept" language, by installing the Software or by otherwise using the Software, you agree to be bound by the terms of this License Agreement. IF YOU DO NOT AGREE TO THE TERMS OF THIS LICENSE AGREEMENT, CLICK ON THE BUTTON
I accept the terms in the license agreement
I do not accept the terms in the license agreement
InstallShield
< Back
Next >
Cancel
Step 1
Step 3


cisco Webex
Solutions
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Sign in
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Cisco Webex Meetings - InstallShield Wizard
Ready to Install the Program
The wizard is ready to begin installation.
Click Install to begin the installation.
If you want to review or change any of your installation settings, click Back. Click Cancel to exit the wizard.
InstallShield
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Install
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Step 1
Step 3

OR

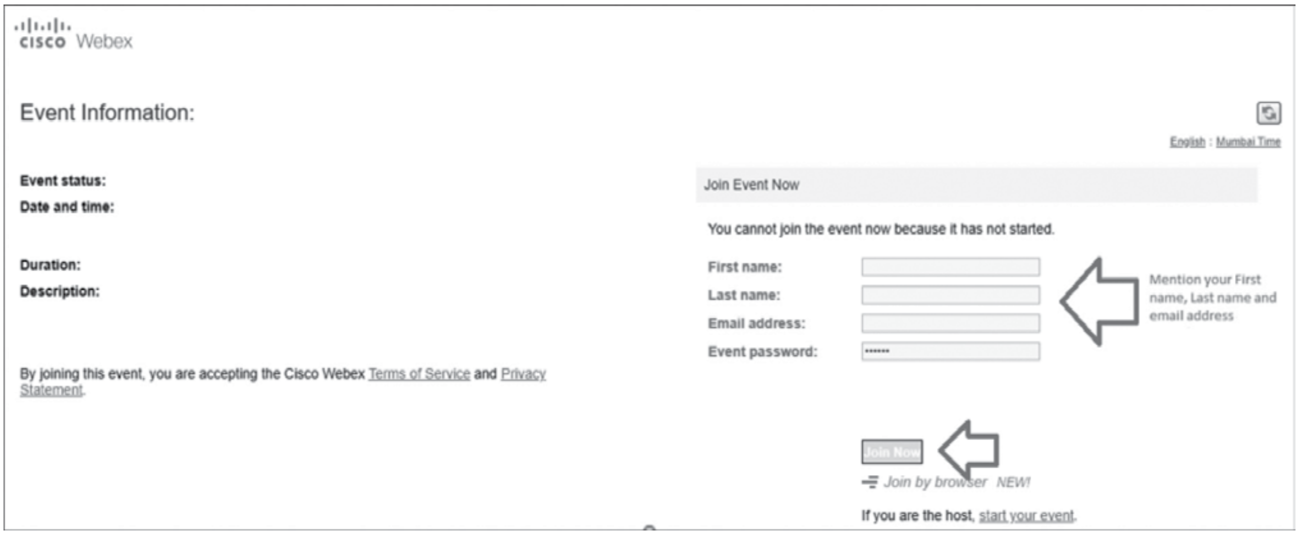
b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1 : Enter your First Name, Last Name and Email ID and click on Join Now.

1 (A) If you have already installed the Webex application on your device, join the meeting by clicking on Join Now

1 (B) If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or **Run a temporary application.**

Click on **Run a temporary application**, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now.



By Order of Board of Directors,

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

Date : May 27, 2021

Bharti Isarani
Company Secretary

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

Item No. 4

The Members of the Company at the 56th Annual General Meeting ('AGM') held on July 26, 2016 approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants, (LLP Regn. No. AAB 8181), as Statutory Auditors of the Company for a period of five years from the conclusion of the said 56th AGM. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the terms of office of present Statutory Auditors - M/s. B S R & Co. LLP, Chartered Accountants will expire on the conclusion of this 61st AGM for the financial year 2020-21. The Board places on record the highest sense of appreciation for the valuable services rendered by them as Auditors of the Company during their association with the Company.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. C N K & Associates LLP, Chartered Accountants (Firm Registration No. 101961W/W-100036), as the Statutory Auditors of the Company for a period of five years from the conclusion of said 61st AGM of the Company for the financial year 2020-21 until the conclusion of 66th AGM for the financial year 2025-26 in place of retiring auditors M/s. B S R & Co. LLP, Chartered Accountants (LLP Regn. No. AAB 8181).

As per the requirement of the Companies Act, 2013 (the Act) M/s. C N K & Associates LLP, Chartered Accountants have confirmed that their appointment if made would be within the limits specified under Section 141(3)(g) of the Act and they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

M/s. C N K & Associates, LLP, Chartered Accountants is established in 1936 and headquartered in Mumbai, India, with branches in Vadodara, Chennai and Bengaluru and associate firms in Pune, Ahmedabad and Delhi. It has also an office in Dubai through which they service clients in the Middle Eastern region. It has large client base spanning Indian business, listed Companies and Multinationals in India across sectors. They have vast experience of Audit & Assurance and related area of services in various sectors like manufacturing, information technology, logistics, chemicals, health etc. The said firm has an experience in Indian GAAP, IFRS and US GAAP led by expert partners and Directors. It is expected that the Company will be immensely benefited by their association.

The present remuneration of Auditors for conducting the audit for the financial year 2020-21 is ₹ 45.50 Lakhs plus applicable taxes from time to time and actual out-of-pocket expenses incurred by them for rendering the services to the Company.

At the respective meetings held on May 27, 2021; on the recommendation of the Audit Committee of the Directors of the Company, the Board also recommends the approval of the Members with respect to remuneration of ₹ 23.00 Lakhs p.a. plus applicable tax from time to time and actual out-of-pocket expenses to be payable to M/s. C N K & Associates LLP, to examine and conduct the audit of the accounts of the Company for the financial year 2021-22 and also to give the powers to the Audit Committee/Board of Directors of the Company to alter and vary the terms and conditions of appointment including revision in the remuneration during their tenure, in such manner and to such extent as may be mutually agreed with the Auditors. There is a material change in the remuneration payable to M/s. C N K & Associates LLP from that paid to the outgoing Statutory Auditor.

Pursuant to Regulation 36 (5) of Listing Regulations, Rationale of material change in the fee payable to the auditors proposed to be appointed in the AGM.

The retiring auditors were appointed in the 56th annual general meeting held on July 26, 2016. In that year and in earlier years, the business of the company was significantly engaged in execution of turnkey projects of Material Handling Division and hence complexity of auditing thereof required higher time and efforts of the auditors. Over the past few years, the company has shifted its business more towards product manufacturing and lesser towards turnkey projects in Material Handling Division resulting in reduction of employees. Furthermore, the quantum and complexity of auditing thereof has considerably reduced compared to earlier years.

The Board recommends the Resolution for your approval. None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution set out at item No. 4.

Item No. 5

Shri Pranav Amin is the Managing Director of Alembic Pharmaceuticals Limited, a Vadodara, Gujarat based Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 ('the Act') and applicable rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'); the Company had appointed Shri Pranav C. Amin (DIN 00245099) as an Additional Director (Non-Executive Independent Director) with effect from May 27, 2021. In terms of Sections 149, 152 and 161 of the Act, read with the relevant Rules, he holds office as an Additional Director upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as a Director.

The Nomination & Remuneration Committee has recommended and the Board has approved the appointment of Shri Pranav C. Amin as an Independent Director as per his letter of appointment for a period of five (5) years from May 27, 2021.

Shri Pranav C. Amin has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director as well as the Nomination and Remuneration Policy of the Company and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR; his appointment as a Non-Executive Independent Director is now being placed before the Members for their approval. The terms and conditions of appointment of Independent Directors is available at the website of the Company.

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

Except Shri Pranav C. Amin, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5.

A brief profile of Shri Pranav C. Amin is attached to the notice.

Item No. 6

Shri Pradip M. Patel, aged 73, is the Non-Executive Non-Independent Director of the Company, liable to retire by rotation. In accordance with Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the Directorship of any person as a Non-Executive Director who has attained the age of seventy-five years unless a special resolution is passed to that effect.

Shri Pradip M. Patel will complete/ attain the age of 75 years in November, 2022 and the continuation of his Directorship will be subject to approval by the shareholders by special resolution. Hence the approval of the shareholders is sought for the continuation of his Directorship on the Board of the Company even after attaining the age of 75 years. His brief profile is appended to this Notice.

The Board of the Company is of the opinion that Shri Pradip M. Patel has been an integral part of the Board and has provided valuable insights to the Company and his continuation as a Director will be in the interest of the Company notwithstanding his completion of seventy five years of age. Hence the Board recommends the resolution set out in item No. 6.

Except Shri Pradip M. Patel and his relative Shri Prayasvin B. Patel, Chairman & Managing Director of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at item No. 6. The other relatives of Shri Pradip M. Patel may be deemed to be interested in the resolution set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2021 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees (₹)
1.	M/s. Y. S. Thakar & Co.	Engineering	85,000/- Plus Govt. Levies/Taxes as applicable and out-of-pocket expenses at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the resolution set out at item No. 7.

By Order of Board of Directors,

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

Date : May 27, 2021

Bharti Isarani
Company Secretary

Annexure-A

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015

Name of Director	**Shri Pranav C. Amin**	**Shri Pradip M. Patel**
Date of Birth	05-10-1975	05-11-1947
Date of Appointment	27-05-2021	14-11-1977
DIN	00245099	00012138
Qualifications	M.B.A	M.B.A. (U.S.A.)
Brief Resume & Expertise in specific Functional areas	Shri Pranav Amin is a graduate in Economics/Industrial Management from the Carnegie Mellon University in Pittsburgh, USA and MBA in International Management form The American Graduate School of International Management Thunderbird, USA. He is a great leader and leads his enterprise through involvement, empowerment, and autonomy. He is the Managing Director of Alembic Pharmaceuticals Limited since 2016. His core areas of expertise are management and leadership.	Shri Pradip Patel more than three decades of experience bearing industry. He served as Managing Director of ABC Bearings Limited from August 1, 1981 to August 31, 2018. His core area of strength relating to the business is strong leadership, strategy building and operational direction.
Other Listed Companies in which Directorship held as on March 31, 2021	- *Alembic Pharmaceuticals Limited	- Eimco Elecon (India) Limited
Chairman/Membership of Audit Committee and Stakeholders' Relationship Committees in other Listed Companies as on March 31, 2021	*Alembic Pharmaceuticals Limited - Stakeholders' Relationship Committee - Member	Eimco Elecon (India) Limited - Stakeholders' Relationship Committee – Chairman - Audit Committee – Member
No. of Shares held	Not Applicable	43,161
Relationship with any Director of the Company	Not Applicable	Sister's husband of Shri Prayasvin Patel, Chairman & Managing Director

* Information provided should be read for as on May 27, 2021 as Shri Pranav C. Amin was appointed from May 27, 2021 on the Board of Company.

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ELECON ENGINEERING COMPANY LIMITED

CIN : L29100GJ1960PLC001082

Anand-Sojitra Road,
Vallabh Vidyanagar – 388 120.
Tal. & Dist. Anand, Gujarat.
Tel. No. (02692) 227109, 230166
Fax No. (02692) 227484, 227020
Website : www.elecon.com

Dear Shareholder,

RE : Electronic Credit of Dividend

The Reserve Bank of India has introduced National Electronic Clearing Service (NECS) in banking system to bring in further efficiency and uniformity in electronic credit. NECS has wider coverage than ECS and has no limitations of location in India. NECS ensures quick credit and no rejections. NECS is operational for banks / bank branches leveraging on Core Banking System (CBS), which provide more than ten digit bank account number to its customers.

As per our records, there is no mandate registered either with us or with your DP. To take advantage of the NECS facility and to enable us to route all your future dividend payments electronically, please return the NECS mandate form, given overleaf.

ADVANTAGES OF REGISTERING NECS MANDATE

- No limitations of location in India.
- Quick remittance of dividend.
- Avoid loss of dividend warrants in Postal transit.
- Avoid fraudulent encashment of dividend.
- Avoid revalidation of unencashed dividend warrants.
- Avoid transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF).

PLEASE HURRY UP & FILL IN THE FORM OVERLEAF AND ENSURE ELECTRONIC CREDIT.

Kindly return the completed mandate form given overleaf.

Best Regards,
For Elecon Engineering Company Limited,

Bharti Isarani
Company Secretary

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

NECS MANDATE FORM

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

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

To,

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

1. Name of 1st Registered holder (in Block Letters) : ....

2. Folio No. / DPID & Client ID No. : ....

3. Name of the Bank : ....

4. Name of the Branch : ....

5. Account Number (As appearing on your Cheque Book) : ....

6. Account Type (Saving Bank A/c. Current A/c. or Cash Credit) with code :

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

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

(Please attach a photocopy of a cheque or cancelled cheque for verifying the accuracy of the MICR code Number)

8. *11-Digit IFSC Code :

(Optional - Can be obtained from your banker)

Signature of the First Registered Shareholder
(As per the specimen signature with the Company / DP)

Name : ______________________

Address : ______________________

____

Phone No. : ______________________

Date : ______________________

Email Id : ______________________

* The Company, its Registrars and Bankers will make best endeavors to remit dividend through NECS. However, for non CBS branches of the banks, the IFSC Code will be utilized to remit the dividend either by National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS). The branch where you operate your bank account will assist you to provide the IFSC, a 11-digit code to enable the remittance through NEFT or RTGS.

ELECON

ELECON ENGINEERING COMPANY LIMITED

CIN : L29100GJ1960PLC001082

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166, Fax No. (02692) 227020, Website : www.elecon.com

Dear Shareholder,

Sub: Green Initiative

Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. MCA has issued circular nos. 17/2011 dt. 21-04-2011 & 18/2011 dt. 29-04-2011 stating that the service of a notice / document by a Company to its shareholders can now be made through electronic mode. In view of the above, your Company proposes to henceforth send Annual Report (Audited Financial Statements, Boards' Report, Auditors' Report, etc.,) and all communications/documents such as the Notice of the Annual General Meeting, to the shareholders in Electronic Form to the email address registered with their Depository Participants.

In order to join the initiative and to receive the documents in electronic form, kindly comply with the following:

For Shareholders holding shares in Demat Form

In case you desire to receive the aforesaid documents in electronic mode, kindly update your e-mail ID in the Demat account by contacting your Depository Participant. E-mail updated in the demat account would be used to send documents through electronic mode. If you have already registered your e-mail ID earlier, please ignore this request.

TO BE SENT DIRECTLY TO DEPOSITORY PARTICIPANT (i.e. Address where you have opened your Demat Account)		
DP ID / Client ID :	Name :	
E-mail ID :	Signature : ______________________	PAN :

For Shareholders holding shares in Physical form

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

TO BE SENT TO US BY USING BUSINESS REPLY ENVELOPE AS PRINTED ON REVERSE		
Folio No. :	Name :	
E-mail ID :	Signature : ______________________	PAN :

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

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

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

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

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

Thanking you,

Yours faithfully,
For Elecon Engineering Company Limited,

Bharti Isarani
Company Secretary

BUSINESS REPLY ENVELOPE

POSTAGE WILL BE PAID BY ADDRESSEE

BR-PERMIT NO. L2/And./BRP-7
V.V.NAGAR. P.O.

No Postage necessary if posted in India

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

FOLD

ELECON
GEARING THE FUTURE

ELECON ENGINEERING COMPANY LIMITED
Anand - Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, INDIA.
Tel: +91 2692 238 701/702/703/704 Fax: +91 2692 227 020.
Website: www.elecon.com | CIN L29100GJ1960PLC001082

Akaaish Printing & Stationery | Design Studio | Ph. 02692 231168